Articulating Intra-Asian Urbanism: The Production of Satellite City Megaprojects in Phnom Penh

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The University of Leeds, School of Geography

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The candidate confirms that the work submitted is his/her own, except where work which has formed part of jointly authored publications has been included. The contribution of the candidate and the other authors to this work has been explicitly indicated below\(^1\). The candidate confirms that appropriate credit has been given within the thesis where reference has been made to the work of others.

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\(^1\) “Percival, T., Waley, P. (forthcoming, 2012) Articulating intra-Asian urbanism: the production of satellite cities in Phnom Penh. *Urban Studies*. Extracts from this paper will be used to form parts of Chapters 1-3, 5-9. The paper is based on my primary research for this thesis. The final version of the paper was mostly written by myself, but with professional and editorial assistance from the second author (Waley).
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Abstract

Privately built satellite cities are becoming an increasingly common form of urban development in peri-urban areas of Southeast Asian cities. However, while they are beginning to receive academic attention, the majority of studies focus on design and planning issues and have a limited capacity to fully explain how satellite cities are produced. In this thesis, I investigate the production of satellite cities in Phnom Penh drawing upon recent theoretical advances that critically consider the relational and territorial geographies of urban development. The satellite cities in Phnom Penh are driven by the mobility of urban development capital, concepts and expertise that are predominately intra-Asian in scope. In examining these intra-Asian connections I avoid casting satellite cities as universal, Western urban forms and contribute to debates that problematise the Western-centrism of urban knowledge production.

In the late 1990s, Cambodia emerged from several decades of conflict and communism to become more integrated into the regional and global economy. This political and economic transition led to rapid changes in the urban landscape, including the construction of satellite cities. Drawing upon interviews with key informants, I suggest that satellite cities are not simply a result of the government’s incapacity to provide infrastructure and plan for urbanisation, but the state also has an essential role in allowing land acquisitions and encouraging inflows of foreign investment. I examine in detail two satellite cities, one developed by a South Korean and other by an Indonesian company, and suggest that the South Korean company’s activities are underlined by the close relationship between their home country and Cambodia, as well as the supportive role of the South Korean developmental state. In contrast, the Indonesian company pioneered the ‘satellite city’ concept in Indonesia and is now exporting the concept to other Asian countries. A critical examination of the intra-Asian geographies of satellite city production opens up the possibility of viewing Southeast Asian cities on their own terms without relying solely on Western theory.
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<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>ACHR</td>
<td>Asian Coalition of Housing Rights</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<tr>
<td>BAU</td>
<td>Bureau des Affaires Urbaines (Office of Urban Affairs)</td>
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<tr>
<td>BBC</td>
<td>British Broadcasting Corporation</td>
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<tr>
<td>BOT</td>
<td>Build Operate Transfer</td>
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<td>BSD</td>
<td>Bumi Serpong Damai</td>
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<td>CCTV</td>
<td>Closed-circuit Television</td>
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<td>CDC</td>
<td>Council for the Development of Cambodia</td>
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<td>CDRI</td>
<td>Cambodia Development Research Institute</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CPP</td>
<td>Cambodian People’s Party</td>
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<tr>
<td>ELC</td>
<td>Economic Land Concession</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>FUNCINPEC</td>
<td>Front Uni National pour un Cambodge Indépendent, Neutre, Pacifique et Coopératif (United National Front for an Independent, Neutral, Peaceful and Cooperative Cambodia)</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GPPIC</td>
<td>Grand Phnom Penh International City</td>
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<tr>
<td>GTZ</td>
<td>Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation)</td>
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<tr>
<td>ICAK</td>
<td>International Contractors Association of Korea</td>
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<td>IOM</td>
<td>International Organization for Migration</td>
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<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>ISO</td>
<td>International Organization for Standardization</td>
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<tr>
<td>JICA</td>
<td>Japanese International Cooperation Agency</td>
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<tr>
<td>KDIC</td>
<td>Korea Deposit Insurance Corporation</td>
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<tr>
<td>KOTRA</td>
<td>Korea Trade Promotion Organisation</td>
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<tr>
<td>KPRP</td>
<td>Kampuchean People’s Revolutionary Party</td>
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<tr>
<td>LMAP</td>
<td>Land Management and Administration Program</td>
</tr>
<tr>
<td>MEF</td>
<td>Ministry of Economy and Finance</td>
</tr>
<tr>
<td>MLMUPC</td>
<td>Ministry of Land Management, Urban Planning, and Construction</td>
</tr>
<tr>
<td>MPP</td>
<td>Municipality of Phnom Penh</td>
</tr>
<tr>
<td>NBC</td>
<td>National Bank of Cambodia</td>
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<tr>
<td>NGO</td>
<td>Non-governmental Organisation</td>
</tr>
<tr>
<td>OCIC</td>
<td>Overseas Cambodian Investment Corporation</td>
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<tr>
<td>ODA</td>
<td>Overseas Development Assistance</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<tr>
<td>PR</td>
<td>Public relations</td>
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<tr>
<td>PT</td>
<td><em>Perseroan Terbatas</em> (Limited Company)</td>
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<tr>
<td>QIP</td>
<td>Qualified Investment Project</td>
</tr>
<tr>
<td>RGC</td>
<td>Royal Government of Cambodia</td>
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<tr>
<td>Rp.</td>
<td>Indonesian Rupiah</td>
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<tr>
<td>RUFA</td>
<td>Royal University of Fine Arts</td>
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<tr>
<td>Tbk.</td>
<td><em>Terbuka</em> (Literally ‘open’, appended to company name to signify listing on the Jakarta Stock Exchange)</td>
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<tr>
<td>UAE</td>
<td>United Arab Emirates</td>
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<tr>
<td>UK</td>
<td>United Kingdom</td>
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<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNCDF</td>
<td>United Nations Capital Development Fund</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>UNTAC</td>
<td>United Nations Transitional Authority in Cambodia</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>USE</td>
<td>Universal Success Enterprises</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organisation</td>
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(Source: Bonna Realty Group advertisement)

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1. Introduction

1.1 Phnom Penh: a rapidly globalising city

Cambodia is a relatively small Southeast Asian country sharing borders with Thailand in the west, Laos to the north, and Vietnam to the east (Map 1.1). The official population in 2008 was 13.3 million, of which 90 per cent are of Khmer ethnicity while the remainder consists mainly of Chinese, Vietnamese, and ethnic minority hill tribes (National Institute of Statistics, 2008). Cambodia’s Gross Domestic Product (GDP) per capita was US$739 in 2008, making it one of the poorest countries in Asia and the world. It consequently ranks very low in the United Nations (UN) Human Development Index, at 137 out of 182 countries. Approximately 80 per cent of the population lives in rural areas, and 71% rely on agriculture (primarily rice cultivation) as their main source of income (Vannarith, 2010).

Between the late 1960s and 1990s Cambodia had a tragic and turbulent history. The country was bombed heavily by the USA from 1965 to 1973 as the Vietnam War spilled over the border (Owen & Kiernan, 2006). This bombing set into motion a series of events that ultimately led to the communist Khmer Rouge taking power and committing a horrendous genocide, where 1.7 million Cambodians were murdered or died through starvation and exhaustion (Chandler, 2008). Between 1975 and 1979, the Khmer Rouge created an agricultural utopia, totally emptying the population of the capital city of Phnom Penh and coercing its population to work in rural cooperatives. When the country was liberated from the Khmer Rouge in 1979 by the Kampuchean People’s Revolutionary Party (the precursor to the Cambodian People’s Party (CPP)) supported by Vietnam,
people started to return to Phnom Penh. During the 1980s, returnees inhabited any houses they could find, as most of the original residents of Phnom Penh were considered elites and had been killed or managed to escape the country. The infrastructure of the city was in ruins and the government lacked the budget and technical capacity to rectify the city’s problems. At the end of the Cold War, Cambodia lost its support from the Communist bloc and the UN took over the administration of the state under the auspices of the United Nations Transitional Authority in Cambodia (UNTAC) from 1992 to 1993. UNTAC attempted to organise the first elections and initiate the country’s transition to peace, democracy and a free market economy (Hughes, 2003).

In the next decade, the country became open to investment and the infrastructure in Phnom Penh began to be rehabilitated. However, the city remained small and was yet to see investments of the scale that were to come later. Private business was once again permitted, especially taken up amongst Chinese Cambodians, who established companies importing products from neighbouring countries (Gottesman, 2003). Despite the efforts of UNTAC, the Khmer Rouge remained in control of some outlying provinces, and it was not until 1996 that the last Khmer Rouge leaders were defeated or defected to the government. The coalition between the CPP and FUNCINPEC, formed after the 1993 election, ended when Hun Sen ousted his co-Prime Minister in a coup d’état in 1997 (Hughes, 2002). The CPP subsequently went on to win the 1998 elections, and the party cemented its authority in the next election in 2003, albeit after a year of political stalemate when the country was effectively without a government (McCargo, 2005). It was after this point, as I argue in Chapter 5, that relative political stability brought the country into a capital accumulation process. The economy began to grow rapidly, with an average annual growth rate of 11% between 2004 and 2008 (Slocomb, 2010).

Before this time, Shatkin (1998) refuted the commonly held assertion that so-called ‘fourth world’ cities were excluded from the global economy. Shatkin argued that Phnom Penh was linked in various ways to the global economy, including the growth in foreign capital inflows (for example, in the
garment manufacturing industry) as well as illicit links with the global drug trade and its position as a transit point for illegal migrants. This was a time before the country returned to peace, but in the last decade the city has been ever more influenced by intra-Asian flows of capital, people, and information. What makes Cambodia an interesting case for research is that the country emerged from a period of conflict and communist government into a world where the importance of rising superpowers such as China, transient and fluctuating capital flows, and global and regional integration are ever more prominent (Hughes & Un, 2011). Foreign capital inflows to Cambodia increased tenfold between 2000 and 2006 (Hughes, 2009). During this time land prices in central Phnom Penh grew exponentially from approximately $250 to $2000 per square metre (GTZ, 2009). South Korea is a significant investor in Cambodia (indeed the biggest in 2006 and 2008), and around three quarters of South Korean investment is in the real estate and construction sector, although this investment has fallen since the onset of the global economic crisis which hit Cambodia after 2009 (KOTRA, 2010). At the same time, Cambodians who stored their money overseas during the period of political instability repatriated their cash, some of which was invested in property development and land speculation because of the potential to make huge profits.

Now is a crucial time to reflect upon what happened during this boom period and the reasons behind the rapid changes. In spite of these rapid transformations, there is a lack of research on contemporary urban development in Phnom Penh, although Simone (2008) and Paling (forthcoming) represent some recent exceptions. Much of the research on Phnom Penh has tended to focus on issues facing the urban poor such as tenure security, land rights, and evictions (Khemro & Payne, 2004; Payne, 2005; Springer, 2009a). In contrast, the processes by which new urban developments are produced are less well understood. The boom in investment led to new urban forms that simultaneously changed the skyline of the city and caused an outward expansion to encompass farmland. Foreign capital has been behind a number of ‘flagship’ urban development projects, including Canadia Tower and Vattanac Tower, both high-rise
office buildings, while there are also new shopping malls and condominiums, as well as many new individual buildings built by local people and companies. Some of these projects were built on land previously occupied by low-income informal settlements and have therefore caused displacement. In peri-urban areas, there are six large-scale (100 to 2000 hectares) privately developed satellite cities, which are the focus of this research. In addition, there are many more gated communities, land sub-division projects and housing estates consisting of rows of two or three storey shophouses.

A particular focus of this thesis is the fact that urban planning has not kept pace with the level of urban development, as I discuss in Chapter 7. This is for a number of reasons, including financial constraints, a lack of technical capacity, and an unsuitable legal and policy framework. In addition, the challenges of urban development can seem rather insignificant when one takes into account the issues facing rural areas of Cambodia. Although Phnom Penh’s population has grown rapidly over the last 20 years, as mentioned above, the country remains a predominately rural one, where most of the population works in agriculture and has poor access to education and healthcare. Therefore at the present time, urban planning can seem less pressing, but the rapid urban restructuring requires further analysis.

1.2 Privately developed satellite cities

This thesis examines the production of private-sector-developed satellite cities around Phnom Penh. I define satellite cities\(^2\) here as integrated, purpose-built developments that are normally to some degree gated, providing access only to residents. Ranging in size from a few hundred to more than eight thousand hectares, they contain certain features associated with postmodern urbanism, such as villa and condominium housing marketed to emerging upper middle class urbanites and expatriates.

\(^2\) In this thesis I use the term ‘satellite city’ throughout, but the terms ‘new town’, ‘Urban Integrated Megaproject’, ‘new urban area’ and ‘privatopolis’ are also used by academics and developers to refer to broadly the same type of urban development. In the academic and planning literature the term ‘new town’ generally refers to new settlements built by the state.
consumption spaces such as shopping malls, office space, and private hospitals, schools, and other facilities (Gotsch & Peterek, 2003). Satellite cities in Southeast Asia are, for the most part, constructed and managed by the private sector, by companies located within the East Asian region. They are normally constructed in peri-urban areas on rice-growing agricultural land or reclaimed marshland. In this thesis a distinction is drawn between satellite cities and gated communities, some of which are also situated on the urban edge. While there are many similarities, satellite cities are typically of a larger size, and more significantly, they integrate the various functions—residential, commercial and leisure—that are normally present in an urban system.

As this thesis highlights, Phnom Penh is but the latest location for a trend that permeated the larger cities of Indonesia in the 1980s and 1990s (Winarso, 2002) and that has since moved into Cambodia, China, Vietnam, India, as well as more widely in the Middle East and Africa. I argue that there are a number of reasons for this trend. There is the increasing globalisation of capital, especially in the property and real estate sector (Olds, 2001), which looks to expand into new and unexplored territories (Harvey, 2010). City governments are competing to lure this capital, under an ‘entrepreneurial’ mode of urban governance, in which a greater premium is placed on attracting private-sector investment (Harvey, 1989). These two factors are present in the majority of cities, and therefore do not provide a sufficient explanation. This thesis argues that satellite cities are being constructed in poorer and developing countries, where weak (and often corrupt) governance, ineffective planning laws, and a high level of social inequality between an elite and the poor masses combine to create the conditions that can be exploited by companies with the possibility to build large scale urban megaprojects.

The involvement of private sector actors in directing the future of Asian cities has become a growing trend in Southeast Asian cities (Shatkin, 2008). Under neoliberalism, governments lack sufficient budget due to

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3 I include Southeast Asia within this definition of the East Asian region.
inefficient taxation or state downsizing at the behest of the international financial institutions, and therefore private companies have more of an opportunity to direct urban development. Large urban development companies have developed projects on an ever-greater scale. Examples include the Lippo Group and Ciputra Group in Indonesia and Ayala Land in the Philippines (Dick, 2009). These firms often use informal channels to lobby governments and bypass conventional planning regulations. Ananya Roy (2009b) has termed this process ‘informal planning’, and I will relate these ideas to satellite city development in Phnom Penh in chapter 7.

While the public sector is disadvantaged by the factors highlighted above, foreign investors are in possession of the necessary capital and expertise to construct urban development projects. They are also able to take advantage of the weak planning regulations in order to build projects at an unprecedented scale. According to Paling (forthcoming), this had led to a fragmented urban vision in Phnom Penh, where development is dependent not only on the government but also on a range of foreign and local investors and development partners. Satellite cities represent what Mike Davis and Daniel Monk (2007) have termed ‘evil paradises’ and ‘dreamworlds of neoliberalism’: utopian and securitised ultra-capitalist enclave spaces that are removed from the poverty and hectic diversity of the wider urban environment.

However, while there is a rich body of literature on those in Indonesia (Firman, 2004a; Winarso, 2002; Zhu, 2010), and to a certain extent those in Vietnam (Douglass & Huang, 2007; Waibel, 2004, 2006) and China (Chen et al., 2009; Hsing, 2010), the development of satellite cities in Phnom Penh is yet to be fully explored. Furthermore, I propose in this thesis to look at the development of satellite cities from a different perspective. There has until now been a lack of emphasis on the role of intra-regional networks in the production of satellite cities. I am in agreement with Shatkin (Shatkin, 2010) who advocates a focus on ‘process’ rather than design. Focusing too heavily on design, as Dick and Rimmer (1998) have done, leads to overly simplistic statements about the ‘Western’ nature of Asian privately built satellite cities. Although the concept and design may be
evocative of American suburbia and gated communities, the production process is firmly grounded within East Asia. While the satellite cities in Indonesia were built by domestic companies, the more recently developed projects in other Southeast Asian countries are mainly funded by intra-Asian foreign direct investment. They are also based on models of urban design and governance practices in other Asian cities, or they utilise best practice examples which are extracted and emulated from other cities. The mobility of capital, concepts, and expertise has been and remains central to the process of diffusion of these urban projects throughout Southeast Asia. By investigating the articulation of urbanism, I consider city-building to be a relational, travelling phenomena that is simultaneously local and global. In other words, I am suggesting that to gain a more comprehensive understanding of the dynamics of urban change in Phnom Penh requires looking at the connections between the ‘in here’ and ‘out there’.

I focus in this thesis on two satellite city projects in particular. Camko City was the first of the satellite cities to be proposed in Phnom Penh, and is being built on 119 hectares of land just on the edge of the currently built up area in the city’s northern suburbs. The project is developed by South Korean investors and was the single largest FDI project in Cambodia’s history when first announced. A sign at the entrance to Camko City during the initial construction phase claimed that “new history is coming”, while the promotional video for this project proudly states that it will become the “the new civic pride of Cambodia”\(^4\). The second case study is Grand Phnom Penh International City (GPPIC), a similarly grand project being realised by the Indonesian property developer Ciputra.

1.3 Bringing in Asian urban experiences

By examining the networks through which satellite cities are produced, this thesis exposes the diverse connections between East Asian cities. I seek to contribute to broader theoretical agendas which further the project of studying cities worldwide, attempting to avoid a dependence on frameworks developed in the North Atlantic world. There is currently a

\(^4\) http://youtu.be/fA09C_uK1Qg, last viewed 05-07-2012.
growing clamour for caution in applying Western-centric urban theories to cities in other contexts. Influenced in part by the work of Jennifer Robinson (2002, 2006), a growing number of urban scholars have begun to appreciate the importance of considering all cities as ‘ordinary’ in order to postcolonialise the discipline of urban studies and move away from ‘metrocentric’ assumptions (Bunnell & Maringanti, 2010). Such ideas are amplified by a number of urbanists who have suggested that research should approach the varied ‘worlding’ process of cities (Roy, 2009b), and that work on cities in the global South should not simply ‘add on’ case studies to existing Western theory (McFarlane, 2008). Watson (2009) suggests that this approach makes possible ‘seeing from the South’. Similar debates have been initiated within the field of economic geography (Pollard et al., 2009).

These arguments have been driven forwards in particular by relational comparative theorising that moves beyond fixed theorisations of place (K Ward, 2010) and seeks to present a more fine-grained analysis of globalisation (see M P Smith, 2001). This relational approach to understanding urban politics and policy-making is influenced by a number of theorisations that critically investigate global-local connections. Massey (1991) advocates a ‘global sense of place’, where place is considered open and defined by combinations of flows of capital, people and communications. In her more recent analysis of London as a ‘world city’, Massey (2007) calls for a ‘politics of place beyond place’, where London is defined as a relational construct through its relations with other places at various scales. Similarly, Brenner (2004) suggests that territory is relationally produced rather than static and bounded, and Allen and Cochrane (2007, p. 1172) propose that urban regions are not “fixed political spaces ordered by scale” but “made and remade by political processes that stretch beyond it and impact unevenly” (see also Amin, 2004). These ideas also draw upon Harvey’s (2006a) notion of the dialectic of fixity and mobility under contemporary capitalism and the implications of investment and divestment on the urban built environment.

Yet as McCann and Ward (2010) argue, a focus on flows and networks must always be balanced by an understanding of place specificities,
such as how local urban actors manage the impacts of and interact with global and regional flows. I am interested here in the ways that relational studies can bring into view intra-Asian urban networks, therefore rejecting the often-ingrained assumption that urban innovations originate in Western cities. While much urban research has charted the mobility of theory and models from the core to the periphery (Leichenko & Solecki, 2005; Stead et al., 2010), there is a need to be more critical in charting the networks of mobile theory, people, capital, ideas, and policy in and between cities (Edensor & Jayne, 2011; Roy, 2009a).

Working along these lines, researchers have begun to consider the ways in which cities in non-Western contexts are interlinked. This is part of a broader movement towards a consideration of the ‘worlding’ processes of Asian cities and the ways in which they are becoming models that are subsequently replicated throughout the region (Roy & Ong, 2011). Lowry and McCann (2011) have written on the ways in which Asian cities are acting as models for other cities in Asia and the West. Similarly, Bunnell and Das (2010), for instance, work on high-tech urban development policy transfer between Kuala Lumpur and Hyderabad, showing how global consulting companies were central to forging “geographies of serial seduction” (Bunnell & Das, 2010, p. 280). These consultants promoted Shanghai as a model for Indian cities, while the role of Singapore as a model has been equally alluring for some other urban governments (B H Chua, 2011). More broadly, Dick (2005) has argued that the existence of flows of people, goods, money and information mean that Southeast Asia is a network of cities. Since the East Asian region includes a varied range of urban contexts, taking the region as a framework provides the ideal ground to straddle the divide between North/South and rich/poor (Bunnell et al., forthcoming).

1.4 Research aims

The central purpose of this research is to understand the reasons why privately developed satellite cities are becoming a prominent urban development concept in Phnom Penh, and by employing an approach that
is influenced by recent ideas about relationality, to consider the ways in which intra-Asian urban networks are driving this phenomenon. These are my four main aims:

- **To extend contemporary academic debates that critically interrogate the ‘Western-centrism’ of urban knowledge production.** I am positioning this research within the growing body of literature which introduces postcolonial approaches to urban studies. This is made possible by understanding satellite cities as a something other than an urban form with only Western origins, and instead tracing the networks through which they are produced. This aim is developed throughout the thesis, especially in chapters 3, 8 and 9.

- **To investigate the influence of contemporary political and economic changes on urban development in Cambodia.** The majority of research on urban development in Cambodia has either specifically focused on issues around land rights, or is now rather outdated given the rapid changes in the last decade. In contrast, this research will investigate the recent economic and political changes and the related effects on the urban environment. This point is explored in chapter 5.

- **To critically examine the role of private sector actors in the urban development and planning of Southeast Asian cities under intensified globalisation.** This aim involves investigating the relationship between state and corporate actors in urban development and planning, including examining the extent to which the state supports the activities of private actors, and the ways in which state deficiencies are taken over by the private sector. In particular, I develop ideas on the informal nature of urban planning. This aim is discussed in chapters 6 and 7.

- **To explore the intra-Asian mobility of urban development capital and concepts in the production of new urban spaces.** Achieving this aim involves investigating
the reasons why overseas companies invest in Cambodia and their relationship with the state. This also includes looking at the role of the state in supporting business regionalisation/internationalisation in the companies’ respective countries of origin. This aim is considered in chapter 8.

1.5 Thesis outline

After this introductory chapter, the second chapter sets the context of the thesis by discussing the urban form of satellite cities and the differences between them and other private sector urban developments such as gated communities. I look at the proliferation of satellite cities in Jakarta in the 1980s and 1990s and then in other cities in developing countries. The chapter also discusses the reasons for satellite city development. I argue that these include the demand from a growing middle class, the increasing globalisation of urban development capital, entrepreneurial actions of urban governments, and the growing involvement of private sector actors in city development and planning.

Chapter 3 presents the theoretical background to the research. I argue here that the development of satellite cities in Phnom Penh is driven by intra-Asian networks of urban development capital and concepts. By focusing on the East Asian region I build upon recent calls to take into account diversity of urbanism in a wider range of sites outside of the ‘West’ (J Robinson, 2006) and to cultivate ‘new geographies of theory’ (Roy, 2009a).

The fourth chapter details the research design and methods. The empirical research draws on approximately 30 interviews with urban planning professionals, local and national government officers, NGO leaders, real estate agents and property developers conducted between October 2010 and December 2011, as well as 20 shorter interviews with people living near Camko City, and ethnographic data derived from casual conversations and interactions in Cambodia. It also makes considerable use of data gathered from a variety of sources including newspapers, research reports, investment statistics, legal documents and government policies.
The remaining chapters present my theoretically informed findings. Chapter 5 provides the background to Phnom Penh’s urban development. This chapter principally relies on reports, newspapers, and other secondary data as academic research on Phnom Penh is relatively sparse. In this chapter I briefly cover the history of Cambodia and the influence of historical factors that are essential to understand urban development. The major part of this chapter is situated within the last decade, when the power of the ruling party was cemented and the country was fully opened up to the global economy. I discuss the effects of these political and economic factors on the development of Phnom Penh, in particular the real estate ‘boom’ that lasted from approximately 2005 to 2008 and led to a number of new urban forms that rapidly changed the landscape of the city.

Chapter 6 looks specifically at one type of large-scale peri-urban development project: privately built satellite cities. I detail the extent of satellite city development around Phnom Penh, and provide a background to the two case studies – Camko City and GPPIC. I also discuss the impacts on local communities, the integration of these enclaves with the existing city and critically discuss the nature of demand for these schemes.

In Chapter 7, entitled Satellite Cities (Un)planned, I argue that private sector satellite cities are not simply a response to the state’s incapacity to plan Phnom Penh’s development and provide infrastructure. Although, certainly, loose planning regulations mean that this kind of large-scale development can occur more easily than in places with stringent development control. I suggest that the informal nature of planning has impeded attempts at comprehensive urban planning. Additionally, the fact that the state does not have the budget to finance necessary urban infrastructure nor the urban planning expertise means that the private sector can take advantage of providing this to the growing middle class. However, the state also has a key role to play. The state can rationalise such projects, allow land acquisitions by certain development companies at below market prices, and create incentives to lure the inflows of private capital.

The eighth chapter, entitled Tracing the Production of Satellite Cities, argues that satellite cities are driven by capital and models from within the
East Asian region. In particular, I trace back the networks of the two case study companies, one back to South Korea and another to Indonesia, and analyse how and why the two companies decided to operate outside of their national borders. In doing so, the chapter discusses the flows of urban development capital and the role of the state in supporting business internationalisation as an economic development strategy. The two companies have different imaginaries of Cambodia, and this has shaped the nature of their urban development projects. The chapter will also discuss the mobility of city building knowledge and, more specifically, the concept of the private sector satellite city. Overall, I argue that the development of Camko City is bound up with South Korea’s close political, diplomatic and cultural ties with Cambodia, which have been one of the major precursors of South Korean investment. South Korea’s state led globalisation policy has also supported the operation of South Korean firms overseas. The development of GPPIC, by contrast, is contingent on the activities of a single Indonesian company, Ciputra. The internationalisation of Indonesian companies is not as formally supported by the state as it is in South Korea. The South Korean firm behind Camko City did not have previous experience in satellite city development, but Ciputra, the developer of GPPIC, is one of the leading urban development companies and the founder of the business was behind the first private sector satellite city in Indonesia.

In the conclusion, Chapter 9, I outline main themes of the thesis and discuss the wider significance of the issues raised. I also offer a number of suggestions for future study.
2. Satellite City Development in Southeast Asian Cities

Citraland Surabaya

Citraland Surabaya is also known as “The Singapore of Surabaya.” The project was built on 2,000 beautifully landscaped hectares between Gresik and Surabaya. Citraland Surabaya is designed to be a self-contained city, offering a perfect combination of style and excellence. This first-class living environment is equipped with business, entertainment, sports and shopping facilities, including a commercial district, shopping area, water park, and 27-hole golf course that meets international standards.

Today, Citraland Surabaya houses 3,500 families and continues to expand. Slowly but surely Citraland is carving a name for itself. A self-contained city with a “clean, green and modern” theme, it is more than just physical development that transformed Citraland into a Singapore-like city. Solid city management played a substantial role in supporting Citraland’s development. In acknowledgement of its ongoing improvement and stellar city management, Citraland received the Certificate ISO 9001:2000 City Management.

(Source: http://www.ciputra.com/java.html?start=1)

The statement above is taken from the website of Ciputra, the developer behind Citraland, situated in the city of Surabaya, Indonesia’s second largest city. Large privately developed and managed satellite cities such as this are being built on greenfield sites around large cities in Southeast Asia, and more widely, other parts of the developing world. The phenomenon is most
widespread in Indonesia, particularly in peripheral parts of the mega-city of Jakarta. It was estimated that in the mid-1990s before the onset of the Asian Financial Crisis, there were at least 23 of these satellite cities completed or under construction around Jakarta (Firman, 2004a). They range in size from a few hundred to 6000 hectares in size. More recently, satellite cities have appeared around other Southeast Asian cities, most notably in Vietnam around the two largest cities of Ho Chi Minh City and Hanoi.

There is nothing particularly new about privatised urbanisation in Southeast Asia (Hogan et al., 2012). Satellite cities, however, represent an unprecedented role for the private sector in influencing the future development of urban regions. These ultra-modern urban environments are being built on the periphery of cities, and they are conspicuously devoid of local context. They reflect a multitude of factors, including changes in the structure and regulation of the global economy towards neoliberalism and the adoption of entrepreneurial strategies by the state that seek to attract capital (Brenner & Theodore, 2002), as well as other factors such as demand from a growing middle class, and weak or ineffective urban governance. Privately built satellite cities are found in various locations but demonstrate considerable path-dependency. Malaysia, for example, has not seen the development of satellite cities, although Iskandar Malaysia is a similar type of project, as I will elaborate upon later in this chapter.

The aim of this chapter is to review research on satellite city development, and in doing so, identify areas to which this thesis can contribute and extend. The chapter is structured as follows. Firstly, I explore the satellite city (and ‘new town’) concept from its apparent origin as a state-led policy in the first half of the 20th century to the more recent history of the private sector developed satellite city, which has its origins in Jakarta from the 1970s onwards. While state-led satellite cities were built for housing and/or industrial development purposes, private sector developments are, as one would expect, motivated more by profit generation through property investment and real estate markets. Thus, they tend to reflect the interests of wealthy property buyers rather than the population as a whole. Secondly, I examine the location of satellite cities, which in the last decade have become
a more common urban feature on the periphery of many large Southeast Asian cities, as well as other rapidly developing countries in the Middle East, Africa and China. Thirdly, I discuss some explanations for satellite city development in terms of ‘supply’ and ‘demand’ factors. The latter include a growing middle class and ethnic segregation, while the former consist of economic liberalisation and globalisation, the role of the state and the trend towards the greater involvement of private actors in urban planning and development.

2.1 Delineating satellite cities

For the purpose of this thesis I will define a ‘satellite city’ as a purpose built urban settlement that is developed on previously rural or agricultural land, and generally designed to be an integrated urban system. As such, they contain villa and condominium housing generally marketed towards emerging middle and upper class urbanites and expatriates, consumption spaces such as shopping malls, office space, and other facilities such as private hospitals and schools. Rather than growing gradually over time, satellite cities are planned from scratch by urban planners or property developers. Satellite cities can range in size from a few hundred to tens of thousands of hectares, and are normally to some degree gated, providing access only to residents. This research is concerned with satellite cities that are designed and built by the private sector rather than governments.

A number of other terms are found in the professional and academic urban planning lexicon to describe urban communities planned and built from scratch. The term ‘new town’ is primarily used in the context of modern era state planned settlements in both the UK and around the world (Alexander, 2009). It has in some cases, however, been used to describe private sector developed projects around Jakarta since the 1980s (Dick & P Rimmer, 1998; Firman, 2004a). Hogan and Houston (2002) referred to the same developments in Jakarta as ‘corporate cities’. Shatkin’s (2011) work refers to ‘urban integrated mega-projects’ in Kolkata, India, also introducing the term ‘privatopolis’. Some satellite cities are named with reference to a specific purpose or industry for which they are designed to accommodate.
New urban areas known as ‘eco-cities’ are designed with sustainable principles and attempt to incorporate sufficient employment for residents in order to reduce commuting to nearby urban centres (Pow & Neo, 2010). Examples include Dongtan Eco-City near Shanghai, China (Castle, 2008) and the Sino-Singapore Tianjin Eco-city (Tianjin Eco-City, 2012), and Lavasa near Mumbai in India (Datta, forthcoming).

Although a variety of terms are in circulation, the most significant variation is between those planned and developed by the state with predominately welfare goals (often referred to as ‘new towns’), and those built in the tradition of post-modern planning by private developers on a for-profit basis (which I refer to as ‘satellite cities’). The former were generally constructed in the post-war period, while the latter have become more common from the 1980s until the present day. Nevertheless, this is not a clear-cut temporal distinction, as many projects are realised through partnerships between the state and private sectors. I have chosen to stick with term ‘satellite city’ throughout the thesis for simplicity, as it is the English language term most commonly used in the Cambodian context to refer to the type of urban megaproject on which this research focuses.

Modern-era new towns

The desire to construct new cities from scratch is far from a new phenomenon. New towns built in the post-war period were largely developed by the state and favoured no particular social class or income group as residents (Chen et al., 2009). In the UK, new towns were built in response to the problems of the 19th century industrial city. Stemming from Abercrombie’s Greater London Plan of 1945, there was a government desire to redistribute the population of London into a number of new towns in order to decongest the capital city (Pacione, 2008). The new town concept also became widespread in East and Southeast Asia in cities of Commonwealth countries (Singapore, Malaysia and pre-1997 Hong Kong). Garden cities and new towns became a feature of cities without a British colonial influence such as Tokyo, Seoul and Taipei, as well as those influenced by Soviet planning initiatives, such as Beijing, Shanghai and Tianjin (Phillips & Yeh, 1987).
In the city-states of Singapore and Hong Kong, the planning of new towns was a response to population pressure because of rapid industrialisation. These new towns, for example Ang Mo Kio in Singapore and Sha Tin in Hong Kong, were mainly designed to provide public housing (Pun, 1987; L H Wang, 1987), only later beginning to have social services, amenities and employment opportunities. New towns were built both to provide new housing but also as tools for the decentralisation of urban growth in a region characterised by primate cities, in much the same way as the new towns developed in the South East of Britain in the post-war period. In Korea, new towns were used as a method of dispersing populations away from the primate city of Seoul, as part of the broader policy of industrial decentralisation towards the southeast of the country (T L Lee, 1987). Similarly, in Malaysia, the British initiated the construction of the new town of Petaling Jaya as a response to overcrowding in Kuala Lumpur, while other new towns were constructed in the post-1970s period in rural areas with the aim of providing non-agricultural employment for rural workers (B T Lee, 1987). The state has played a significant role in new town development, particularly in China, where new towns were realized through state-funded industrial development policies in the Maoist period (Kirkby, 1987).

**Postmodern-era satellite cities**

The satellite cities that form the focus of this thesis are different from state planned new towns because they are developed by private companies on a for-profit basis. Their development has changed in line with wider urban development trends from state led welfare-oriented projects to a form of neoliberal urbanism motivated by profit and driven by property and land speculation. Private sector developed ‘edge cities’ in the USA, for example Tysons Corner in Virginia, are partly reflective of this change. From the 1950s onwards, office, retail and residential space began to appear outside of traditional urban areas. These places were normally previously greenfield sites with good road connections (Garreau, 1992). Although there are many commonalities, they differ from the satellite cities discussed in the remained of the chapter because they mainly grew more organically, are more
focus on office development, and are not normally developed by a single company.

In Asia, this kind of development originated during the 1970s in Indonesia at the time when neoliberal ideas began to dominate economic policy. Kaminer (2010) argues that the demise of classic new towns was not linked to their design failures and disapproval from public towards the style of living that new towns provided. Rather it was a product of the shift from Keynesian planned economics to the monetarism advocated by Chicago school economists such as Milton Friedman. The new economic order advocated curtailing the power of the state, which included reducing the role of comprehensive urban planning. Cities therefore began to be more influenced by the necessities of neoliberal capitalism.

The capital for the development of satellite cities is primarily provided by the private sector and moves across national borders. In Indonesia, satellite cities were principally funded and developed by domestic investors, such as Ciputra and the Lippo Group. More recently developed satellite cities in countries such as Vietnam and Cambodia have seen foreign investors take a much bigger role in their development and financing. The position of foreign investors is dependent on the local context as different countries have diverse foreign investment regimes. Local legal frameworks may allow foreign companies to operate freely, while others require companies to enter into joint-venture agreement with a local partner. This is especially the case regarding the acquisition of land. This thesis suggests that understanding why and how foreign investment is occurring is central to a more comprehensive explanation of satellite city production, as is discussed in more detail in the next chapter.

While satellite cities are privately funded, there are varying levels and types of state involvement. They are not necessarily directly attributable to a weak state, but reflect the power relations between state and corporate actors (as is discussed in section 2.4). Some satellite cities are explicitly part of state led efforts to boost the economy of particular regions of a nation-state, such as Iskandar Malaysia, in the southern state of Johor. In socialist countries such as Vietnam, the state remains a major landowner and
regulator of new urban development, while in China the state owns all urban land (Yeh & F L Wu, 1999). In countries where the state has a weaker role in the land market, such as Cambodia, entrepreneurial urban governments nevertheless promote investment in urban development capital to further their ambitions. The state can also have a role in a more informal fashion. The case of Indonesia reveals that satellite city development has occurred through a blurring of the boundaries between public and private, creating a situation where personal and familial connections between developers and politicians have enabled companies to bypass planning regulations (Dieleman, 2011).

Besides the primary developer, there are an assortment of other actors involved in satellite city development from conceptualisation through to construction. Although some more experienced satellite city developers, such as Indonesia’s Ciputra, have the capacity to undertake most of the tasks internally, developers typically contract out specific parts of the process to other companies. These include consultants specialising in market research and positioning, masterplanning, infrastructure development and environmental impact assessment. They also call on the skills of external architecture, construction and engineering companies. The geographies of these development arrangements are becoming progressively more complex as urban planning is becoming increasingly internationalised. Many of these companies operate beyond national boundaries. A transnational capitalist class of globalising professionals and architecture firms transmit certain urban forms to cities around the world (Sklair, 2000). These ideas are discussed in more detail in Chapter 3.

In most cases, not everything within the satellite city is funded and built by the primary developer itself. It can be the case that a developer purchases land and completes the initial groundwork, such as roads and other infrastructure, then lures other companies to build additional facilities such as shopping malls and office building. In effect, they are designed to attract further investment. A satellite city in the early stages of development in Phnom Penh by the domestic company L.Y.P Group operates in this way (L.Y.P Group Co., Ltd., 2011). Similarly, Songjiang Town in Shanghai is
designed to attract further foreign investment in industrial production (J P Wu, 2008).

According to Gotsch and Peterek (2003, p. 5), satellite cities contain “the universal toolbox of postmodern urbanity”. This toolbox includes the villa, condominium, international school, shopping mall and golf course. Typically, the shopping malls are home to global fashion and fast-food brands and local chain stores rather than local foods and independent businesses. Housing and facilities in satellite cities are targeted almost entirely at the middle and upper classes rather than for a mixture of social groups. The type of housing built is usually large villas and condominiums, sold at prices that only the relatively wealthy can afford. Attempts at government regulation of the housing market in satellite cities have had a poor success rate. In Indonesia, the government attempted to ensure that the benefits given to the private sector through land concessions for satellite city developments would help to solve the housing crisis caused by the rapidly expanding urban population (Silver, 2008). They passed a law in the 1980s which stated that in all developments over 200 hectares, every luxury property built required three ‘small’ (22-36 m²) and six ‘very small’ (21 m²) houses to be constructed. By 1990, the policy had succeeded in increasing the supply of low-income housing, although most of the housing was built outside of the satellite cities on cheaper and less desirable land. A later decree enabled developers to contribute money per unit instead, equivalent to approximately $1,000 (Silver, 2008).

The terms ‘self-contained’ and ‘integrated’ are commonly used by satellite city developers when marketing their projects. Lippo Village in Jakarta is described as “the most successful integrated satellite city in Indonesia with complete international standard facilities and infrastructure. The development provides every need a modern township could conceivably require and has been home to over 50,000 people and created 45,000 jobs” (PT Lippo Karawaci Tbk., 2009 authors emphasis). From the perspective of the development company, building an ‘integrated’ city is a strategy to maximise profits. The developer creates a captive market and can theoretically profit from every aspect of the residents’ daily life, from living
and working to shopping and spending leisure time. However, the reality is rather different. In the Jakarta metropolitan region, the supposedly self-contained satellite cities were still very much dependent on the capital city as an employment destination (Winarso, 1999). There are not sufficient employment activities for all of the residents, meaning that commuters face long car journeys to central Jakarta. Public transportation links are usually poor or non-existent. In Winarso’s (1999) survey, it was found that one-way journeys to work of up to two hours were commonplace for satellite city residents.

The discourse of self-containment is also used as a strategy to attract other investors by asserting that the project is of a significant enough size to be independent from the urban region in which it is situated. This is achieved by convincing global companies that the projects are far removed from the chaos of the existing city (Douglass & Huang, 2007). Indeed, taking a cursory glance at the architecture and urban design of many satellite city projects it is nearly impossible to identify in which country the project is located. They represent what Sassen (2008, p. 113) refers to as the “hyperspace of global business”. But it is important not to position satellite cities as simply a product of the globalisation of urban form, where the origin of modernity is situated in the West, an important point to which I will return to in the next chapter.

One of the major selling points of satellite cities is the idea of high levels of security. The discourses of security and privacy are often central to the marketing literature of these projects. Security is achieved through access gates, walls and fences, heavy policing of the space by private security forces and the use of CCTV cameras. Exclusion is apparent within the new cities themselves, with more expensive properties occupied by wealthier residents having higher security than others. In BSD City, Jakarta, 8% of the houses were ‘luxury’, 27% were medium-type and 65% were small-type, all located within different zones (Firman, 2004a). Public space is highly regulated, governed by the management company rather than democratic and publicly accountable procedures. In Lippo Karawaci, Jakarta, for example, the management is the responsibility of a town manager, who is an
expatriate appointed by the developer rather than a representative elected by the residents. Residents pay a fee to the company for services; in a similar way to how local government taxes are normally paid. In the privately governed satellite city, there is minimal place for convivial sociability and random encounters. Residents are required to abide by the rules of the developer, which specify the kinds of behaviour that are deemed acceptable. Some satellite cities are gated in their entirety, which prevents access to anyone who is not a resident. This is made possible using fencing and secure access barriers at every road entrance. Security is not totally effective, however. During the 1998 riots in Jakarta, a shopping mall in Lippo Karawaci was destroyed by arsonists, and in other satellite cities the property of ethnic Chinese was targeted by looters (Firman, 2004a).

However, the majority of satellite cities are in fact not completely ‘gated’, private spaces. Although individual residential clusters are secured, the remainder of the development is open to access by the general population. This is a response to the potential commercial advantages of allowing public access to the shopping and leisure facilities, whilst retaining the image of privacy and security for those living in the residential clusters. In a similar context, the ‘superblocks’ (large, mixed-use city centre developments normally consisting of high-end shopping and leisure facilities, hotels, offices and apartments) of central Jakarta are not solely for enjoyment by the wealthy. Anyone is free to enter, even if consumption is not the primary purpose (Kusno, 2010). However, it important to bear in mind that processes of exclusion operate at symbolic and psychological levels even if physical barriers are non-existent (Lemanski, 2006). Given that satellite cities are built with high-tech electronic and telecommunications infrastructure, Gotsch and Peterek (2003, p. 6) suggest that “the ties among globally connected new towns at different places of our planet seem to be much closer than those with their local neighbours at the other side of the fence”.

Although satellite cities are exclusive spaces that can be gated as a whole, or contain gated communities within them, they differ from traditional gated communities in terms of their sheer scale and the integration of an entire urban system that is controlled by the private sector.
The literature on gated communities is valuable, however, in conceptualising the privatisation of urban space and foundations for urban segregation. Gated communities have predominantly been associated with the USA (Blakely & Snyder, 1999), although there is a long history of gated or walled communities in cities elsewhere. In Asia, gated communities have been developed since the 1980s, although again, the phenomenon is not new and the colonial cities of the region were segregated along ethnic lines with the European colonialists and Chinese communities living in segregated residential areas (Abeyasekere, 1990; Leisch, 2002). In China, cities were characterised by gated work-unit compounds well before luxury gated housing enclaves became widespread (F.L. Wu, 2005).

2.2 Situating satellite cities

Satellite cities of the type mentioned in the previous section are not a ubiquitous phenomenon. They are generally situated in developing countries, and in peri-urban areas surrounding major cities. In this section I discuss where satellite cities have been developed, starting in Southeast Asia but now with a much wider geographical reach. The development of satellite cities exhibits a geographical variegation where there are some patterns but also differences because of the path-dependent nature of urban development.

The first place where private sector satellite cities became a significant feature of the urban landscape was the Jakarta extended metropolitan region. A development named Pondok Indah was the first satellite city, and was built in the early 1970s by Ciputra (Firman, 2004a). The number of satellite cities grew rapidly from the early 1980s. By the middle of the 1990s there were 23 satellite cities of between 500 and 6000 hectares under construction (Firman, 2004a) (Map 2.1). Dick and Rimmer (1998) suggest that competition during the 1990s drove developers to develop ever bigger and more integrated urban development projects. Of the 23 satellite cities being built in the 1990s, approximately 60% were postponed by 2001 because of the prolonged economic crisis. These new satellite cities equated to 16,600 hectares of land being transformed from
rural to residential use in the two decades up until 1999 (Winarso, 1999). The total area of these in fact exceeded that of Jakarta’s central district. Between the years 1987 and 1993, an average of 26,267 new housing units were provided each year by the private sector, compared to 4,406 each year by the state-owned Perumnas\(^5\).

At the scale of the urban region, satellite cities are located in peri-urban areas. Normally they are built on farmland, particularly paddy fields, and wetland areas. The location decisions of developers in the Jakarta area were driven primarily by low land prices and potential market demand more than any other factors. Low land prices allow developers to make huge profits when they convert land from rural to urban use. On average, the land price for new residential developments increased 100 times before and after construction (Winarso, 2002). Accessibility is not such a major concern of developers, because they have the ability to build access roads themselves. In the early 1990s, a group of satellite city developers collaborated to build a road to connect a number of newly urbanised areas. The planned new road link was never proposed in a government masterplan (Winarso, 2002).

The largest satellite city built in Jakarta is known as BSD City (formerly Bumi Serpong Damai, meaning ‘Peaceful Land of Serpong’). This development covers an area of 6,000 hectares in Tangerang district, and according to the marketing brochure of the development is in fact half the size of Paris (Image 2.1 and 2.2). It was originally a joint venture between 10 companies but now is being developed by Sinarmas, a large Sino-Indonesian conglomerate with operations in agribusiness, financial services and real estate. The project land was acquired in 1989 and has since then been under a phased program of development. In the next decade, the developers have forecasted that as many as 150,000 more houses will be built, working towards the ultimate target of a million residents upon completion.

In 1997, a study in the Tangerang district of Jakarta found that 60 companies held development permits for a land area of 27,090 hectares (Winarso, 2002). Of those 60 projects studied, more than half were

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\(^5\) Acronym of Perusahaan Umum Pembangunan Perumahan Nasional, the National Housing Development Company.
developed by a few large companies. Only one of those companies—Si Pengembang (part of PT Ciputra Group)—originated as a land development company. The others became involved in land development as part of a diversification strategy after witnessing the potential profits that could be made in the urban development business (Winarso, 2002). Leaf (1994) found that between 30% and 50% of land with development permits in and around Jakarta was not being developed but being kept off the market. In this way, developers use land as a speculative commodity in order to profit from future price increases.

In Vietnam, there are a number of satellite cities recently completed or still under construction. In Ho Chi Minh City, Phu My Hung (also known as Saigon South) is financed by a joint venture between the Taiwanese company Central Trading and Development Group and the Vietnamese Tan Thuan Industrial Promotion Corporation (Waibel, 2004). Under construction since 1994, it is planned to cover 33 sq. km of land and house one million people on completion (Gotsch, 2004; Waibel, 2006) (Map 2.2 and 2.3). Another example is the Na Be New Town, being built by a Korean developer and modelled on successful satellite cities already constructed in Korea. The largest of the satellite city projects surrounding Ho Chi Minh City, called the North West Metropolitan Area, is currently in the early stages of construction. A Malaysian company is undertaking this project, which will cost an estimated US$3 billion and will be some 18 kilometres long and 5 kilometres wide. In the northern city of Hanoi, the Indonesian developer Ciputra is building a satellite city under the name Ciputra International City. This development is anticipated to contain 2,000 luxury houses and 50 high-rise condominium towers. A Korean developer is constructing an even larger project named An Khanh (Star World). With a projected total investment value of more than $2 billion, the developers (POSCO E+C) envisage a city of 1,300 villas and over 6,000 apartments. Of the $2 billion forecasted cost, only approximately $100 million will come from the developers. The remainder will be provided by other local and global investors, as well as house buyers (Douglass & Huang, 2007). The city of Manila in the Philippines is the location of private urban developments
known as Eastwood City and Fort Bonifacio Global City. The company behind the latter project, Ayala Land, has a number of similar projects throughout the capital, also partially controlling the transportation infrastructure (a light rail network) connecting them to the wider urban area (Shatkin, 2008).

The largest private city in the world (at the time of planning in 1989) named Muang Thong Thani (meaning Golden Town) was planned for construction 40km from the centre of Bangkok, aiming to house one million people on completion. However, it turned out to be “one of the greatest planning disasters of the twentieth century” (Douglass & Boonchuen, 2006, p. 83). The Sino-Thai developers Bangkok Land Co. Ltd. borrowed US$2.5 billion to finance the mega-project, which the developers stated was a response to changing societal demands and the ability of developers to respond to and market the opportunity (Boonchuen, 2002). In 1996, construction was completed, comprising housing for 250,000 residents with related shops, offices, leisure and a convention centre. With the start of the Asian financial crisis, the project ground to a halt, and even today remains empty with the only used parts being the sports complex and convention centre (Image 2.3). It has been suggested that huge mega-projects such as this were in fact the causes of the collapse of the Thai economy during the financial crisis, given that middle-class housing supply far exceeded demand (Douglass & Boonchuen, 2006). Another reason offered for the failure of Muang Thong Thani was that it was designed to capitalise on a population (and capital) flight from Hong Kong when the former British colony was transferred to China in 1997 (R Marshall, 2003). This prediction never materialised. It is plausible that the spectacular failure of Muang Thong Thani discouraged further satellite city development in Thailand, although smaller gated communities are widespread (Dick & P Rimmer, 2003).

While in the Indonesian context the private sector appears to have a greater power than the state in directing the future of new urban development, the Malaysian context is rather different. Large new urban developments in Malaysia are more directly initiated by the state. This process is particularly associated with former Prime Minister Mahathir’s
attempts to thrust Malaysia onto the world stage and attract foreign investment (Bunnell, 2004; Olds, 1995). The new city of Putrajaya built to house government ministries is a materialisation of Mahathir’s ideology (Moser, 2010). More recently, the Iskandar Malaysia development in the southern state of Johor was conceptualised by the government as part of the country’s second economic corridor. Iskandar Malaysia is very much directed by the state through the Iskandar Regional Development Authority. The government allocated $24 billion to support the masterplan, $1.3 billion of that being ring fenced in the Ninth Malaysia Plan for infrastructure construction (Rizzo & Glasson, forthcoming). It is estimated that a further $100 billion is needed to complete the project, a mixture of local and foreign private investment. Much of the foreign capital invested in Iskandar Malaysia originates in the Middle East, which underlines the importance of Islamic financial networks (Bassens et al., 2010).

Broadening the scope out into the wider Asian region, the development of ‘New Cities’ (xin cheng) in China replaced the previous trend for ‘development zone’ construction. Whereas ‘development zones’ were primarily industrial estates, the ‘New Cities’ represent purpose-built and wholly commodified urban environments, containing residential, office, and retail space at the urban fringe (Hsing, 2010). State-led satellite cities were developed around Seoul, South Korea from the 1980s onwards (H M Kim & Han, 2012), and currently a privately built mega-project known as New Songdo City is under development (C Kim, 2010) (see Chapter 8). This development is a joint venture between American company Gale International and Korea’s POSCO E+C, and is situated within the Incheon Free Economic Zone, which provides incentives for private investment (McNeill, 2009a). The large cities of India, too, have adhered to a similar path. Kolkata West International City was being developed by the Salim Group, Ciputra, and Universal Success Enterprises, a company headquartered in Singapore (Chen et al., 2009). This type of project is often marketed towards wealthy overseas Indians (Bose, 2007). Yet a number of new satellite cities in India have failed to materialise as the developers
intended because of popular resistance from farmers and local communities due to inequities in the land acquisition process (Shatkin, 2011).

Private sector developed satellite cities are not something that is unique to Asia. They are becoming central to neoliberal urban development in many developing countries. In the Middle East, numerous large new cities are being developed (Waleed Abdullah, 2012), for example, the Norman Foster designed Masdar City in Abu Dhabi. The desert periphery of Cairo, Egypt is becoming a zone of large complexes consisting of luxury gated communities and shopping malls, financed by UAE-based companies and modelled on similar projects in Dubai (Singerman & Amar, 2006). Cairo had 26 such satellite cities under development by 2005 (Abaza, 2011), housing 14% of the city’s population (Sims, 2008). Choplin and Franck (2010) have referred to these satellite city developments as contributing to the ‘Dubaisation’ of Africa, because Dubai has been conceptualised as a model that has infused urban development practices throughout the continent. In particular, they are referring to “Dubai-style walled-off islands with condominiums, gated communities and ‘Disneyfied’ landscaping” (Abaza, 2011, p. 1077). Choplin and Franck mention specifically projects in Khartoum, Sudan, and Nouakchott, Mauritania. The phenomenon is also widespread in East and Sub-Sahara Africa, to the extent that it is noted as an important emerging urban trend in the State of East Africa 2012 report (Society for International Development, 2012). In Kinshasa, Democratic Republic of Congo, a satellite city named La Cité du Fleuve (River City) is under construction on reclaimed land that is one day envisioned to be the new downtown (De Boeck, 2011). Other African cities with private sector satellite cities under development include Nairobi, Kenya (Tatu City and Konza Technology City) (Sabatini, 2011), Kigali, Rwanda, Dar Es Salaam, Tanzania (Kigamboni New City) (Society for International Development, 2010), Luanda, Angola (Nova Cidade de Kilamba) (Redvers, 2012) and Kampala, Uganda (Kakungulu Satellite City) (Falk, 2012). Outside of Asia and Africa, satellite cities are present in South America and Latin America (Heinrichs et al., 2011; Hidalgo, 2005; Irazábal, 2006; Roitman & Phelps, 2011).
Although this research is focused particularly on large satellite cities, especially those developed through FDI, foreign companies are not behind the construction of all satellite cities. Furthermore, smaller, less extravagant new peri-urban developments are in some contexts more numerous. Labbé and Boudreau’s (2011) work on Hanoi cautions against overemphasising the imposition of ‘spectacular’ foreign urban development models, arguing that such an emphasis is inappropriate because foreign capital is behind only a small minority of satellite city projects. While much of the extant research on new urban areas in Vietnam focuses on a select number of foreign projects (such as Douglass & Huang, 2007; Waibel, 2004, 2006), Labbé and Boudreau draw attention to the roughly 500 new residential developments around Hanoi. These are developed for the most part by state-owned Vietnamese companies and with a variety of built forms, financial arrangements and target populations.

Although satellite cities have been built in Indonesia, Vietnam, China, Cambodia, and around cities in other regions of the world, there are a number of places where satellite cities have not been developed. Although gated communities are popular with the middle classes on the outskirts of Bangkok, satellite cities, perhaps surprisingly, have not been developed in Thailand besides the one attempt mentioned earlier. This may be because Thailand already learned the mistakes that led to a property market collapse during the 1997 Asian financial crisis and the failure of Muang Thong Thani. Similarly, in Malaysia, gated communities are ubiquitous, but companies have not yet built satellite cities. Here, the state has a stronger role as was highlighted with respect to the Iskandar Malaysia urban development project. Japan, too, has never seen this type of urban landscape. This reinforces the path-dependent nature of urban development. Each country has followed a unique urban development path, and satellite city development is contingent on the factors mentioned in the next section. Neoliberal urbanism has followed a variety of trajectories in different contexts (He & F L Wu, 2009; Liew, 2005). This is the underpinning of Brenner and Theodore’s (2002) notion that neoliberalism is ‘actually existing’, since it is embedded within local, national, and regional
contexts that are influenced by institutional frameworks, laws and regulations, and policy regimes.

At present, the vast majority of literature on satellite city development is centred on the Jakarta case, and to a lesser extent, Ho Chi Minh City and Hanoi. Yet while the concept likely originated and is most widespread in Indonesia, it is becoming a more common form of urban development on the peripheries of other large cities in Southeast Asia. More widely, privately built satellite cities are and in many other cities in the global South. The following section offers some explanations as to why.

2.3 Factors influencing satellite city development

The development of satellite cities is not an isolated process of urban change. A number of factors at global, regional and local scales can help to explain satellite city development. The changes in the world economy towards ever-greater neoliberal globalisation have resulted in freer flows of capital around the world. This has influenced national and local governments to be more entrepreneurial to compete with other localities to attract this mobile capital (Hall & Hubbard, 1998). At the same time, neoliberalisation has resulted in a weakening of the state, which in turn gives greater power to corporate interests in urban development and planning. Additionally, there is a demand from an emerging consumer class with the desire for segregation along the axes of social class and/or ethnicity, which is being capitalised upon by urban development companies. In other words, I suggest that explaining satellite city development requires examining the interaction between state, market and society at multiple spatial scales.

**Increasing globalisation**

Since the 1970s, the expansion of globalisation, and simultaneously neoliberalisation, has supported free flows of capital and reduced government regulation of the market. Neoliberalism is premised on the idea that open and unregulated markets, free from state interference, are the best means to achieve economic development (Peck & Tickell, 2002). Before the 1970s, in contrast, Keynesian ideals of control over the free flow of capital and redistributive justice took precedence (Harvey, 2006b). Neoliberal ideas
have encouraged economic globalisation and thus freed up global flows of investment capital, which has had an unprecedented role in shaping urban development. Also, foreign companies in the construction, planning, and architecture industries have gained access to national markets that were formerly protected (Guggenheim & Söderström, 2009).

It has been argued that a small number of cities function as nodes which mediate global economic flows. Friedmann’s (1986) ‘world city hypothesis’ suggested that a few world cities were centres through which flow information, capital and people. Certain cities function as these centres more than others do, leading to the establishment of a hierarchy of cities. Friedmann’s analysis was influential and later built on by Sassen (2001), who emphasised the importance of advanced producer services. Sassen suggested that given the increasing internationalisation of economic activities, certain cities function as nodes that control the complexities of the global economic system. These cities – namely London, New York and Tokyo – function as command points in the organisation of the world economy, as key locations for advanced producer service firms, as sites of production and innovation, and as markets for the innovations produced. But globalisation has without doubt had a massive impact beyond these few ‘global cities’. The ‘ordinary city’ approach, for example, aims to promote urban theory that acknowledges the relational webs of interaction between cities and highlights connections beyond those merely of business services. This approach is inspired by the work of Jennifer Robinson (2006) in particular, and is taken up more comprehensively in the next chapter (Chapter 3).

An important element contributing to globalisation is the increase in worldwide capital flows via the international financial system. Global FDI flows reached a peak in 2007 but have since decreased to around $1.2 trillion in 2010 (UNCTAD, 2010). In 2010, FDI flows to Asia increased by 24% on the previous year to $79 billion. This is likely attributed to the fact that capital moves to places that promise the greatest rates of return. Given the current state of the European and American economies, capital is moving to places with more potential, such as Southeast Asia. Intra-Asian FDI accounts for over half of the total inward flow of FDI in the region.
The speed and scale of finance capital availability has increased with the inclination towards the deregulation of markets, the use of offshore financial centres and the elimination of controls to previously prohibited sectors such as property development (Olds, 2001).

The increasing globalisation of real estate and urban development capital are of particular significance in the case of satellite city development. Although the literature tends to discuss foreign investment from developed countries disproportionately targeting large, ‘global’ cities (Edgington, 1995; Haila, 1997; Sassen, 2001), foreign investment in property is a much broader phenomenon (Charney, 2003). The source and destination countries vary and are not necessarily those at the top of the world city hierarchy, as has been shown in the case of Central Europe (Keivani et al., 2001) and China (F L Wu, 2002), for example. Property venture capital through speculator-developers has actualised its vision of the city in ever more peripheral locations (Harvey, 1974; Rao et al., 2007).

In the East Asian context, the majority of real estate capital flows are regional in scope. It was reported by real estate firm CBRE that just over 90% of the cross-border transactions originated within Asia, whereas non-Asian capital accounted for a mere 9% (CBRE, 2009). In some cases, real estate capital accounts for a relatively large proportion of total FDI. In China, real estate accounted for more than 20% of total FDI inflows in 2010 rising to almost 50% in early 2011 (UNCTAD, 2011).

It has been argued by Haila (1997) that the importance of real estate in urban development has been neglected. Haila asserts that there are several key forces behind globalisation of property markets: the operation of global actors (for example, consultants, developers and architects) who create an international image for cities, the spread of similar methods of construction and finance, foreign investment flows and the integration of markets, and building as signs. By the latter point, Haila alludes to the ways in which buildings represent a modern, international and elite image for the purchaser, or the government of the city in question. More recently, Dick (2009, p. 193) suggests that “the nexus between urban development and business development is a leitmotiv of the daily business press across Asia yet
has attracted curiously little attention in academic literature”. They suggest that the disciplines of development studies, urban studies and business studies have pursued separate research agendas concerning industrialisation and labour, mega-cities, and the growth of Asian business and regionalism. Olds (2001), citing Appadurai (1990, p. 8), asserts that today one cannot make sense of the residential and commercial property markets in cities without “taking sophisticated account of the very complex fiscal and investment flows that link national economies through a ‘global grid of currency speculation and capital transfer’. While this section has focused on the globalisation of capital, the phenomenon of globalisation can be understood by looking at other dimensions. These include the movement of people, images, information and ideologies (Appadurai, 1990). This range of flows also has important effects on urban form, as is examined in the next chapter (Chapter 3).

The influence of increasing globalisation has been felt particularly strongly in peri-urban areas. Peri-urban areas are those that are outside of the core city, or in between two cities, but remain socially and economically integrated with the urban area (Hudalah et al., 2007). The process of peri-urbanisation is therefore the process by which “rural areas of the outskirts of established cities become more urban in character, in physical, economic, and social terms, often in a piecemeal fashion” (D Webster, 2002, p. 5). Sieverts (2003) has argued that much of today’s urbanisation happens in these ‘in-between’ spaces that are neither city nor countryside.

FDI has created a large demand for labour, resources and land particularly in the areas surrounding large cities. Over 90% of the FDI flowing into Thailand is invested in the Bangkok extended metropolitan region (D Webster, 2002). This spatial concentration of economic activities has spurred the formation of extended metropolitan regions, defined as “regional systems consisting of central cities, fringe areas of those cities, exurbs, satellite towns, and intensive traditional agricultural land uses” (Ginsburg et al., 1991, p. xiii). This phenomenon can be measured in terms of land conversion. In Indonesia, between 1991 and 1993 alone, 106,000 hectares of agricultural land were converted to urban usage (Firman, 2000).
In the context of North America and Europe, suburban and post-suburban areas such as edge cities have typically been understood as a resolutely residential space, although they have an economic role that some say is underestimated (Phelps, 2010). In China, however, foreign direct investment in manufacturing on the peripheries of mega cities such as Shanghai has spearheaded the growth of the national economy (J P Wu, 2008). In Hyderabad, India, large infrastructure projects involving the construction of ‘world class’ infrastructure, such as the Hyderabad Information Technology Engineering Consultancy City, are occurring in peri-urban areas (Kennedy, 2007). The urban periphery thus represents a space where capital accumulates through the interaction of the global and the local (Maneepong & D Webster, 2008). The urban periphery is being designated as an area for development by governments, as Leaf (2002) suggests in the case of Hanoi. However, the globalisation of the urban periphery is the cause of contestation between the requirements of the international businesses who are investing, and local inhabitants and businesses (Keivani & Mattingly, 2007). The use of concepts such as ‘extended metropolitan regions’ (McGee & I M Robinson, 1995), ‘mega-urban regions’ (Douglass, 2000) and ‘desakota’ (McGee, 1991) have highlighted the belief that there is no global urban convergence, as the next chapter discusses in more detail (Chapter 3).

Within this framework of global economic change, processes of neoliberalisation and globalisation are not universalising, but rather are conditioned by local contextual factors (Brenner & Theodore, 2002). In Indonesia, both foreign and domestic investment was low during the Sukarno years because of anti-capitalist policies. The growth of large real estate developments in Indonesia occurred later, after a series of deregulation measures (Winarso & Firman, 2002). These policies favoured indirect intervention rather than regulatory control. Of particular importance to the property development industry was the 1988 banking reform. This permitted foreign banks to operate in Indonesia, creating more competition and thus increasing the number of property loans (McLeod, 1999). Demand for commercial and residential space was increasing because
of high economic growth rates. In the early 1990s the real estate industry was given a further boost because of the government’s deregulation policy which increased private sector activity in the land market (Winarso, 1999). Whereas developers once relied on banks as the primary source of finance, since 1995, the financial market became the main source of funds. Private capital inflows more than tripled between 1991 and 1996, from Rp. 4,410 billion to Rp. 12,076 billion (Simamarta, 1997 in Winarso & Firman, 2002). The deregulation also simplified the procedure for procuring location permits and the requirements of environmental impact assessments (Firman, 1997). In 1995, banks had lent Rp. 42 trillion for property development. According to Dijkgraaf (2009 in Firman, 2009, p. 333), “during the 1990s there was easy access for developers to investment funds since both the national and international market encouraged the growth of new town developments and the property sector in general”. Firman (2009, p. 333) goes as far to suggest that:

“the new town development in adjacent areas of large cities in Indonesia during 1980s and 1990s had nothing to do with urban development. It basically reflected the situation of global capitalism, in which transnational capital flowed freely to many economic activities, including the property sector, to sustain and capture its benefits and existence”.

In addition to government monetary policy reforms, an increase in available mortgage financing for property buyers heightened the possibility for capital appreciation. Winarso (1999) gives an example: if a Rp. 100 million house is purchased through a Rp. 20 million deposit and a loan of Rp. 80 million, and the property is valued at Rp. 170 million three years later, then the buyer has gained a capital appreciation of 350% on the initial deposit. Even after the interest charge of the mortgage, it is still a huge increase. Thus, the demand for property boomed, as people believed that it would present the opportunity to make big returns on their investments. Satellite city development in Indonesia has been contingent on the deregulation of the global and national economy.
The situation in the socialist countries of China and Vietnam is rather different. The Vietnamese economy has become increasingly open to the influence of foreign capital since the *doi moi* (‘economic renovation’) reforms beginning in 1986 (Beresford, 2008). The intention of these reforms was to create a socialist-oriented market economy, through the sanctioning of privately owned enterprises and an ‘open door’ policy towards FDI. In addition, the government approach to urban planning changed from top-down Soviet style, towards a more flexible approach characterised by strategic planning. In China, the program of economic reforms led by then Communist Party leader Deng Xiaoping opened the country up to foreign investment after 1978. Since the late 1980s, the management of urban land has been characterised by a leasehold system, compared to previously being allocated administratively and undertaken through state development projects (Yeh & F L Wu, 1996). The leasing system permitted a greater number of potential actors to be involved in urban development, including domestic and foreign investors, governments and state-owned enterprises (F L Wu, 2003).

The next two sections demonstrate how increasing globalisation has had two competing effects on urban governance and the emergence of private satellite cities. On the one hand, cities have become more entrepreneurial in order to attract investment, and on the other hand, neoliberalisation has weakened the power of the state.

**Entrepreneurial cities and the desire for global urban space**

Increasing globalisation has heightened competition amongst cities to attract capital (Jessop & Sum, 2000). Urban governments now compete to lure financial and consumption flows into their territory. This new mode of governance has been termed ‘urban entrepreneurialism’ (Harvey, 1989). It is generally believed to be the case that under an entrepreneurial regime, capital has a stronger role than the local state, which is relegated to a subordinate position. It is contrasted with previous ‘managerial’ practices in the pre-1970s period, which were focused primarily on welfare provision and administering services to the local population. Whilst the concept of urban entrepreneurialism originated and has been explored most fully in the
European and American context (Hall & Hubbard, 1998), entrepreneurial ideas have permeated urban governance practices in cities around the world. The process is not homogenous emerging from global economic forces, but contingent on local factors such as political cultures and national regulatory frameworks (Short & Y H Kim, 1999). Although it is clear that urban governments worldwide are appropriating entrepreneurial urban policies, the prior concept of ‘managerialism’ was rooted firmly in the perceived experience of Keynesian Western European economies. In Asia, although it is by no means a linear transition, the entrepreneurial city can be contrasted with the developmental city, stemming from the idea that some East Asian countries are termed developmental states. There are some key differences between the managerial city and developmental city. In the latter, local officials are often weaker as they are appointed by central government rather than elected by local citizens (Hill et al., 2012). While both managerial and developmental governments prioritise urban infrastructure development to spur economic growth, Keynesian social welfare is largely absent in developmental cities. Chapter 3 will deal in more detail with the different types of state in East Asia.

There are many examples in East Asia where the state has made a significant effort to create a built environment that is conducive to attracting global investment (Douglass, 2000; Pow, 2002; F L Wu, 2003). The case of Bangkok illustrates how the central government intentionally attempted to create a world city through a number of urban megaprojects and privatised infrastructure developments (for example, Suvarnabhumi international airport, and the BTS Skytrain) (Douglass & Boonchuen, 2006). Similarly, Kuala Lumpur has followed a globally-oriented path of national development with the initiation of a ‘Multimedia Super Corridor’ and the Petronas Twin Towers (Bunnell, 2004). In South Korea, the state has funded and promoted infrastructure developments such as high-speed rail, a new international airport, high-tech industrial parks and ‘free economic zones’ (Douglass, 2000). Yet the process of world city formation and the development of urban space for global capital accumulation can be problematic (Douglass, 2005). This is in agreement with Sassen’s (2001)
argument that urban inequalities increase with intensified globalisation. However, the negative effects of globalisation have not been without contestation, and the case of Kuala Lumpur highlights the possibility of ‘counter global’ claims to place by the indigenous people of peninsular Malaysia and those without legal claims to land (Bunnell & Nah, 2004).

The state can act as an enabler to engineer conditions that are attractive to investors. This is especially the case in less wealthy countries where the state lacks the financial resources to fund infrastructure projects such as those mentioned above. Many Southeast Asian governments view openness to foreign capital flows as the one of the most important ways to catalyse economic development. Satellite cities are a physical manifestation of this economic environment. They can also be openly attracted by governments, or favoured because of their potential for further investment attraction. One satellite city in Ho Chi Minh City is promoted in such a way by stating that:

“The New City Center (Saigon South) Master Plan presents a historic opportunity for Vietnam and Ho Chi Minh City (HCMC) to re-establish its position in the global economy while creating a modern well-planned city that can become the most desirable international business location in Southeast Asia” (Phu My Hung Corporation, undated).

Weak states and the privatisation of planning

While the development of satellite cities is in some ways planned or influenced by state policies, it can also be reflective of state weaknesses. In many cases, governments do not have the capital needed to invest in new housing, transport networks, power generation and urban planning. The unsuitability of government in providing these services has in some cases resulted from pressures for austerity from international monetary organisations, often in conjunction with national historical factors such as war or colonialism. It can also be related to decentralisation policies. In Thailand, for instance, the national government has been weakened with the desire for decentralisation. Local levels of government assume a larger role, which spatially fragments areas. Also, they often have a low capacity to
plan large developments (D Webster, 2002). On the other hand, Zhu (2010) argues that in the context of Jakarta with its high population density and land scarcity, the incapacity of the state is responsible for informal settlements. The growth of informal settlements encourages the middle classes to move into gated communities and satellite cities, as is elaborated upon in the next section.

The private sector has therefore taken over tasks that were traditionally associated with being within the jurisdiction of the state. This is apparent in public-private partnerships for transport projects and infrastructure networks, but the most extreme example is the satellite city, where the entire urban system is planned, developed and operated by the private sector. These private sector developments exacerbate the segregation of urban populations by wealth. Lippo Karawaci satellite city in Jakarta, for example, has potable water available directly from the tap. This is not the case in the wider urban area, where piped water is not of a high enough standard to drink, if there is even a regular water supply at all. The inequality of access to urban space and services becomes a self-reinforcing process, because as the middle classes purchase services from private companies, the local state misses out on capturing potential revenue from higher spending customers. Also, political pressure to improve public infrastructure is reduced because those in the strongest positions are already looked after by the private sector (Sheng, 2010).

This process has been termed the ‘privatisation of planning’, defined as “the transfer of power over and responsibility for the visioning of urban futures and the exercise of social action for urban change from public to private sector actors” (Shatkin, 2008, p. 388). Although private sector involvement in urban planning and governance is a marked feature of cities in the USA (Dear & Flusty, 1998), the cities of Southeast Asia have long had a minimal public sector involvement (Hogan et al., 2012). The role of the private sector was generally restricted to developing individual buildings, or larger sites at the sub-district level. More recently, private actors are developing sites such as satellite cities at the scale of an urban district, areas typically in the region of a few hundred or thousand hectares. This process
has numerous implications for urban life, politics, access to services and social integration.

With the absence of a public sector planning vision and weak government regulation, large private companies have the opportunity to lead the development of the city. These large urban development companies include Ciputra and Lippo in Indonesia and Ayala Land in the Philippines. They have large land holdings and have developed satellite cities, commercial and residential space in the city centre and also have invested in transportation infrastructure. These companies are generally founded by businesspeople of ethnic Chinese origin and tap into ethnic Chinese business networks as sources of capital (Shatkin, 2008). The firms often use strategic alliances to lobby influential figures within the government to approve their projects and bypass conventional planning procedures. For example, in Indonesia, Presidential Decree 53/1989 states that industrial estate and new town development should not occur on irrigated, prime agricultural land or land designated as a conservation area. Yet there have been many violations because of the huge demand for land for new town and industrial estate development (Firman, 2009). The developers often wield considerably more power than the government. In Leaf’s (1996, p. 1623) opinion, “Ciputra has had more of an influence on the formation of Jakarta’s landscape than any other single individual, including [ex-President] Suharto”.

**Demand factors: class and racial segregation**

Demand factors are also important in understanding the development of satellite cities. As mentioned earlier in this chapter, satellite cities are, given the relatively high housing prices, predominately intended to house middle and upper income groups. There is a growing middle class, or ‘new rich’, in Asia. Members of this middle class are identifiable by their urban residence, modern education and skilled occupation, and a consumer lifestyle that involves owning the latest fashion and technology brands (Budiman, 2011). In China, for example, there are currently 190 million urban households, of which one third are considered middle class. That figure is forecasted to rise to 75% of a total 372 million urban households by 2025 (Financial Times, 2011). This new middle class has different values,
expectations and lifestyles than other societal groups (Lai & Hsiao, 2006). They are not a homogenous group, but rather a diverse and fractured social force that varies between different contexts (V T King, 2008). The major distinction is between the owners of capital and those who possess high-level professional and technical skills (Robison & Goodman, 1996). Hsiao (2001) refers to the former as part of an ‘old middle class’ and the latter as a ‘new middle class’. This can be further broken down into the directors of family businesses, smaller regional traders, and politicians. In addition to wealthy local people, part of the demand also comes from expatriates, business elites, and temporary experts and consultants (Gotsch, 2004).

In Indonesia, global capital concentrated economic growth in the Jakarta metropolitan region. High economic growth rates of up to 15% per year during the 1980s and 1990s increased the number of middle and upper class people (Hudalah et al., 2007). According to surveys, buyers in Jakarta’s satellite cities were mostly in their mid-30s, were highly educated (approximately 60% being university graduates) and 60% were working in the private sector. The average monthly salary of the residents was US$1246 (Rp. 3.1 million in the local currency at the 2002 exchange rate), which equates to just over 20 times the average monthly salary in West Java (Rp. 152,000) (Winarso, 2000 in Winarso & Firman, 2002). This group were less characterised by their position in the income scale than their consumption habits, being known simply as the ‘consumer class’ (Leaf, 1996). Even without such rapid economic growth, there has been a rise in middle class in the Philippines. Not including the established landowning and propertyed upper class, the new middle classes included those whom Connell (1999) terms the ‘expanded bourgeoisie’, a group consisting of the increasingly educated group of professional and managerial workers. There was a large increase in the business class after the overthrow of President Marcos in 1986, when new capitalists were no longer disadvantaged by the cronyism and patronage of the prior regime (Pinches, 1996).

This middle class market has been exploited by the developers of satellite cities. Developers devote considerable resources in order to ensure that their projects are marketed in ways attuned to the aspirations of the
middle class (Image 2.4). Phrases denoting urban modernity such as ‘modern and new lifestyle’ and ‘new residential culture’ are commonly used (Douglass & Huang, 2007). Marketing materials generally use English over the local language to confer a global image and appeal to foreign investors. Housing in satellite cities is neither typical nor common in the local context. In the Chinese context, imagined and hybrid ‘western’ urban forms are perceived by housing buyers as high-quality and modern (F L Wu, 2010). Thames Town in Shanghai is a pertinent example. This development contains Tudor architecture and an English church and pub. According to Shatkin (2008) much of the demand for new residential space in Manila was from overseas Filipino workers.

The rise of the new middle class is evident in the ownership of detached suburban homes and the increased popularity of cars over public transport. It is also reflected in the growth of large American style shopping malls, which contain global brands and food and beverage outlets. However, the Asian middle class has developed under different conditions than in Europe and America. The group has grown much more quickly as governments, sometimes newly independent from colonial control, sought rapid modernisation balancing Western experiences and traditional values (Hattori & Funatsu, 2003). It was also common for middle class voices critical of ruling governments to be suppressed, making it hard for them to secure a space of their own. Thus, some have suggested that the new rich utilise consumption practices as a strategy of image and identity construction and thus class distinction (B H Chua, 2000). As Lee (2010, p. 136) observes in the context of Shanghai:

“Under Deng Xiao Ping the city was one of the first sites to open up to foreign investment and Shanghai went through an economic boom... The austerity of the communist period made way for an abundance in luxury, culminating in buildings for the rich (housing and shopping mostly)... [T]he newly found possibility of consumption and the display of your consumer habits become your means of self-expression”.
A proportion of the demand for luxury housing in satellite cities is bought for speculative purposes, to profit from rental income and/or potential increases in property values (Firman, 2004a). The land prices have in most cases increased quickly after construction, as the newly urbanised land becomes increasingly desirable. Property developers were in effect building for a demand that was not real and there was thus an over-supply of luxury housing, something not unique to Indonesia. This oversupply is one of the main factors that triggered the severe economic crisis that hit Indonesia in the late 1990s. A significant amount of loans were taken by developers from private financiers. These loans were unhedged and contributed to the growth in Indonesia’s foreign debts, which in turn triggered an economic crisis (Winarso & Firman, 2002).

As mentioned earlier, in many Southeast Asian cities the state has been unable to provide high standard infrastructure, whether through a lack of funding or technical incapacity. These infrastructures and services include flood defences, water supply, sewerage systems, waste collection, public transport and road improvement, and telecommunication networks. These are services that can be provided by the private sector in satellite cities, where the entire urban system is built from scratch. The development of high quality infrastructure caters to the demand from those who can afford the extra costs required whilst excluding those who do not fit the particular market profile. George Benton, a senior executive of the Lippo Group based in Indonesia, justified this type of development in terms of a lack of infrastructure and services provided by the state for the ‘middle classes’:

“The rich have no boundaries, they…are not dependent on any national government. The poor however get the undivided attention of the government because these are the people whose votes the government must rely on to stay in power. This leaves the middle class to fend for itself... We end up with cities like Jakarta which in terms of infrastructure is fraying at the edges... These things are all middle class problems, and so the solution is left to the private sector to try...
and attend to some of these needs” (in Small, 2008, unpaginated).

The process of satellite city development supports Graham and Marvin’s (2001) thesis that urban infrastructure networks are becoming increasingly ‘splintered’. They argue that in the modern era, until the 1960s, infrastructure networks were situated in a discourse that favoured the ideal of monopolistic and standardised service. This model was undermined with the growing legitimacy of neoliberalism and the retreat of the state, resulting in an unbundling of infrastructures into different elements. The result of this was the growth of ‘bypass’ strategies, which seek the connection of valued (i.e. wealthy and more profitable) users over others (Coutard, 2008). What Graham and Marvin identify as ‘premium network spaces’ can thus emerge. This results in a “poverty of connections” as higher income groups are able to live in “secessionary spaces...withdrawn from the wider urban fabric” (p. 268). Shatkin terms the process ‘bypass-implant urbanism’. He suggests that in the context of inert government,

“private developers have been granted considerable power to reengineer cities to create new spaces for production and consumption, and to facilitate the flow of people and capital between these spaces, by ‘bypassing’ the congested arteries of the public city and ‘implanting’ new spaces for capital accumulation that are designed for consumerism and export-oriented production” (2008, p. 388).

In the Indonesian context, after a set period satellite cities are intended to be transferred to the control of the public sector. In effect they are designed to be a type of build-operate-transfer (BOT) project. This is a form of public-private partnership where a private company obtains a government concession to build a facility, operate it for a set period (normally 50 or more years) in order to recoup the initial investment and generate a profit, before it is transferred to public administration. This type of arrangement is normally used as a method to finance large infrastructure projects such as
new roads and railways. In practice, satellite cities have remained under private ownership and management.

Alongside the need for better infrastructure, the desire for security is another key explanation of why the middle and upper classes are retreating into private cities and gated communities as a way to avoid the public city. These settlements are a spatial manifestation of rising inequality in Asia. According to that Asian Development Bank (ADB), income inequality measured in terms of the Gini Coefficient increased between the 1990s and 2000s in most Southeast Asian countries except Thailand and Malaysia (ADB, 2007). It is not simply that the rich are getting richer and the poor poorer; but rather the expenditures of the wealthiest are increasing at a faster rate than the poorest (ADB, 2007). Increased inequality has heightened the fear of crime and thus the demand for enclave developments.

The retreat of wealthy social groups into gated communities and private cities can be correlated with divides along the lines of ethnicity. This is particularly apparent in the Southeast Asian context, where the ethnic Chinese hold considerable economic power. In Indonesia, the Chinese have historically been discriminated against. This intensified during the 1998 riots stemming from financial and political crisis, and the Chinese were made scapegoats because of their domination of the Indonesian economy (Wibowo, 2001). This forced some Chinese to emigrate, while those who remained or later returned were encouraged to live in secure environments such as gated communities (Wibowo, 2001). In Jakarta, as a proportion of the population as a whole, the Chinese represent only 3%, while 10% of Jakarta’s population is Chinese. As ethnicity is a politically sensitive subject, in his survey of Lippo Karawaci, Leisch (2002) could not ask overtly whether residents were Chinese or prihumi Indonesian, hence religion had to be used. Prihumi Indonesians are largely Muslim, while Chinese are predominately Christian. Leisch (2002) found that only 8-10% of residents were Muslims, while the remaining 90% were Christian or Buddhist. This is not the case in every satellite city, however. In BSD City, approximately one third of residents were Muslims. A growing number of indigenous Indonesians,
Malays and Filipinos are moving into gated communities as they become more wealthy and increasingly insecure (Dick & P Rimmer, 1998).

Conclusions

This chapter has reviewed the existing literature on satellite city development. The chapter began by noting some differences between the mainly state-led projects of the post-war period, and the private sector developed satellite cities of the post-1970s. These privately developed projects are the focus of this research. They are a growing phenomenon that originally became popular in Jakarta, but have since become a more common urban form in peri-urban areas of large cities throughout Southeast Asia, and more widely, in developing countries in other regions of the world.

The chapter discussed a number of factors that influence satellite city development. These include the increasing globalisation of capital as well as urban models and imagery, and the subsequent desire of cities to attract this mobile capital into their territory. This occurs in combination with a weak state, which unable to fund urban infrastructures from municipal budgets leaves the private sector to take on roles traditionally associated with the state. Demand also plays an important role, both in real and speculative ways. The demand can be split into ‘push’ and ‘pull’ factors: the former including poor environmental quality and space limitations in the central city, while the ‘pull’ factors comprise of the perception of better living quality, environment and infrastructure. This causes segregation by income level, and in some cases, by ethnicity. The next chapter will go on to identify a major limitation of current work on the development of satellite cities, which have focused too exclusively on local explanations, despite the fact that the majority of satellite cities are in some ways influenced by actors outside of the country of development. This can be in terms of investment or the use of consultants, for example.
3. Intra-Asian Urban Networks

A major theme of recent human geography has been the turn towards ‘relational thinking’ (see Amin & Thrift, 2002; Jones, 2009; Massey, 2004, 2007). It has been argued that relationality and mobility are central to contemporary urbanisation under globalisation (Amin, 2007). Cities are profoundly bound up with global networks of economic, political and cultural natures (Jacobs, forthcoming) and are considered “complex constructions created by the interaction of actors in multiple networks” (Healey, 2007, p. 2). A relational approach is a promising way to explore the present-day mobile world and the circulations of people, commodities and ideas (Jones, 2009). The globalisation of urban space through the flows of capital, knowledge and people means that cities are intrinsically linked to other, sometimes geographically distant, urban spaces. These relational ideas are an attempt to move beyond “static theorisations of place, space and scale” (K Ward, 2010, p. 473), and thus view the city as “open and constituted in and through relations that stretch across space and are territorialized in place” (K Ward, 2010, p. 481). However, while the relational is important, the approach has its limits (Paasi, 2004). It has been argued that relational theorising must also be balanced by an understanding of place-specificities, such as how local urban actors manage the impacts of and interact with these global and regional flows (McCann & K Ward, 2010).

This chapter establishes the theoretical framework of the research. I suggest that the production of satellite cities is framed by multiple intra-Asian networks, but local, territorial factors must also be taken into account.
Thus, the analysis cannot be focused on Phnom Penh in isolation; it must identify the various flows, trace them to their origin and examine how they are produced. The remainder of the chapter is divided into four sections. Firstly, I discuss research that has situated flows of capital and ideas in urban development at the forefront of analysis. The recent surge of interest surrounding ‘urban policy mobilities’ is also relevant here, although I argue that this research is up to now limited in its ability to explain certain aspects of urbanisation in Asia because of its focus on the state as the main channel of policy movement. Secondly, I focus in on the East Asian region, and demonstrate that various linkages tie together the region. These include political discourses and institutions, transfers of aid and investment capital, the migration of people and culture, and most importantly in this case, urban networks of the types alluded to in the first section. The third part goes on to argue how considering these intra-Asian networks can help to further the project of de-centring the West as the leading edge of urban theory and practice. By focusing on the regional scale, my analysis avoids either focusing on the extremes of global urban convergence or local difference. The fourth and final part of the chapter argues that the development of privately built satellite cities is driven by intra-Asian networks of investment, urban design/architectural styles and techniques, and urban governance concepts. I suggest that existing research has been overly focussed on the planning and design of satellite cities at the local and national level, and has overlooked the role of flows of capital and urban development concepts in their production.

3.1 Urban networks: articulating cities over space

Urban change in cities across the world is influenced by the increasing speed and scale of flows of money, people and information (Olds, 2001). The globalisation of capital and its influence on the development of satellite cities was discussed in the previous chapter (Chapter 2). This chapter moves on to outline the other aspects of globalisation. These include the movement of urban planning and design concepts driven by individual or group actors including architects, consultants and engineers, and the
mobility of urban policies by state and private actors. Tracing the activities of these actors and the related flows of ideas is central to understanding the production of cities (Nasr & Volait, 2003).

**Flows of knowledge, practice and urban design**

The phrase ‘global intelligence corps’ was coined by Rimmer (1991) to refer to the community of architects (and architecture firms), consultancy and engineering companies, and other ‘experts’ working on cities. The increase in the ease of travel and advances in information technology has globalised architectural practice (McNeill, 2005b). Guggenheim and Söderström (2009, p. 12) refer to architects as the “archetypal cosmopolitan” because of their global geographical reach. Bound up with the logic of neoliberalism, broader structural changes in the international political economy have created favourable conditions for the operation of architects in foreign markets. Particular architects have become famous and their ‘signature’ style has been commissioned by entrepreneurial cities in diverse contexts. A widely cited example of this is the Bilbao Guggenheim museum designed by Frank Gehry, whose success in raising the profile of Bilbao has led other cities to attract their own signature architects to design spectacular buildings (McNeill, 2009b). More broadly, these ideas can be linked to Sklair’s arguments concerning the activities of a transnational elite class whose tastes and lifestyles inform the nature and appearance of city building around the world (Sklair, 2006). This transnational capitalist class include corporate, state, technical and consumerist fractions (Sklair, 2005).

In addition to the practice of particular famous architects, certain architectural forms have become prevalent in cities worldwide. The skyscraper is a noteworthy example. With its origins in New York and Chicago, the skyscraper has since become a representation of national modernisation in developing countries, Southeast Asia being no exception (Bunnell, 2004; A D King, 2004). Anthony King (1996) has termed the process ‘Manhattan transfer’. South Korean and Japanese engineering and construction companies are behind many of the more recent skyscrapers in Southeast Asia; the Petronas Towers in Malaysia were built by Samsung C&T Corporation of South Korea and Hazama Corporation of Japan (see
Chapter 8 for an analysis of the activities of Korean construction companies). However, the USA was once a pioneer in tall building construction technologies, and a major exporter of the expertise, building standards, planning concepts and methods of construction required for the production of skyscrapers (Cody, 2003). Indeed, American companies once exported prefabricated steel frames, and later concrete components, needed to build the core structure of skyscrapers.

Healey and Upton (2010) have written on the transfer of urban planning practice. They suggest that around the mid 20th century, national planning cultures were important. However in the present time, planning practice is increasingly internationalised and is characterised by the crossing of borders. Nonetheless, planning concepts have been transferred from colonial powers to the colonies during the 19th and 20th centuries (Perera, 2008). Planning concepts have influenced cities elsewhere even in the absence of colonial links. The American ‘City Beautiful’ movement, for instance, was strongly referenced in Chinese urban master plans during the 1930s (B Wang, 2010). During the 19th and 20th centuries, planning ideas were also mobilised from the Middle East and Mediterranean (Nasr & Volait, 2003). In the period immediately after colonialism came to an end, the established flows of planning knowledge were supplemented with those from new international organisations such as the United Nations and technical aid programmes from a wider range of donor countries (S V Ward, 2010).

The work of transnational engineering consultancies and construction companies has also been the focus of some work. Peter Rimmer’s earlier research looked at the transfer of urban planning and public works technologies and skills through operation of consulting engineers across national borders (Dick & P Rimmer, 1986; P Rimmer, 1988). Engineering consultancies are an important part of the service industry, and those companies operating internationally were mostly from Western Europe, in particular London and Paris (P Rimmer, 1991). Throughout the 1980s the number of engineering consultancies in Tokyo and Seoul grew due to the increasing globalisation of South Korean and
Japanese construction firms. However, recent research on the relations between foreign and local engineers in Vietnam suggests that in some circumstances the transfer of models through international consultants does not occur smoothly (Baye et al., 2010). Related to this is the globalisation of construction companies. There is a scarcity of research on this topic, but Rimmer (1990), for example, examines the case of Japanese construction company Kumagai Gumi.

**Flows of urban policy**

The growing interest regarding urban policy mobilities can aid an understanding of the movement of policies, knowledge, skills, personal networks and corporate investment throughout the East Asian region. The notion of studying ‘policy transfer’, however, has a longer history in political science, where research sought to understand the processes of policy diffusion, convergence and transfer (Dolowitz & Marsh, 2000). More recently, that approach has been critiqued by McCann (2011) for putting too much emphasis on the identities and activities of transfer agents over the social processes of knowledge transfer and for focusing on the national scale, thus ignoring the possibility that cities act globally in their own right. McCann suggests that the use of the expression ‘transfer’ implies unidirectionality and fixity, therefore obscuring investigations into the ways in which policies are altered when they are applied in different social, political and economic contexts.

Building on this critique, McCann and a number of other scholars have made a case for research into urban policy mobilities. This approach, taking inspiration from the literature on mobilities and poststructuralism, posits policy formation and mobility as a socially constructed process coloured by power relations and constantly changing ideologies. Space is to be understood as an “unbounded lattice of articulations” (Allen et al., 1998, p. 65). In this work on policy mobilities, the city is positioned as open and networked rather than fixed and bounded. Along similar lines, another recent strand of relational research within urban studies has been the turn to considering cities as ‘urban assemblages’. This approach takes influence from post-structuralism and actor-network theory (Latour, 2005), and
gained popularity from works such as Amin and Thrift’s (2002) book *Reimagining the Urban*. For Farias and Bender (2009), cities should be conceptualised as heterogeneous amalgamations of human and non-human elements. By considering the city as assemblage, McFarlane (2011a) suggests that research has the potential to include and represent the relations between diverse actors, and consider the fleeting connections that stabilise and destabilise. The notion of urban assemblage has been the subject of a recent debate between Colin McFarlane, Neil Brenner and others in *City* journal. McFarlane (2011b) argues that assemblage “underlines the ways in which urbanism is produced as an unfolding set of uneven practices” and which assists us to view the urban “not simply as an output or resultant formation, but as ongoing construction”. On the other hand, Brenner et al. (2011) propose the idea that assemblage does not consider enough the classic political economy questions of class, capital accumulation, exploitation, and so on. I believe that the potential of assemblage thinking for this research is that it enables research to overcome analytical dichotomies such as local/global and fixity/flow (McCann & K Ward, 2011a).

The policy mobilities perspective considers policy actors not as lone workers but as members of epistemic communities, and looks at the ways in which policy ideas are selectively fragmented and altered during the process of movement (Peck & Theodore, 2010). A diverse range of research on the subject of urban policy mobilities now exists. There has been work on a range of different types of mobile policies, for example, the movement of Business Improvement Districts between the USA and the UK (Cook, 2008; K Ward, 2006), and the influence of the concept of ‘new urbanism’ (McCann & K Ward, 2010). Clarke (2012) brings a historical perspective to scholarship on policy mobilities, with his research on the urban governance structures of the transnational municipal movement of the 19th and 20th centuries.

Another focus of study has been the actors involved in policy mobilities and the strategies they employ. Research on the actors involved in mobilising policy have included the role of the state at both local and national scales (Cook, 2008), consultants (Cook & K Ward, 2012), social
movements (for example, Shack/Slum Dwellers International, (McFarlane, 2009)), and international organisations (for example, UN-HABITAT (Parrreiter, 2009) and Cities Alliance (J Robinson, 2011)). These actors have been able to mobilise policy through processes such as ‘policy tourism’ (González, 2010; McCann, 2011) and ‘learning’ (Cook & K Ward, 2011; McFarlane, 2011c).

However, I argue that the existing literature has not fully considered the ways in which private sector actors can drive the mobility of urban techniques. Larner and Laurie (2010, p. 224) have partially identified this deficiency, arguing that “to date almost no attention has been given to those actors operating within and across private sector companies”. Given that the private sector is the driving force for urban change in much of the Asian region, where the state’s role in urban planning and infrastructure construction is relatively weak or ineffective (Shatkin, 2008), I propose that the role of private sector actors needs to be included.

3.2 Producing intra-Asian urbanisms

These flows outlined above can operate along various paths. They are not solely occurring between the ‘global cities’ of London, New York, and Tokyo, but have a diverse range of origins and destinations. This is particularly the case within Asia, as some research has begun to investigate (Roy & Ong, 2011). More widely, Yeung (2010, p. 2) highlights the importance of intra-Asian connections, and he contends that “networks of capital, people, and knowledge/technologies are fundamental in underscoring the dynamics of East Asian capitalism”. Before considering emerging work on urban networks within Asia, it is worth mentioning that various other factors bind the region together (see also Duara, 2010). In order to contextualise the development of satellite cities, the chapter now turns to consider the national and regional networks which operate in different matrices of state/capital relations.

Political forms

The notion of the developmental state is considered a distinguishing feature of the political economy of East Asia. Termed by Johnson (1982),
developmental state theory is said to hinge upon a particular relationship between markets and public administration. The developmental state consists of government bureaucratic elites within a strong, sometimes authoritarian, state situating economic growth as the primary goal, and maintaining a central role in the regulation and planning of the economy (Woo-Cumings, 1999). The centre of social welfare policy in the majority of East Asia has been the role of education in economic development (Gough, 2001). Holliday (2000) suggests that this East Asian model of ‘productive welfare capitalism’ is imagined through its dissimilarity to welfare regimes in Western conservative, liberal and social democratic contexts.

The idea of a ‘flying geese’ model has been used as a metaphor for a type of temporal regional economic development that has permeated East and Southeast Asia. The model, devised by Japanese economist Akamatsu Kaname in the 1930s, positioned Japan as the leader of the ‘flying geese’ formation because of the country’s superior level of economic development (Furuoka, 2005). The model suggested that as a particular country developed, the turn to more capital-intensive industries and increasing labour costs would give rise to the shifting of labour intensive industries to lower cost countries. Thus, behind Japan were South Korea, Taiwan, Hong Kong and Singapore; and following these, the newly industrialising nations of Southeast Asia, such as Malaysia, Thailand and Indonesia. The model’s predictions largely held true, although of course it does not account for the role of specific political, economic and cultural factors in individual countries (Kumagai, 2008). Japan was used as a model for modernisation in Malaysia as part of Prime Minister Mahathir’s ‘Look East’ policy (Wee, 2007). However, developmental state capitalism is only really present in Japan and later in South Korea, Taiwan, and Singapore. Indonesia, the Philippines, and to some extent Thailand and Cambodia can be termed ‘erstatz capitalist’ states (Yoshihara, 1988), and China and Vietnam have a form of market socialism. Yeung (2009) argues for a ‘hybrid capitalisms’ approach to theorise the different nature of East Asian political economies.

The developmental state model is generally believed to rest upon close alliances between the state, politicians, and business (Bae, 2011). In
South Korea, large conglomerates known as *chaebol* (for example Samsung, Hyundai, and LG) have received considerable state support (Gomez, 2002). As well as informal meetings and access to insider information, *chaebol* leaders have become politicians, and vice versa. The current South Korean president Lee Myung-bak, for example, was previously the CEO of Hyundai Engineering and Construction. Political patronage and cronyism also have impacts on the urban environment. In Manila, although definitely not a developmental state, politically connected private companies have a substantial influence in directing the type and location of urban change (Shatkin, 2008). Chapter 7 will deal with this subject in the context of Cambodia.

While the developmental state approach is valuable in highlighting the political and economic changes in East Asian countries that led to rapid economic growth and industrialisation, this state-centric approach is somewhat in opposition to relational theorising. Here I am referring to developmental state theory because these ideas provide the foundations for political and economic arrangements that guide networks and flows. Yeung (2009) argues that a global production networks perspective is a better framework through which to understand East Asian development now that East Asian economies are more articulated with the global economy through the operation of non-state actors. He states that

“the changing international political economy in East Asia cannot be simply understood as a structural outcome of inter-state politics and relations. Through their embedded links and multi-scalar connections, non-state actors and their networks are contributing as much to this changing international political economy” (Yeung, 2009, p. 212).

**Networks of capital**

According to Katzenstein and Shiraishi (1997), Asian regional integration has occurred less through formal institutions and more through market cooperation. The East Asian region is bound together not just by similar political structures but also flows of capital in the form of FDI and aid. While FDI flows can be multidirectional, aid flows, while not entirely so,
are more likely to be unidirectional from Northeast to Southeast Asia. Indeed, a large proportion of bilateral aid to Southeast Asia originates from the countries of Northeast Asia, particularly Japan. At present half of Japan’s development aid goes to Asia and approximately 25% to ASEAN countries (OECD, 2010). Japan’s official development assistance (ODA) to Southeast Asia surpassed that of the USA in 1987, and by 1989, the country had become the world’s largest donor of ODA. This remained the case until the early 2000s. Despite the fact that aid is not just a channel for the movement of capital, but also the movement of values and technologies, it has up to now not been considered within a mobilities framework.

Japan’s aid increased dramatically during the 1970s and 1980s at a time when Japan was attempting to consolidate its position in the post-Vietnam war period. This led to closer trade and investment ties with ASEAN countries (Sudo, 2002). Aid was predominantly administered in the form of loans, partly because of Japan’s belief that countries would seek to develop faster with the pressure of loan repayments (Söderberg, 1996). The influence of Japanese aid in Southeast Asia was increased through Japan’s belief that the East Asian development model could be transferred to Southeast Asian developing countries. According to Kohama (2003, p. 40) “the basic motive behind Japan’s development policy is that ODA should be conducive to the long-term economic development of the recipient country ... based on Japan’s own development experience”. In addition, aid loans were assessed on their potential to promote trade between Japan and the recipient country (Söderberg, 1996).

More recently, China, too, has an increasing role in providing aid to Southeast Asia. In 2009, China promised aid worth US$15 billion to ASEAN countries (China Daily, 2009). The package comprised loans, particularly directed towards Cambodia, Laos and Myanmar, and an increase in scholarships for students from developing ASEAN countries to study in China. Chinese aid seldom has any conditionalities, augmenting its attractiveness compared with multilateral aid from international nongovernmental organisations or bilateral aid from OECD member countries (Sullivan, 2011). The rise of Sino-ASEAN linkages is in part due to
China’s image of rapid, dynamic development and the potential for stronger regional leadership, in contrast to that of Japan as a nation in relative decline (Ba, 2003).

Financial flows in the East Asian region are not limited to aid, but also involve investment and other movements of private capital. In the case of Japan as exporter of capital, government aid has been a prerequisite for future private investment (Blaise, 2009; Watanabe, 2003). This highlights the close links between the state and capital. Private investment flows from Japan to Southeast Asia intensified since Japan became top aid donor in the late 1980s. A notable example of this process is the development of the Laem Chabang port and industrial complex in Thailand. Japanese aid loans were crucial in financing the initial infrastructural development and investment from Japanese manufacturing companies hastily followed (Busser, 2008; Lincoln, 1992).

Economic links between ASEAN and Japan intensified particularly from the mid 1980s due to currency appreciation in Northeast Asia. The 1985 Plaza Accord had the effect of causing Japan to increase its investment in East and Southeast Asia6. At the same time, governments of ASEAN countries opened up their economies to greater FDI (Huxley, 1996). Investment was largely in manufacturing given the lower production costs in Southeast Asia compared to Japan (Cai, 2007). Since the late 1960s, Japan has been the main source country for FDI into Southeast Asia. Later on, the newly industrialising economies of Korea, Taiwan, Singapore and Hong Kong became significant investors in the region. Consequently, half of all the FDI flows in East Asia originate from within the region (Cai, 2007). China, whose integration into the regional and global economy has been rapid since the economic reforms in 1978, has become a growing economic power in terms of aid and investment.

6 The Plaza Accord was an agreement signed between USA, Japan, France, West Germany and the UK at the Plaza hotel in New York. The five leading economies agreed to depreciate the US dollar against the Japanese yen and German Deutsche Mark as a means to rebalance the global economy. The value of the yen doubled in two years, which led to Japanese manufacturers to move production abroad, particularly Southeast Asia, to take advantage of cheaper labour costs (see S Y Chua et al., 1999; Kwan, 1994; Yamazawa et al., 1991).
Although less than North-South links, the newly industrialising countries of Southeast Asia have exported capital to neighbouring countries, thus further enhancing regional integration. Around 40% of FDI in East Asia originates from within the region (Lipsey & Sjoholm, 2011). The government of Singapore has promoted overseas investment since the 1980s as part of the county’s development strategy. This state-led ‘regionalization’ strategy was pursued to overcome the limited land and labour resources and small domestic market (Yeung, 2000). The strategy is apparent in the emergence of growth triangles which made it easier for Singaporean firms to transfer their activities to neighbouring countries (Sparke et al., 2004). Singaporean companies have also invested in China (Tan & Yeung, 2000), particularly in the Southern coastal cities and Special Economic Zones (Willis & Yeoh, 1998). In East Asia, ethnic Chinese business networks are behind some of the capital flows, as the next section will elaborate upon.

Migration and cultural flows

The cross-border mobility of people is another linkage that undergirds a sense of East Asian regionalism. Asian migrations involve a broad variety of experiences from transnational elite entrepreneurs from Taiwan doing business in China, to Filipino migrant workers living transiently in Singapore (Lorente, 2005). In an historical perspective, the region is bound together by ethnic Chinese migration networks, which stretch back many centuries. The ethnic Chinese settled throughout Southeast Asia and their commercial success has been well noted. Despite forming a minority in all Southeast Asian countries with the exception of Singapore, they generally dominate the economy. Their commercial success is often said to rely on cultural factors such as the importance of personal relationships, trust, and family values (Menkhoff & Sikorski, 2002), although these culturally essentialist ideas are widely criticised (Yeung, 2004). Although ethnic Chinese business has historically been rooted in national economies, it is becoming increasingly international (Yeung, 1999).

Additionally, migration occurs on more temporary levels. Collins (2008), for example, has written about the movement of young people from South Korea to New Zealand for the purpose of university study. Tourism
also involves short-term movements of people. Intra-Asian tourist flows are being recognised as an increasingly important yet all too often ignored perspective in academic scholarship (Winter et al., 2008; Winter, 2007). In Cambodia, for instance, approximately 70% of tourists visiting the country are from within Asia (Winter, 2010).

Besides the movement of people, there are identifiable flows of soft culture (B H Chua, 2004). The influence of Japanese popular culture has been widespread (Iwabuchi, 2002, 2004). More recently, a ‘Korean wave’ (hallyu) of pop culture consisting of pop music, film, television, food, fashion and computer games has become increasingly popular in Southeast Asia, as well as in China and Japan. This is part of Korea’s export strategy in the post Asian financial crisis years (Iwabuchi & B H Chua, 2008), and cultural exports had grown to $3.8 billion by 2011 (Heo, 2011). In Cambodia, for example, Korean music videos and drama shows are regularly broadcast on local television channels, projecting an image of consumerist modernity to an upwardly mobile Cambodian middle class.

**Intra-Asian urban networks**

As has been demonstrated, it is widely acknowledged that the countries of Northeast Asia have influenced the direction and speed of development in Southeast Asia, through both investment and ‘soft’ culture. However, just as important, yet largely obscured from academic enquiry, has been the mobility of skills, techniques and capital in urban planning and development within the Asian region. Intra-Asian networks have had a large influence on the nature and pace of urbanisation in the region. An emergent body of scholarship considers the multifarious ways in which cities in the Asian context are interlinked. For Roy and Ong (2011, p. xv), Asia is simultaneously a “geographical location, a space of urban innovations, as well as an emergent symbol for urban renovations that have global applicability”. Roy (2011b, p. 414) also suggests that “these (re)emergent cities have forged their own politics of connectivity, one that cannot be traced back to the imperial centre”, therefore disrupting the North-South divide through which the world has generally been structured. Considering the ‘worlding’ practices of cities, as Roy and Ong (2011) do, highlights how
the production of urban space occurs not simply through Western prototypes, but through locally derived solutions to urban challenges. Worlding is not a singular concept and signifies the articulation of urban space through diverse components from near and far. In this thesis I contribute to Roy’s (2009, p. 829) observation that “much less is known about the complex connections, exchanges, and references through which cities (everywhere) are worlded”.

These linkages are commonly found between cities considered more ‘advanced’ or ‘developed’, which have been used as models by other cities seeking to emulate their perceived success. Singapore is an eminent example of a city that has been constructed as a ‘model’ because of its rapid economic development and orderly urban planning. The Singapore model has been transferred to a number of different contexts. Chinese politicians have travelled to Singapore to learn about public administration (B H Chua, 2011). In Shenzhen, for instance, the government sought to promote low cost, export-oriented manufacturing during the late 1980s as the first phase of industrialisation. The success of Shenzhen later influenced economic development policy throughout China. As Cartier (2002, p. 242) observes: “Shenzhen is Hong Kongized, Guangzhou is Shenzhenized, and the whole country is Guangdongized”. In the area of urban planning, Singapore’s model of urban greening has been exported to the Chinese city of Dalian (Hoffman, 2011). This was achieved by learning from Singapore’s experience of removing industry from the centre of the city, and implementing a social education program to enhance environmental awareness as part of community-building. Dalian’s sister city of Kitakyushu in Japan was also used as a model of how to clean up a formerly industrial city centre.

The transfer of the ‘Singapore model’ is also mobilised through the activities of private companies. Singapore-style condominiums are high-rise apartments located within a secured private complex that is normally complete with communal facilities such as a swimming pool and gym. This type of condominium is an urban form that is said to have originated in Singapore during the 1970s, but has since been become common
throughout East Asia. Companies such as real estate firm Keppel Land, part of the powerful government linked company Keppel Group, and Capitaland, a branch of Temasek Holdings, have begun to operate overseas (Guillot, 2009). Their activities are contoured by the government’s international development strategy, and they have taken with them expertise in high-rise construction and the marketing of condominium developments. Additionally, government departments in Singapore have created spin-off companies, such as Surbana (a subsidiary of the Housing and Development Board offering urban planning consultancy and undertaking township developments) and Jurong International (an offshoot of Jurong Town Corporation, which developed Singapore’s industrial estates), which operate within Asia but also more widely in the Middle East and Africa (B H Chua, 2011).

Although less developed than Singapore, the development strategy of Kuala Lumpur was used as a model by government officials in Hyderabad, India. Bunnell and Das (2010) report how the Chief Minister of Andhra Pradesh favoured a kind of information technology-related urban development deemed successful in Malaysia. Many of the iconic features of Malaysia’s development in the 1990s, such as the Multimedia Super Corridor, ‘Vision 2020’ and Cyberjaya high-tech city, were replicated in Hyderabad. This replication was in part due to the involvement of McKinsey and Company consultants with technology policy in both contexts. Another recent contribution to this debate considers the connections between Hong Kong, Vancouver, and Dubai. In this case, a Dubai-based development corporation enlisted executives from the Pacific Place project in Vancouver to build an almost complete replica of that project in the Gulf state (Lowry & McCann, 2011). In an example of the circulation of what they term a “pan-Asian urban form” (Lowry & McCann, 2011, p. 192), the original Pacific Place was built with capital from Hong Kong and China, and marketed towards East Asian migrants. These examples demonstrate how the development of cities in Asia is heavily influenced by intra-regional modelling and referencing.
3.3 Beyond Western-centrism in urban theory

By considering the diverse networks of urbanism within Asia, this research contributes to the project of de-centring the West as leading edge of urban theory and practice. As Watson (2009, p. 2272) has argued, the development of cities outside of Europe and North America is now the “dominant urban reality”. By taking this approach, it becomes possible to reveal the “complex geographies” that “disavow simple binaries, hierarchies and categories” (Edensor & Jayne, 2012, p. 16). Similarly, Roy (2009a, p. 828) argues that there is a “necessity to chart more intricate roots and routes” of urban theory. However, there are limits to such an approach, and Jacobs (forthcoming) reminds us that studies of mobilities have the potential to support the positioning of some cities as ‘exporters’ of ideas and others as inert recipients or emulators. As a means to avoid this, Hogan et al. (2012, p. 62) declare that “what is needed is an altogether flatter or less hierarchical form of comparative analysis than that which is common in Anglophone urban studies literature”. The work of Henry Yeung in economic geography is also relevant here. Yeung (2010) asserts that studying intra-Asian flows and networks has the potential to help researchers avoid the two extremes of glorifying Western experiences and presenting an ‘exceptionalist’ area studies viewpoint (see also Yeung & Lin, 2003). This approach also enables ‘theorising back’, as Yeung (2010) suggests that studies of flows and networks have not yet been well developed in Anglo-American scholarship. These ideas are equally applicable to the networks of capital and concepts that are driving urban development.

Beyond the North-South divide in urban theory

A growing critique recognises the limitations of global and world cities approaches, given that these approaches focus on a small range of economic processes, particularly the location of advanced producer services, and subsequently, a limited number of cities. Originating from the influential work of Robinson (2006), there has been a growing desire to consider all cities as ‘ordinary’, which would contribute to “develop[ing] a more cosmopolitan account of city-ness” (J Robinson, 2002, p. 532). The concept of the ‘ordinary city’ was initially coined by Amin and Graham
in a paper which developed the idea that the urban is “founded on the ‘multiplexing’ of diverse economic, social, cultural and institutional assets” (p.412). For Robinson (2006), this promotes the basis for research that is attentive to the diversity and intricacy of cities, and which is based on experiences from a wide range of urban contexts. Contrary to global- and world-city theorists, both Amin and Graham (1997) and Robinson (2006) are interested in promoting urban theory that acknowledges the relational webs of interaction between cities, thus emphasising the connections beyond that of high order business services.

Robinson’s (2006) fundamental argument is that there has been a persistent and unconstructive polarisation in the field of urban studies between analyses of global- and world-cities on the one hand, and developmentalist accounts on the other. When poorer cities are viewed through a developmentalist perspective, they are often hypothesised as ‘problem’ (McFarlane, 2008). Robinson (2002) suggests that global- and world-city theories focus on a small range of economic activities, emphasise hierarchies amongst, rather than networks between cities and therefore ignore the implications of urban hierarchies for cities that are not considered in global- and world-cities approaches, effectively writing them ‘off the map’. Robinson suggests that these extant approaches contain an inherent notion that cities should progress up the global city hierarchy, which may deny alternative forms of development. More seriously, she argues that urban theory is based upon Western notions of modernity, which categorises cities outside of the West as ‘other’, using classifications such as ‘third world cities’. Yet Sassen (2006) has admitted the limitations of the global cities approach, asserting that the global city is not a descriptive term, rather, it is an ‘analytical construct’ which allows the identification of the global in specific local circumstances. As Connell (2007) comments, Western theory can help an understanding of urban processes, but researchers must be careful not to use it as a systematically operated template.

Robinson’s second major critique is that urban studies research on those cities that cannot be characterised as a global- or world-cities is framed through a lens of developmentalism. She asserts that this approach is
centred on cities, or parts of cities, which are perceived to be 'structurally irrelevant'. These include studies on land tenure, community participation, the informal sector and urban governance. Whilst admitting that these studies are invaluable, Robinsons critique is on a more theoretical level. Her concern is that these studies are not being put into productive contact with wider debates in the field, despite the claims of the discipline to be “concerned with the dynamism and centrality of urban life in the contemporary global economy” (J Robinson, 2002, p. 540). In this thesis I agree with Robinson, who suggests that in order to overcome this divide, the city should be brought ‘back in’, not by denying the centrality of flows and networks amongst cities, but by means of using the city as a place through which the multiplicity of flows of information, people, ideas and capital can be examined (J Robinson, 2005).

**Convergence and difference in Southeast Asia**

Looking specifically at the Southeast Asian context, I take particular inspiration from Terry McGee’s attempt to conceptualise Southeast Asian cities without referring back to ‘Western’ experiences and theoretical discourses (McGee, 1991). McGee’s central argument was that large Southeast Asian cities grow in a substantially different way from those in the West. McGee suggests that in Southeast Asian Extended Metropolitan Regions (EMRs), a new urban form has emerged which he terms *desakota* (an amalgamation of the Bahasa Indonesia terms for village and town) (McGee, 1989). *Desakota* signifies the co-existence of agricultural and non-agricultural activities, the fading boundary between city and countryside, and thus the merging of urban and rural lifestyles. This urban form, evident on the urban peripheries of Bangkok, Jakarta and Manila, as well as secondary cities such as Bandung and Chiang Mai, consists of a “region-based pattern of urbanisation to form an extended metropolitan zone” (Kelly & McGee, 2003, p. 274). This, they argue, diverges from the Western experience of suburbanisation and densification of the central city, and requires a perspective which re-evaluates the basic view in urban studies that the distinction between urban and rural will remain as urbanisation advances (McGee, 1995). In addition to representing a spatial pattern, *desakota* has also
given rise to changes in household structure, social relations and local politics (Shatkin, 2004). However, such singular region-based typologies for ‘the Southeast Asian city’ proposed by McGee (McGee, 1967, 1995) are now considered problematic and something that Bunnell et al. (forthcoming) have cautioned researchers to avoid.

McGee’s thesis has been criticised by scholars such as Dick and Rimmer who suggest that McGee does not take into account the powerful effects of globalisation. Dick and Rimmer (1998) suggested that the concept of desakota is a form of ‘Orientalism’ because it is inward looking, and ignores the process of urban sprawl ubiquitous in North America. They discount the unique processes in Southeast Asia to propose that “the emerging urban forms take after North American patterns to a remarkable degree that has yet to be recognised, let alone explained” (Dick & P Rimmer, 1998, p. 2319). McGee (2002) refutes their argument on a number of grounds. Firstly, Dick and Rimmer reduced the concept to apply to all of Southeast Asia, while McGee admitted that the concept does not fit all cases (for example, Kuala Lumpur and Singapore). Secondly, McGee argues that the desakota concept was not concerned with the geographic origins of urban sprawl and the ways in which it was imported to Southeast Asia. Rather, the concept theorised the “interaction of these components of urban sprawl with the in situ societies of these regions, within the broader political economy of the urban region where these processes were working their way out” (McGee, 2002, p. 22). This is in contrast to a “highly reductionist” (McGee, 2002, p. 22) study of urban sprawl as it has spread from the US.

Dick and Rimmer’s (1998) argument in the late 1990s was that a categorical division which posits Southeast Asian cities as paradigmatic ‘Third World cities’ is incorrect, given that Southeast Asian cities have, since the 1970s, become more like Western cities under the influence of globalisation. Goldblum and Wong (2000, p. 36), for example, argue that “urban development in the extended metropolitan region of Jabotabek has followed largely an identical pattern in the West”. They are led to this conclusion because of industrial dispersal from the centre of the city to peripheral areas and new towns, and prime areas of central Jakarta being
redeveloped into office blocks, retail and leisure complexes. Dick and Rimmer disrupt the ‘Third World city’ paradigm by historically analysing how the urban form of Southeast Asian cities changed under different phases of globalisation from pre-colonial, to colonial, to post-colonial eras. They suggest that a convergence between urban forms in European and Southeast Asian contexts was apparent from the 1880s to the 1930s with increasing economic and political influence from European colonial powers. After the break with colonial control from the 1940s to the 1970s, and the establishment of independent national governments, they suggest that Southeast Asian cities ‘diverged’ from their colonial counterparts. This, they propose, gave rise to the classification of Southeast Asian cities as ‘Third World’ and ‘dysfunctional’ amongst Western scholars, with its emphasis on rural-urban migration, informal sector employment, poverty, poor housing conditions and general lack of systematic planning.

From the 1980s onwards, Dick and Rimmer argue that Southeast Asian cities were “converging to a remarkable degree with those of the First World, especially the USA” (Dick & P Rimmer, 1998, p. 2309), due to the growth of telecommunications and global transport links, and increasing globalisation of trade and investment. As Southeast Asian cities have seen a growth in the middle-class, they have developed an urban form that is characterised by gated communities, high-rise offices, shopping malls and a private car dominated transport system of expressways, which Dick and Rimmer suggest are remarkably similar to those in the West, particularly the USA. Furthermore, they assert that “although there remain separate debates and literatures for the US and Southeast Asia, in reality many issues are the same” (Dick & P Rimmer, 1998, p. 2309). Similarly, Webster (1995) speculates that large Southeast Asian cities are becoming reminiscent of the archetypal postmodern city – Los Angeles – because they do not have a traditional city centre and are characterised by a multi-nodal urban form. It could be argued that Dick and Rimmer’s assertions go some way to exploring the differences amongst cities across diverse contexts and subsequently circumvent viewing Southeast Asian cities through the lens of orientalism. Yet on another level, Robinson (2006, p. 61) posits that Dick
and Rimmer’s approach “struggle[s] to escape from categorising assumptions about the differences amongst cities”, since they ultimately assert that Southeast Asian cities are becoming more like those in the West.

This exchange of opinions between McGee and Dick and Rimmer is part of an ongoing debate within East Asian urban studies. This debate vacillates between a view that gives prominence to global convergence (for example, Dick and Rimmer), and a perspective that values the importance of local difference and agency. Scholars of globalisation have problematically suggested that the spread of ‘Western consumerism’ under globalisation has led to a cultural homogenisation. This in turn has been said to cause a convergence in urban lifestyles and forms (Knox, 1996). For example, Marshall (2003) asserts that an ‘emerging urbanity’ in East Asia consisting of real estate developments marketed as ‘world class’ can lead to a global convergence of urban form. According to Rowe (2005) this is in part due to the diffusion of city planning ideas from West to East. Indeed, it was reported in the 1996 World Architecture Survey that Western European architecture firms received half of their work contracts from Asia (R Marshall, 2003). Yet as McNeill (2005a, p. 42) mentions, since only three of the top 15 tallest buildings in the world are in Europe and America, in “debates over the future of urban form, existing Western-biased theories and models are of questionable relevance”.

Many new urban projects throughout the global South, such as gated housing estates and shopping malls, often seem to be devoid of local context by attempting to replicate Western-style architecture and urbanism (C Webster et al., 2002). The style of housing in gated communities is a prominent example. In China, for example, housing styles in imitation of Western buildings are becoming popular in gated communities (Pow & Kong, 2007; F L Wu, 2006, 2010). Anthony King (2004) asserts that Chinese cities are undergoing a process of ‘villafication’, where the ‘villa’ is understood as a concept originating in Europe. In opposition to these claims, Roy (2011a, p. 310) purports that this process “embod[ies] much more than the internationalization of the American suburb”. Drawing upon her own research on gated communities on the periphery of Indian cities
(see Roy, 2003), she suggests that local factors should also be taken into consideration. These include:

“land tenure systems that combine colonial landholding arrangements with national imperatives of planning...; where squatter settlements...proliferate alongside gated zones of residence and industrial factories and where ties of patronage and clientelism thrive in the interstices of...liberal democracy” (Roy, 2011a, p. 310).

I believe that the involuntary assertion that ‘modern’ urban forms in Asia originate from the West is also problematic. Leichenko and Solecki (2005) argue that new landscapes of housing consumption in the global South are a result of the exporting of ‘American dream’ – “the ideal of homeownership of a single-family home in a suburban area” (p. 243). Some scholars have attempted to challenge these ideas by suggesting that gated communities have in fact long existed in Asia, perhaps even predating their emergence in the USA. Forbes Park in Manila is one example, which was developed immediately after the Second World War (Hogan et al., 2012). Gavin Shatkin also questions the credibility of relating Southeast Asian urbanisation to what has already occurred in the USA. He argues that:

“trends in urbanization in Southeast Asia do not resemble the rejection of urbanity itself and the consequent exodus of the middle class from the centre to the periphery which is characteristic of the American model: rather, it is characterized by movements from public to private space, which may occur from centre to periphery, periphery to periphery, centre to centre, or periphery to centre” (Shatkin, 2008, p. 386).

This debate is pertinent to understanding the proliferation of satellite city developments, a point to which I now turn to.
3.4 Satellite city development and intra-Asian urban networks

The proliferation of private sector satellite cities is an important emerging urban form in the cities of the global South. This phenomenon is beginning to attract scholarly attention, as Chapter 2 described. However, there has until now been a lack of emphasis on the role of intra-regional networks in their production. In concluding his research on Pacific Rim urban mega-projects back in the mid 1990s, Kris Olds (1995, p. 1736) recommended that “it would be useful for analysts of the UMP [urban mega-project] development process ... to work with new urban theories which focus on economic and cultural interconnections, flows, linkages, and interdependencies”. Shatkin (2011, p. 79) initiates this line of analysis with reference to satellite cities by stating that they are perhaps the “purest form of inter-referenced urbanism”, as they symbolise the complete adoption of urban planning and design principles “based on an interpretation of how a global urbanism should look and function” (p. 79). This is nothing new and even the satellite cities developed around Tokyo in the 20th century were heavily influenced by British planning ideas which promoted polycentric urban structures (Sorensen, 2001). Studying ‘inter-referencing’ can reflect the experiences of a much wider range of cities than the commonly used terms of ‘global cities’ or ‘mega cities’, therefore helping to replace the centrality of Western-generated models (Hoffman, 2011).

Although those satellite cities built in Indonesia were predominantly developed by local conglomerates, the developers had connections to foreign places and actors through funding arrangements and design influences. More recent projects, such as those in Cambodia and Vietnam, are generally not developed by local companies. They are normally funded through intra-Asian foreign direct investment, based on the modelling of urban design and governance practices from other Asian cities, or they utilise best practice examples that are extracted and emulated from other cities. The mobility of capital, urban design/ architecture and urban governance concepts, and expertise is fundamental to the process of their diffusion throughout Southeast Asia.
Kolkata West International City in India, for example, is developed through an assemblage of varied actors and institutions. The project was financed through a joint venture between Salim Group of Indonesia and Universal Success Enterprises Ltd. of Singapore, while Indonesia’s Ciputra was the developer. Certain urban design styles and concepts can be replicated through the involvement of transnationally mobile consultants. The Singaporean company Surbana, for instance, is the project manager of Kolkata West International City and works on satellite city masterplanning in various countries (including Cambodia), exporting the urban development knowledge accrued in its home city of Singapore (Shatkin, 2011). Surbana is an offshoot of the Singapore government’s Housing Development Board, which has had a central role in developing Singapore’s new towns. The image of certain cities deemed successful has also been reified in other contexts. Citra Raya, one of Ciputra’s projects in Surabaya, Indonesia is marketed as a ‘mini-Singapore’, capitalising on the city-state’s image as being wealthy, modern and liveable (Idawati, 2010). The urban landscape is planted with trees and public space is adorned with Singapore icons such as statues of the Merlion, Stamford Raffles and a replica of the Fountain of Wealth. The success of Hong Kong’s new town program influenced the developers of Muang Thong Thani in Bangkok (R Marshall, 2003). Another example is the Hanoi North project by Korean developer Daewoo, inspired by the redevelopment of Lujiazui into Shanghai’s new financial district (R Marshall, 2003).

Returning to the point made in the previous section, although the concept and design of satellite cities may be in some instances evocative of American suburbia (Leichenko & Solecki, 2005), the production process is firmly grounded within Asia. In this sense, there is need for a revision of Dick and Rimmer’s (1998) argument that in the age of globalisation there is a convergence in urban form between Southeast Asian cities and those in the West. On the simplest level, satellite city urban form borrows heavily from the style of American gated communities. In the case of the Lippo Group, it has been said that this is because the company director, James Riady, spent time in California whilst studying for a graduate business
degree (Silver, 2008). Gotsch and Peterek (2003, p. 5) has suggested that satellite cities represent the “tendenc[y] towards universalisation and standardisation” of urbanism under neoliberal globalisation. This may be partly true, but I am more in agreement with Shatkin (2010), who has suggested that focusing too heavily on design issues distracts the analysis from the larger societal and political process at work. A more insightful examination into the production of satellite cities requires a thorough look beyond urban form and towards the networks through which they are produced. This resonates with the idea that neoliberalism is ‘actually existing’ and plays out differently in varying contexts (Brenner & Theodore, 2002).

Given that satellite cities are driven by regional urban networks, this thesis focuses on the regional scale as a way to move beyond viewing urban change as a binary between convergence and difference. This is one way of seeing “how the general and specific come together” (Pow, 2011, p. 63). As I have argued in earlier parts of this chapter, the region is bound together by various institutional groupings, and by flows of aid, investment, and culture. I also suggested that urban change is driven by intra-regional flows of capital, skills and techniques. I suggest that this process underpins the importance of a regional approach. Similarly, Waley (2012, p. 2) asserts that the regional is a constructive scale to analyse urban change because it “opens up possibilities for a more sensitive understanding of convergence and difference”. As Ching (2000, p. 236) asserts, “regionalism represents a mediatory attempt to come to terms with the immanent transnationalization of capital and the historical territorialization of national economies”. Therefore, for Ching the region acts as a bridge between global and local forces.

These ideas are also reflective of the recent turn to consider the advantages of area studies (Stenning, 2005). Although area studies have been critiqued for originating in colonial studies of ‘exotic’ cultures (Chakrabarty, 1998; Gibson-Graham, 2004), there is a growing sense that it can now be used as way to bring regions once considered provincial into mainstream theoretical debates (J Robinson, 2003). According to Pollard et
al. (2009), area studies can enable an exploration of the local and the global. Nonetheless, in considering the mobilisation and circulation of intra-Asian urbanisms, it is important not to relocate the problem of Western-centric essentialism by creating a new Eastern-centric version, as Hogan et al. (2012) have cautioned. Nor should it be suggested that the East Asian region is a bounded unit. The processes of regionalisation and globalisation are interlinked and overlapping (Ching, 2000), and in practical terms, activities in other parts of the world have considerable ramifications for Asia.

**Conclusion**

This chapter has constructed the theoretical framework of the research. The chapter started by reviewing studies that have investigated the various connections between cities that drive urban change in an era of increased globalisation. This included flows of knowledge, practice, urban design/architecture, and urban policies. The second part shifted the scale of analysis down to the Asian region. I presented evidence to suggest that Southeast Asia’s development has been steered by intra-Asian linkages including political discourses and groupings, and the movement of people, money (in the form of both aid and investment), and culture. However, the mobility of skills, techniques, and capital in urban development are also having a large influence on urban change in the region. This is something that is largely absent from academic research. The third section suggested that studying intra-Asian networks could help to go beyond viewing the West as the pioneer in urban change. By examining the networks through which satellite cities are produced, this thesis exposes the diverse connections between cities. It also continues the project of de-centring the position of cities in the North Atlantic world that are habitually positioned unproblematically at the leading edge of urban theory and practice (Robinson, 2002). The final part of the chapter looked specifically at how the development of satellite cities in Southeast Asia is based upon intra-Asian networks of investment, urban design/architectural styles, and urban governance concepts.
I take forward this framework in later chapters, but first, the next chapter will consider in detail the methodology and research design strategy adopted in this study.
4. Methodology

In line with the theoretical approach laid out in the previous chapter, this research studies the regional flows of urban development capital and concepts by starting in place – Phnom Penh – and seeing how the regional flows interact with local actors (McCann & K Ward, 2012). I am also taking inspiration from Olds’ (2001) study that investigated the social aspects of globalisation, taking an actor-centred rather than an abstract view. I identify and trace the connections of the two case study satellite cities back to Indonesia and South Korea. I believe in the importance of comprehensive fieldwork, and thus I undertook an extended period of fieldwork for this research, spending around half of the three-year program of study living in Cambodia. The main research method employed is the semi-structured in-depth interview, although I supplement this with ethnographic work and secondary data/document analysis.

The chapter is organised as follows. Firstly, I discuss the rationale for selecting the case studies explored in the thesis. Secondly, I detail the fieldwork plans and research methods employed, including document analysis, interviews and ethnography. Thirdly, I describe the strategy to analyse the data collected. Before concluding, I discuss some of the ethical issues that were negotiated and the influence of my own positionality on the research.

4.1 Relational methodologies

As discussed in the previous chapter, this research takes a relational theoretical approach to the study of satellite cities. But how is relational
urban research ‘done’? Despite the burgeoning literature on policy mobilities, inter-referencing/ modelling, and urban networks, there is a relative lack of reflection on the methodologies thorough which relational urban research gets done. Most useful in this case are the methodological ideas developed through work on urban policy mobilities. Within these debates, political economy approaches advocate a methodology that understands spaces of regulatory change as relationally interconnected, where the source of certain ideas or policies is rarely one site (Peck et al., 2010), in opposition to post-structuralist ‘low-flying’ and ‘ground-up’ approaches (for example, Larner & Le Heron, 2002). More recently, Peck and Theodore (2012) advocate a ‘distended case approach’ which balances the local depth of political economy techniques and the transnational reach of low-flying network-centric approaches. The concept of ‘assemblage’ has been used as a methodological tool to focus attention on both the relational aspects of policies and cities, whilst also considering the practices that gather diverse global elements into particular places (McCann & K Ward, 2012).

The methods used in researching policy mobilities have generally involved “a judicious combination of observation, documentary analysis, and in-depth interviews, as a means of probing, interrogating, and triangulating issues around the functioning of global policy networks” (Peck & Theodore, 2012, p. 26). In Cook and Ward’s (2012) research on the assembling of urban waterfront policy, the methods employed were primarily semi-structured interviews with stakeholders in the public and private sectors. Informants were asked about territorial issues in addition to more relational-type questions, such as discussions about comparisons, relations with elsewhere, study tours, and reference points. Larner and Laurie (2010) assert that the movement of models and policies is an embodied practice, as I highlight in chapter 8 when looking at the networks of personal friendships and connections that underlie South Korean real estate investment in Cambodia. Interviews are commonly supplemented with archival research and analysis of secondary materials, for example urban plans and policies, newspaper articles, and consultancy reports. Some research has specifically used critical discourse analysis of policy documents,
speeches, and other texts as a way to identify how policies are legitimised (Cook, 2008). This method was not utilised in this research because there are few formal policies, and those that exist are either not in English, or have been translated which may alter meanings.

Another key method is ethnography, which although is traditionally associated with immersion in ‘the local’, has been increasingly used to consider ‘ethnographic circulations’ as a way of studying how scales from the local to global are actively produced (Roy, 2012). McCann (2011) argued that researchers should focus on the mundane channels of policy transfer, and Gonzalez (2010), for example, attended study tours with policy makers. This reflects “a shift from studying ‘sites’ to studying ‘fields’, that is, the relations between sites” (Gowan & O Riain, 2000, p. xii), although one site can remain key. Larner and Laurie’s (2010) research involved the combination of analysing publically accessible materials and personal biographies of actors. The latter requires longer term immersion in the field so that professional and personal networks can be investigated over time. In this research I agree with Larner and Laurie, because ethnography proved most useful as a way to obtain data in a more informal context, through building up relationships and partaking in casual conversations that helped to confirm the insights gained from formal interviews (see section 4.3).

In undertaking relational research, the city is understood through its relations with other locations. Some researchers, for example Olds (2001), have used multi-sited fieldwork as a way to trace these connections between cities (see also Coleman & Von Hellerman, 2009; Hannerz, 2003). His work on ethnic Chinese property developers operating across the Pacific Rim involved fieldwork in Hong Kong, Shanghai, Paris, Vancouver, Manila, and Bangkok. Kelly and Olds (2007) suggest that research can take the form of either the study of multi-scalar forces in a single site (Burawoy et al., 2000), or network-based approaches which follow a multitude of linkages (Hannerz, 2003). My research synthesises aspects of both, in a similar way to Peck and Theodore’s (2012) distended case approach, as I explore the connections through which satellite cities are produced in Phnom Penh, whilst remaining open to the complex nature of urban networks. Multi-sited
fieldwork obviously requires considerable time and financial resources. In this thesis I felt it was more important to gain familiarity with Phnom Penh, the main site of the research, rather than undertake extensive travelling and perhaps risk misunderstanding the nuances of urban development in Cambodia. As well as the financial limitations, the limited time available would mean that only short trips to other locales would be possible, and thus it is questionable whether sensitive analyses could be undertaken. My research is geographically positioned in Phnom Penh but also looks at Indonesia and South Korea as specific sites where investment and knowledge is structured and contested. By interviewing South Korean and Indonesian actors in Phnom Penh, connections can be explored without the need to physically travel to those locations.

4.2 Case study selection

This research adopts a case study approach, in order to investigate the contemporary phenomenon of globalisation within its real life context. By using case studies, the research can better illustrate the complexities of urban planning in the Cambodian context. Case studies were selected because of the potential richness of the information to be gathered, rather than their representativeness (Flyvbjerg, 1998). In and around Phnom Penh, many large-scale urban developments have appeared over the last decade, normally built by local Cambodian-Chinese enterprises (as is discussed fully in Chapter 6). However, most of these are solely residential estates. The most advanced examples of mixed-use satellite city projects are Camko City and Grand Phnom Penh International City, which are used as the primary case studies in this paper. These two are both developed by foreign companies. Phnom Penh is up to now a city that has been relatively ‘off the map’ of urban studies research.

However, foreign businesses are not behind the construction of all satellite cities, and smaller developments too can represent significant drivers of change. As I mentioned in the previous chapter (Chapter 2), Labbé and Boudreau (2011) argued this in relation to urban development in Hanoi. Phnom Penh, being a relatively small city compared to most other Southeast
Asian capitals (it has a population of less than 2 million), means that satellite cities are an even more significant feature of the urban landscape. I have chosen here to focus specifically on the constituent networks of two large projects, although I am not denying that urban development in Phnom Penh is linked to wider spheres of influence (Paling, forthcoming).

4.3 Data collection and sources

The fieldwork for this research was carried out between July 2010 and January 2012. During this period, I firstly spent a three months affiliated as a Visiting Scholar with the Asian Urbanisms research cluster at the Asia Research Institute, National University of Singapore. My theoretical and empirical approach fits well within the remit of this department and thus I greatly benefitted from attending seminars and conferences organised there. This affiliation also enabled me to consult their libraries, which have a larger range of resources on Asia than I could have access to in the UK. I used this time to prepare for fieldwork and plan my research strategy. In Cambodia, I was affiliated for my first three months in the country as a Visiting Researcher with the Development Studies masters program at the Royal University of Phnom Penh. My affiliation here gave me the opportunity to meet with local researchers and lecturers, as well as some of their international partners. During the remainder of my fieldwork I returned to Singapore periodically, in order to give some much needed distance from the field and use the library resources to refine the theoretical ideas.

The research presented in this thesis is primarily derived from qualitative data, although it is supplemented by some quantitative economic information such as investment figures. The research methods utilised included background document analysis, formal key informant interviews, shorter interviews with local communities, and ethnographic observations and casual conversations. Each of these is now discussed in turn.

Background document analysis

Document analysis was conducted on secondary data and was obtained to supplement to primary data gathered from interviews. These
included: property market reports, newspaper articles, marketing brochures of urban developments, planning reports, laws and policies. I also gathered a small amount of quantitative data, most notably investment statistics from the Council for the Development of Cambodia. I had originally planned to obtain and digest this secondary data first, so that I could be more informed before I undertook the interviews. In reality, this was not possible as data was not as freely available as I had anticipated.

Certain pieces of data could be obtained from libraries and the Internet whilst outside Cambodia. However, the majority had to be obtained whilst in Cambodia by using local libraries, archives and research institutes. Gathering data was difficult because the country lacks the financial resources to archive and organise documents, exacerbated by the fact that many of the knowledge institutions were destroyed during the Khmer Rouge regime. Furthermore, the lack of transparency and informal nature of urban development means that few documents related to particular projects are in circulation. I was granted access to the Municipality of Phnom Penh’s library, however, most of the documents here were from the 1990s and only vaguely relevant. There are very few urban planning policies in Cambodia, and they are for the most part insufficient to apply to the pace of contemporary urbanisation (something which is discussed in detail in Chapter 6). Most useful were a series of approximately 30 research reports created through a partnership between the Mairie de Paris and the Municipality of Phnom Penh that I was given an electronic copy of by MPP staff. These reports culminated in the publication of a ‘White Paper on Urban Development and Management in Phnom Penh’ (Bureau des Affaires Urbaines, 2007), which was intended to form the basis of the Masterplan of Phnom Penh (see Chapter 6). The developers of the satellite cities used as case studies provided me with brochures and plans. Most of these documents were in English, although some were in French. These marketing materials were used to analyse the ways in which the satellite cities are promoted and legitimized. This is similar to Kim’s (2010) analysis of place promotion for New Songdo City in South Korea.
**Interviews with key informants**

The major research method employed in this research was interviews with key informants in the government and property industry. This method was chosen because of the potential to uncover the rationales underlying complex processes and give greater detail on the strategies of foreign satellite city developers working in Cambodia (Schoenberger, 1991; Yeung, 1995). The interviews were semi-structured in nature, and an interview guide was developed in order to ensure that the intended issues are covered, whilst giving space for elaboration and discussion of other pertinent points that arose. The interviews were carefully prepared and in advance to anticipate various directions the discussion to go in (Wengraf, 2001).

Although I am learning Khmer language, my level was not sufficient to undertake interviews, thus all interviews were completed in English. All respondents approached could speak fluent English. Most respondents were interviewed once, although some were met several times after the initial interview but in a more casual setting. I sometimes telephoned respondents after the interview to clarify particular to points, or to ask further questions that arose following interviews with others. Initial participants and their contact details were identified before starting fieldwork through internet research and liaising with personal contacts whom have prior experience doing research in Cambodia. The sampling strategy employed can therefore be described as purposive.

On arriving in Cambodia, I contacted potential informants by email. After a very poor response rate I realised that email is not commonly used, and subsequently I telephoned respondents directly. This proved to be much more fruitful, and nearly all those telephoned were eventually interviewed, often after several attempts given people’s busy schedules. I was pleasantly surprised how straightforward it was to arrange interviews, as it is normally the case that it is hard to gain access to foreign elites because the context is unfamiliar (Herod, 1999). Further participants were recruited through ‘snowballing’. At the end of every interview I asked for any recommendations of other relevant people to meet. In most cases, participants were very forthcoming in supplying me with potential names
and telephone numbers. Some even immediately telephoned potential interviewees to ask if they would be willing to arrange a meeting with me. I targeted those in high positions within their respective organisations (e.g. directors, managers), and this was successful in most cases. Only one informant outright refused an interview request, a senior representative of the developer behind Camko City. Appendix I provides a complete list of the interviews undertaken. It details the respondents’ position and the broad area of discussion. In total, 30 formal interviews were completed. Appendix II provides interview guides for the major groups of respondents; government officers, private sector actors, and local communities.

The majority of interviews were conducted in the offices of the respective respondents. A small number were conducted in public space, such as in cafes. Interviews were in the region of one hour in length. All but a small number of interviews were recorded and fully transcribed. None of the interviewees requested for the interview to be ‘off the record’. I transcribed the interviews immediately after the meetings so as to remember what was said if the recording was difficult to comprehend. For those interviews where respondents did not wish to be recorded, notes were taken during the meeting and typed up and elaborated upon as soon as possible after the meeting. Recorded and transcribed interviews gave better data, as without having to take notes the conversation was much more natural and fluid. Direct quotations from the interviews are used in later chapters of this thesis. Informants’ names are anonymised to ensure confidentiality. Because the research is based on a number of specific projects, the quotes are in some cases traceable to certain organisations but not particular people within those organisations.

I tried to strategically order the interviews whenever possible so that the more general topics of discussion, for example the property market in Phnom Penh, were undertaken before the interviews with developers of the case study satellite cities. This was so that my knowledge of relevant issues could be built up, and therefore gave me the foundations to ask pertinent questions in later interviews. For instance, I needed to know more about the general level of supply and demand for luxury properties by speaking to real
estate agents, before I could confidently discuss the demand for satellite cities with developers. This approach also gave me the opportunity to ‘practice’ my interview style before undertaking the most important interviews. Within each interview, I tried to approach the same question in several different ways to later compare the responses and thus ensure a higher degree of reliability (McDowell, 1998). Tough or more controversial questions were approached towards the end of the interview, so as not to discourage the interviewee.

In general, the NGOs and independent consultants I met were able to talk more candidly and freely. When interviewing representatives from the national and local government, the informants often gave an uncritical perspective, which is of course to be expected within that particular institutional context. However, I countered this strategy by meeting some of the younger staff, with which I had more in common, several times and thus obtaining more truthful responses. Property developers were, as presumed, the most closed given the sensitive commercial nature of their projects and their likely concerns that I could divulge information to others. By meeting with as many relevant people as possible, I was able to better ‘judge’ the validity of responses. When I was suspicious of the validity of interviewees’ responses I also used local friends as ‘decoders’, who could advise me on the potential ulterior meanings. I stayed in Cambodia for an extended period, and I was thus able to better infer meanings from the data as my personal understanding of the political, economic and cultural complexities and nuances increased.

**Interviews with local communities**

While the abovementioned interviews gave valuable data on the case study developments and urban planning issues in Phnom Penh, they did not include the perspective of people living in the vicinity of satellite cities at the urban edge. I therefore conducted interviews with local communities living near the satellite cities to find out their perspective, and in what ways they benefit or are affected by the new developments. I initially visited the area surrounding both Camko City and Grand Phnom Penh International City on several occasions to investigate the kind of economic activities apparent,
the types of people living there, and the sorts of housing available. These communities are facing massive changes to their life and work as the city expands (DiGregorio, 2011). All the interviews were conducted in the vicinity of Camko City, as this is more populated. In this area, there are many small-scale industrial activities (e.g. metal working, rattan and bamboo furniture workshops) and some larger factories (e.g. garments, drinking water bottling). This industry is mixed with housing for (primarily) lower-income people as well as rental accommodation for the (mainly female) garment factory workers who migrate from the provinces.

The interviews were divided into two parts. The first part was structured in order to gather certain demographic characteristics, such as: gender, job, income, housing tenure (and legality of land title) and length of time living in the area. The second part was more semi-structured. I prepared a number of initial questions to initiate a conversation, but the interviews were designed to accommodate individual responses narratives. The interviews covered topics such as positive and negative effects of the satellite city on their daily lives, and their perceptions of the development. A total of 20 interviews were completed, which ranged in length from 15 to 30 minutes.

I hired a research assistant to assist me in conducting the interviews in Khmer. I originally was introduced to her through a contact at a local university, as she had recently completed a Masters thesis on housing for the urban poor in Phnom Penh. She also had worked for over a decade with various housing rights NGOs, and thus had considerable experience in this type of research. She advised me on my original interview guide and then translated it to Khmer language. During the interviews, she took extensive notes and later translated them into English whilst elaborating upon the notes. Quotations used in this thesis are taken directly from my research assistants’ translation and thus may have some grammatical errors. Participants were initially sampled purposively because of their location in close proximity to Camko City, and further participants were ‘snowballed’. One informant was well known in the community and provided introductions to many further participants. I attempted to interview a range
of people from different areas around Camko City to ensure a variety of views were included.

**Ethnography**

Although interviews and the gathering of secondary data were the major research methods employed, I believe participant observation over the period of fieldwork underlies many of the views and arguments offered in this thesis. An ethnographic approach relies upon long-term observations and interactions with particular groups (Herbert, 2000), in effect “mak[ing] sense of their making sense” (Ley, 1988, p. 121). Because it occurs outside the formal context of an interview where nothing is imposed by the researcher, it can generate richer, and perhaps more natural, data. Most significant here was the fact that what I witnessed first-hand could be compared with the narratives in the interviews.

The types of ethnography undertaken can be grouped into three categories. Firstly, I spent time walking around the two satellite cities in order to get a feeling for the style of living. Members of the sales team also gave me guided walking tours, which enabled me to be shown around each type of residential unit and ask questions. During the walking tours I could also estimate the level of occupancy by seeing if the properties were furnished and occupied. Researching gated communities has the obvious challenge of gaining access. By their nature, gated communities are explicitly designed to exclude anyone who is not a resident. I could therefore enter the residential areas solely when accompanied by a member of staff. When I was alone, I could access only the peripheral parts of the development. In order to avoid the problems of access, some researchers have actually lived inside gated communities (J H Kim, 2002). An acknowledged limitation of this study is that I have not been able to include residents of the satellite cities in this study, because of the issue of restricted access.

Secondly, I resided in Phnom Penh for an extended period of 16 months. During this time, I lived in several different parts of the city and witnessed how people live. The many conversations and experiences during my time in Phnom Penh all contributed towards growing my understanding
of Cambodian culture. I believe this was critical, since being non-local I had little prior knowledge except what I had learnt from books. Thirdly, I attended a number of seminars, lectures, exhibitions and conferences related to the research topic. At these events, a notable example is a property and construction exhibition, I had many casual conversations with knowledgeable people about my research. These chance meetings were much more informal and provided me with views and anecdotes to compare with the discourses mentioned in the formal interviews. In the forthcoming chapters, insights from these conversations are referred to as personal communications. Additionally, I presented at a number of events to local, mainly academic, audiences. During these events I was provided with some valuable feedback, which I later built into the thesis.

4.4 Data analysis

The key informant interviews were analysed through thematic analysis in order to uncover and classify emerging patterns in the data. I analysed the interview data manually, by firstly printing the transcripts and collating them in one folder. I read through the transcripts numerous times in order to undertake ‘open coding’ (Crang, 1997), getting close to the data and highlighting salient ideas, quotes and themes. After the process of open coding, I began to develop a more formal set of codes/themes and sub-codes through an iterative process of going between the interview material, theory, and my own ideas. These sub-codes, or ‘axial codes’ (Strauss & Corbin, 1990), tease out the details of each main code. I used a system of numbers and colours to indicate occurrences of particular codes. For example, one of the main codes was ‘Cambodia – Korea relationship’, from which emerged sub-codes such as ‘political and diplomatic’ and ‘urban development expertise and experience’. Another main code was ‘challenges to urban planning’, with sub-codes ‘unsuitable legal framework’ and ‘lack of financial resources’ situated beneath. The interviews with local community members were analysed in a similar way, with the exception of the first section of the interviews that consisted of structured biographical questions. The quantitative data from those questions (e.g. length of time living in the
area, daily income) was analysed with standard measures of central tendency. Regarding the secondary data – documents, laws, policies and so on – content analysis was designed to abstract the most relevant elements. This involved summarising and looking for certain connections between the materials (Flick, 2009).

These three methods, plus the ethnographic element, were combined in order to ensure that valid conclusions could be drawn. The combination of methods was complementary, in that more valid insights could be gained from juxtaposing them together (Sumner & Tribe, 2008). For instance, I cross-checked newspaper reports with the narratives given by interviewees, in a similar fashion to Lee and Shin’s (2012) analysis of new town development in Korea. It is worth stressing here that my planning, data collection and data analysis did not occur in a linear fashion. I was constantly refining ideas, exploring new areas during the time in which I was travelling regularly between the UK, Singapore and Cambodia. As Eisenhardt (1989, p. 539) has stated:

“Overlapping data analysis with data collection not only gives the researcher a head start in analysis but, more importantly, allows researchers to take advantage of flexible data collection. Indeed, a key feature of theory building case research is the freedom to make adjustments during the data collection process.”

4.5 Ethics and positionality

The research adhered to ethical standards as stipulated by the University of Leeds, and the research ethics committee granted me a formal approval. In order to adhere to these standards, I briefed the participants about the purpose of the research at the beginning of the interview. I assured participants that any information they give would be used solely for the purposes of my thesis and possibly academic papers to be presented at conferences or published in journals. Names of participants were kept anonymous in all outputs. I also aimed for an accurate portrayal of the researched community in this thesis and other publications stemming from
Participants were asked if they would like to read a copy of the thesis once a draft had been written. Regarding the interviews with local communities, I briefed my research assistant to explain to participants the topic and motives of the research, and if they would then agree to spare their time. My research assistant was briefed on research ethics, and instructed to keep respondents information confidential. This was a point drawn to my attention during the University’s ethical review process.

It is well acknowledged that researchers’ positionality has a significant influence on the way in which research is conducted and the conclusions that are drawn (England, 1994; Rose, 1997; Valentine, 2001). This is even more significant when conducting research in a country different from where one is accustomed, especially in the global South (Sidaway, 1992). Although I had travelled to Cambodia several times before beginning this study, those trips were mainly for leisure with one short ‘reconnaissance’ trip before commencing the PhD program. I had, however, previously lived and worked in Malaysia and Singapore, which I believe gave me some prior insight into what I might expect in Cambodia.

During my fieldwork most of those interviewed were Cambodian, alongside a smaller number of Koreans, Indonesians, Europeans and other Southeast Asians. Being a non-Cambodian, it seemed to be easier to arrange meetings and gather secondary data compared with local researchers. A Cambodian friend appeared to face more obstructions in arranging meetings and obtaining information. This was especially the case when contacting representatives from the local and national government. My feeling is that non-local people are perceived as ‘safer’ because they are not connected in any way to national politics. Various other axes of identity may too contour the dynamics of interviews. Property development is generally thought to be a male-dominated environment, and this was confirmed in this research because almost all respondents were male. Gender no doubt influenced the flow of the interview and thus the nature of the information collected. Age is something that possibly worked in my favour. Due to the country’s history of war and instability, approximately 70% of the population are below 34 years (World Food Program, 2011).
people interviewed were of a similar age to myself and thus likely had more in common and were able to talk more freely. Researchers’ personality too may have a significant effect on the information gained from interviews (Moser, 2008). I tried to present a professional image through dressing appropriately, exchanging business cards and so on.

**Conclusion**

This chapter began by discussing the relative lack of methodological reflection regarding relational urban research. My methodological inspiration comes from strategies developed in urban policy mobilities research, as I explore the connections through which satellite cities are produced in Phnom Penh, whilst remaining open to the complex nature of these urban networks. The second section discussed the case study approach adopted in this research. The two satellite cities appointed as case studies were chosen because they are both developed by foreign companies, they were the first satellite cities in Phnom Penh and therefore are at the most advanced stage of construction. There are other satellite cities planned but not yet built by local companies. The third part gave a detailed description of the research methods utilised and the rationale for using them. For each of the case studies, document analysis, key informant interviews and ethnography were used build up a picture of their development. Interviews with government officials and other relevant organisations aimed to increase an understanding of the challenges to urban planning in Phnom Penh. The data gathered through ethnography and document analysis informs the arguments proffered in all of the remaining chapters. The interviews with representatives from national and local government, as well as local communities, are presented in Chapter 6. In Chapter 7, the interviews with satellite city developers are introduced. The third section described the ways in which the data gathered was analysed. The interviews were analysed through standard coding techniques. The used of several research methods allowed triangulation in order to increase the validity of the conclusions made. The final part explored the issues of research ethics and researcher positionality. The fact that I am a young European male doing research in
Cambodia without doubt has an affect on the tone and flow of interviews and thus the insights gathered.

Having situated this project within the extant literature, highlighted the theoretical framework, and explained the research methodology applied, the proceeding chapters turn to the empirical research. The next chapter provides a background to urban development and planning Phnom Penh.
5. Contemporary Phnom Penh

Phnom Penh is a city that has become increasingly integrated into the global and regional economy in the last 15 years. Despite the rapid changes that this reintegration has engendered, recent urban development in Phnom Penh has scarcely been researched. Besides the general literature (for example Igout, 1993; Osborne, 2008), there is a relative scarcity of academic research on the subject. Gavin Shatkin’s (2008) work on Phnom Penh’s international connections in the late 1990s is a valuable but now somewhat dated exception, while Simone (2008) has provided a more recent account of the everyday lives of low income residents in the city. Simon Springer too touches upon the subject in his critical research on urban beautification policies and land rights (Springer, forthcoming).

The majority of urban research on Phnom Penh tends to focus on the subject of urban poor communities, land tenure issues and forced evictions (for example Khemro & Payne, 2004; Payne, 2005). Although this is a very important issue (as I will cover in section 5.3), forced evictions are not occurring in all cases of new development. Less attention has been paid to the new urban developments in Phnom Penh, their international connections, and the role of local actors (although Fauveaud, 2011; and Paling, forthcoming begin to investigate this subject). Outside of Anglo-American academia, there is a body of literature in French, not surprising given the colonial connections between the two countries, for example the work of Professor Charles Goldblum, at the University of Paris VII (Blancot & Goldblum, 1994). In terms of locally produced knowledge, the work of architect and urbanist Vann Molyvann is particularly significant. Vann’s
book *Modern Khmer Cities* was published in 2005 (Vann, 2005), and another monograph based on his recently completed doctorate is forthcoming.

In the last four decades, Phnom Penh has experienced an extremely turbulent history. During the Khmer Rouge regime, the city was almost entirely depopulated, the notion of private property abolished, and all land and property ownership records destroyed. The aftermath of this turmoil is still felt today. When people began to return to the city in 1979 they took any property that was vacant, often never obtaining legal land titles, and this is causing numerous conflicts now that the price of land is increasing. The infrastructure of the city had to be rebuilt after years of neglect, and the government – weakened after decades of political upheaval – struggles to manage the city’s problems. This has been exacerbated as the city has seen unprecedented changes as it has become gradually more globalised.

The objective of this chapter is to present a contextual understanding of Phnom Penh in order to give a foundation for the forthcoming chapters. Given the relative lack of research on Phnom Penh, as identified above, the information for this chapter is mostly gathered from secondary data (newspaper articles and other documents and reports) as well as my own primary fieldwork. The first part provides a background of Phnom Penh’s development from pre-colonial times up until the early 2000s. The second section is focused on the contemporary era, which I delineate here as from around 2003 onwards. It was at this time that the city began to develop rapidly as political stability led to an increase in both domestic and foreign investment. In particular, section 5.2 discusses the changing political economy of Cambodia and how this led to the development of a real estate market in the city. The third section relates the political and economic situation to changes in the urban landscape. The fourth section looks at some of the negative aspects of Phnom Penh’s urban development, in particular the policy of slum clearance and the somewhat precarious position of the urban poor. The final part of the chapter outlines the institutions responsible for urban planning and their respective roles, and details the formal legal and policy framework for urban planning at the national and municipal scales.
5.1 Historical background

Phnom Penh was founded as the trading centre and capital of the Cambodian kingdom in 1432 after the fall of the Khmer Empire to the Thais. When Thailand captured the territory in the north of present day Cambodia, the capital was moved from Angkor Thom further south to Phnom Penh (Chandler, 1996). During the period between the fall of the Khmer Empire and the establishment of a French colony (1431-1863), Cambodia experienced a decline in wealth and constant territorial loss from its more powerful neighbours, Thailand and Vietnam. Although it was the most important commercial centre, Phnom Penh was the capital city only intermittently during this period, as the various ruling kings established royal capitals in other areas of the country (for example, in Pursat province and Oudong). Phnom Penh’s permanent establishment as the capital of Cambodia occurred in 1866. The reasons for the move were both due to the distance from Thailand as well as commercial motives.

The French negotiated taking over Cambodia with King Norodom because the king was tired of interference from Thailand and attracted by the security of French involvement. A treaty was signed between the French and Norodom in August 1863, which offered protection for the king in return for mineral and timber concessions to France (Chandler, 2008). In the French strategy Saigon would be the ‘French Hong Kong’, with the Mekong River providing a route through Cambodia into China. Over time, the French took an ever-tighter control of Cambodian politics and life. This included a new Article signed in 1884 that permitted the French to reform judicial, administrative and financial systems in order to make their protectorate more successful.

In 1863 the city remained very small and had approximately 10,000 residents. It was a cosmopolitan city with Chinese, Vietnamese, Thais, Laotians, Malays, and Indians involved in various economic and trading activities. The city more or less consisted of a single four-kilometre road along the river lined with Chinese shophouses. The French colonial period saw French planning principles being initiated and a period of modern and
rational planning in Phnom Penh. The French founded the Municipality of Phnom Penh in 1884, which implemented town planning policies for the first time (Igout, 1993). It was also the end of a Royal monopoly on property, with the French Protectorate designating public and private land and controlling the buying, selling and renting of property. The French introduced Beaux Arts planning ideas that included dividing the city into quartiers by function and ethnicity, creating wide boulevards and a grid plan system, and building municipal and commercial buildings such as the main railway station and the Central Market (psar thmei) (Chapman, 2002). At this time, there was also a considerable influence from Chinese merchants with the creation of a land market for shophouses (Willmott, 1970). Around the turn of the 20th century, as many as 22,000 of Phnom Penh’s total population of 50,000 were of Chinese descent (Igout, 1993).

The transformation of Phnom Penh continued in the twentieth century (Map 5.1). The city gradually expanded outwards to the west by filling in lakes and building a series of concentric, semi-circular dykes (Vann, 2005). This was part of the earliest masterplan of the city devised by Ernest Hébrard, the first head of the Indochina Urbanisation Directorate. Hébrard’s 1925 plan divided the city into distinct districts, proposed a road network, tree-planting along main boulevards and the strict alignment of buildings in relation to roads (Map 5.2) (Grant Ross & D L Collins, 2006). Urban planning was very much an imported colonial activity, and according to Grant-Ross and Collins (2006), there was no indigenous concept of urban planning at that particular time. They described the Cambodian town as a “loosely organised and spontaneous system of wats (temples), waterways and houses” (Grant Ross & D L Collins, 2006, p. 130). However, it is a little known fact that Angkor Wat and the surrounding temples near the present city of Siem Reap were once at the centre of the world’s largest pre-industrial city, which had a sophisticated urban planning system (Marks, 2007). During the Khmer Empire (between the 8th and 14th centuries), it is estimated that the city sprawled over a thousand square kilometres (similar to Greater London today), was home to a million people, and was ‘hydraulic
Cambodia became independent from France on the 9th November 1953. Following independence, Cambodia was headed by King Sihanouk, who led the Sangkum Reastr Nyum (People’s Socialist Community) political movement. After independence, the population of Phnom Penh grew rapidly from 360,000 in 1950 to 760,000 in 1970. During the 1960s, the newly independent government embarked on large-scale public works and planning projects. These works were primarily domestically funded by the state, but also through foreign grants by countries keen to influence a strategically located, non-aligned country like Cambodia (Grant Ross & D L. Collins, 2006). New buildings were completed in an architectural style known as New Khmer Architecture, with an emphasis on developing a fresh architectural identity (Vann, 2005). New Khmer Architecture blended modernist architectural ideas with features adapted to Cambodia’s culture and climate, such as steep roofs, ventilation and shading. This style was used to construct new buildings representative of a young state, such as universities, ministries, and a National Sports Complex.

Emphasis was also put on housing projects. King Sihanouk ordered the governor of Phnom Penh to remedy the housing shortage caused by rapid population growth and in-migration. This was achieved by building housing suitable for rental and sale to low-income groups (Gleeson, 2009). The most emblematic development of this kind was the Tonle Bassac neighbourhood, which consisted of community facilities and affordable medium rise apartment blocks. During the 1960s, Phnom Penh was widely reported to be one of the most attractive Southeast Asian cities. After a state visit, the then Prime Minister of Singapore, Lee Kwan Yew, remarked that he found the urban design and architecture in Phnom Penh very attractive and was impressed at how the urban landscape was used as a tool for nation building (K Y Lee, 1967).

In 1970, Sihanouk was ousted in a coup d’état by General Lon Nol, who established the Khmer Republic (Chandler, 1996). The Khmer Republic was a military-led government fully aligned with the United States.
against communist North Vietnam. During this time, urban planning in Phnom Penh stagnated. The government was more concerned about US bombing of the city’s periphery as the communist forces closed in on the capital. The population swelled to over one million due to high numbers of refugees migrating in from rural areas in an attempt to escape the fighting. Some of these new residents lived in ‘refugee villages’, but these could only hold a small proportion of the incomers. Others built houses spontaneously on squatted land out of wood, straw and corrugated metal (Igout, 1993).

The Republican government proved weak, and in 1975 the communist Khmer Rouge took power. Their reign in Cambodia involved creating an agrarian utopia, abolishing markets, private ownership and money. The city of Phnom Penh was almost entirely emptied and people were sent to the countryside to work in agricultural cooperatives. Those who were considered intelligentsia, non-Khmer race, or caught criticising the regime were killed, and many more died of starvation and exhaustion. As many as two million people – one in four of the population – died during the four-years of Democratic Kampuchea (Kiernan, 2004). Estimates suggest that the city was home to only a few thousand residents during this time. Figure 5.1 displays the population of Phnom Penh from 1950 until 2008.
The Khmer Rouge were toppled in 1979 by the Kampuchean United Front for National Salvation, with the backing of Vietnam. People flooded back to Phnom Penh from the provinces. These people consisted of former residents, who attempted to return to their previous homes and former rural residents who came to seek refuge in the city. New rural migrants often took any property that was available. The government gave people the right to occupy the properties where they were staying in, and it was permitted to buy and sell these properties on the emerging market. The city was very chaotic at this time, due to the fact that many of the new residents had not lived in a city before, and the infrastructure had completely broken down under the Khmer Rouge (Gottesman, 2003). During the 1980s, Soviet aid was crucial in rebuilding the city’s infrastructure. Urban business and profit generating activities were boosted with the decision to give greater economic freedom to the Chinese community who had connections with China and the regional diaspora (Gottesman, 2003).

There was a gradual transition from radical communism to moderate socialism throughout the 1980s. The Khmer People’s Revolutionary Party (KPRP) devised an economic model that had three parts: a state, collective and family economy. This permitted a limited degree of private ownership, and was increased in 1985 with the
introduction of a private sector, and in 1989 with the creation of a sector consisting of state-private partnerships. The 1989 reforms included a change in land tenure policy, enhancement of tax policies and the removal of state subsidies for production through privatization (Hughes, 2003). The KPRP’s first five-year plan (1986-1990) encouraged further liberalization, and included the rebuilding of agriculture and the transportation infrastructure, and the creation of new industries (Guo, 2006).

In the late 1980s Cambodia embarked on a transition from war to peace, from authoritarian rule to a ‘hybrid’ democratic system, and from a state-planned economy to a free-market one (Un, 2005). There are a number of reasons for this. Firstly, the failure of communism in terms of economic development and wealth generation during the Democratic Kampuchea period left few other options than to move towards a different economic model (Hughes, 2003). The government believed that the private sector would be much better at achieving economic development, since the state did not have enough money (Ear, 1997). A second factor was down to external influences. Cambodia was heavily dependent on aid from the Soviet bloc, accounting for 80% of the government’s budget (Guo, 2006). When this aid ended in 1991 with the demise of the Soviet Union, the establishment of a new economic model was critical. The richer and more stable Association of Southeast Asian Nations (ASEAN) countries such as neighbouring Thailand at this time made it their business to put forward their ambitions for a regionally integrated post-Cold War community (Hughes, 2003). Cambodia was also influenced by Vietnam’s doi moi – literally meaning ‘renewal’, the term for Vietnam’s reform policy coined in 1986, which led Vietnam in the direction of a socialist-oriented market economy (Boothroyd & Pham, 2000). Thirdly, party officials began to lose interest in promoting a communist ideology. Those in government were allowed to supplement their incomes through activities in the private sector, so in effect they had good reason to support economic liberalisation (Gottesman, 2003).

The Paris Peace Accords on a ‘comprehensive political settlement of the Cambodia conflict’ in 1991 paved the way for the creation of a liberal
democracy and periodic elections. The accords were negotiated amongst the various Cambodian and international parties, including communist Indochina, ASEAN and other influential Asia-Pacific and Western powers. Included in the agreement were guidelines on avoiding interference in Cambodian internal affairs, respect for human rights and freedoms, protection from the unlawful deprivation of private property and freedom from discrimination (Hughes, 2003). Although the declaration stated that a development strategy should not be imposed on Cambodia, it was stipulated that the private sector should be encouraged. There was no military intervention, but “a project was underway to bring Cambodia into line with liberal internationalist and free market principles” (Hughes, 2003, p. 96).

The UN was given the task of administering the implementation of the Accords, through the United Nations Transitional Authority in Cambodia (UNTAC). The UNTAC mission of 22,000 military and civilian personnel entered Cambodia in March 1992 and was present for 18 months. During this time the UN provided 50% of the government budget, which was needed with the demise of Soviet Union aid. The authority was tasked with the running of key ministries, such as foreign affairs, national defence and finance, as well as the disarmament of forces and the organising of fair elections that would in turn lead to the formation of a democratic constitution.

With the exit of UNTAC in September 1993 and a coalition government between FUNCINPEC (French acronym for United National Front for an Independent, Neutral, Peaceful and Cooperative Cambodia) and CPP in place, attempts were made at formulating a new legal framework and increasing national revenue. One strand of this was a new investment law ratified in August 1994, which sought to increase the country’s attractiveness to foreign investors through a low tax rate (9%), corporate tax exemption of up to eight years, and exemptions for dividends and proceeds (Um, 1994).

The political instability of 1997, when CPP leader Hun Sen ousted his coalition partner FUNCINPEC leader Prince Norodom Ranariddh, hit the economy hard. Economic growth was negative in the second half of the
year and flat for the year as a whole (Peou, 1998). Another round of elections were held in 1998, the outcome being a second coalition between the CPP and FUNCINPEC, and at this time inward investment increased by 33% on the previous year due to the 117 foreign investment projects worth $800 million being approved by the Council for the Development of Cambodia (CDC) (Peou, 1999). In the mid-1990s ASEAN (Association of Southeast Asian Nations) countries, particularly Malaysia, Thailand and Singapore, were Cambodia’s major trading partners (Moller, 1998).

Despite the gradual development of a market economy during the 1990s, the city of Phnom Penh remained scarred by the troubles of the 1970s and 1980s. The focus of the municipal government was on the renovation of main streets and the installation of street lighting. Public spaces were considered dangerous by city dwellers and a curfew was practiced until 1992, later reintroduced in 1998 following bouts of political violence. Many rural dwellers were attracted to the city because of the higher salaries and employment opportunities, and driven from rural provinces due to insecurity and the continuing Khmer Rouge insurgency (M Marshall, 2006). Much of this demand for service sector work was due to the presence of the UNTAC. The UN required many low-skilled local workers such as drivers. The arrival of thousands of well-paid international expatriates also created demand for other services, such as bars and restaurants. Because many of the existing houses were already occupied, new migrants and those returning from refugee camps on the border with Thailand built houses on any free land they could find. This included along canals, railways and around the capital’s many lakes.

Phnom Penh remains without any form of public transport. For those without their own car or motorbike, moto-taxis and tuk tuk (in Cambodia these are a motorbike with a trailer seating four or five adults) are to be found on almost every street corner. A bus system was trialled in the city with support from JICA in 2001, but was discontinued due to lack of custom. However, there may soon be public transport in the city. In 2011, the MPP released a tender to attract bids from private companies to run a city bus service, although at the time of writing the results are unannounced.
In addition, French transportation engineering company SYSTRA is working with the MPP to undertake a feasibility study for a tram network. An updated urban transport masterplan for the capital is in the process of development by JICA.

5.2 Contemporary Phnom Penh: the real estate boom

Phnom Penh remains relatively small compared to most Southeast Asian capital cities. According to the 2008 census, Phnom Penh’s population is officially 1.3 million people (National Institute of Statistics, 2008), although unofficial estimates regularly place the figure at nearer to two million people. Furthermore, it is estimated that there are an additional quarter of a million people who commute to the capital daily from towns such as Kampong Speu and Ta Khmau in Kandal province (Chhay & Huybrechts, 2009). The total administrative area of the Municipality of Phnom Penh is 517 square kilometres. In 2011 the outer districts remained predominately rural with much potential for urbanisation: the average population density of the four inner khan (the Cambodian term for a district) was 25,300 people per square kilometre, whereas the average population density of the peri-urban khan was 1,800 people per square kilometre (MPP, 2011a).

The city is by far the largest in Cambodia, with a population at least eight to ten times that of the second largest city of Battambang. However, other cities have actually seen more rapid growth over the last decade because of their intensified global-local connections: Siem Reap because of the growth of tourism and Kampong Saom (Sihanoukville) because of its position as Cambodia’s major deep sea port and the related export-oriented industries that are attracted there. Tourism is becoming a major industry in Kampong Saom and is likely to increase greatly in the future, especially since the airport has opened in 2011. Towns on the border with Thailand and Vietnam, such as Poi Pet, have also encountered rapid growth because of increasing cross-border trade. Established urban centres from pre-colonial and colonial times such as Kampong Cham, Kampong Chhnang and Kratie are shrinking because of out-migration (ADB, 2010).
The contemporary economy of Cambodia is dominated by four main sectors. Garment manufacturing accounted for the largest proportion of economic growth between 1998 and 2006, at 28%, while tourism contributed a further 13%. The construction and real estate industry, which grew rapidly in the 2000s as is discussed in this section, represented 13% of economic growth (Ear, 2008). Agriculture, particularly rice growing, is the other major economic sector. Despite the development of industries, the government remains reliant on foreign aid. Aid to Cambodia accounts for approximately 65% of total government expenditure in health, agriculture and transport, and almost 90% of the rural development budget (Ear, 2007). Aid has increased year on year, and in 2010, aid pledges had reached $1.1 billion (Sokha, 2010). China is the largest aid donor, formally pledging aid of $257 million in 2008 (Burgos & Ear, 2010). In comparison, the USA pledged $57 million and Japan $113 million. Remittances from Cambodian migrants overseas (particularly in Thailand, Malaysia, South Korea, Australia and USA) accounted for between $300 million and $600 million in 2006 (International Organisation for Migration (IOM), 2010).

The development of satellite cities is set in the context of Cambodia’s political economy and changing position in networks of global capital accumulation. A real estate market emerged as the economy transitioned from a socialist to a market-oriented economy in the years after 1989. At the same time, the large influx of well-paid foreigners arriving as part of the UNTAC peacekeeping force looking for high-end villa accommodation created a demand for rental housing in the Boeung Keng Kang area of the city. However, there were only small investments in urban development, thus there was little pressure on land and prices remained mostly very low.

The real estate market took off significantly after 1998, and grew even faster between 2004 and the peak in 2008. The price of land in central Phnom Penh increased exponentially between 2004 and 2007, from around US$250 to US$2000 per square meter in some key locations (GTZ, 2009). This was due to a combination of interrelated factors. The overarching reason is that during the late 1990s and early 2000s, Cambodia became relatively peaceful and politically stable for the first time in almost three
decades. An iconic moment was when Ieng Sary, governor of the former Khmer Rouge stronghold of Pailin, defected to the government in 1996 along with thousands of guerrilla soldiers. This marked the final demise of the communist forces, all of which had defected within three years. However, internal violence continued in 1998 with the coup d’état by the CPP against FUNCINPEC. The next election in July 2003 resulted in a political stalemate for 11 months, as a new government could not be agreed upon between the opposing parties (McCargo, 2005). After the formation of a government in 2004, the economy grew rapidly. Between 2004 and 2008, Cambodia reported an average GDP growth rate of 11% (Slocomb, 2010).

The country was granted considerable international legitimacy by joining ASEAN in 1999 and becoming a member of the World Trade Organisation in 2004. During this time, foreign money began flowing in to Cambodia, wealthy Cambodians began to repatriate their funds stored overseas and also invest their liquid cash savings.

The government gives considerable energy to promoting Cambodia as a destination for Foreign Direct Investment (FDI). The Council for the Development of Cambodia was set up in 1994 as a ‘one stop shop’ for investors wishing to get approval to operate. Cambodia, in fact, has one of the most open economies in Southeast Asia. Companies can be fully foreign owned in almost all sectors, there is a low corporate tax rate, and profits can be freely repatriated. Nonetheless, issues of corruption, unnecessary bureaucracy, lack of intellectual property rights law and high electricity costs commonly crop up as factors discouraging potential investors (World Bank, 2004). According to recent data from the Korean Trade-Investment Promotion Agency (KOTRA), China is the largest source of FDI to Cambodia, with investments worth US$893 million in 2009, although Korea was the largest foreign investor in Cambodia in 2006 and 2008, with figures of US$1.009 billion and US$1.237 billion respectively (see Table 5.1) (KOTRA, 2010). Between 2000 and 2006, foreign investment increased tenfold from $270 million to $2.63 billion (Hughes, 2009). Figure 5.2 and Table 5.1 highlights the trend of increasing FDI into Cambodia over the last decade.
Figure 5.2 Total FDI to Cambodia (US$ million)
(Source: CDC)

Table 5.1 Foreign investment in Cambodia by country (US$ million)
(Source: CDC)

<table>
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<th>Country</th>
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<tr>
<td>2003</td>
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<td>Malaysia</td>
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<td>China</td>
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<td>Korea</td>
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<td>USA</td>
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<td>UK</td>
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<tr>
<td>Others</td>
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<td>Total</td>
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In terms of real estate and urban development capital, South Korea is the leading investor, the reasons for which will be discussed in Chapter 8. Real estate and construction accounted for 71% of the total South Korean investment during 2010 (KOTRA, 2010). During the mid-2000s Cambodia

\(^7\) Data up to August 2010.
began to be known as an ‘emerging market’ within property investment circles. This was down to the potential for large profits to be made. Cambodia was termed “the next big thing in Southeast Asia” (Property Report Asia, 2010), and “an Asian mouse … ready to roar” (Kinetz, 2007).

As well as foreign investment, local capital has a played key role in reshaping the urban landscape. For similar reasons to foreign investors, many wealthy Cambodians too decided to invest their money in real estate in and around Phnom Penh in the mid-2000s. Because of the history of political and economic instability, many Cambodians deposited their money in overseas bank accounts, later deciding to repatriate it (Shaw & Chan, 2005). Yet the perception of an unreliable banking system lingers, thus making buying land and property seem the most secure and productive method of investment. It is also more than likely that many people do not put their money in bank accounts in order to conceal their wealth. There were also few other investment opportunities given the undeveloped state of the economy and lack of a domestic market during the 1990s and 2000s. Much of the manufacturing is controlled by Taiwanese, Chinese and Koreans with considerably more experience in that sector, and is for the most part export-oriented rather than producing goods for the domestic market. The ruling elites are not generally using their money in productive ventures, often in land speculation. Business ventures that have some potential to generate jobs and benefits for the wider population are normally done in collaboration with a foreign partner (Cock, 2010).

Local companies have been involved in some of Phnom Penh's ‘flagship’ projects such as Canadia Tower and the Koh Pich Diamond Island development. However, the developer behind these projects, Overseas Cambodian Investment Corporation (OCIC), is a mainly a vehicle for bringing in Chinese investment (Export Promotion Department, Ministry of Commerce, 2008). According to a promotional piece in the China Daily newspaper, most Chinese investors in Cambodia are clients of Canadia Bank (Kan, 2008). The bank openly states that it is willing to lend to investors who wish to develop land that is occupied by squatters:
“Developers and middlemen need funds to purchase the land, negotiating financial agreement and relocation with the squatters and then develop the area. Canadia was the first and only bank to lend to developers who had to deal with this unique situation, in spite of it being a high-risk step” (Kan, 2008).

Equally importantly, smaller local companies have built a large amount of housing units and commercial space, particularly in suburban areas (see Chapter 6). From my field observations, it was clear that local developers tend to focus on housing which is affordable to the majority of middle and lower-middle class people. Their housing projects were not affected by the global financial crisis so badly, as the demand remained strong and buyers generally pay in cash up front, avoiding the need for bank loans.

In terms of commercial and office development, market research has suggested that there is a definite demand (CBRE, 2010). Many organisations are located in converted villas and apartments that are unsuitable for the demands of modern business. Developers therefore realise that there is a market for quality office space if the price is at the right level. Additionally, as Cambodia's economy grows and the number of consumers increases, global and regional companies are beginning to establish branch offices in Cambodia. On the supply side, it is predicted that by 2013 there will be 200,000 square meters of office space, approximately double the figure from 2010 (CBRE, 2010).

In 2008 the global economic crisis began to impact Cambodia's urban development. Real estate prices fell, economic growth declined, and banks began to restrict loans for developers and customers as global capital markets slowed down. The value of approved building projects peaked at $3.2 billion in 2008, falling a third during 2009, and dropping down to 2005 levels of $840 million in 2010 (Soeun, 2011a). As Figure 5.3 highlights, the total surface area of construction permits approved grew rapidly from 2003 until a decline in 2008. In 2010, there were no large construction projects
such as skyscrapers, which explains the decrease in value. The number of approved projects remained relatively stable, however, at 2149 projects in 2010 compared to 2230 projects in the previous year. The slowdown primarily affected projects financed by foreign investors, as in 2010 all investments in construction projects were made by domestic investors (Soeun, 2011a).

**Figure 5.3** Total surface area of construction permits approved in Phnom Penh, 1998-2008
(Source: Data obtained from Bureau of Urban Affairs (BAU), MPP)

Many of the projects announced in the boom period were either cancelled (for example, the International Financial Centre by GS E+C), put on hold (POSCO E+C’s Star River condominiums) or paused mid-way through construction (Gold Tower 42). All of these three were South Korean developments. South Korean projects were hit the hardest because they purchased land at the height of the boom, thus resulting in prices for finished developments that were too high for the market (Galliano, 2008). Financing from Korean banks also began to diminish. Some local real estate experts saw the crisis as a corrective measure, as it is likely that if all the projects proposed during the late 2000s had come on to the market, there would have been a huge problem of oversupply (interview 8, country manager, international real estate agency).
In a bid to boost the property market, in 2010 the government passed a law that permitted foreigners to own property in Cambodia. This was limited to units above the first floor in co-owned condominium developments not within 30 kilometres of the country’s borders (Phnom Penh Post, 2011a). There is a limit that only up to 70% of the total units in a development can be sold to foreign nationals (Phnom Penh Post, 2010). Within the first year of the new law, the Ministry of Land Management, Urban Planning and Construction (MLMUPC) reported that foreigners had purchased 83 units in De Castle Tuol Kork, 35 in De Castle Diamond, 38 in Camko City and 46 in Mekong View Apartments (Phnom Penh Post, 2011a). In 2011 the market had begun to rebound, with government statistics stating that construction approvals in the first four months of 2011 were worth US$482 million, compared to $184 million of projects in the corresponding period a year earlier (Phnom Penh Post, 2011b).

Land speculation has become commonplace and is encouraged by the lack of system for taxing unused land (Thiel, 2010a). Inequality in land ownership has risen sharply since 1989. In 2008 the wealthiest one per cent of the population had ownership of an estimated 30% of Cambodia’s land, while the top tenth owned 64% (United Nations Capital Development Fund (UNCDF), 2010). At the same time, a quarter of households were declared landless (Bridges Across Borders Cambodia, 2010), while 40% owned less than 0.5 hectares (GTZ, 2009 in Heder, 2011). As part of the transition from a planned to a free market economy, private property rights were reinstated and there were no limits on the ownership of land and property. The 1992 land law stated that all land belonged to the state, but people had the right of possession (Russell, 1997). A second land law was passed in 2001 that classified land into three categories: state property, private property and collective property (MLMUPC, 2002). State property is further divided into state public property and state private property. State public property is that which belongs to the state and is available for public use (e.g., forests and lakes) or is a public service (e.g., schools and hospitals). State public land accounts for 80% of Cambodia’s land area, although most of this figure consists of the Tonle Sap lake and remote forest areas (World Food...
Program, 2012). This land should not be sold to people or companies, but can be leased for up to 15 years as long as the land use remains a public function. In reality, however, during the transition period in the 1990s, many state properties were sold and relocated to cheaper areas, and the remaining money pocketed (Sik, 2000).

State private property can be leased and sold by the state to a private individual or company through the use of a Sub-Decree (Thiel, 2010b) (see Chapter 7). This mechanism is used for developments planned on land previously owned by the state, for example the Boeung Kak project. Land designated as private property can be used or transferred by the owner freely, as long as it is within the law. It is possible for the state to expropriate private property if the designated change is in the public interest, although adequate compensation must be given to the landowner and access to alternative land or housing provided. In many cases, private land is legally possessed, but owners do not have an official title. In this situation, they still have rights to that land and it is possible to transfer possession into legal ownership. Collective property is owned by a community rather than an individual, and is either monastery property or indigenous community property.

People who settled on land prior to August 30th 2001 (the date the new law was passed) in theory have the legal right to stay and live on the land they are occupying so long as it is not already private property, state public property or collective property. They must meet the additional conditions that possession must have been continuous and gained peacefully and honestly. Those who have possession rights can apply for ownership rights and a land title. A land title officially proves land ownership and gives the owner more rights to compensation if the government wishes to take his/her land (Centre on Housing Rights and Evictions, 2009). The process of legally designating property rights is being administered under the Land Management and Administration Program (LMAP), which started in 2002 with international aid from the World Bank and other foreign governments (Bridges Across Borders Southeast Asia, 2009). However, Springer (forthcoming) argues that the legal system for governing land is in
disagreement with local conceptions of ‘possession’, which rest upon ideas of community consensus, ‘acquisition by the plough’, and in the case of the minority hill tribes, semi-nomadic lifestyles. Thus, the concept of private property rights and land titles are only vaguely understood, leaving people open to exploitation by powerful investors and speculators.

Land in rural areas has been leased to private companies through the mechanism of Economic Land Concessions (ELCs). ELCs are supposed to be a maximum of 10,000 hectares, and are granted on 99 year leases. By 2010, Economic Land Concessions (ELC) totalling 1.4 million hectares were granted, which represents 19% of land suitable for agriculture (Thiel, 2010b). Approximately one third of the total land designated as an ELC was granted to foreign companies. Many of the local companies awarded concessions are politically well-connected. These companies include LYP Group, Pheapimex, and Mong Reththy, all owned by CPP senators or those with close connections with high-ranking politicians. However, it is rare that a piece of land awarded as a concession is not used in some way by other people, and land conflicts are occurring with alarming frequency. Often, people in rural areas have possession rights but not a formal land title, and thus have little say against powerful local and global companies who have been awarded a concession that encompasses the land they live and farm on. State land delineation is also unclear in some cases (Sar, 2002).

5.3 New urban forms

The result of increasing domestic investment and the opening of the economy to foreign capital has been a profound spatial restructuring of the city. This can be seen in both the development of peri-urban areas and the city centre. The built-up area of Phnom Penh has expanded rapidly in the last decade, and now extends 20-30 km from the historic central point at Wat Phnom. Land that has previously used for rice farming has been bought for the development of a number of urban forms including industrial and residential land uses. As the city expands, there are considerable challenges to effective spatial planning, as is discussed in Chapter 7.
In terms of population growth, the outer khan all experienced huge growth in the decade from 1998, as highlighted in Table 5.2. Dangkor almost trebled in population size, while Meanchey more than doubled. Meanwhile, all of the central districts except Tuol Kork saw a small decline in population. In-migration has occurred in two waves. In the early 1990s migrants to Phnom Penh arrived from the refugee camps, and more recently, labour migrants on a permanent and seasonal basis are moving to the city looking for opportunities to make a living. They generally work in garment factories, restaurants, and on construction sites (CDRI, 2007a).

Table 5.2 Population change by district\(^8\), 1998-2008
(Source: Municipality of Phnom Penh, 2011)

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<tr>
<td>Inner</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Chamkarmorn</td>
<td>187,082</td>
<td>182,004</td>
<td>-3</td>
</tr>
<tr>
<td>Daun Penh</td>
<td>131,913</td>
<td>126,550</td>
<td>-4</td>
</tr>
<tr>
<td>Prampi Makara</td>
<td>96,192</td>
<td>91,895</td>
<td>-4</td>
</tr>
<tr>
<td>Tuol Kork</td>
<td>154,968</td>
<td>171,200</td>
<td>+10</td>
</tr>
<tr>
<td>Outer</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Dangkor/ Por Senchey</td>
<td>92,461</td>
<td>257,724</td>
<td>+179</td>
</tr>
<tr>
<td>Meanchey</td>
<td>157,112</td>
<td>327,801</td>
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</tr>
<tr>
<td>Russei Keo/ Sensok</td>
<td>180,076</td>
<td>344,551</td>
<td>+91</td>
</tr>
</tbody>
</table>

As the former rice fields around Phnom Penh have been sold for development, the government has expanded the boundary of the municipality to encompass districts of Kandal province, in order to improve future urban planning (O’Toole, 2010). Land prices in peri-urban areas peaked in 2006-2008 at approximately $200-250 per square metre, while in 2011 the price had fallen to around half that figure (Phnom Penh Post, 2011c). Although this is still a big increase from a decade ago when land values were just a few dollars per square meter. The drivers of peri-urbanisation in Phnom Penh are clearly not dissimilar from other primary cities in the East Asian region: abundant land, unclear and weak spatial

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\(^8\) Por Senchey district was created in 2012 from land formerly under Dangkor jurisdiction; Sensok district was created in 2009 from land formerly under Russei Keo jurisdiction.
planning policies, and lower land prices (Hudalah et al., 2007; D Webster, 2002).

Peri-urban development in Phnom Penh encompasses a number of urban forms. Firstly, peri-urban areas are the location for FDI in manufacturing, especially those producing garments and footwear. Garment manufacturing accounted for 16% of national GDP in 2007 (World Bank, 2009), and around a third of Phnom Penh’s economic output (ADB, 2006). The majority of factories are situated in the south west of the city along the road to Kampong Saom deep-sea port, but close enough to Phnom Penh to draw on the concentration of related business services. In 2010 there were 236 garment factories (J J Lee, 2011), employing approximately 320,000 (largely female) workers (People’s Daily, 2010). Although many workers commute from nearby rural villages, for migrant workers from further afield there has been a growth in cheap rental accommodation surrounding the factories (Derks, 2008). A Special Economic Zone has also been established, and hosts a variety of factories for food production and motorbike assembly, among others. The periphery of the city now resembles a typical desakota situation, where globally oriented manufacturing is interspersed with agricultural rice-growing land (McGee, 1991) (Image 5.1). More manufacturing is likely in the future as the sector diversifies from garment manufacturing. Several types of large-scale residential development are also apparent. These include gated communities, shophouse developments, land sub-division projects, and satellite cities. These will be discussed in detail in the next chapter (Chapter 6).

There have been significant changes too in the urban fabric of the central city. The most prominent of these is the emergence of high-rise commercial and residential buildings. Whereas less than a decade ago the tallest building was the eight storeys Soriya shopping mall, there are currently at least seven buildings over 20 storeys completed or currently under construction (Table 5.3 and Map 5.3). Roughly half of these are commercial office buildings. High-rise commercial buildings are appearing along Monivong Boulevard, the main commercial road running north to
south through the city centre, particularly at the junction of Russian Boulevard, which is becoming an emergent central business district. For example, two buildings that have been completed at the time of writing are both commercial: Canadia Tower – Cambodia’s first skyscraper and ‘Grade A’ office building – built by OCIC and Phnom Penh Tower by Korean developer Hyundai Amco. Another, Vattanac Tower, is due to be completed in 2013. High-rise condominium apartments are being erected in popular residential districts, particularly in the districts of Tuol Kork and Boeung Keng Kang, and along the Bassac riverside in Chamkarmon.

Table 5.3 Major urban development projects proposed, completed, and
abandoned in the central city
(Source: various, including newspapers and project websites)

<table>
<thead>
<tr>
<th>Project</th>
<th>Timeframe</th>
<th>Developer(s)</th>
<th>Other information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadia Tower</td>
<td>2010</td>
<td>OCIC (Cambodia)</td>
<td>Cambodia’s first high-rise building; 32 storey office building with shopping mall.</td>
</tr>
<tr>
<td>International Financial Centre</td>
<td>Proposed in 2007; cancelled</td>
<td>GS Engineering &amp; Construction (South Korea)</td>
<td>$1 billion project; 1 x 52 storey building and 5 x 32 storey buildings; mixed-use with offices, residential, international school, shopping and leisure</td>
</tr>
<tr>
<td>Gold Tower 42</td>
<td>Commenced 2008; postponed mid-way</td>
<td>Yon Woo (South Korea)</td>
<td>$240 million project; 42 storey luxury apartment building</td>
</tr>
<tr>
<td>Star River</td>
<td>Cancelled</td>
<td>Posco Engineering &amp; Construction (South Korea)</td>
<td>$300 million project; 1 x 50 storey building and 2 x 45 storey buildings</td>
</tr>
<tr>
<td>De Castle Royale</td>
<td>2012 (under construction)</td>
<td>Nuri Development &amp; Construction (South Korea)</td>
<td>392 luxury apartments; 32 floors</td>
</tr>
<tr>
<td>Boeung Kak</td>
<td>Land reclamation started in 2008</td>
<td>Shukaku Inc. (Cambodia) &amp; Inner Mongolia Erdos Hongjun Investment Corp. (China)</td>
<td>Planned to be a mixed-use development; 133 hectares</td>
</tr>
<tr>
<td>Olympic Stadium Complex Riviera</td>
<td>Commenced 2011</td>
<td>OCIC (Cambodia)</td>
<td>Mixed-use development with hotel, shopping and leisure, residential Apartments</td>
</tr>
<tr>
<td>Phnom Penh Tower Vattanac Tower</td>
<td>Commenced 2008</td>
<td>Vattanac Properties (Cambodia)</td>
<td>39 storey building; shopping, office, and residential</td>
</tr>
<tr>
<td>Rose Condominiums</td>
<td>2012 (under construction)</td>
<td>OCIC (Cambodia)</td>
<td>$70 million project; 4 x 29 storey apartment buildings</td>
</tr>
</tbody>
</table>
It is debatable whether many of these developments are suitable for Cambodia, both socially and environmentally. The soil in Phnom Penh is alluvial, making the foundations of tall buildings time-consuming and expensive to prepare. The high electricity demands of air-conditioning hermetically sealed buildings with large amounts of glazing in a tropical climate is very costly and energy inefficient. It is also questionable whether a true market exists for many of the residential projects. The prices are considerably higher than the vast majority of Cambodians can afford. They are aimed at the wealthiest one or two per cent of Cambodians, as well as for foreigners. City centre condominiums sell for at least $150,000 and in many cases considerably more. In comparison, a middle-class university educated Cambodian working in the private sector earns approximately $300-400 per month, a mid-level civil servant can earn around $150-250 per month while 34% of the population lives under the poverty line (Khemro, 2006). Many properties are purchased for speculative purposes, which has made a few people very rich whilst pushing up prices to the point where housing is no longer affordable to the majority. Chapter 6 will look at the demand for satellite cities in more detail.

Another problem exacerbated by the recent boom in urban development is flooding during the rainy season, which spans July to November. Phnom Penh is situated on a natural flood plain. The banks of the river are built high, and behind were a series of low-lying rice fields and lakes (boeung). The city was created by filling in the lakes and building a series of dykes in concentric semi-circles to protect the city from being inundated with water (Ly & Muan, 2001). Despite attempts to improve the situation through drainage improvements, the underlying problem is that many of the original dykes in the city centre have been turned into major roads, and lakes have been filled in to create land for development. In peri-urban areas, land that was previously rice fields, and was therefore designed to flood during the rainy season, has been raised using sand dredged from the Mekong River. This has the effect of exacerbating flooding in surrounding areas.
According to Vann Molyvann, a prominent Cambodian architect and urbanist who served as Minister of Town Planning in the government of Norodom Sihanouk during the 1950s and 1960s, urban planners in Cambodia should learn from ancient Khmer civilisation (Vann, 2005). This means respecting the hydraulic system of land management where flood plains were managed through a system of dikes, lakes and canals. Nonetheless, he argues that Phnom Penh cannot continue to expand by building further concentric dykes because the high public costs involved, and should respect the natural environment by retaining large bodies of water. Unfortunately his insights are not readily taken on board by the current government because of his political association with what is now the opposition party.

5.4 Displacement and the urban poor

While peri-urbanisation in Phnom Penh has been characterised mainly by housing developments for wealthier people and growing export-oriented industrial activity, there has also been a marked shift in the location of urban poor communities from the inner to outer khan. In 2009, 72% of urban poor families were living in the four outer khans, while approximately half lived in outer khans in 1997 (Sahmakum Teang Tnaut, 2009). Although a small minority of city centre communities have been improved and some of the growth is due to new migrants arriving from the countryside, the main driver of this process is the government’s strategy of resettling ‘slum’ inhabitants from valuable land in the city centre to peri-urban relocation sites 15-25 kilometres from the city centre. It is estimated by a local Non-governmental Organisation (NGO) that 100,000 people have been displaced between 2000 and 2009 (Sahmakum Teang Tnaut, 2009).

In the centre of the city, urban poor communities are situated along railway lines, rivers and around lakes, and inside abandoned buildings. There are also many urban poor communities situated on the rooftops of the three or four storey apartment buildings in central areas. After 1979 people lived in upper floors of buildings to escape the security services. As the economy liberalised it was the Chinese and Vietnamese who had the
connections and money to move to the lower floors and open shops and businesses, which left the poorer Khmers inhabiting the rooftops (Simone, 2009). Entire villages have sprung up on rooftops and these hidden settlements are in many cases technically illegal but supply much of the city’s labour (Image 5.2). This explains the high population density of 19,806 people per square kilometre. Although the city appears low rise, the density remains high as every available space is occupied and extended families often live in a small apartment.

As highlighted earlier, the increase in speculative investment activity from countries such as South Korea and China, in addition to local actors, has pushed up the price of land in the city. The price of land is said to have increased by between 30% and 50% per year between 2002 and 2005 (Simone, 2008). Thus, those urban poor communities located on newly valuable land have found themselves being evicted to make way for more profitable uses of the land. These have included the communities living around Boeung Kak and in the Tonle Bassac area. Technically, many of these communities would qualify for a hard land title under the 2001 land law, but it seems that the law has only been applied in rural areas, and is unsuitable for the urban context. Powerful companies working with government officials can thus expropriate the land by declaring that the previous residents are living there illegally.

Evicted communities generally receive a small amount of compensation, and the compensation is not equal for all citizens affected. It has been common practice to offer a small plot of land (usually approximately 7 by 17 metres) with a land title, plus a payment of between a few hundred and a few thousand dollars. It has been reported that many people have sold their relocation site plots and moved back to the city (Payne, 2005). There is no government housing agency to assist low income people to find housing. Local and international NGO’s working with affected communities have aided people to negotiate better compensation arrangements, arguing that compensation payments are grossly below the value of the land. The companies and local government have argued that

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9 Author’s calculation from MPP data (MPP, 2011a).
they cannot afford to pay the market price of the land. Research conducted by consultants Geoffrey Payne and Associates in 2003 concluded that land titles for people living on state public or private land should be given only incrementally. They argued that if land titles were given too quickly, people would sell their land and invade other state land in an attempt to repeat the process (Payne, 2005). Regularising urban poor settlements is in many cases much more complicated than it originally appears, given that the residents are usually not the original illegal occupiers, but have bought property from previous owners (without formal documents as proof). Furthermore, some residents own several properties and rent them out to others.

As an alternative to evictions, a ‘land sharing’ project was pioneered in the Borei Keila community. Borei Keila means ‘sports village’ and the site, near to the Olympic Stadium, was originally built in the 1960s as a place for athletes to live. However, by the early 2000s there were over a thousand families living in poor conditions around the site. The land is owned by the Ministry of Sport and Youth and they had been trying to claim back the land for many years (ACHR, 2004). In 2003 the ministry reached an agreement with residents that they could stay on site and be housed in new apartment blocks. Phanimex, a local construction company, entered into an agreement with the government to build housing for all the families, in exchange for having sole rights to develop the remaining 2.6 hectares of prime land for commercial use. What at first was hailed a ground-breaking move away from evictions was soon to change. In early 2012, it became apparent that the company had not built enough housing and the remaining 300 families were evicted (Khouth, 2012).

According to a legal consultant who had worked with several NGOs and human rights organisations, the situation for many of the urban poor communities was rather better prior to the boom in the real estate market (interview 30, freelance housing/land rights consultant). Between 2001 and 2003, a City Development Strategy was developed through cooperation between the Municipality of Phnom Penh, UN-Habitat and the Asian Coalition for Housing Rights (ACHR). The aim was to bring together the various stakeholders in the urban development process in order to make
urban management more efficient and equitable (ACHR, 2004). Building upon this, in 2003 the Prime Minister announced a new policy of securing land tenure for urban poor communities in Phnom Penh. This was to be achieved through a slum upgrading policy that targeted 100 settlements per year for five years (UN-HABITAT, 2003). This plan followed a campaign by local NGOs including the Urban Fund Development Fund, as well as the ACHR. The planned outcomes failed to materialise in practice, because of a lack of administrative capacity in the government (Payne, 2005), and the increasing pressure from land developers. Only 20 settlements were upgraded in the first two years of the program. During the land market boom in 2006, huge forced evictions returned with the clearance of the Sambok Chap (more than 1,000 families) and Dey Krahorm communities (estimated 1,400 families) in 2009. Both these communities were located in the Bassac neighbourhood in the central city, where land is valued at more than $1,500 per square metre making it some of the most expensive in the city (CBRE, 2011). A recent flashpoint between the state and civil society was the suspension of a local NGO working with urban poor communities, Sahmakum Teang Tnaut, by the Ministry of Interior (MacIsaac, 2011). The NGO was accused of inciting people affected by a railway rehabilitation project in the city to oppose the project. Despite the many issues associated with the rapid urban development that has occurred in the last decade, there exists a legal and policy framework to manage urban development. The next section will go on to discuss this.

5.5 Urban governance: formal institutional and legal context

In Cambodia there are three levels of administration below the national level: the provincial level, the district level, and the commune level. Municipalities are equal to provinces, and Phnom Penh is the only municipality since Kep, Sihanoukville and Pailin municipalities were changed to provinces in 2008. The Municipality of Phnom Penh is surrounded by the province of Kandal and is divided into nine khan (districts), of which four are urban (Daun Penh, Prampi Makara, Chamkar Mon and Tuol Kork) and five currently show rural/ peri-urban
characteristics (Meanchey, Dangkor, Russei Keo, Sensok and Porsenchey) (Map 5.5). Below the district level, there are 76 sangkat (communes), which are further divided into 637 villages. Sangkat remain the lowest tier of government because villages are not defined as a legal unit in the constitution. The municipality is managed by a governor who is appointed by the national government on a five year term. The governor has responsibility for assigning governors for each of the eight khan. The khan assists the municipality on administration and urban management within their territory. Leaders of each of the sangkat are decided through commune elections, under Cambodia’s decentralisation program.

The main department responsible for urban planning in Phnom Penh is the Office of Urbanization (formerly known as the Bureau des Affaires Urbaines, Office of Urban Affairs [BAU]). The department was originally created in the early 2000s with financial and technical assistance from the French government, although that mission has now ended. At present, the Office of Urbanization is tasked with advising the governor of Phnom Penh on general spatial planning and urban management issues, designing public spaces, and checking technical proposals for construction permissions. At the national level, the Ministry of Land Management, Urban Planning and Construction (MLMUPC) provides the overall legal framework and policy guidelines for urban development. The ministry is also tasked with providing appraisals for proposed construction projects over 3000 square metres. Construction projects below this size are approved at the municipal level.

These institutions work within a legal and policy framework, as summarised in Table 5.4. Currently the most significant piece of urban planning legislation is Sub-Decree No. 86, which details the criteria necessary to receive a construction permit. Individual developments should then correspond to the overall directives at the municipality or provincial scale as set out in the Sub-Decree on Municipal, Provincial Town and Urban Urbanization. At the time of writing this law remains in draft form during the process of stakeholder consultation. This Sub-Decree specifies that municipalities should prepare both current land use plans and masterplans with development visions for 20 years ahead. The National
Policy on Spatial Planning (Royal Government of Cambodia, 2011a) specifies that municipalities should prepare 20-year vision masterplans and land use plans, to be revised every five years. This is something that is also mentioned in the 1994 Law on Land Management, Urban Planning and Constructions (Ministry of Land Management, Urban Planning and Construction, 1994).

Table 5.4 Relevant legal and policy framework for urban planning in Cambodia
(Source: various)

<table>
<thead>
<tr>
<th>Title</th>
<th>Year</th>
<th>Key Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draft Sub-Decree on Municipal, Provincial Town and Urban Urbanization</td>
<td>2011</td>
<td>Specifies the creation of urban masterplans at sub-national levels</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Details construction regulations (e.g. space between buildings, number of car parking spaces)</td>
</tr>
<tr>
<td>National Policy of Spatial Planning of the Kingdom of Cambodia</td>
<td>2011</td>
<td>Consolidates relevant laws on urban planning and proposes future legal framework</td>
</tr>
<tr>
<td>Sub-Decree No. 118 on State Land Management</td>
<td>2005</td>
<td>Clarify procedures on identification, registration, maintenance, management and reallocation of state land</td>
</tr>
<tr>
<td>Land Law of Cambodia</td>
<td>2001</td>
<td>Defines categories of land</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Specifies lease rights/ terms of land concessions for investors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Details measures for land dispute resolution</td>
</tr>
<tr>
<td>Sub-Decree No. 86 on Construction Permit</td>
<td>1997</td>
<td>Specifies the procedure for obtaining a construction permit and the construction regulations</td>
</tr>
<tr>
<td>Law on Land Management, Urban Planning and Constructions</td>
<td>1994</td>
<td>Overall aim is to promote the organisation of urban areas</td>
</tr>
</tbody>
</table>

A strategic orientation masterplan for Phnom Penh has been under development since 1996. This is the first attempt at an overall vision plan for the city since the 1950s. The funding required to undertake research for the formulation of the masterplan has been mainly provided by various French government departments. Studies for the masterplan were originally developed through a funding and technical assistance package to the
Municipality of Phnom Penh (MPP) from the City Hall of Paris and the City of Venice. The BAU was founded predominantly to undertake these studies as part of the formulation of the Phnom Penh 2020 strategic orientation. After this program finished, funding was continued from the European Union through its ‘Asia Urbs’ program in 2002. A further assistance package from the French Ministry of Foreign Affairs worked towards the creation of a ‘White Paper of the Development and Management of Phnom Penh’ (Bureau des Affaires Urbaines, 2007) and revisions to the masterplan have been undertaken in 2008-2009 with funding from the French Embassy in Cambodia. Since then there has been no further assistance from France, although members of the former team have made official visits. The Japanese International Cooperation Agency (JICA) have more recently provided assistance to the MPP. JICA installed an urban development expert to work in the Office of Urbanisation, and part of their mission has involved working on translating the masterplan from French to English. There was no citizen participation in the development of the masterplan.

The masterplan proposes a vision for Phnom Penh’s development up until the year 2020 (Map 5.4). A map was developed which specifies future land uses, including industrial zones, high, medium and low urban densities, lakes and canals, green space and transportation infrastructure. According to the land use plan, much of the peri-urban areas of the northwest and southwest of the city should be preserved as low-density habitation and agricultural land. Industrial zones are supposed to be limited to the vicinity of the airport (Chaom Chao and Phnom Penh Thmei) and the northern part of Chrouy Changvar (the area of LYP Garden City, as detailed in Chapter 6). Although not specified in the land use plan, a respondent from the MPP mentioned that their vision is to expand the city across to the eastern side of the Mekong River (interview 10, vice director, Office of Urbanisation, MPP). Therefore, the city will be situated surrounding a cross formed by the intersection of the Mekong, Sap and Bassac rivers. This intersection is known as Chaktomuk – four faces – and the concept holds cultural significance because of the iconic four faces of the Prasat Bayon temple at Angkor.
Despite the length of time since the masterplan was first finished by the French, it is still awaiting ratification from the prime minister and Council of Ministers. According to interviews with a number of government officers, delays have been attributed to ministers wanting more detail in the plan, such as the exact location of proposed new roads, and a less technical version of the document being developed before submission to central government. Also, there is a need to develop new laws so that the masterplan is adhered to, and include the recently added districts of Phnom Penh in the masterplan (interview 22, director, Office of Urbanisation, MPP). Chapter 6 deals in more detail with the question of whether the development of satellite cities is considered within the masterplan.

Conclusions

This chapter has analysed the context for urban planning and development in Phnom Penh. It commenced by briefly discussing the historical development of the city from its establishment in the 15th century up until the early 2000s. The second part discussed the development of a real estate market in the city from the mid-2000s. At this point, the perception of political stability led to a rapid rise in investment in the city. Much of this investment was from the East Asian region, particularly China and South Korea, and Cambodia became increasingly bound up in regional flows. The third part then moved on to examine the new urban forms that are changing the morphology of the urban landscape, both in the central city and peri-urban areas. The final section described the legal and policy framework that is designed to govern urban development in Cambodia. Although a masterplan for the city has been under development with foreign assistance for almost a decade, it has yet to be ratified by the central government. Given the rapid changes that Phnom Penh is witnessing, it is hard for any policy to keep pace.

As this chapter highlighted, many of the new urban developments, particularly those by foreign companies, have been oriented towards wealthy clientele. The next chapter will go on to look in detail at the large-scale private satellite cities under construction.
6. Private Urbanism in Phnom Penh

Although in most market-oriented economies the private sector is the main builder of the city, constructions are generally at the scale of individual structures, or at most, complexes. However, what is now becoming commonplace in cities of the global South is large private sector developments at the scale of the urban district – from hundreds to thousands of hectares. In Phnom Penh, the first satellite cities were developed by foreigners with the capital and expertise to realise such projects. The business model involves acquiring farmland in peri-urban areas cheaply and developing middle- and high-class housing and commercial space. At present there are at least six satellite cities on the outskirts of Phnom Penh, alongside around 75 smaller gated communities and other housing projects. As this chapter critically discusses, the cost of housing in these projects is out of reach from all but the top few per cent of Cambodians, thus the level of demand is restricted. Additionally, these projects cause huge changes to the morphology of the city and have considerable impacts on local people. Developers focus on short-term profits over the long-term effects on the city and its inhabitants. However, as I will discuss, not all of the peri-urban housing developments are gated and elite, and there are some that are within reach of less wealthy people.

The chapter is divided into four sections. Firstly, the chapter describes the extent of satellite city development and other forms of large-scale private urbanism with a particular focus on Camko City and GPPIC. The second section analyses the impacts of these developments on local communities, based on data gathered through interviews with residents
living near to Camko City. Thirdly, the effects of satellite cities on urban form and their integration with the wider urban environment is examined. The final section analyses the origin of the demand for living in satellite cities from both local and foreign buyers.

6.1 Satellite cities in Phnom Penh

As outlined in the preceding chapter, the peri-urban zone of Phnom Penh is the location of several types of large-scale residential and commercial developments. These include satellite cities, gated communities, shophouse developments and land sub-division projects. These private residential developments are in the majority being built in the northern parts of the city. This is because the west and the south are industrial areas, as these sites give easier road access to Sihanoukville port and the international airport. Of particular relevance to this thesis are the large developments of hundreds or thousands of hectares with residential, commercial and leisure spaces claiming to be ‘satellite cities’. There are six satellite cities currently under construction or announced. Four of these are fronted by local companies: Koh Pich and Chrouy Changvar City of the Future are being built by OCIC, AZ City by ING Group, and LYP Garden City by the LYP Group. Although local companies front these projects much of the capital is from abroad. In the case of OCIC’s projects, the capital is largely Chinese, as mentioned in Chapter 5. A further two are developed by foreign companies: Camko City by Korean company World City Co., and Grand Phnom Penh International City operated as a joint venture between Ciputra of Indonesia and local Cambodian company YLP Group. Table 6.1 summarises some basic descriptive information for each of these projects, and Map 6.1 displays their location.
Table 6.1 Description of Phnom Penh’s satellite cities
(Source: various; Phnom Penh Post, 2010)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Developer</th>
<th>Projected Cost</th>
<th>Size (ha.)</th>
<th>Location</th>
<th>Start Date</th>
<th>Estimated Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Camko City</td>
<td>World City Co. Ltd. (South Korea)</td>
<td>$2 b.</td>
<td>119</td>
<td>Russei Keo</td>
<td>2006</td>
<td>2018</td>
</tr>
<tr>
<td>Grand Phnom Penh International City</td>
<td>Ciputra (Indonesia); YLP Group (Cambodia)</td>
<td>$600 m.</td>
<td>260</td>
<td>Russei Keo</td>
<td>2006</td>
<td>2018</td>
</tr>
<tr>
<td>Koh Pich (Diamond Island)</td>
<td>OCIC (Cambodia)</td>
<td>$300 m.</td>
<td>100</td>
<td>Chumkar-mon</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>Chrouy Changvar City of the Future</td>
<td>OCIC (Cambodia)</td>
<td>$3 b.</td>
<td>387</td>
<td>Chrouy Changvar</td>
<td>2011</td>
<td>Unknown</td>
</tr>
<tr>
<td>AZ City</td>
<td>ING Group (Cambodia)</td>
<td>Unknown</td>
<td>2,600</td>
<td>Meanchey</td>
<td>2011</td>
<td>Unknown</td>
</tr>
<tr>
<td>LYP Garden City</td>
<td>LYP Group (Cambodia)</td>
<td>$200 m.</td>
<td>1,292</td>
<td>Russei Keo</td>
<td>2011</td>
<td>Unknown</td>
</tr>
</tbody>
</table>

The two projects discussed in detail in this thesis are Camko City and GPPIC. In the following pages, I discuss the development of these projects, while Chapter 8 will extend the analysis to consider the way they are produced through intra-Asian urban networks. Both Camko City and GPPIC are located to the north of Phnom Penh, in Russei Keo and Sensok districts. Previously the land in this district was used for rice farming, but within the last decade agriculture has all but disappeared. Land has either started to be developed or is held for speculation. A ubiquitous sight in peri-urban districts is a land parcel enclosed within a wall that is spray-painted with a telephone number and the words “for sale” (Image 6.1). This land is

10 Chrouy Changvar City of the Future is to be built on land previously acquired by Malaysian company Sunway, to develop a satellite city called Sunway City.
11 LYP Group is not to be confused with YLP Group, the local partner in the development of GPPIC. They are entirely different companies.
generally owned by former farmers or speculators. Larger plots of land for sale are often fronted with a billboard in Chinese and Korean language, a visual marker of the intra-Asian connections. Peri-urban land was bought at $0.3-1 per square metre in the early 2000s and some sold it a few years later at more than $25 per square metre (Tep, 2008). In Indonesia, the amount of infertile land increased by 1678% between 1980 and 1994, a figure which is attributed to speculation (Winarso, 1999). No accurate figures are available in Cambodia, but by visual examination it is unmistakable that much of the peri-urban land is no longer under cultivation.

Roads that were once dirt tracks have been widened and resurfaced to facilitate access. Camko City and GPPIC were the first large developments in this area, but since construction began, the district has become the location of a growing number of gated communities. These include Sensok Town, Borei Vimean Phnom Penh, and Borei Angkor Phnom Penh. The area is also home to a number of government departments who have likely sold their city centre buildings and relocated to a cheaper location. Although this part of the city is mainly residential, there are some garment factories and other industrial buildings.

**Camko City**

Camko City is a $2 billion satellite city project, planned to cover 120 hectares if all phases are constructed as originally intended. The concept originated from a visit by several Korean businesspeople to Cambodia in the mid-2000s. They felt that there was no suitable office space for global businesses. At the time, most companies were located in converted villas or small office buildings, and they were often subject to electricity cuts and monsoon season flooding. Investment was mobilised from Busan Savings Bank for the construction of a modern office district with high quality infrastructure located outside of the congested city centre. Hence the company’s name – ‘World City Company’ – and the slogan branding Camko City as “the first global city in Phnom Penh”. Commercial space is the primary objective, but related to this is the construction of luxury houses and apartments, as well as leisure facilities, an international school and a hospital. Camko City was designated by the government as a ‘Financial
Development District’, a type of special economic zone with incentives from the Ministry of Commerce to attract financial industries, especially those from Korea. Cambodia’s new stock exchange, developed with financial and technical assistance from South Korea, was originally planned for Camko City but is now operating in Canadia Tower, the first high-rise office building in central Phnom Penh, because of delays in Camko City’s construction.

The Korean company behind the project is Landmark Worldwide Co. Ltd., the website of which lists Camko City as the sole project. World City Co. Ltd., the locally registered company of the developer, submitted an application to the CDC to become a ‘Qualified Investment Project’ (QIP) in January 2006 and approval was given four months later. By obtaining QIP status, World City Co. Ltd. were able to obtain a tax holiday of nine years, a low tax rate of 20% after the nine years, and duty free imports of construction materials and equipment (interview 11, officer, CDC). At the time of application, World City Company Co. Ltd. declared registered capital of $1 million and fixed assets of just over $2 billion. It was mentioned in the application that the Camko City project would create around 4,500 jobs, most of which would comprise of construction labourers (statistics obtained from the CDC). The developer hired AECOM, the international engineering and architecture consultancy company, to conduct a market assessment and positioning study. Camko City is the first project of this type by the company and its Chief Executive Officer (CEO), Mr LEE Sang Ho, whose previous job was a position on the board of directors for the Incheon international airport construction authority.

The land for the project was originally part lake and part marshland that flooded in the wet season (compare Images 6.2 and 6.3). The process of acquiring and developing the land is a rather opaque process, as I discuss later in the next chapter (Chapter 7). The land was initially acquired by two local investors, who filled in the lake and backfilled the remainder of the land to reduce the likelihood of it flooding. In order to do this, it is likely that the status of the land was changed from state-public to state-private by a Sub-Decree, through being designated as a ‘development zone’. The site of
Camko City is sometimes referred to as the ‘Pong Peay Lake Development Zone’, which was authorised in February 2003 by the MPP. According to staff at Camko City, the Cambodian investors did not have the money or expertise to develop the land, and thus looked to sell the land at a profit (interview 29, manager, Camko City). They eventually sold it to World City Co. Ltd., the CEO of which had acquired a Cambodian passport and therefore could legally purchase land (interview 17, salesperson, Camko City). A contract for construction of the first phase was agreed with Hanil Engineering and Construction Co. Ltd., a Korean firm, in August 2006, and the ground-breaking ceremony was held in May 2007. The ceremony was attended by many senior government figures, including one of the deputy Prime Ministers, SOK An, which highlights its significance to national urban development. The first customers moved in to their properties in April 2009, two years after construction began.

The development consists of several phases. The first phase cost $109 million and consists of residential with a small number of retail units, while the second and third phases include commercial, public, and more residential space. The general public is free to drive and enter perimeter zones, but the public cannot enter the residential zones. These residential zones are gated communities and can only be accessed with a card or by getting permission from a resident. The different types of residential zones are also separate, divided into high-rise, mid-rise, townhouse and villa sectors. Each of these areas has separate facilities and is accessed from a different entrance. The company undertook market research in order to cater the development to local tastes and found that Cambodians prefer large houses and large rooms (interview 29, manager, Camko City)

According to the masterplan, approximately a quarter of the space is planned to be offices and commercial, 27.5% residential, 9% public, and around 5% green space (Image 6.4). Camko City is marketed through an emphasis on modern and world-class infrastructure. The project website prominently states that the new city contains “4-6 lane paved roads”, “water supply and sewerage system”, “high speed information and telecommunication systems”, “electronic security”, as well as “the first
introduction of modern high-rise condominiums in Cambodia” (World City Co. Ltd., undated). These ‘premium network spaces’, to use Graham’s (2000) term include a private electricity supply, provided by a 6.5-megawatt power plant built by the company. This avoids relying on the public supply from Électricité du Cambodge, which encounters regular supply problems during the hot season due to a lack of generation capacity.

At the time of writing (March 2012), the first phase, consisting of villas (18 units), townhouses (164 units) and several high- and mid-rise condominiums (668 and 159 units respectively), has been completed (Image 6.5). Despite the fact that there are over 1000 units completed and they are 90% sold out, it is apparent that these sales have been mainly speculative as only 150 families are living there (interview 29, manager, Camko City). In mid 2010 the government passed a new law to deregulate the property market by allowing foreigners to own property above the first floor of a building, up to a maximum limit of 70% foreign ownership in one particular development (Phnom Penh Post, 2010). Since then, approximately 30% of the high-rise units in Camko City have been sold to foreigners, mainly from Korea and Singapore. Villas and townhouses are bought principally by wealthy, high-ranking government officials and business people. The cost of condominiums ranges from $150,000 to $300,000, while landed properties range from $200,000 to well over $500,000 for the larger villas. Most of the condominiums are bought as investments to rent, and are advertised at around $550-800 per month. The rental price has fallen to less than the $1000 or so that the developers had originally intended. The foreign ownership law increased condominium sales at Camko City. As of early 2011 it was reported that 45 units at Camko City had been sold to foreigners. These buyers were predominately from South Korea, Australia, Singapore and China (Phnom Penh Post, 2011a). The Australian buyers are most likely to be overseas Cambodians. One of the mid-rise condominium towers was purchased in its entirety by a Korean pension fund in order to offer for rent (interview 8, country manager, international real estate agency).
World City Co. was unable to continue the project after October 2010 due to a lack of funding. It was reported that the construction contractors, Hanil, had not been paid in full for work completed so had suspended construction activities at the site (O’Toole & Weinland, 2011). In June 2011 Camko City was embroiled in a corruption scandal in which it was alleged that senior executives at Busan Savings Bank, which put up US$459 million and is the primary financial backer of the project, had misappropriated funds. The assets of Busan Savings Bank were frozen by the South Korean government in February 2011 because of a liquidity crisis, but it was later revealed that shareholders of the bank had previously illegally used the bank's deposits to fund other projects through companies in which they held ownership. This included Camko City, where funding was directed via nine separate companies. There were also allegations that Busan Savings Bank's executives had bribed government officials to turn a blind eye to financial irregularities, leading to the arrest of the number two shareholder Park Hyeong Seon and government officials including Eun Jin Soo, a senior aide to President Lee Myung Bak (O’Toole & Weinland, 2011). The scandal in Korea led the National Bank of Cambodia (NBC) to investigate Camko Bank, which provides loans for the purchase of property at Camko City, and of which Busan Savings Bank is a major shareholder. The NBC reportedly did not find any irregularities with Busan Savings Bank's activities in Cambodia (O’Toole, 2011).

As the scandal broke, the chairman of the Korean Chamber of Commerce in Cambodia was quoted as saying that the only way Camko City could continue past the first phase would be for the Korean government to get involved as it would be difficult for smaller private companies to make up for the shortfall created by the exit of Busan Savings Bank (O’Toole & Weinland, 2011). It was later revealed that the Korea Deposit Insurance Corporation (KDIC) – a government owned company which guarantees depositors' funds in South Korea – had taken over Busan Savings Bank. According to Camko Bank, there was a high chance that the KDIC would take over Busan Savings Bank's shares in Camko City too, ensuring that the project would continue as planned. In 2012, the CEO of
World City Co. Ltd. was sentenced to five years in prison for obtaining illegal loans (Lewis, 2012). The CEO of a planned $1 billion new airport in Siem Reap, the chairman of Busan Savings Bank, and an aide of South Korean President Lee also received sentences. It was reported that other investors from China, Japan, and Vietnam are interested in taking over the project.

Camko City is satellite city that is similar in form and function to other satellite cities in Southeast Asia, as described in Chapter 2. It represents a form of privately built and managed urban development that is becoming increasingly common in Southeast Asia and indeed in many other poorer parts of the world. The development of Camko City is reflects the connections between elite actors in the public and private sectors. These connections are often informal in nature and thus present a challenge to comprehensive urban planning (see Chapter 7). As I will advance in Chapter 8, these connections are also transnational and contingent on the political and diplomatic relations between Cambodia and South Korea.

**Grand Phnom Penh International City**

Located six kilometres further north than Camko City is another satellite city, Grand Phnom Penh International City. This project is a 260-hectare development undertaken via a joint venture between Ciputra Group of Indonesia and the YLP Group of Cambodia. The development costs are purported to be in the region of $600 million (Nguon & Kimsong, 2008). Within the joint venture, YLP Group initially owned and prepared the land, while Ciputra is responsible for the design, planning and construction. The YLP Group lists Grand Phnom Penh International City as its only project. The company is owned by the wife of former four-star military general and current Deputy Prime Minister, Ke Kim Yan.

Ciputra is an Indonesian company with a large portfolio of real estate development projects throughout Indonesia, including satellite cities, hotels, shopping malls, and condominium developments. The Ciputra Group is named after its founder, Ir. Ciputra, whose original Chinese name
was Tjie Tjin Hoan. Ciputra was born in 1931 to a poor ethnic Chinese merchant family in Sulawesi. He later moved to study architecture at the Institute of Technology Bandung. After graduating, and having gained experience through operating his own consulting company to fund his studies, Ciputra managed to convince the then governor of Jakarta of his visions for the city. He firstly gained approval to redevelop the market district of Senen into Indonesia’s first shopping mall (Dieleman, 2011). After this project, Ciputra and the Jakarta government set up a joint company named PT Pembangunan Jaya (also known as the Jaya Group), which under Ciputra’s leadership undertook a number of significant urban developments that changed the face of Jakarta, including the Ancol recreational park and residential area along Jakarta’s seafront. Ciputra’s success was built upon close connections with the state in both formal and informal ways (see Chapter 7). Through his close connections to the government, Ciputra established the Metropolitan Group, which in collaboration with the Salim Group, developed Pondok Indah. This was the first privately built satellite city in Jakarta, and construction began in 1973 (Winarso, 1999). Ciputra, in collaboration with the Salim Group and Sinar Mas Group (the latter two companies providing the finance), also developed the 6,000-hectare BSD City from 1989 onwards (Cybriwsky & Ford, 2001).

Rather than exclusively working with other business partners, Ciputra decided to go it alone and established the Ciputra Group in 1981 (Dieleman, 2009). The company became a family business as Ciputra’s four children and some of his sons- and daughters-in-law, who had just returned from university studies overseas, all took up – and continue to hold to this day – influential positions on the board of directors of the Ciputra Group and its subsidiaries. During the 1980s and 1990s, the company was extremely successful and became the leading property developer in Indonesia (Dick, 2009). Unlike most Indonesian conglomerates, Ciputra stuck to its core business of property development rather than diversifying into other sectors. This proved to be the factor that almost bankrupted the company with the onset of the Asian financial crisis in 1997, as property is

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12 Indonesian Chinese were forced to change their names from Chinese to Indonesian-sounding. One-word names are common in Indonesia.
one of the most volatile economic sectors. Ciputra took out foreign currency loans without proper hedging, which were vulnerable to currency depreciation when the Indonesian rupiah collapsed (Dick, 2009). The currency drop also caused the property market to stall and Ciputra’s assets plummeted in value.

After almost going under during the Asian financial crisis, the group gradually recovered and regained a prominent position in the urban development industry. It also seemed to ride out the more recent global economic crisis. Between 2007 and 2011, the gross profit of Ciputra’s urban development activities increased from $61 million to $111 million (PT Ciputra Development TBK, 2011). As of 2012, the company has developed 42 residential projects in 26 Indonesian cities. Most of the residential projects are satellite cities, but there are also a number of smaller gated communities in Indonesia’s provincial cities (PT Ciputra Development TBK, 2011). Ciputra’s satellite city developments in Indonesia are branded with the Indonesian word Citra, which means ‘image’. Examples include CitraGarden, CitraGrand City, CitraLand, CitraIndah (‘beautiful image’) and CitraRaya (‘great image’). Besides these, the group has developed eight commercial property projects, including shopping malls, hotels, and a business park. Ciputra has also been a pioneer in the development of ‘superblocks’ in Jakarta city centre. Superblocks are high-density mixed-use developments of approximately five to 10 hectares normally consisting of a shopping mall, office space, hotel, and several high-rise (30-40 storey) apartment blocks (Abe, 2009). Ciputra World, for example, is designed to be an integrated development, in effect a ‘satellite city within the city’. The company also operates a private hospital, a university, and several schools. These facilities are located within the company’s satellite city projects.

The Ciputra Group is one of the big Indonesian property conglomerates and pioneered the satellite city model. Another large developer is the Lippo Group, founded by Mochtar Riady (Lee Mo Tie), which has also built satellite cities in Jakarta during the 1990s (Lippo Karawaci and Lippo Cikarang). The Lippo Group began as a bank, and thus had access to the massive amounts of capital which were needed to
build all infrastructures (not just housing, but shopping malls, leisure facilities etc.) from the start of the project (Dick, 2009). In contrast, other developers such as Ciputra were only able to develop satellite cities in phases, and had to promise further facilities to initial buyers. The Salim Group, established by Sudono Salim (also known by his Chinese name, Liem Sioe Liong) is also involved in urban development, although it generally sticks to financing projects. The Salim Group is the largest of the Indonesian conglomerates, operating a vast array of businesses (Dieleman & W Sachs, 2008; Dieleman, 2008). There exists a considerable web of connections and networks between these companies. The Salim Group has worked with Ciputra through the financing of several of their projects in the early days, and more recently with respect to the Kolkata West International City in India, as the next section will elaborate upon. The Lippo Group is also close to the Salim Group, as Riady used to direct one of the Salim Group’s banks.

Ciputra is now exploring opportunities outside of Indonesia by collaborating with local companies overseas in Cambodia, China, Vietnam, India, and Poland (as I will elaborate upon in Chapter 8) (Townland, undated). In Cambodia, the land for GPPIC was previously lake and marshland (compare Images 6.6 and 6.7), and was purchased by YLP Group in 2004 (interview 1, sales consultant, GPPIC). The company then began to fill in the lake and raise the level of the land to prevent further flooding. According to satellite imagery, by 2005 the lake had been almost entirely filled in. The master plan for the project was approved by the MPP in August 2006, and a year later was endorsed as an investment project by the CDC (Touch, 2008). The project was thus eligible for tax incentives and exemption of import taxes on construction materials. After the project was approved, Ciputra’s in-house architects and planners began to design the masterplan for presentation to the national and local government. In January 2007, the managing director of Ciputra, Mr Budiasa Sastrawinata, attended a high-level meeting with YLP Group representatives and Prime Minister Hun Sen. Hun Sen pledged his support for the project and encouraged the developers to work closely with relevant government
departments to ensure that the project went ahead (BBC Monitoring Asia Pacific, 2007). The Governor of Phnom Penh, Kep Chuktema, has also given full support, and is quoted saying that the project is helping to modernise the capital (BBC Monitoring Asia Pacific, 2007).

Construction began in 2007, beginning with the building of show units. This development is more consumption-oriented than Camko City, and is built around a large golf course designed by Nicklaus Design, a global golf course design firm. In comparison to Camko City, it is noticeable that Ciputra place greater emphasis on urban design and green space. A planner from the company stated that they have done extensive landscaping and planted many trees in order to create a pleasant living environment (interview 28, urban planner and architect, GPPIC) (see Image 6.8). According to the master plan (Image 6.9), it will house 4000 families upon completion and contain facilities such as schools, a hospital, water amusement park, hotel, shopping mall and office buildings. GPPIC uses the public electricity supply and it is up to property owners if they wish to purchase a generator for their house to use in the event of power shortages. At the ground-breaking ceremony the president and founder of Ciputra company, Ir. Ciputra, commented that this project is designed for those with "international lifestyles" (Touch, 2008). As of 2012, three of the seven phases have been completed. This equates to approximately 200 houses (a mixture of villa and shophouses) and the golf course (interview 28, urban planner and architect, GPPIC). In addition, a Singapore international school has opened in two converted villas. Ciputra do not anticipate completing the project until at least 2020. The initial price list ranges from $100,000 for the smallest houses ("Sicily") to more than $600,000 for the largest property ("Chateau 3").

Of the 200 houses built, 90% have been already sold. This high number is due to the company’s strategy of constructing houses only after they are sold. Only Cambodian citizens can purchase property here as the properties are landed. However, according to staff at GPPIC there only around 20 families are actually living there (interview 28, urban planner and architect, GPPIC). Therefore the properties are either bought for
speculation or the owners are waiting until the area becomes more developed and with more services before moving in. Due to the high prices, buyers have been mainly businesspeople and high-ranking government officials (interview 28, urban planner and architect, GPPIC). After having gained some local market experience, the company are looking to build cheaper housing (less than $100,000) that will be affordable to middle class people.

GPPIC, like Camko City, is not an entirely gated development. To enable only residents to enter would not make commercial sense, as Ciputra later plan to construct shopping malls and other facilities that can be used by members of the general public. Each of the residential clusters is gated, giving access only to residents or authorised guests. Nonetheless, the imposing entrance archway adorned with prancing horses (Image 6.10) represents a symbolic barrier to less wealthy people. Security guards are present at the entrance archway, who can stop cars and motorbikes from entering. Indeed, a planner at Ciputra asserted that “sometimes the customers are asking about the security, and we are differing from other projects because we only have one gate, so everybody will pass the gate first before coming to your house” (interview 28, urban planner and architect, GPPIC).

In this section I have identified a number of differences between Camko City and GPPIC. However, they do exhibit certain commonalities. In a similar sense to Camko City, the development of GPPIC has proceeded through informal connections. As will be discussed in Chapter 7, the local company working with Ciputra is politically well connected. GPPIC is also produced through intra-Asian networks of capital and urban development concepts, and in Chapter 8 I will go on to discuss the networks through which GPPIC is produced. In contrast to South Korea, Indonesia does not have such dense connections with Cambodia, and GPPIC is more driven by the activities of the Ciputra company itself.

**Other forms of large-scale private urbanism**

Besides satellite cities, as of 2011 there were also 77 smaller urban development projects in peri-urban areas mainly built by local property
development companies (MPP, 2012). In Cambodia these new developments are referred to as \textit{borei}\textsuperscript{13}, which literally translated into English means ‘house’ or ‘village’, but has come to signify a gated community or other type of privately built housing estate (Royal Government of Cambodia, 2011b). Most of these projects are located in the peri-urban districts of Dangkor, Sensok and Russei Keo (MPP, 2012). Three different types of development are locally referred to as \textit{borei}: gated communities, shophouse developments, and land sub-division projects. Each of these will now be discussed.

The number of gated communities catering to more high-end buyers has increased rapidly. These projects are generally solely residential although some provide recreation facilities for residents, such as gyms, swimming pools and children’s play areas. The types of housing in these developments are mainly detached villas although some have smaller shophouses and apartments. The vast majority of these projects are developed by local Khmer Chinese companies. For example, Borei Vimean Phnom Penh is an 18-hectare project developed by the Ly Hour Group, founded by Okhna Ly Hour. The Ly Hour group began as small money changing business after the Khmer Rouge and has grown into the leading moneychanger in Cambodia. It collaborates closely with the government and is involved in international currency exchange transactions (pers. comm.). Given this success, the company has now begun investing in other businesses and venturing into land and real estate development. The price of properties in these developments is generally lower than in the satellite cities. For example, the Peng Hourt company has built four gated communities around Phnom Penh (Image 6.11) and prices start from around $90,000 for flats and $150,000 for larger villas. Most offer finance plans for buyers. These developments are affordable to most middle class urbanites and sales are reported to be brisk (CBRE, 2012). The cost of these properties is considerably less than the price of equivalent sized properties in the central city. Other examples of these gated communities include Happiness City and Sensok Town. However, these are not the first gated communities in the

\textsuperscript{13} This word is sometimes alternatively spelled ‘\textit{borey}’, as there are no formally adopted conventions for writing Khmer language in the Latin alphabet.
city. In the central city, particularly in the southern parts of Chamkarmon district, there are several gated communities catering to government officials and foreign diplomatic staff. These include Bassac Garden City, Jardins du Bassac, and Borei Chamkarmon.

The second type, shophouse developments, are large housing developments consisting of rows of three to five storey shophouses (Image 6.12). The rows of housing are almost identical, and consist of an open plan ground floor (used for parking or to operate a small shop/restaurant) below two or three storeys that are either used as offices or apartments. In Phnom Penh, these projects are located on greenfield land particularly around the airport and along major roads leading out of the city. The first projects of this type were built between 2006-8, and continue to be constructed to this day. These shophouses are priced in the region of $50,000, which is still unaffordable for the vast majority of Cambodians. These projects are not gated communities and are open for anyone to enter freely. Due to the sheer number of shophouses built and the lack of demand, many of these developments have been left empty. It is likely that people bought them for speculation, hoping to sell for a profit before the property slump after 2008. Thus they are inhabited by few people and are far from being vibrant communities. It seems that developers are unwilling to lower the price that would bring these properties into the reach of many of the city’s inhabitants (Sturrock & Hul, 2011). Examples of these projects include Borei Ataingmeas and Borei Lim Chheang Hak.

The third type of peri-urban urban development is known as the ‘land sub-division project’. The major distinction between this and the previous type is that generally in this case, buyers purchase plots of land and build the houses themselves. According to research by Tep (2008), the majority of land sub-division projects are located in Sensok and Russei Keo districts to the north of the city centre, and there are at least 40 in the city. They range in size from tens to hundreds of hectares: for example Boeung Snau, developed by Sokimex in Meanchey district, is 235 hectares. These projects are developed by companies or individuals who buy land from small-scale farmers or landowners, backfill or level land, build a grid of
roads and then divide the land into plots to sell. Properties are then constructed by buyers, or in some cases developers also build small properties on the land plots. One example is Kang Meng City in Meanchey district (Image 6.13). This project was developed by Siev Sophal, in collaboration with a Chinese investor, after whom the development is named. Siev originally worked as an accountant and later quit his job to become a property developer. After a number of small property deals he found an investor to put up the money for the Kang Meng City project. This development consists of subdividing the land into 4,000 plots of 600 square metres. These projects are in general the cheapest type of peri-urban housing development. In a survey of buyers in land sub-division projects, it was reported that approximately half were low level civil servants, while the other half were self-employed, of which 50% were mototaxi drivers (Tep, 2008). Approximately half of the residents reported household incomes of more than $110 per month and all of the residents were above the urban poverty line (Tep, 2008). Some companies offer finance plans for low income people, as the 7NG company has done with its three projects named Borei Santepheap (‘Peace City’).

6.2 Impacts on local communities

Large urban development projects such as satellite cities have a host of impacts on local communities. Some of these are clearly negative -- social segregation, displacement, access to public space and the relationship to local culture and climate. The huge discrepancies in income and lifestyle between the residents of the satellite cities and most of the local people will at best cause an acute cultural disjunction even as it provides employment opportunities in construction and passing trade. Although there were no forced evictions in preparing land for the construction of Camko City and GPPIC, projects of this size in a country as poor as Cambodia are part of a process of urban change that disadvantages the poor in urban and peri-urban areas, as has been shown in the not dissimilar case of Hanoi (Monthéard, 2010). There are few people living in the vicinity of GPPIC because it was previously a flooded area, and although Camko City is
located in a more populated area, it too is built on a former lake. The developers of Camko City purchased land from existing property owners in order to construct a new road through the project. A number of properties were demolished and residents were offered a non-negotiable price of $35 per square metre for land (interview 36, female, food seller). The development of other satellite cities by local companies, such as Koh Pich and Chrouy Changvar City, have resulted in the compulsory purchase of people’s land and houses with the assistance of the state. The processes by which this occurs will be discussed in the next chapter (Chapter 7).

The land on which peri-urban development occurs is generally agricultural or former agricultural land. Because of the proximity of Phnom Penh as a concentration of employment opportunities, few families living in peri-urban areas still rely solely on agriculture for their livelihood. It is often the case that people live in the city and thus own the land but no longer farm it, preferring to wait for somebody to buy it from them. Some poor people sell their land as a way to pay off debts or to fund healthcare costs, or just to make some money from land that they do not use (interview 6, researcher, local NGO).

Looking specifically at Camko City and GPPIC, the filling in of lakes and marshland to provide the land on which the projects were constructed has meant that local communities initially felt the impact in terms of increased flooding. As Map 6.2 shows, a large amount of land that would previously absorb rainwater has been backfilled for urban development. During interviews with local residents, a number of residents living in the vicinity of Camko City reported that as the lake was filled in, their properties flooded. In order to rectify this, they had to raise the level of their houses, during which time they could not operate their businesses. GPPIC have taken a more careful approach, by studying how to manage the water system. The company created several lakes, including one some 30 metres deep, to compensate for filling in other lakes and marshland (interview 28, urban planner and architect, GPPIC).

The majority of residents interviewed who are living and working near Camko City had incomes of between $5 and $10 per day. Most were
operating some sort of small business from the front of their house, such as selling cooked food, groceries or mobile phone accessories to the construction site and garment factory employees who work nearby. Some local people felt that Camko City was a private place and were intimidated by the presence of security guards. One respondent commented: “I used to drive motorbike and carry clothes from factory and I was stopped by security guard, they said ‘where you want to go? This place is not for public’” (interview 40, male, tailor). Another commented: “I’ve never been in Camko City area. I heard that security is so strict they don’t want other outsiders entry so that I don’t want go there I might be blamed by the security guard so feel ashamed if I enter there” (interview 38, male, mechanic). The developers of Camko City once reportedly blocked the access road to an apartment building where garment factory workers rent rooms, in contradiction to a previous agreement signed with the building’s owners (Pat, 2011). However, other locals actually appropriated the open space at Camko City to do their exercises in the early morning and evenings. The security guards permitted this practice on the condition that they didn’t try to enter the gated residential clusters. One lady commented that “I have chance to visit inside of the Camko City community freely and there are a big space for doing exercise” (interview 31, female, food seller). This is a similar situation to what Choplin and Frank (2010) found in their work on satellite cities in Africa.

A member of the urban planning team at MPP commented that the municipality wanted the satellite cities to be less exclusive. He suggested that this can be achieved by building housing which caters to different income groups or making contributions to nearby neighbourhoods, and including open space at 35% of the total area (interview 10, vice director, Office of Urbanisation, MPP). However, these recommendations are not mentioned in official MPP documents, nor are they legal requirements for developers. The type of housing provided is left entirely to the whims of property developers, and both Camko City and GPPIC contain only high-end housing, even though there is currently a limited demand for such properties.
Communities around Camko City have the option to connect to Camko City’s private power supply. The price is slightly higher than the public supplier but it is more reliable, and thus good for local businesses who suffer fewer power disruptions. One respondent commented that “most of us make sewing clothes and need 24 hours electricity for operating sewing machine so that we need more electricity supply even we have to pay a little high cost more than public. It cost is 1000 riels per KWh [0.25]. We cannot depend on only unstable public electricity connection” (interview 45, female, housewife). While this electricity network is not a universal, public service, it does represent a slight contrast to Graham and Marvin’s (2001) concept of ‘splintering urbanism’, which suggests that private infrastructures are only accessible by the wealthy.

Up to now there is no evidence of organised resistance by local communities against these satellite city developments in Cambodia. In contrast, there has been considerable opposition to similar projects in India. For example, in 2006 the Dankuni Township was to be built on 2,000 hectares of land near Kolkata. But despite the intentions of the government to acquire land, no land was acquired because both the state and local communities knew the effectiveness of previous community protests surrounding similar projects (Shatkin, 2011). The ruling party was worried that the displacement of the poor for these development projects may dissuade voters at the next election. In Vietnam too, large protests over the development of a satellite city called EcoPark on the outskirts of Hanoi made the international news (BBC News, 2012). A company was given a concession by the government to develop 500 hectares of land that is currently used by around 4000 farmers. Residents were offered a compensation package that many felt was inadequate. The government is working closely with the private sector, which has meant that compensation arrangements tend to favour the companies over the existing tenants (Sun & T V Kim, 2008). However, Kim (2011) has argued that compensation to those affected by urban development projects has increased in recent years. Cambodia has not witnessed such large-scale evictions as has been seen in Vietnam, China and India. The country is only a pseudo-democracy with
one party dominating the political scene. Protest is generally not tolerated
and given the history of the country there is perhaps a fear of the
government. The attention of the media and NGO community has focused
on a number of large forced evictions that are occurring in the central city.

6.3 Integration with the existing city

The relationship between satellite cities and the existing city is one of
dependence because the commercial, retail and cultural functions have been
slower to develop than the housing component. Although the 3D rendered
masterplans give the image of an expeditiously developed city rising from
the rice fields, the reality is that even these master-planned cities generally
need to evolve and develop gradually. Housing is needed to create a market
for the commercial activities, and vice versa. The so-called ‘ghost cities’ of
China, however, represent an exception to this (Day, 2012). An urban
planner at the MLMUPC acknowledged: “we have to make sure that the
connectivity of these large urban development projects has been studied,
and is in a sustainable way. You don’t want to create a new urban centre
and then kill the old centre… It should complement not compete” (interview
12, deputy director, MLMUPC). The commercial and residential space is to
cater to the high-end market. That market equates to only the top few
percent of the population and so is unlikely to affect the viability of the
existing city. However, this highlights the trend towards planning being
driven by elite priorities (Swyngedouw et al., 2002). Research on Jakarta has
shown that satellite cities are little more than dormitory towns because they
contain many fewer jobs than residents (Firman, 2009). This increase in
commuting thus increases traffic congestion and its related environmental
problems. In Phnom Penh, there is no public transport and as satellite cities
become more populous, traffic congestion will without doubt escalate.

At the urban scale, the construction of large privately built satellite
cities has a considerable impact on the morphology of the city and its
potential patterns of future growth. Referring to Ho Chi Minh City,
Douglass and Huang (2007, p. 3) suggest that satellite city projects act as a
‘reverse moat’. This is because they prevent lower income urban dwellers
from moving out of the central area, as the city is “steadily becoming a donut of mega-projects surrounding the existing city that will effectively occupy the city’s potential paths”. This situation is not as extreme in Phnom Penh at present. Nonetheless, large areas of land around Phnom Penh have been acquired by developers. These companies are waiting for more favourable market conditions to develop or sell the land, particularly as the outer boundaries of the city expand.

Below the city scale, however, the effect of peri-urban development being dominated by large private development projects such as satellite cities and gated communities is that public infrastructure development has not kept pace. A French urban planning team assisting the MPP undertook research and determined that the infrastructure of Tuol Sangkhe and Russei Keo sangkat near Camko City was designed for a population of approximately 30,000, yet at present there are estimated to be more than double that figure living in the area. Their recommendations were that the area requires at least two more health centres, two more primary schools, one more high school, and a greater amount of public space (Blancot et al., 2008). Additionally, the French team suggested that although private developers build wide and high-quality roads, they are within gated communities or satellite cities and so not usable by the public. In non-gated borei developments, there is usually only one road that connects to a main road, rather than being integrated with the wider urban environment (Map 6.3).

6.4 Demand for satellite cities

From the perspective of satellite city developers interviewed as part of this research, the reasons why people choose to live in satellite cities were similar to the factors mentioned in Chapter 2. These include better infrastructure and facilities than the existing city, higher levels of security, and cleaner more peaceful surroundings. In the first section of this chapter it was mentioned that the price of property in both Camko City and GPPIC is relatively expensive, with villas on the market for up to $1 million. It is thus only a viable option for all but the most wealthy of Cambodian society, in a
The country where the GDP per capita was $739 in 2009 (GTZ, 2009). The Korean developer of the (now cancelled) Star River Apartment complex, Posco E&C, stated that the development is targeted towards the wealthiest one per cent of Cambodians and Koreans working in Phnom Penh (Green, 2009). Land was bought at the peak of the land price boom, and this cost is thus passed on to property buyers. This section will discuss the demand for satellite city living in more detail. There are two categories of demand for property in satellite cities: firstly, whether buyers are local or foreign, and secondly, whether buyers are purchasing property for living, or buying speculatively as an investment to earn rental income.

The demand from local people can be broadly separated into two categories: political elites and the urban middle class. The first group consists of members of the ruling party within government, the police, or the military. These people have become wealthy through their business connections and access to insider information. My own interviews with developers suggested that high-level government officials were big customers of the large villas in Camko City and GPPIC. The second group, the urban middle class, is generally made up of Khmers of Chinese ancestry. They live in the city centre, particularly along main boulevards or near markets, and use their ground floor as a shop or business (interview 7, ex-director, UN-Habitat). Many of these businesses are engaged in importing and selling products such as construction materials, and have been able to use their diaspora connections to do business with ethnic Chinese in other Southeast Asian countries as well as in China. These businesses were set up as the economy liberalised in the late 1980s and now some have matured into profitable enterprises. However, while in the Indonesian case satellite cities are said to be in demand from the ethnic Chinese (Leisch, 2002), in Cambodia there is no evidence of segregation by ethnic Chinese Cambodians. I believe that this is because Cambodia is geographically nearer to China and thus has had a larger influence in terms of culture and migration for thousands of years. Indeed, the vast majority of Cambodians, especially those from the towns and cities, have some Chinese heritage. In Indonesia, a majority Muslim country, the Chinese are much more
discernible as an ethnic group. Many Cambodians also celebrate Chinese New Year and mix local Khmer Buddhist practices and ceremonies with traditional Chinese customs such as the burning of paper money and other luxury goods for ancestors on holidays and special occasions. For those who are salaried workers rather than owners of their own business, a wage of more than $380 per month would put them within the middle class bracket. This group accounted for 17% of the urban population in 2007, and that figure was estimated to have doubled by 2011 (Lodish, 2007).

This group of the population may in some cases be able to afford to live in satellite cities but they would need to retain their business premises in the city centre. One government urban policy expert believed that when wealthy middle class business owners want a larger property, they often cannot buy a detached house in central Phnom Penh because the price is too high. An equivalent sized property in a satellite city is less expensive. He also believed that the new services provided in the satellite cities make living out of the city centre attractive: “normally the wealthy family cannot move to the suburbs because [of] the level of public infrastructure and services…but the private company cover all of that” (interview 12, deputy director, MLMUPC). Changing cultures and traditions also drive the demand for new housing. In particular, the marketing of apartment complexes and satellite cities is being targeted towards a younger generation of educated and upwardly mobile Cambodians (Khimm, 2008). This parallels a change in the culture of two or three generations of a family cohabiting. It is now becoming increasingly common for younger married couples that were born after the Khmer Rouge to live independently from their parents.

In the first phase of Camko City, there are just over one thousand high-rise condominium units. Condominiums are a relatively new concept in Cambodia, and thus local people are not yet accustomed to live in them, both for both price and socio-cultural reasons. Out of the thousand units, only 100 remained unsold (as of January 2011), but the sales staff estimate that only 150 families or approximately 500 people are living at Camko City (interview 17, salesperson, Camko City). According to a local property
market expert, even if a Cambodian can afford a condominium in Camko City they would normally prefer to spend the money on a shophouse. Shophouses are built by local companies and initially consist of one or two stories and a mezzanine level, but have the possibility to have extra floors added if more space is needed (interview 4, country manager, international real estate agency). They are generally affordable for the majority (approximately $40,000 for a shop house) and usually come with 10 to 15 year payment plans.

Cultural factors are also an important determinant of demand. Architect and one time Minister of Town Planning Vann Molyvann stated that Cambodians are not used to high-rise living (Ly & Muan, 2001). He designed the Front du Bassac neighbourhood in the 1960s in a way that tried to replicate traditional living styles in a multistory context. Vann himself stated in an interview that “Cambodians don’t really know how to live in city buildings” (Ly & Muan, 2001, p. 11). The Khmer Rouge regime abolished private property, creating insecurity and resulting in people preferring to own land rather than a ‘space in the sky’ (interview 4, country manager, international real estate agency). One lady living near Camko City commented that “most of people living in the Camko City condos are Korean, rich Khmer prefer villas. I don’t like to live in the high building like Camko City condos. I think it might fall down some day, because they put soil into lake to construct high buildings. I don’t trust the construction, or who knows, in the future Phnom Penh might have earthquake” (interview 41, female, food seller). On the other hand, interviews with local property market actors suggested that there was considerable support for the idea that condominiums would someday become an accepted housing type. Vietnam in particular was cited as model for how Cambodia might develop: “Soon they [Cambodian people] will change their habit. [It’s] linked to Vietnam, as I remember in the last 15 years...they don’t like to stay in the condominium, but recently they are familiar...It’s the same trend” (interview 9, manager, local real estate agency).

As was just mentioned, despite Camko City being mostly sold there are few occupants. Similarly, at GPPIC, there are only 20 families living
there out of the 190 properties sold (July 2011) (interview 28, urban planner and architect, GPPIC). The property in these satellite cities, along with other new urban development projects, is priced at a level attainable to only a minority of the population, and the number of these properties likely exceeds the number of people who can afford to buy (interview 8, country manager, international real estate agency). It is therefore likely to be in oversupply, although as one government official pointed out, there is no official housing data to prove this (interview 12, deputy director, MLMUPC). In relation to Camko City and GPPIC, exact figures for the number of properties bought speculatively could not be obtained. However, a real estate agent working with Camko City commented that most Cambodians who had purchased condominiums were wealthy parents buying investment properties for their children (interview 4, country manager, international real estate agency). These local investors believed that many foreign business people would come to Cambodia, therefore creating a demand for the rental of high-class apartments. The manager of a Korean construction association believed that “they invest in that kind of property for rent. So if Cambodia’s economy goes well...they expect many foreign business people would come to Cambodia, this is the kind of accommodation they like” (interview 24, country director, Korea Global Construction Office). A former member of the marketing team at GPPIC commented that locals buy many of the houses as second homes (interview 23, marketing manager, GPPIC). This is not something that Ciputra view favourably or encourage, as they want the city to feel “alive” (interview 28, urban planner and architect, GPPIC).

As well as local demand, foreigners too have purchased property in satellite cities. Land and property is legally only permitted to be bought by locals. There are, however, a number of ways foreigners can buy property in Cambodia: either by obtaining a Cambodian passport, or by using a local business partner or spouse. The one exception to this is the purchase of units in multiple storey condominium developments, which since the foreign ownership law was passed in 2010 have been open to purchase by foreigners. In Camko City, approximately 30% of units were sold to
foreigners. The buyers are mainly South Korean, Singaporean and Taiwanese (interview 17, salesperson, Camko City). Koreans are attracted to Camko City because of the links with their country (interview 9, manager, local real estate agency). In GPPIC, approximately 10% of buyers are from overseas. The number of foreign buyers is less than Camko City because GPPIC at this stage consists only of landed houses. Therefore, foreigners can only buy with a local partner or if married to a Cambodian. A third category, somewhere in-between local and foreign, are overseas Cambodians. This group are Cambodians who fled the country during the 1970s and 1980s war period and settled predominately in the USA, France, and Australia. Because of the time spent overseas, traditional cultural sensibilities are less prominent, and thus this group may be more attracted to living in satellite cities. Overseas Cambodians from the USA and France bought properties in GPPIC (interview 1, sales consultant, GPPIC). In India, luxury peri-urban developments are marketed towards members of the Indian diaspora (Bose, 2008) and it has been reported that the major purchasers of high-class residential developments in the Philippines are Filipinos working overseas (Shatkin, 2008).

**Conclusions**

This chapter began by outlining the extent of large-scale private urban developments in Phnom Penh, paying particular attention to Camko City and GPPIC. These two foreign developed projects were the first satellite cities to be announced back in 2006, but since then a further four satellite cities are under construction by local companies. Besides satellite cities, there are many more smaller gated communities and housing projects on the outskirts of the city. The second section went on to analyse the impacts of these projects on local communities. Although the two case study projects did not involve evictions, some of the other urban development projects by local companies given land concessions by the government have involved compulsory resettlement. Primary research with local communities living around Camko City discovered that there are mixed impacts. While the development increased passing trade for businesses and created
employment in construction, since the development has stalled, there are no longer many jobs available. The major impact felt by local people was flooding, caused by a lake being filled in by the developers. The third part discussed the effects on the city. Residents commute into the city, increasing traffic congestion and its associated environmental problems. Public infrastructure in peri-urban areas has not kept pace with private developments: there is no public transport, and public facilities such as schools and hospitals are not developing in parallel with the increase in population. The fourth and final section critically considered the level of demand for these projects. The price is obviously higher than the majority of people in a country as poor as Cambodia can afford. Although there is a growing urban middle class and political and business elite, it appears that at present the demand has been mainly speculative. This is encouraged by a law recently passed that permits foreign ownership of property.

Having considered the extent of satellite city development in Phnom Penh, the next chapter will go further and critically analyse the planning process for satellite cities. On the one hand, the state has a role in planning for satellite cities through investment attraction and allowing land acquisitions. On the other hand, the next chapter also examines the challenges to urban planning in Cambodia, and the extent to which these potential weaknesses in public planning encourage large-scale private sector developments.
At first glance it may seem logical that large-scale private urban developments, such as satellite cities, are simply the result of a lack of state capacity in urban planning. This could be because of insufficient state finances, rapid and seemingly unmanageable urban development, and a legal framework that is not suitable for the type and scale of contemporary urbanisation. However, while this is certainly true in some respects, the state also has a central role in the production of private urbanism. As will be explained later, this role may include working closely with developers to enable them to acquire low cost land, promoting cities and countries as favourable destinations for foreign investors, and discursively rationalising satellite cities in terms of perceived benefits such as job and housing creation. In a comparative study of satellite city development in China and India, Chen et al. (2009) suggest that the state is actively enmeshed in the production of satellite cities.

For reasons that I will detail later in this chapter, the Cambodian state is rather dysfunctional, from top political elites right down to low level civil servants. In a review of Cambodia’s post-conflict economic development in the 2000s, Hughes and Un (2011) conclude that economic growth has not been part of a rational developmental policy, because there is very little separation between the CPP and the regulatory state, the latter having a rather insignificant influence. In many cases, the ways in which the state assists developers to obtain land occurs in an informal way, and in this chapter I relate the situation in Cambodia to Ananya Roy’s (Roy, 2009b) ideas about the ‘informal’ nature of planning. This parallels debates in

7. Satellite Cities (Un)planned
urban theory which question the role of the state in urban governance under intensifying neoliberalism. On the one hand, some suggest that neoliberalism has weakened states as they have become co-opted by the ‘peculiaristic demands’ of business (Springer, 2009b), while on the other hand, the state harnesses private capital in order to achieve development goals (Hall & Hubbard, 1998). By considering these two opposing statements, I discuss how neoliberal urbanism plays out in the Cambodian case.

This chapter considers the issue of how satellite cities are (un)planned. In using the idea of ‘(un)planning’ I take inspiration from Roy (2003), who refers to ‘unmapping’ as the system of informality through which the state maintains flexibility in altering land use and acquiring land. There is not a clear boundary between planned and/or unplanned, and here I examine the ways in which the process is coincident and contested. In doing so, the chapter critically analyses the role of the state in urban planning and the state’s contradictory relationship with private developers. The chapter is divided into two major sections. Firstly, the chapter considers the various ways that the state plays a role in the development of satellite cities. The second section considers the opposing assertion that satellite city development is in some ways affected by weaknesses of the state.

7.1 Role of the state

Investment attraction

Cambodia made the transition from a communist to a capitalist economy in the late 1980s. As part of this transition, the government created a new law on investment in 1994 that sought to encourage inward investment with the intention of developing the economy. This is in line with how governments worldwide are taking an increasingly proactive approach to attracting investment and assisting investors (Swyngedouw et al., 2002). The new law in Cambodia guaranteed that the country would remain a market-oriented economy and private land and industries would not be nationalised. Because of the years of war and upheaval, the state did not have the resources to develop every sector, thus private investment was
needed (interview 16, deputy director, Department of PR and Investment Promotion, CDC). Foreign investors have exactly the same rights as local companies, with the one exception of being unable to purchase land. The law specifies that companies can be fully foreign owned in almost all sectors of the economy, the corporate tax rate is low (20%), and profits can be freely repatriated (Royal Government of Cambodia, 1994).

In effect, the government creates a ‘state of exception’ (Ong, 2006) through ‘geobribes’ (Harvey, 1989), which produce a more favourable environment for global capital. In terms of economic openness in Southeast Asia, Cambodia is second only to Singapore. The Council for Development of Cambodia (CDC) was established in 1994 as the ‘one stop shop’ for investors wishing to operate in Cambodia. The CDC brings together different government ministries and departments in order to accelerate investment approvals. Investment projects over $2 million are required to obtain a licence from the CDC, but for those projects involving capital of less than $2 million, investors can deal directly with the provincial or municipal level government. For projects worth more than $50 million, which are normally road building or hydroelectric schemes, investors must go directly to the Council of Ministers.

In addition, the CDC works to promote Cambodia to potential investors overseas. Officials from the CDC – along with other government officials and business leaders – regularly travel abroad in an attempt to convince foreign investors to do business in Cambodia. Promotional trips are made most frequently to Korea, Japan and China. As well as money, foreign investment is viewed as a means of ‘technology transfer’, through which Cambodian companies can learn from their foreign counterparts: “the local business community also needs to learn, to get the technology transfer from the foreign investor” (interview 16, deputy director, Department of PR and Investment Promotion, CDC). This can help to “change the culture from agriculture to industry… When they have some industrial mindset, sometimes if they are smart enough they can start their own business” (interview 11, officer, CDC). But by giving investors the freedom to operate in all sectors, it is likely that local Cambodian companies
will lose business. Also, by freely repatriating profits, capital can exit Cambodia as easily as it entered. The government recognises this, but given that the Cambodian private sector was relatively undeveloped during the 1990s when the investment law was formulated, they felt it was the best way to develop the economy. A senior member of staff from the CDC felt that Cambodians should not be worried by foreign investors because only they know how to do business in Cambodia, who to trust, and have a native knowledge of the local culture (interview 16, deputy director, Department of PR and Investment Promotion, CDC).

Only a small number of construction investment projects register officially with the CDC. As Table 7.1 details, between one and five projects per year are recorded, because these figures only includes projects that are worth more than $2 million. Both Camko City and GPPIC applied for an investment licence from the CDC, which accounts for the large figure of over $2 billion in 2006. GPPIC and Camko City were granted incentives such as duty-free imports of construction materials and machinery. At Camko City, virtually everything from construction machinery to electrical appliances was imported from South Korea. Interior design products were initially imported from Indonesia for GPPIC, although construction materials are sourced locally or from Vietnam and Thailand to reduce transportation costs.
Table 7.1 Investment projects in the construction sector registered with the CDC

(Source: CDC data)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Projects</th>
<th>Registered Capital ($)</th>
<th>Fixed Assets ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>2</td>
<td>140,000</td>
<td>392,973,000</td>
</tr>
<tr>
<td>1995</td>
<td>1</td>
<td>80,000,000</td>
<td>80,000,000</td>
</tr>
<tr>
<td>1996</td>
<td>5</td>
<td>22,480,000</td>
<td>27,595,000</td>
</tr>
<tr>
<td>1997</td>
<td>1</td>
<td>1,000,000</td>
<td>870,000</td>
</tr>
<tr>
<td>1998</td>
<td>4</td>
<td>65,200,000</td>
<td>238,050,000</td>
</tr>
<tr>
<td>1999</td>
<td>1</td>
<td>13,912,472</td>
<td>13,912,472</td>
</tr>
<tr>
<td>2000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2001</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2002-3</td>
<td>1</td>
<td>-</td>
<td>6,973,198</td>
</tr>
<tr>
<td>2004</td>
<td>1</td>
<td>12,300,000</td>
<td>28,942,600</td>
</tr>
<tr>
<td>2005</td>
<td>1</td>
<td>1,000,000</td>
<td>14,020,100</td>
</tr>
<tr>
<td>2006</td>
<td>3</td>
<td>32,000,000</td>
<td>48,385,697</td>
</tr>
<tr>
<td>2007</td>
<td>3</td>
<td>4,000,000</td>
<td>2,079,576,936</td>
</tr>
<tr>
<td>2007</td>
<td>1</td>
<td>3,500,000</td>
<td>20,728,510</td>
</tr>
<tr>
<td>2008</td>
<td>1</td>
<td>1,000,000</td>
<td>98,175,171</td>
</tr>
</tbody>
</table>

Luring mobile capital also occurs at the municipal level. An earlier draft Masterplan of Phnom Penh\(^{14}\) from 2007, written by the Municipality in collaboration with a team of French urban planners stated that:

“The rapid development of East Asia creates new concentrations of wealth that can be mobilized for the implementation of major urban development projects, major infrastructure or the establishment of management structures of large scale spaces. Phnom Penh needs to find ways to attract these funds to implement the projects most useful to its development without being guided by the whims of local and foreign investors and the uncertainties of circumstances” (Bureau des Affaires Urbaines, 2007).

According to an official at the MPP, the masterplan is a tool to attract and control investment because it establishes a map of potential sites for development by investors (interview 10, vice director, Office of Urbanisation, MPP). The masterplanning process will be critically discussed in more detail in the next section. In Shanghai, the government used two strategies to attract FDI to Lujiazui Free Trade Zone. Commentators used

\(^{14}\) This version has now been taken from the website. I downloaded it in 2007.
the terms ‘building nests to attract birds’ and ‘alluring birds to build nests’ to describe these strategies. The first of these is where state development corporations build the infrastructure and office facilities to attract investors, whereas the second alludes to the situation where state development corporations transfer the rights to use large pieces of land to investors and let them develop the land (J P Wu & Barnes, 2008). It is the second strategy that has been used in the context of satellite city development in Phnom Penh.

**Facilitating large land acquisitions**

In order to build a satellite city, large areas of greenfield peri-urban land must be acquired. In the Cambodian case this can occur in two ways. Firstly, developers can purchase land in the normal way through an exchange transaction with a seller. Secondly, they can be granted state land for development through a concession from the government. As was mentioned earlier in this chapter, the land for Camko City was purchased from a Cambodian who had prepared the land, and GPPIC is being built on land that was acquired and prepared by Ciputra’s local partner, YLP Group. Because these land deals happened almost a decade ago, information is difficult to find and developers were unwilling to divulge such potentially sensitive material. As the later parts of this chapter discuss, the lack of transparency of these deals represents one of the major challenges to effective urban planning.

In the case of more recently developed satellite cities, more information can be gathered. Land has been granted as a concession to particular local companies for large urban development projects. For example, the government granted OCIC the right to develop Koh Pich, a 100-hectare island in the Bassac River and a 387-hectare piece of land in Chruoy Changvar, to the north east of the city. In 2011, LYP Group was granted the entitlement to develop LYP Garden City on 1,300 hectares of land in Russei Keo district of Phnom Penh and Mok Kampoul district of Kandal province (Kuch, 2011). The way in which this is implemented is not normally influenced by any planning policy as will be discussed in the next section. Land is granted to these companies at very low prices because the government believes that the country will benefit in other ways. Indirectly,
the new developments benefit Cambodia through contributing to economic growth because they may attract foreign companies and create jobs. The increase in corporation tax revenue from the development companies, as well as new property taxes created from occupants, can be used by the state to fund other services.

The national government attaches several stipulations to land concessions. These stipulations normally specify that developers should build urban infrastructure such as flyovers, roads, and bridges. This is a way for the infrastructure of the city to be improved despite the insufficient public budget. In return for the lease to develop Koh Pich, developer OCIC built the ‘7 January’ flyover on Russian Boulevard and new bridge and flyover at Kbal Thnol in the south of the city (Cambodia New Vision, 2012). In order to obtain the right to develop the Chruoy Changvar satellite city, OCIC are required to build the Stung Meanchey flyover and tunnel, and a bridge across the Tonle Sap river at an estimated total cost of $45 million. This equates to approximately $11 per square metre of land acquired, compared to a market price of several hundred dollars. The LYP Group built Preak Pnov bridge and a 7.3 kilometre road, which together form part of the planned outer Phnom Penh ring road. The road and bridge are operated as a ‘Build Operate Transfer’ agreement, whereby the LYP Group funds the construction of the road and bridge, and operates it for a certain period of time (whilst profiting from the tolls collected) before transferring it back to the government. At the inauguration of the ‘7 January’ flyover, the Prime Minister compared this financing arrangement, whereby developers money is used to finance Phnom Penh’s infrastructure projects, to the traditional Cambodian way of ‘packing palm sugar with palm leaves’ (Cambodia New Vision, 2012). Through this analogy the Prime Minister is alluding to the palm sugar being the city, supported by the palm leaf, which represents the infrastructures funded by developers. In contrast, satellite city developers in Indonesia have built roads without being forced to by the government, as they want to increase the accessibility of their projects (Winarso, 1999). In Manila too, large land development companies have funded highway and
light rail projects in order to increase accessibility in land that they own and wish to develop (Shatkin, 2008).

For state land to be granted to a developer, the status of the land must be changed to state-private property. State-public land can be transformed to state-private land by the government through a Sub-Decree. According to Cambodian law, the requesting government body should file an application for land classification transfer with the State Land Management Committee. The committee then reviews the application and makes the proposal public so that comments can be submitted. After public consultation the committee drafts the Sub-Decree and submits it to the Council of Ministers for ratification (Royal Government of Cambodia, 2005). When the reclassification of land has been authorised, this state private land can then be leased to a private company. Leases can last for terms of up to 99 years, which is more or less equivalent to private ownership. If the private company builds housing and sells to private buyers, parts of the land become private property (Thiel, 2010b). Through this process, the status of land ultimately is transformed from state land to private land (see Figure 7.1). As I will discuss later in this chapter, the arrangements for land concessions are often not decided in a publicly accountable manner, and the types of companies who are awarded state land for development are often in some way connected to high-ranking politicians.
Figure 7.1 From public to private property
(Source: adapted from Thiel, 2010b)

The situation in Cambodia from 2005-2006 onwards shares some similarities with the process of urban development in Indonesia during the 1990s. In Indonesia, extensive areas of land on the fringe of large cities have been granted to private developers for the development of residential and commercial projects (Firman, 2000). In order to acquire land, developers are required to obtain a land development permit (ijin lokasi). Once a permit is issued, existing landowners and farmers are forced to sell their land to that developer at a fixed price. As a result of the land permit system, land on the fringe of Jakarta was largely controlled by private developers by the mid-1990s. Between 1993 and 1998, 72,000 hectares of land were issued to developers, which is enough to house 8.5 million people if a density of 200 people per hectare is assumed (Firman, 2000). Obviously, this supply of land is much more than the market demands. Although land development permits are supposed to discourage speculation by being renewed annually if at least 25% of the land has been developed, they have been widely abused for speculative land trading (Firman, 2000).
Through this process the state works closely with the private sector to provide businesses with land to develop. But is the government acting in the public interest? The Cambodian government argues that these new projects will attract investment, create jobs and provide housing, as I will elaborate upon in the next section. Nonetheless, it is rare that a tract of land given to a developer is not used, owned, or inhabited by someone. Those people who live on, own, or farm the land have to be relocated. As has happened in Indonesia and Vietnam, local people are relatively powerless against the development corporations. There is a weak civil society because of government repression and surveillance at the village level, and citizens are more passive and less trusting of others because of the memory of the Khmer Rouge (Kerbo, 2011). According to the director of an NGO working with urban poor communities, whereas during the 1990s the government was more sensitive to people’s concerns, the views of civil society are no longer as respected:

“Before the government had a plan, not just partnership between the government and the private sector, but everyone was a partner – like government, private sector, civil society, UN. They used to work together to develop the country. After this they changed the direction and the government began to work with the private sector as partner” (interview 5, director, local NGO).

For example, the land for the Chrouy Changvar City of the Future project was actually sold in 1994/5 by Prince Ranariddh, the former leader of FUNCINPEC, when they were part of the coalition government. Although close to the city centre, the land remained undeveloped because the bridge across the river was destroyed for much of the 1970s to 1990s. Although the land was sold, people continued to live on or cultivate the land, and this is technically illegal and thus they required relocating. In return, they have been offered a compensation package by the government of 500,000 riels (approximately $125) per month for a period of two years, or ownership of a shop unit in a nearby market (Cambodia New Vision,
From speaking with government officers, there is a general acceptance that in order to develop the national economy, some people have to move to make way for development (interview 22, director, Office of Urbanisation, MPP). The bigger picture of economic growth or wealth generation is valued more highly than certain individuals’ right to live where they desire. The former director of UN-HABITAT asserted that “the government does not care about the micro, only how to attract investors. They look at the bigger picture. So they see that this project will create how many jobs. Like Koh Pich was just farmland, now there is an exhibition centre, so a lot of jobs and economic activity” (interview 7, ex-director, UN-Habitat).

**Rationalising satellite city development**

When Camko City was first announced it was one of the biggest single foreign investments in Cambodia’s history. Given the size and high-profile nature of satellite city projects, they gain considerable government support. Developers often have private meetings with high-level politicians during the planning stage, and senior government figures regularly attend the groundbreaking and opening ceremonies of these projects. The construction and real estate sector is one of the government’s four economic priority areas – it represents around 13% of GDP (Ear, 2008). Taken together, the construction and real estate sectors contributed $886 million value added to the economy in 2006 (Guimbert, 2010). This was confirmed by a department director from the CDC who stated: “It can create a lot of jobs. This is the thing, that local people can benefit from the real estate, they can use their labour” (interview 16, deputy director, Department of PR and Investment Promotion, CDC). An urban planner at the MLMUPC also argued that despite many projects being aimed at the high-end market, “it is still good for Cambodia because that project provides a larger number of employment” (interview 12, deputy director, MLMUPC). Although the incentives given to the private sector cause the government to lose revenue via taxation, the wider benefits through new employment generation are that the “culture can be changed from agriculture to industry. And when
they have some industrial mindset, sometimes if they are smart enough they can start their own business” (interview 11, officer, CDC).

In 2008 – at the peak of the real estate boom – it was estimated that the construction sector employed 45-55,000 workers (Soeun, 2008). This equates to around 3% of total employment (Guimbert, 2010). However, as the financial crisis mounted it was estimated that at least one third of these jobs disappeared (Slocomb, 2010). The Prime Minister has lauded the construction industry for its job creation potential: “This sector makes a significant contribution to poverty reduction by employing a large amount of people either as technicians, personnel, skilled and unskilled workers in construction sites across the country” (Cambodia New Vision, 2008). In 2011, pay levels varied from around $4 per day for unskilled labouring work, to $150-$400 per month for skilled and technical workers, rising higher for some specialist engineers and architects. The unskilled jobs are generally casual and paid on a daily or weekly basis. This suits the workers who migrate from the countryside and return to their villages to assist with the main rice harvest in December. Money that construction workers remit to their families in rural areas is one way in which the rate of rural poverty can be reduced. The concentration of construction workers, who often build their own housing on-site, creates further demand for services. At the entrance of construction sites, temporary markets are built selling food, clothes and other goods to the workers.

A second way in which the development of satellite cities is justified is through potential creation of housing stock. The Governor of Phnom Penh, Kep Chuktema, said of the Chrouy Changvar City project: “Our city has about 10,000 new families moving here every year, so it’s a very good housing project investment” (Soeun, 2011b). An advisor to the MPP also stated that there is a need to “reduce the number of people who come to live in the [central] city” (interview 2, UNDP advisor, MPP). However, as was discussed in the previous chapter, the housing in satellite cities is out of reach for the vast majority of Cambodians due to the prohibitively high cost. It was admitted by the MPP advisor that “the satellite cities that they build are for high class people. But the first objective is to reduce crowding in the
central city” (interview 2, UNDP advisor, MPP). Another scenario is that wealthier people will move to new satellite cities thereby creating an availability of housing for lower income groups. That is relying on the fact that those moving sell or rent their old house, which may not always be the case.

There remains no housing policy in Cambodia that plans for low-income housing provision. The government does not have the funds to subsidise housing production for low-income people. The National Housing Policy has been circulated as various drafts since 2004 although it has not yet been formalised (General Secretariat of Council for Land Policy, 2010). The policy proposes a number of alternative strategies to increase the production of low-cost housing for the poor, including government built housing for sale or rent and better cooperation with development partners and NGOs. The policy also suggested that the government could work with the private sector to construct housing developments where part of the building was sold at market rates while a proportion of the housing was sold at affordable prices. In China, the state still has a role in subsidising housing, and has implemented a system inspired by Singapore’s (Stephens, 2010). The state also maintains social housing for the very poor, although much of the public rental housing stock has been privatised during the 1980s and 1990s and rural migrant workers do not enjoy the same privileges as the permanent urban population. Recently, the state has begun to put priority on social housing, and is planning to build 36 million subsidised apartments as a way to support low-income workers and boost economic growth (Areddy & B Davis, 2011).

Satellite cities are also rationalised through the discourse that they will somehow improve the image of Phnom Penh. In the opening speech of a construction industry exhibition I attended, the Minister of Urban Planning, Land Management and Construction stated that “projects such as Camko City project, Grand Phnom Penh project, etc., shall boost the status of Phnom Penh Capital City into another advanced status” (Im, 2010). This process of image boosting is a central strategy of neoliberal urbanism, where cities are rebranded and repackaged in order to attract fickle mobile
investment (Harvey, 1989). Flyovers (elevated roads) have also been much praised by the local and national government in Cambodia, because of their perceived ‘modern’ image. At the opening of Cambodia’s first flyover, the Prime Minister commented that projects such as flyovers and tall buildings are a way to confer international status on the country so that it can become a ‘small dragon in Asia’ (Cambodia New Vision, 2010 in Paling, forthcoming). Flyovers are used as way to forge the global aspirations of cities by emphasising predictability and efficiency (Harris, 2011). The website of the MPP even proudly displays a 3D rendering of the Russian Boulevard flyover at the top of the homepage (http://www.phnompenh.gov.kh, last viewed 29/06/12).

### 7.2 Challenges to urban planning

Comprehensive urban planning is affected by a number of factors that widen the disjuncture between market-led urban development and the institutional and administrative capacity of the state. These include the absence of an adequate budget for urban development and planning, a shortage of suitable education and thus local expertise, the lack of laws directing urban development, and laws and policies not being implemented. More broadly, the weakness of the Cambodian state can be attributed to a number of reasons, as Hughes and Un (2011) recount. The awkward truce between the CPP and FUNCINPEC during the 1990s meant that government ministries were filled with supporters in a way that did not lead to an efficient administration. There is therefore very little separation between the state and the CPP (Kerbo, 2011). The weak rule of law resulted in the institutionalisation of corruption, only exacerbated by the short-term mentality of bureaucrats who wanted to hoard as much money as possible while they could, in case the country slipped back into conflict again. In addition, most educated elites were killed or fled during the 1970s, and nowadays many students going to study overseas find better prospects abroad, contributing to a brain drain.
Financial constraints

In most countries the state funds roads and other public infrastructure. However, in Cambodia, the state does not have sufficient budget to finance these projects. As a result, most urban infrastructure projects are funded through foreign donor grants and loans. For example, many of the national roads have been financed through Chinese loans, and in Phnom Penh, the drainage and sewer system is being rehabilitated through a grant from JICA. In terms of urban research and policy formulation, the majority has been foreign funded. For example, the ADB recently completed an urban sector ‘assessment, strategy, roadmap’ document and the research leading up to the drafting of the Phnom Penh masterplan was funded by France (Ministry of Foreign Affairs and Paris City Hall). However, this research is rarely translated into the Khmer language for the majority of people to understand. The extent to which this research influences urban policy is highly questionable.

The budget of the MPP is controlled by national level ministries, and is therefore not autonomous. The Ministry of Interior approves the budget and the National Assembly must ratify it (Crosbie, 2004). Money raised locally by the MPP is transferred to an account at the Ministry of Economy and Finance, and the MPP later applies to the Ministry of Economy and Finance (MEF) when there are projects to fund. In 2003 the local revenue was $7.7 million, raised through six local taxes (alcohol sales, patents, vehicle registrations, slaughterhouses, vacant land, and vehicles) (Crosbie, 2004). A more recent urban sector report by the ABD struggled to find reliable data on municipal finances (ADB, 2010). The ADB reported that the most recent data suggests that the budget of the MPP equates to around $40 per capita per year, which has risen from only $2-4 per capita per year in 2000. There is no financing system for municipalities apart from central government grants (ADB, 2010). The funding system is also further complicated by the fact that municipal departments are accountable to their respective national level ministries (e.g. the MPP Department of Public Works is accountable to the Ministry of Public Works). The organization is therefore not well coordinated horizontally, which affects the delivery of inter-sectoral projects.
The low budget of the MPP means that civil servants in the MPP are paid extremely low salaries. In 2001, the maximum salary for a civil servant at the MPP was 165,000 riels ($41) per month while the minimum was a mere $7.50 per month (Etienne, 2005), although it is now $100-400 per month (pers. comm.). This salary is obviously insufficient to live in Phnom Penh. Thus almost all civil servants take time out to engage in other employment or do business of their own. For example, one member of staff interviewed at the MPP had a part-time job as an architecture lecturer. Some are also left to supplement their incomes through petty corruption and imposing unofficial charges for government services.

The lack of money available can be partially explained by the fact that the national priority is rural development. This is because Cambodia is still a predominately agricultural economy where approximately 80% of people reside in rural areas. Phnom Penh is the wealthiest area of the country and has significantly lower levels of poverty than rural areas. The poverty rate in Phnom Penh is 15%, compared to 36% nationwide (2001) (ADB, 2010). The child mortality rate in Cambodia is 140\textsuperscript{15}, by far the highest in the region, given the poor access to healthcare facilities in rural areas (Ear, 2007). In addition, the majority of foreign investment is concentrated in and around the city. It therefore receives less funding from the national government and fewer aid loans and aid projects. One former urban NGO director commented that:

“I worked very hard but no one paid much attention to urban development issues… Urban is not the real agenda here. Many development partners, they don’t want to do this work. They just see that 80% of people live in rural areas, but every day people move to the city. Many people do not understand the phenomena, and those who do are out of the system” (interview 7, ex-director, UN-Habitat).

A related reason is that because of Cambodia’s history of war and genocide, the government has been weakened and is unable to collect sufficient

\textsuperscript{15} Meaning 140 out of 1000 children born are likely to die before reaching five years of age.
revenue. During the conflict period, limited government funds were directed away from typical government functions and towards the military. Even in the present time, few people or companies pay the correct tax on their income or profits. Embezzlement of public funds is a serious problem (Hughes & Un, 2011). Cambodia is generally dubbed an ‘aid dependent’ country (Ear, 2007). In 2001, between 65% and 90% of the total public spending in the health, agriculture, transport and rural development sectors was accounted for by overseas development aid (World Bank, 2004).

The ability of the MPP to generate revenue is limited, but it is beginning to change with the introduction of a property tax. The notion of introducing this tax in Phnom Penh was first floated in 2009, and the tax a property owner pays per year is equivalent to 0.1% of the property’s value. The tax is applicable in eight districts of Phnom Penh as well as 26 other towns, and does not apply to agricultural land or properties valued at less than 100 million riels (approximately US$25,000) (Phnom Penh Post, 2011d). Properties are due to be registered by September 2011 with the first tax being collected in 2012. It has been predicted that the tax will bring in revenues of up to US$12 million in the first year for the MPP. In addition to the revenue created, the government intends this to be an exercise in the creation of a ‘tax culture’ that would facilitate the collection of more tax revenue in the future. The property tax is a progressive step since it avoids discriminating against the poor. Nonetheless, questions remain around the extent to which market prices can be determined at a time when values have been flat for a number of years, and the fact that possessors of land without legal land titles are not exempted even though they may be subject to land-grabbing (Finch, 2011). The property tax is in addition to the property transaction tax which brought in US$20 million to the Municipality of Phnom Penh in 2010 (Phnom Penh Post, 2011c).

The budget of the MPP is used to pay staff costs and provide basic services, as well as city beautification in order to attract investment. The mayor stated that there is a need to have a larger budget for projects because of the “need to compete with other cities in Asia” (Phnom Penh Post, 2011c). This is part of a global trend originally identified by David
Harvey (1989), who theorised the effects of neoliberalism on the city by illustrating how cities had moved from a ‘managerial’ to an ‘entrepreneurial’ mode of urban governance. He argued that in the period of advanced capitalism, urban governments began collaborating with a broader coalition of actors in order to advance the economic position of the city, especially through reimagining and place marketing to lure wealthy investors, residents and tourists. Although the concept was developed with European and North American cities in mind, it also holds considerable sway in Asia (Jessop & Sum, 2000; Pow, 2002).

As mentioned earlier, large infrastructure projects have been funded by the private sector in return for obtaining land concessions. For smaller projects, such as road resurfacing, the MPP still does not have sufficient budget to do these works solely with state funds. Residents and businesses located along the street fund half the cost of the project, while the MPP collaborates with residents and funds the remaining half. Zhu (2010) found a similar situation in Jakarta, where limited government revenues have been spent on so-called beautification schemes, the development of certain key areas in the central business district, and new highways.

**Urban planning education and human resources**

While the shortage of public money is critical, the lack of planning skills and education is an equally serious issue. There are few institutions teaching urban planning, and even when it is taught, the subject tends to be adjoined to courses specialising in architecture or engineering. There are no programs that focus specifically on urban planning at Cambodia’s universities (interview 21, architect and lecturer, Royal University of Fine Arts (RUFA)). However, at the government-run RUFA, urban planning is taught in certain modules that form part of a degree in architecture. The same can be said for private universities, such as Lim Kok Wing University and Norton University. A number of Cambodians travel overseas for their studies. In particular, there are several funding programs available to study in Japan and France. There are various staff within the MPP and MLMUPC whom have studied abroad in the UK, USA, and France. Some had completed doctoral programs and other Masters degrees in urban
planning. Several other people interviewed over the course of this project had studied at the Asian Institute of Technology in Bangkok, which teaches urban planning at postgraduate level.

The Khmer Rouge decimated the country’s education system and destroyed universities. Many of the most educated citizens were killed or fled the country. Vann Molyvann has tried to encourage engineering and architecture professionals who moved overseas to return Cambodia and pass their skills on to the next generation of students (Khouth, 2009). From my own experience of speaking with qualified students, even those who have advanced qualifications rarely want to work with the government. This can occur for several reasons. Firstly, because salaries are much lower than their expectations, and secondly, because they do not support the actions of the current political party in power and do not want to become absorbed within the system of patronage and corruption. These people tend to work in the NGO sector where salaries are higher because they are funded from international institutions or donor countries. Some have argued that the NGO sector has in fact distorted the Cambodian economy by attracting many highly qualified people and thus denying the private sector and the government (Godfrey et al., 2002). The private sector is a growing alternative for qualified workers, but salaries generally remain lower than in the NGO sector.

The lack of trained staff means that during the process of construction, checks on construction sites are not done adequately. One interviewee, for instance, commented that:

“during the construction no one comes to control it, if it according to the plan or something like that. There are few architects, few engineers in the district office or cadastral office. So you can imagine one district very big with hundreds of construction sites. So they have around 30 staff, but among them, only a few of them are technical people. They don’t understand the problems and we have few resources” (interview 7, ex-director, UN-Habitat).
At the level of urban planning, there are too few people with experience and qualifications. For example, one respondent commented on the masterplanning process:

“I think it needs more serious study and analysis... It costs a lot of money to do proper analysis. You can see in Singapore and Thailand the urban planning teams are very big. But here you go to the urban planning office there’s just a few French, a few Khmer... We don’t have the resource. So if the real estate want some place they just go by themselves” (interview 7, ex-director, UN-Habitat).

This leads to a situation where private actors are the ones that have the necessary skills, as well as capital, for urban development. The same interviewee cited above directly correlated the lack of expertise and funding in urban development issues to the extent of large-scale private urban development on Phnom Penh’s urban fringe. He argued that “mostly growth occurred because the government did not have the ability to control this kind of thing... So the urban development are influenced by the private sector. They just develop where they can find a site” (interview 7, ex-director, UN-Habitat). This view was corroborated by the manager of foreign property company which had purchased several pieces of land in Phnom Penh. He stated that “it feels as if we are leading the government, not the other way around” (interview 26, country manager, property development company). According to one respondent, the futuristic three-dimensional renderings of projects such as Camko City amaze government officials, and they are accepted without adequate consideration of the impacts (interview 22, director, Office of Urbanisation, MPP).

**Lack of suitable legal and policy framework**

Earlier in the thesis (see Chapter 5), it was mentioned that the most significant piece of legislation governing urban development is the Sub-Decree No. 86 on construction permits (Royal Government of Cambodia, 1997). However, according to an MPP officer, this law is outdated and not suitable for large projects (interview 10, vice director, Office of
Urbanisation, MPP). Another respondent, a real estate legal advisor, perceived the laws and regulations relating to urban development to be particularly “flexible”, able to be interpreted in different ways for different purposes (interview 13, deputy managing director, legal firm). When the Sub-Decree was written, it was before the real estate boom period and thus there were no large urban development projects in the city. Since it was ratified, the type and pace of urbanisation has changed tremendously. As a result, a number of recently built large developments, for example Canadia Tower and Vattanac Tower, voluntarily follow American building standards in order to give a sense of security to potential clients.

One respondent was concerned that the impacts of satellite cities on surrounding areas was going unmanaged because of the lack of legal framework. They commented that “so far there is no regulation for satellite city construction, for housing development that requires developers to make sure that they build the necessary infrastructure and make sure that there are no water problems” (interview 3, freelance urban planning consultant).

The French team assisting the MPP proposed that for the Sub-Decree to be effective in regulating current urban development, further policies must be created. They suggested that these should include development plans that define where private transactions can take place, in order to ensure that that the city can benefit from projects to improve the urban structure (Blancot et al., 2008).

Nonetheless, the legal framework is beginning to catch up. Sub-Decree Number 39 on the organization and management of borei (gated communities and housing complexes) was approved in 2011. The goal of the Sub-Decree is to determine the organization and management of borei as well as to establish principles, mechanisms and procedures for the registration of land lots, residential lots, and other construction lands located within the premises of borei. The law is particularly designed to give a framework for the division of land parcels and property rights within a borei. The Sub-Decree differentiates a borei from traditional housing or apartment developments by affirming that the public spaces of a borei such as entrance and exit roads are to classified as ‘individual properties of the co-owners’. 
This is in contrast to traditional housing or apartment developments which public spaces are ‘state public’ property (BNG Legal, 2011). Representatives from borei development companies were invited to a meeting at the MPP to inform them about the requirements of the new law. As a result, Camko City began creating official land titles for property owners (interview 29, manager, Camko City). The MPP pays occasional visits to borei developments in order to check their compliance with the new law, which involves checking the water supply, access routes and wastewater treatment facilities (MPP, 2011b).

Sub-Decree Number 39
on the Organisation and Management of Borei
(dated 10 March 2011)

Objectives:
(i) To protect the lawful ownership rights of the lot owners and other lot owners having residential construction and other constructions, and the owner of the private part of the co-owned building located within the borei premises;
(ii) To facilitate the management works of borei and the management of lots, residential lot and other construction lands within the borei premises;
(iii) Facilitate the owners of residences/houses and other constructions located within the borei premises in sale, exchange, donation, sanction, perpetual lease, creation of mortgage of his/her ownership in accordance with the law;
(iv) To preserve all public spaces and to maintain the beauty of and social order within borei’s compound, and;
(v) To enable and facilitate investors in the construction of borei for sale or rent within the Kingdom of Cambodia.

(Source: DFDL Mekong, 2011)

At the scale of Phnom Penh urban area, there currently exists no legally binding plan or policy for the future development of the city. As was mentioned in Chapter 5, a ‘strategic orientation’ masterplan for Phnom Penh has been under development with French assistance for approximately a decade. Yet the masterplan remains unapproved at the highest level, the Council of Ministers\(^{16}\). During this time, much has changed in Phnom Penh.

\(^{16}\) I obtained maps and other parts of the masterplan from the MPP and in various reports and presentations, but the full up-to-date version is not published.
Most significantly, with the increasing value of land and the boom in property development a large amount of peri-urban land has been acquired by developers and investors from small-scale farmers and landowners.

When land is almost entirely controlled by private companies and individuals, the role of the government becomes limited. One interviewee argued that inadequate urban planning was not directly caused by a weakness in governance by state. Rather it is because “the land in Phnom Penh does not belong to the government. If the government has land then they can plan or sell it to investors based on the masterplan. But here, the government does not have control” (interview 2, UNDP advisor, MPP). The government in Cambodia does not have a ‘land bank’ system, as some other countries do (Thiel, 2010a), and given the limited budget of the government they do not have enough money to acquire land. When private companies and individuals own large plots of land, it is difficult to build new public infrastructure such as roads.

In a rapidly developing city such as Phnom Penh, there is a possibility to make huge profits through converting land from rural to urban use. Thus, speculation based upon the masterplan has become a problem. It has been reported that some individuals with insider information on the masterplan due to their high positions in the government are those whom are driving speculation in areas designated as having potential for future development (CDRI, 2007b). Companies have also purchased land in areas of future development potential. For example, in anticipation of better connections across the Mekong river, local company 7NG have bought large areas of land in the Aray Krasat area in order to profit from the huge jump in land value should that land gain better transport connections and become part of Phnom Penh (interview 10, vice director, Office of Urbanisation, MPP). Land for sale can be marketed as being in a favourable location based on the masterplan. For example, the following text was taken from an advertisement from CBRE:

“Moha Borei is a strategic satellite development opportunity.

An important part of the Phnom Penh 2020 Master Plan, this 149-hectare plot is uniquely positioned to benefit from new
bridge and road projects that will integrate Chruoy Changvar into the city. With direct access to National Road 6 and the Mekong and Tonle Sap rivers, the site stands to play a vital role in Phnom Penh’s future.”

The quote above illustrates how companies are using the masterplan as a way to find potential land to develop, but is the development of satellite cities specifically mentioned in the masterplan? According to an officer at the MPP, the overall vision for Phnom Penh is that the city should go from a monocentric to polycentric urban structure. There is a desire to spread development from the city centre to the suburbs (interview 10, vice director, Office of Urbanisation, MPP). The Phnom Penh masterplan identifies what are referred to as ‘secondary centres’ (Map 7.1). There are five of these, including industrial areas surrounding the planned new railway station in the west of the city (Samraong), leisure zones along the river, and a development pole around Ta Khmau in the south. However, although these ‘secondary centres’ allude to development being spread out to the suburbs, they are not exactly ‘satellite cities’ of the kind which are now being built. Satellite cities appear regularly in MPP promotional material for conferences and exhibitions. One such government presentation refers to the satellite cities as ‘secondary centres’ (Map 7.2).

One respondent who was working in the real estate industry bluntly argued that in reality developers ask the government for a suitable site for their project, and those sites are then included retrospectively in the strategic masterplan when construction permission has already been granted: “I don’t think we can really say that there is a strategic plan in the true sense of the word. It’s as strategic as first come first served” (interview 4, country manager, international real estate agency). Various government departments have worked with GPPIC during their planning stage. The MLMUPC commented on the original plans, but an architect and planner from Ciputra remarked that “the MPP, I think they didn’t have any questions, as long as we follow their regulations. There we no significant comments at that time, so we just go ahead with it” (interview 28, urban
planner and architect, GPPIC). In June 2011 a development plan for northern Phnom Penh was approved, which specified road, drainage and public infrastructure in the area near to Camko City and GPPIC, although this is a reactive measure.

In Indonesia too, the development of satellite cities has not always conformed to existing urban plans (Firman, 2004b). For example, the development of Bumi Serpong Damai satellite city in Jakarta was unchallenged despite the fact that the development contravened the Jakarta Metropolitan Development Plan of 1980 and the West Java Urban Development Project of 1985 (Winarsa, 1999). A similar example is the development of Cikarang Baru satellite city, which was given development permission despite violating the spatial plans for the area and being built in a supposed conservation area (Firman, 2004b). Zhu (2010, p. 19) argues that “the state is explicitly absent from the implementation of township planning and management of township development. The development of private townships has not been directed by the government’s spatial planning strategy”. Without being guided by planning policy, private developers are driving the development of new urban areas such as satellite cities.

There are many other examples where city masterplans have not been followed. In Vietnam, for instance, Ha and Wong (1999) have reported how FDI projects have frequently occurred in places that were not designated for development in the Ho Chi Minh City masterplan. In developing countries, masterplanning often remains from colonial times, when modernism and zoning policies were popular (Watson, 2009). Ansari (2004) writes that in India, masterplanning persists even though it is suffering from similar problems that led other countries, such as the UK, away from that approach. Overall, there has been a gradual shift in urban planning from ‘masterplanning’ towards ‘strategic planning’ and project-based development, which focuses on smaller scale plans with shorter and more flexible timeframes, strategic levers of development (transport nodes, particular projects), and the incorporation of a wider range stakeholders (Beauregard & Marpillero-Colomina, 2011). This change came from the
importing of private sector strategic planning principles to the public sector (Bryson & Roering, 1987).

**Informal planning**

The unsuitability and insufficient number of laws and policies to regulate urban development represent only part of the problem. A further challenge to urban planning is that laws and policies are often not implemented or ignored because property developers and individuals do not follow the stated procedures. As this section will explain, the problem is manifest throughout all levels of society. Given the sensitive nature of this matter, little information was gained from the formal interviews undertaken. However, data was acquired ethnographically during my time living in Cambodia through many informal conversations with contacts working in the private, public and NGO sectors.

Small-scale constructions, for example new houses and property extensions, are widely built without obtaining the necessary construction permits and formal permissions. According to a survey conducted in 2004, it is estimated that around half (55%) of buildings in Phnom Penh were constructed without obtaining a construction permit (Crosbie, 2004). What often occurs is that someone who wants to construct a building goes directly to the commune or district office for authorisation in exchange for unofficial fees, rather than going through the correct procedures (pers. comm.). It should be noted here that small houses built by the poor from wood and other basic materials are exempt from requiring a construction permit. It is also commonplace for individuals to build or extend their property outside of the boundary of their land and for which they therefore do not have a legal title. In urban areas this occurs as properties encroach onto pavements or too close to roads. Through this process, attempts at zoning and masterplanning are gradually violated.

At the other end of the scale, the developers of large urban development projects such as satellite cities generally meet with the Prime Minister and other high-level government officials before the project is made public. Thus projects already have the support of the most powerful actors and therefore any official planning evaluations or studies are either
undertaken reactively or not at all. For example, as was mentioned in Chapter 6, the managing director of Ciputra had a meeting with the Prime Minister of Cambodia, who then pledged his support for the project. When big projects are approved by the Prime Minister first, urban planners at the MPP are left only to facilitate. They are provided with the opportunity to comment on projects, but they have to be tactful and not overly critical (pers. comm.). Additionally, some property developers do not obtain the correct licenses. In 2011, the Ministry of Finance put out a public notice that several urban development projects had not applied for the necessary licenses to legally sell property (Hul, 2011).

Although the project approvals may be already signed, some of the MPP staff interviewed highlighted their desire to influence projects and try to encourage developers to make their projects more open and less exclusive (interview 10, vice director, Office of Urbanisation, MPP). The MPP would like developers to include 35% open space and encourage affordable housing, but they have no legal powers and therefore they have been unable to enforce their proposals (interview 10, vice director, Office of Urbanisation, MPP). They also try to encourage developers to include facilities, such as schools and hospitals (interview 10, vice director, Office of Urbanisation, MPP). Nonetheless, this policy is of questionable use because the experience of Indonesia exemplifies how policies such as this are rarely adhered to by developers (Dijkgraaf, 2000 in Firman, 2004a). According to the masterplan, the new road that passes through the centre of Camko City is designated at a major new thoroughfare leading out of the city. However an officer at the MPP was not confident that the developer would agree to the road being open to the public as it may disturb residents (interview 10, vice director, Office of Urbanisation, MPP). The new road (Angkor Boulevard) at present connects Camko City with Borei Angkor Phnom Penh and was funded by both developers (MPP, 2011c).

As was discussed earlier in this chapter, the development of satellite cities is in some cases dependent on being granted land concessions, and in other cases, dependent on the developers being granted permission to build on land that is purchased. But who are the developers to whom concessions
and construction permissions are granted? They are often granted to companies owned by political elites, or at least those with close connections with the ruling party through patronage networks. According to a planner at GPPIC, the project began through high-level connections: “They have some relations...among persons, among friends. We knew one of the high-end [people] here, so from that we put it together” (interview 28, urban planner and architect, GPPIC). Ciputra’s local partner for developing GPPIC, YLP Group, is owned by the family of a Deputy Prime Minister and former military general. Similar sentiments were expressed by one interviewee pertaining to Korean companies: “they have the money, they have the connections with government” (interview 8, country manager, international real estate agency). This situation is even more pronounced with respect to the Boeung Kak development project in central Phnom Penh. In this instance, a company owned by a senator in collaboration with Chinese investors was given a 99 year lease concession to a 133-hectare lake for the below market value of $79 million (Bugalski & Pred, 2009). The lake was then almost entirely filled in, despite the fact that this is technically illegal under the 2001 land law. LYP Garden City is also owned by a senator. The company behind Koh Pich and Chrouy Changvar City, OCIC, is headed by Pung Kheav Se, who holds the honorific title of okhna.17

Underneath the veneer of a formal legal framework, a complex and opaque network of informal relationships pervade Cambodia’s political economy at every level of society (Un & So, 2011). This is no less the case in urban development as any other sector of the economy. The political system has been described as one of ‘neo-patrimonialism’ (Cock, 2010). In this situation, the boundary between public and private is blurred and administration is “directed towards particularistic interests and personal benefits” (Cock, 2010, p. 245). The power of the prime minister is dependent on funding from his network of elites and business people, and the kinds of decisions made by the government therefore tend to favour either the decision makers themselves, or those with close access to them.

17 Okhna is the title given to those who donate at least $100,000 to government development projects (Un, 2005).
The close relationship between property development companies and the state is something that occurs more broadly in a number of Southeast Asian urban contexts, and indeed in some respects worldwide. Two cities where the phenomenon is particularly pronounced are Jakarta and Manila. According to Shatkin’s (2008) research in Manila, large urban development projects rely on close alliances between public and private actors under a system of ‘booty capitalism’ (Hutchcroft, 1998 in Shatkin, 2008). The private sector has filled the governance gap left by an incoherent state. In the Philippine case, a powerful family business called Ayala Land, is involved not only in property development but also in road and rail transport, electricity generation and water supply. Thus they have considerable influence on urban planning policy and the development direction of Metro Manila.

The case of the Ciputra Group in Indonesia also demonstrates how personal and familial connections between developers and politicians have enabled companies to bypass planning regulations. Indonesia is generally termed a ‘crony capitalist’ state (P Evans, 1995). In Ciputra’s inception stage during the 1970s the company worked closely with Jakarta governors in order to acquire land at low cost. Later, under President Suharto developers became ever closer to the government. In effect they were “using their political leverage to bypass or manipulate regulations around land use and environmental protection” (Dieleman, 2011, p. 72). In some cases, relatives of Suharto were directly involved in the projects so they were able to operate in a relatively unrestricted environment. In the post-Suharto period cronyism was lessened but large urban development companies retained their powerful positions. Due to weak local government, developers still make the initiatives rather than follow government plans (Dieleman, 2011).

This situation highlights the fact that informality is significant to planning in global South contexts. The concept of informal planning, central to Ananya Roy’s (2003, 2009b) work on Indian cities, suggests that the state is a “deeply informalised entity” (2009b, p. 81). In the case of peri-urban satellite city development, for instance, the state has the power to assign land concessions and to create ‘development zones’. In some cases,
these deals are not in line with the law. As I described earlier, projects such as GPPIC and Boeung Kak involved the filling in of lakes which defies the country’s land laws. Yet those actions, according to Roy (2009b), are not extra-legal because as undertakings of the state, they are a central part of the state’s power over territory. Writing of Europe, Swyngedouw et al. (2002) show how urban megaprojects proceed through ‘exceptionality’ measures in planning, such as bypassing statutory regulations and the creation of project agencies with special powers. However, in the case of Phnom Penh, I have shown that this occurs in a more informal way.

A related reason why laws and policies are not implemented is that the authorities are willing to speed up and bypass official practices and procedures in approving investment projects. An issue raised by several respondents is that Cambodia is so poor that it cannot afford to refuse inward investment. When urban development projects are proposed, few questions are asked. This attitude is encapsulated in the following comment from a senior government official, who stated that “I think we should welcome any kind of development at all” (interview 12, deputy director, MLMUPC). As mentioned earlier, the construction of Camko City has been stalled since the project financing was found to be illegitimate several years after the project broke ground. One interviewee argued that the first priority was to attract investment in order to create jobs and boost economic growth:

“We were very closed and now people come to invest, so they said ‘come! I do not put pressure on you, I don’t know where the money come from. Because we need jobs, we need investment, we need to create economic opportunity for the people. So I don’t care about how much I screen you.’ So when we grow enough, when we have enough money, we could screen. But when we reach that time it is already too late” (interview 7, ex-director, UN-Habitat).

A Korean trade and investment official also confirmed this, stating that “what makes Cambodia attractive is the government willingness, they are a poor country so they want to try their best to induce investment” (interview 19, director general, KOTRA).
This is, however, not something limited to Cambodia. In India, Sivaramakrishnan (2011) has suggested that planning and the availability of money are in an inverse relationship. Urban planning occurs when there is little pressure from investment, while when there is more investment, development is prioritised over planning. In an entrepreneurial system of urban governance, private developers often demand looser planning regulations. This includes the deregulation of urban planning and development control regulations, as has occurred in Turkey (Osman, 2012). The situation is something that links neoliberal urbanism in different contexts worldwide. This includes developed countries, as Sandercock (1990) has discussed in relation to urban planning in Sydney.

The lack of checks on inward investment means that the country can become known as a place to deposit illicit money. As one respondent commented:

“I think there was even a correlation between the September 11th bombings that led to increased oversight over places like Singapore as a source of money laundering. And under Cambodia’s relatively weak laws and relatively weak enforcement, quite a lot of money came in to Cambodia where it can be easily hidden… Without a stock exchange there is a limited number of asset classes for money to go into … and it went into land, buildings. The fact is that a lot of money has been moving around over the last 10 years trying to find a home, and a lot of it has moved towards Asia, especially those places which are least regulated” (interview 4, country manager, international real estate agency).

Conclusions

This chapter has argued that private sector satellite cities are not simply a response to the state’s incapacity to plan Phnom Penh’s development and provide infrastructure. Certainly, loose planning regulations mean that this kind of large-scale development can occur more easily than in places with more stringent planning regulations. Additionally,
the fact that the state does not have the budget to finance necessary urban infrastructure means that the private sector can take advantage of providing this to the growing middle class. However, I have argued that it is crucial to analyse the role of the state. Here it is the private sector who have mobilised the satellite city concept, the local or national government actors have not scanned the globe looking for best practice examples to ‘import’, as is the case in other research into the mobility of urban policies and concepts (Peck & Theodore, 2012). However, the state has a key role in other respects. The state rationalises the development of satellite cities through the promotion of discourses such as the provision of housing, the modernisation of the city, and the creation of jobs. The state also allows land acquisitions by certain development companies at below market prices, and attracts and incentivises investment.

This research supports debates on the idea of urban informality in understanding urban processes (Roy & AlSayyad, 2004; Roy, 2009a, 2009b). The production of satellite cities in Phnom Penh substantiates Roy’s (2009b) argument that informality is within, rather than outside, the operation of the state. The state also operates in informal ways. In this case, the peri-urbanisation of Phnom Penh through the construction of private satellite cities has proceeded without adhering to any masterplans or comprehensive planning processes. This informality is engendered through the interaction between regional capital and firms and the local state. This research also shows how within informal urbanism, the state and private are not clearly separate entities. Instead they operate together with a considerable overlap, often through personal friendship and professional networks. The next chapter will look in more detail at the regional networks through which satellite cities in Phnom Penh are produced.
8. Tracing the Production of Satellite Cities

Although Camko City and GPPIC are two satellite cities that may on the surface appear similar, they are underpinned by varied and complex networks. In order to gain a fuller understanding of the development of these two satellite cities in Phnom Penh, this chapter takes a comparative focus and traces back these flows of expertise and investment to the respective origin countries of the companies – South Korea and Indonesia. This chapter also explores the political and economic factors that influence the companies’ opportunities to operate outside of their respective national economies. The companies behind each of these projects have different reasons for internationalisation and different relationships with the state in Cambodia and their respective countries of origin. This strategy resonates with McCann and Ward’s (2012) idea that research should present a critical analysis of the places where policies – or in this case, urban models, capital, and concepts – are assembled. I seek to expose the diverse connections between cities, not necessarily from the West but also intra-Asian in scope as a way to renounce binaries and hierarchies (Edensor & Jayne, 2012).

Both Camko City and GPPIC were developed because the companies behind them possessed knowledge and experience in construction and/or satellite city development and had perceptions of Cambodia’s future potential. However, the development of GPPIC is driven more by the networks of the Ciputra company itself, and ultimately the company’s creator of the same name, Ir. Ciputra, which has begun expanding its

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18 ‘Ir.’ is the title for an accredited professional engineer, from the Dutch word for engineer.
business activities from Indonesia to overseas places such as Phnom Penh, as well as a number of other cities in Asia. The scale of private sector satellite city development in Indonesia is much larger than it is in South Korea, and the Ciputra company pioneered this model of private urbanism. Camko City, on the other hand, is less dependent on the activities of one company, and more bound up with the close political and economic ties between Cambodia and South Korea. These close ties, along with the perception by South Korean investors that Cambodia would replicate their country’s success and rapid economic development, and the similarities of the business environment, have led to high levels of South Korean investment in Cambodia.

While the two case study satellite cities are developed by South Korean and Indonesian companies, I am also mindful of Peck and Theodore’s (2012) assertion that researchers should maintain a ‘reflexive methodology’. In their words, mobility occurs across “distended networks of relationally connected sites” (Peck & Theodore, 2012, p. 29), and thus research strategies should be flexible to unexpected deviations in policy mobilities. The development of Camko City and GPPIC in Cambodia is greatly influenced by economic, political and cultural factors in Korea and Indonesia. But these are not the only poles of influence, and there are various other economic, political and sociocultural relations that stretch across space. China and Vietnam are another two countries where a large amount of Cambodia’s foreign investment originates. The role of French actors in the production of the Phnom Penh masterplan also highlights the persistence of colonial ties, where Parisian urbanism and expertise are used as a reference point. There is a long history of the mobility of French urbanism and planning knowhow as a colonial endeavour (Wright, 1991).

At the same time, other transnational connections have a significant influence on Phnom Penh. Urban planners and high-level officials from the MPP have travelled to places including France, Sweden, South Korea, Singapore and the USA in order to attend summer schools, conferences, and study trips. These programmes are organised (and normally also funded) by foreign governments, NGOs, and other international
associations. Through these travels, international ‘best practices’ (Peck & Theodore, 2010) are absorbed and sometimes implemented in Phnom Penh. In the other direction, water supply in Phnom Penh is widely viewed as a model for developing cities, as the Phnom Penh Water Supply Authority has managed to rehabilitate the water supply system and provide affordable water to the vast majority of cities, even conforming to World Health Organisation (WHO) standards for safe drinking. This is just to name a few of the myriad and complex networks that link cities regionally and globally. The networks are for the most part intra-Asian in scope.

The remainder of this chapter is structured as follows. Firstly, I discuss the flows of capital from both South Korea and Indonesia to Cambodia. South Korea is one of the biggest investors in Cambodia, and the two countries have a strong relationship. Indonesia, however, is not a significant investor in Cambodia, and Ciputra’s GPPIC project is one of the major Indonesian investments. These differences are partly due to the varying roles of the state in Indonesia and South Korea. The second section analyses the reasons for investment between the two countries and Cambodia, particularly the role of future predictions for Cambodia’s development. Thirdly, the chapter goes on to consider the mobility of city-building knowledge. This includes discussing the development of South Korean construction companies and Ciputra’s expertise in private satellite city development. The final section focuses specifically on the mobility of the satellite city concept. In the case of Camko City, the developers did not explicitly ‘copy’ any satellite city in Korea, nor had the company any prior experience of satellite city development. The Ciputra project, on the other hand, involved the clear transfer of the company’s concept developed in Indonesia to Cambodia.

8.1 Flows of urban development capital

With the increasing liberalisation of the global economy, property markets have become ever more globalised (Haila, 2010). Yeung (2010) suggests that East Asian economies are now prioritising articulating themselves in the global economy as a way to promote economic growth,
rather than relying solely on domestic business operations. This section will discuss the flows of urban development capital driven by private companies, which are one of the dimensions of flow that influence the production of satellite cities.

**The ‘Korean construction wave’**

In October 1996, South Korea resumed diplomatic ties and established a permanent mission in Cambodia for the first time since they were severed in 1975. Before 1996, given Cambodia’s historical alignment with the communist bloc, the country in fact had a strong relationship with North Korea. This connection stems back to the 1960s, when King Sihanouk was a close friend and ally of Kim Il Sung. After Sihanouk was deposed in a military coup in 1970, he retreated to North Korea to live in a sprawling palace built as a gift by Kim (Snook, 2012). Although ties with South Korea were resumed in 1996, it was not until 2004 that Prime Minister Hun Sen convinced Sihanouk to give up his opposition to a relationship with Seoul.

Korean companies began to scope out investment opportunities after this point. As shown in Figure 8.1, the level of Korean investment began to pick up after 2004 and has been rather erratic since then. During 2006 and 2008, the highest amounts of investment were reported, peaking at $1 billion and $1.2 billion respectively. The surge in investment occurred after former president Roh Moo Hyun made the first state visit to Cambodia in November 2006, along with an entourage of investors and other business executives (Minder, 2008). After the onset of the global financial crisis in 2008, levels of investment have been lower. As will be discussed later in the chapter, real estate and construction accounted for 71% of all Korean investment by 2010, while manufacturing represented another 10%. The remaining proportion was made up mostly of retailing, finance, hospitality and mining businesses (KOTRA, 2010). In 2008, Cambodia was the biggest recipient of South Korean investment after China (Minder, 2008). South Korea’s investment has been particularly high in Southeast Asia, which increases the inter-dependence between South East Asian countries and more wealthy nations of Northeast Asia (Song, 2003).
Parallel to these investment flows has been the formation of significant South Korean business networks, with at least 550 South Korean companies operating in Cambodia (KOTRA, 2010). With respect to the urban development industry, South Korean capital has been brought in through South Korean banks; construction machinery and materials have been imported from South Korea (sometimes with generous import tax exemptions); and South Korean construction companies, architects, engineers, surveyors and property lawyers are working in partnership with developers. These networked enterprises provide the tangible support for the mobility of urban form (Guggenheim & Söderström, 2009). All this has resulted in a significant migration of South Korean professionals to Cambodia, and estimates range from 7,000 to 10,000 (Lindstrom, 2008). However, many of them have now departed given the post-2008 slowdown in the market; the number is said to have halved by 2011 (interview 18, chairman, Korean Chamber of Commerce). In addition, South Korean
tourists accounted for a larger proportion of visitors to Cambodia than any other nation, at 16% of total tourist arrivals (Chheang, 2008).

Besides investment, South Korea has a much broader influence on Cambodian life through the popularity of Korean soft culture. Korean dramas and films are regularly aired on television and Korean pop music is consumed via local music television channels. Korean content accounts for well over half of airtime on local entertainment channel MyTV. During the early evening in Phnom Penh’s parks, teenagers and young adults gather to perform synchronised dance exercises to the sound of Korean pop music. Shops in the capital display Korean inspired fashion for the middle class youth who desire to emulate the celebrities they idolize (Sok, 2011). In addition, Korean language lessons have become popular with motivated young Khmers looking to take advantage of job opportunities with Korean businesses (Neth, 2009). The Royal University of Phnom Penh launched a Korean language department in 2007.

Prime Minister Hun Sen is said to hold special regard for his country’s relations with South Korea. This was highlighted when he personally led the rescue mission for a plane carrying South Korean tourists that crashed on Bokor mountain in 2007 (Minder, 2008). One government official interviewed believed that the Korean president’s personal friendship with Hun Sen and affection for Cambodia is a large determinant of Korean investment flows. He said:

“"We have a strong relationship between the government of Cambodia and the government of Korea... There is a relationship between the Prime Minister of Cambodia and the Prime Minister of Korea. He used to be the economic advisor to Hun Sen. So he always goes to promote Cambodia to Korean investors in Korea. So I can tell you, most of the leaders in the region, they were not able to drive a car from Phnom Penh to Siem Riep. Only the Korean president! He is able to bring Boeing 747 to land in Cambodian territory, and he drives a car from Phnom Penh to Siem Reap. They [Koreans] are really confident in Cambodia! It’s just a feeling
that they are not afraid to do business or live in Cambodia. It leads from the president” (interview 16, deputy director, Department of PR and Investment Promotion, CDC).

This highlights the importance of social connections and personal friendships in the formation of transnational networks (Bunnell et al., 2012).

Considerable intra-Asian business networks are forged by companies investing between nations that have less developed governance institutions and higher levels of corruption (Cuervo-Cazurra & Genc, 2008). It is in this way that the high level of Korean investment in Cambodia is in part due to the fact that Koreans claim to feel comfortable doing business in Cambodia. Therefore, in many cases, the largest investors in developing countries are companies that are also from within the East Asian region. Returning back to Cambodia and South Korea, South Korean companies are not so deterred by the corruption and ‘under the table’ deals sometimes required to obtain necessary permissions and support from the government. According to one respondent, “Korea and China, they understand the ways of working. Japanese prefer things to be clear and transparent, so they don’t like to come to Cambodia” (interview 7, ex-director, UN-Habitat). Similarly, an urban development consultant commented that “one thing that seems to be very difficult for Japanese companies is that they keep asking for guarantees, for law enforcement, they always start off with that. Whereas for some other companies like those from South Korea, it’s more straightforward” (interview 3, freelance urban planning consultant).

The Korean economy is dominated by chaebol, business groups which are known for their close links with politicians and their family-controlled nature (Dent, 2002). The majority of chaebol were created between 1945 and 1960 and financed mostly by the gains made from obtaining land from the state at below market rates. This allocation process is said to have nurtured rent-seeking and encouraged collusion between the chaebol and the state (C H Lee, 1995). More recently, it is argued that these conglomerates continue to be managed in a non-transparent way (Y-I Lee, 2003). The Korean chaebol consequently fit in rather well with the Cambodian system of patron-client relations. The way in which Cambodian enterprises have obtained
state land (see Chapter 7) also bears similarity with the Korean system.

Countries with stricter rules governing business activities, such as European nations and Japan, are reluctant to invest in Cambodia. British companies, for instance, may face difficulties doing business in Cambodia, given the Bribery Act of 2010, influenced by the United Nations Convention Against Corruption, which criminalises the corrupt business practices of UK companies’ operations abroad. Despite the Cambodian governments’ official discourse of reducing corruption in response to pressure from international lending agencies and Western aid donor countries, it still remains central to the country’s political-economic culture (Hughes & Un, 2011). This is the major rationale for why the most significant investors in Cambodia are from the East Asian region.

**Indonesian connections**

While South Korean companies dominate the field of foreign investment in urban development in Cambodia, they are by no means the only players. As was mentioned in Chapter 6, Grand Phnom Penh International City is a satellite city being developed by the Indonesian company Ciputra, in collaboration with a local Cambodian partner company. In comparison to South Korea, Indonesia does not have a particularly large presence in Cambodia in terms of investment, nor significant political and cultural ties. The development of GPPIC is more down to the strategy of the particular company behind the project.

Migration and business links between Cambodia and Indonesia are relatively weak. Indeed, at the time of writing there are no direct flights between the two countries, making it the only East and Southeast Asian country – excluding Brunei and Japan – without a direct air link to Cambodia, in spite of Indonesia’s geographical proximity and the fact it is home to almost a quarter of a billion people. Even so, a visa waiver agreement has been in place between the two nations since 2010 (G Q Wang, 2010). The Indonesian community in Phnom Penh is thus relatively small. Politically and economically, Indonesia and Cambodia are bound together through their membership of ASEAN, which Cambodia joined in 1999 and is the chair of in 2012. The ASEAN Free Trade Area is designed
to facilitate trade in the region, and Cambodia views rice exports to Indonesia as an important future growth area (Weinland, 2012). Through ASEAN, Indonesia has also acted as an official mediator and observer of the Thai-Cambodia border conflict in 2011 (Y M Wang, 2011).

Foreign investment flows from Indonesia to Cambodia are relatively small. Up to now, most Indonesian investment has been in the agricultural industry, particularly rubber plantations (Sieam, 2012). Both countries would like to increase investment ties, as was highlighted when the Indonesian foreign minister, Marty Natalegawa, made an official visit to Cambodia in 2012. The aim of the visit was to boost trade, investment and tourism. The minister pledged to promote Cambodia to investors back in Indonesia as a place to do business, particularly in the agro-industry, rice milling and telecommunications sectors (Hui, 2012). Ciputra is one of the most significant Indonesian investors in Cambodia up to date.

Although the Ciputra Group began developing projects in the large cities of Jakarta and Surabaya, the company has followed two strategies of expansion. Firstly, it has begun to operate in smaller and more provincial cities. Besides Jakarta, Ciputra has developed housing projects in Balikpapan, Samarinda, Makassar, Bandar Lampung, Yogyakarta, and Kendari, and several other cities. Most of these projects are smaller, at around 30 hectares (Bisnis Indonesia, 2008). Indonesia’s smaller cities have become more attractive given the shifting patterns of wealth, better transport links, and more regional autonomy under Indonesia’s decentralisation program (Bunnell & Miller, 2011; Dieleman, 2011). The second strategy, the focus here, has been to expand operations outside of Indonesia’s national borders.

Ciputra currently has three satellite cities under development overseas. Besides Grand Phnom Penh International City, which was described in detail in Chapter 6, the two other projects are located in Hanoi, Vietnam and Shenyang, China. Ciputra Hanoi International City was Ciputra’s first foray overseas in 2002, and Hanoi’s first large-scale urban development project. The project covers an area of 301 hectares on the edge of the city and is projected to cost US$2.1 billion (Douglass & Huang, 2007).
Grand Shenyang International City is the most recent of Ciputra’s regional projects, and was announced in 2009 (Wikrama, 2009). Shenyang is a secondary Chinese city with a population of around six million people, located in the northeastern province of Liaoning. Construction of this mega-project commenced in 2010 and the first phase is nearing completion in 2012. The development is modelled on one of Ciputra’s other projects in Indonesia, Citraland Surabaya (Nursyifani, 2012). Originally, Ciputra announced that it would build two additional satellite cities in China – in Nanjing and Jiashan – but these plans were later withdrawn (Asia Pulse, 2009).

These three overseas projects are predicted to represent approximately 20% of Ciputra’s total sales in 2012 (Cahyafitri, 2012). At present, the company is aiming to remain focused on the three large-scale overseas projects in Hanoi, Phnom Penh and Shenyang rather than beginning any new developments in other Asian countries (Cahyafitri, 2012). However, this statement was contradicted by a representative from Ciputra, who declared that the company is considering investing in a new project in Poland, and is scoping out possibilities in the Middle East (interview 28, urban planner and architect, GPPIC). It was also reported in 2011 that Ciputra is looking to build two satellite cities in Malaysia, one in Kuala Lumpur and another in Johor Bharu (Latif, 2011), and was exploring possibilities in Myanmar and Laos (Dewi, 2011).

Not all of Ciputra’s overseas projects have been a success. Kolkata West International City was announced with much praise in 2004, as it was the first example of foreign direct investment in an urban development project in India (Saha, 2006). The development was a joint venture between Indonesian companies Salim Group and Ciputra, and Universal Success Enterprises (USE) based in Singapore. The founder of USE is a Non-Resident Indian with close personal ties to Indonesia, as his first business was an oil company based in Jakarta (Univeral Success Enterprises (USE), undated). However, Ciputra have since pulled out of the project as the construction is stalled. It is said that the development could not go ahead because the Kolkata Metropolitan Development Authority, which acquired
the 390 hectares of land required, transferred only part of it to the developers on a long-term lease (Basu, 2011). The developers could therefore not obtain adequate finance because they were unable to use land as a security. This was exacerbated because by the time the Indian authorities had completed an environmental impact assessment and issued the necessary permissions, the global economic crisis had begun.

The networks of ideas and capital are complex, and not simply operating in a unidirectional sense between Indonesia and Cambodia. The Ciputra Group’s international projects are ‘filtered’ through Singapore, as those projects are operated through a holding company called International City Development Pte. Ltd., based in the city-state. Here, the company employs Singaporean staff, and a proportion of the capital required to develop the projects is raised there. The Ciputra Group holds majority ownership of the projects, while another proportion is owned by the project partners in China, Cambodia and Vietnam. These joint-venture agreements with local companies are organised such that the local company owns the land, provides part of the capital, alongside crucial local knowledge and connections, while Ciputra is the developer responsible for the concept, design, and implementation (interview 24, country director, Korea Global Construction Office). Local influences are also discernable. In the Vietnamese case, Ciputra works with a local state-owned company, while in China, they work in partnership with the local government who have the ultimate authority over land (Latif, 2011). The state has an important role, both in the local contexts where satellite cities are being developed (see Chapter 7), and in the countries where the investment originates from, as is discussed in the next section. On the other hand, networks extend out from Cambodia to Indonesia. A group of urban planners went on a study tour to Indonesia. According to one respondent this was “so that these senior staff can learn the experience from Indonesia. And then how we can adapt to the Cambodian context… They have the same kind of issues that Cambodia has. So it could be very useful lesson for Cambodia” (interview 12, deputy director, MLMUPC).
Ciputra is not the only Indonesian company with regional urban development operations. The Lippo Group has also made smaller overseas investments in Singapore, including the Marina Square shopping mall and other residential developments in the city-state (Dick, 2009). The same company is even developing a satellite city called Midan City in South Korea, through its subsidiary, Lippo Incheon. The Lippo Group is involved in a vast range of business, from financial services to retailing, and operates throughout Asia; including China, Hong Kong, South Korea and Singapore (Lippo Group, 2011). As pointed out above, the Indonesian conglomerate Salim Group was involved in Kolkata West International City alongside Ciputra. Dick (2009, p. 198), writing of several leading Asian property developers, states that Ciputra is in fact “the least sophisticated, least diversified and least globalised of the property conglomerates”. He suggests that Ciputra’s internationalisation has been limited by the group’s inability to raise finance.

Local political and economic factors in Indonesia also influence the company’s regionalisation. Given the success of Ciputra’s projects, their ideas have been copied by many other developers. They are in fact no longer the leading urban development company, having lost their position to the Lippo Group (PT Lippo Karawaci Tbk., 2012). In addition, there are many other companies developing satellite cities. For example, Bakrieland Development, the largest landowner in Indonesia, announced in 2010 the development of a new satellite city that could one day extend to 35,000 hectares and house national government buildings (Jakarta Post, 2010). With this stiff competition at home, the company anticipates that there are greater opportunities to be had abroad in places where satellite cities have hitherto been a less common form of urban development (Jakarta Post, 2011).

From the perspective of developers, Indonesia’s property market is more tightly regulated with respect to foreign ownership than other countries in the region and thus the potential for sales is limited to domestic buyers. In Indonesia, the government does not permit foreigners to purchase property easily; they can only obtain a 25-year lease, with the subsequent possibility to renew it after a further 20 and 25 years. In other countries,
such as Malaysia, foreigners can lease property on a 99-year basis (Asia Pulse, 2008). The company has also has reported experiencing difficulties acquiring land in Indonesia, in their view, because of a lack of business-friendly regulations and incentives (Asia Pulse, 2008). As I have illustrated previously, in other countries, the government has given considerable support for property developers to obtain land for development. It has also been suggested that ethnic Chinese businesses in Indonesia have been encouraged to seek opportunities overseas because of discrimination and targeted violence against Chinese people in Indonesia (Carney & Dieleman, 2011).

**Role of the state**

While it is private capital being invested, the role of the state is also important. The South Korean government has had a key role in supporting businesses who wish to operate overseas, and promoting overseas investment as way to increase economic development. In the period after the Korean War, inward investment and domestic growth were promoted over FDI. Nevertheless, as South Korea developed rapidly, local opportunities began to be exhausted and wage increases reduced the competitiveness of South Korean products compared to lower cost countries (Jae, 2007). Combined with state efforts to encourage internationalisation, this increased the number of South Korean businesses expanding overseas (Wad, 2002).

Overseas FDI by South Korean firms has been permitted since 1968, but it was not until the 1980s *segyehwa* (internationalisation) policy that it was actively state-supported (Dent, 2002). Overseas FDI was further liberalised during the 1990s under pressure from the WTO. In the early period during the 1970s most overseas investments were in the forestry industry. During the 1980s, small and medium size companies began to explore overseas opportunities, particularly in the manufacturing sector. Larger companies, especially the *chaebol*, started to venture overseas during the 1990s, because they were best placed to take advantage of the newly deregulated environment (E M Kim, 2007). *Chaebol* encompass a wide range of business areas and therefore diversified the economic sectors involved in internationalisation, particularly towards electronics and technology (Y C
Kim & Y-R Choi, 2004). The Korean Trade-Investment Promotion Agency (KOTRA) was established in 1962, and is a government agency under the jurisdiction of the Ministry of Knowledge Economy. The organisation is represented in 76 countries worldwide. KOTRA has an office in Phnom Penh and its major duty is to assist Korean companies operating in Cambodia, although offices in developed countries tend to focus more on directing investment from foreign countries to Korea (interview 19, director general, KOTRA). On a related note, Korean investment in Cambodia is part of a strategy to spread risk by avoiding having all their investments in China (Minder, 2008). This is especially the case for companies operating garment and footwear factories, who wish to take advantage of the lower labour costs in Cambodia compared to China. The construction and real estate development industry in particular is one of Korea’s key globalised industries, and this is analysed in section 8.3.

The internationalisation of South Korean construction companies is institutionalised within a national state policy for globalisation. South Korea’s economic success is centred on close relationships between business and the state. This is similar to Singapore, another country with an explicit policy to expand its economy outside of national borders (Phelps, 2007). Although the South Korean developmental state has been gradually dissolved since the 1980s (Pirie, 2007), it was these neoliberal reforms that made possible outward FDI. The restructuring of the economy around neoliberal principles did not necessarily lead to a small state, and with this form of ‘developmental neoliberalism’ (B-D Choi, 2012) the state still intervenes in restructuring and regulating the economy. While I have suggested that the state supports the internationalisation of South Korean firms, others argue that the overseas operations of companies is reflective of how they are freeing themselves from state control (Y T Kim, 1999).

However, in the Indonesian case there is no formalised state-led policy for the internationalisation of Indonesian businesses. Indonesia does not maintain a network of investment promotion offices in foreign countries; it only has a department within overseas embassies tasked with assisting potential foreign investors. The Indonesian state is likely to have neither the
budget nor the human resources to realise such a programme. While South Korea had a cohesive developmental state inherited from the Japanese colonialists, the Indonesian state has a different colonial legacy which led to a much less cohesive state without a developmental structure (Vu, 2007). Leadership was fragmented and dominated by unstable political factions.

The ways in which Ciputra has developed a satellite city in Phnom Penh is therefore much less influenced by the Indonesian state. The relationship between the Ciputra Group and the Indonesian state was less formal and more a type of patronage. As was mentioned earlier, Ir. Ciputra used his close relationship with state in the early days of his career to advance his business interests. These patron-client relationships were hallmarks of the New Order period under President Suharto (1966-1998). In the post-Suharto years, Ciputra has operated more independently, as the country has become relatively less relationship-based and more market-based (Dieleman & W M Sachs, 2008). These political-economic alliances have led to certain ethnic Chinese companies gaining privileged access to resources and markets. Yeung (1999) suggests that as companies internationalise, these alliances do not work, except in enabling the companies to accumulate enough capital at home to expand overseas. The Salim Group, for instance, used monopoly rents gained from Indonesian operations to purchase affiliates in Hong Kong and Singapore. However, as I explained in the previous chapter, these kinds of business practices and political-economic alliances persist with respect to Ciputra’s overseas activities in countries with weaker legal frameworks, such as Cambodia.

8.2 Geographical imaginaries

In the case of both satellite cities, the decision to invest in Cambodia was based upon imaginaries of Cambodia’s future development. South Korean businesses were one of the first to observe the potential in Cambodia as it emerged from almost three decades of war and political instability. The situation in Cambodia reminded them of what they had experienced in South Korea after the Korean War, when the country developed rapidly and property prices and land values increased
exponentially. In 1960, South Korea was one of poorest countries in the world, but four decades later, in what has been dubbed the ‘Korean miracle’, the economy had been transformed into world’s 15th largest (Pirie, 2007). South Korea’s transition happened so rapidly that it occurred during the adult lifetime of the businesspeople investing in Cambodia. South Korean investors predicted that development as fast as Korea’s would happen in Cambodia. For example, it was mentioned by one respondent that “the background situation was very similar to nowadays Cambodia. So was the experience of rapid economic growth, and property development. They expected some good prospects in Cambodia as well” (interview 24, country director, Korea Global Construction Office). This led to Koreans being some of the first investors to come to Cambodia:

“We can admit that Korea is the fast decision maker, more than the other investors. In business, the one who dares to take risks is the one who can get the market for their benefit... Cambodia was first come first serve” (interview 16, deputy director, Department of PR and Investment Promotion, CDC).

Their prediction held true for only a few years, until the twin crises of the post-2008 global economic slowdown and the stalling of the speculation fuelled property market in Cambodia.

However, investment has decreased dramatically since 2008. It seems that their belief in the East Asian/ Korean development model was misplaced, and led to an unsustainable rush by investors with the aim of making short-term profits. Cambodia cannot follow exactly the Korean developmental pathway, as local factors are critical. Korea’s initial period of rapid economic growth was based upon close state-corporate alliances of a developmental state. Industries were built up with considerable state promotion and protection from global competition (Pirie, 2007). The key structural relationship of South Korean government was the “state-chaebol nexus” (Dent, 2002, p. 135), particularly in terms of the state using control of finance through the Bank of Korea as a policy tool (Y-I Lee, 2003). Since the 1980s and the rise of neoliberal economic policies, the developmental
state began to be deconstructed. In contrast, the Cambodian state does not have the authority or the budget to enact this type of programme, as was discussed in relation to urban planning in the previous chapter (Chapter 7).

Ciputra’s business model for satellite city development and its positive reception by the Indonesian middle-class is the most important factor as to why the company is expanding overseas. Ciputra decided to develop a satellite city in Cambodia because their exploratory research in 2005 and 2006 showed that there were no such projects around Phnom Penh. In addition, they witnessed the rise in investment to Cambodia during that period, which gave the company confidence to invest:

“Before that we were doing the master plan back in 2006... we were doing some feasibility studies. We chose Cambodia because we saw that there were no projects like this before, not like in Indonesia. At that time there were many investors coming to develop in Cambodia too. And we found that at that time there we could source the materials here [in Cambodia] no problem” (interview 28, urban planner and architect, GPPIC).

Whereas Korean companies believed that Cambodia would follow Korea’s economic success, the Indonesian company behind GPPIC presumed that Phnom Penh would suffer from many the same problems that Jakarta has faced as its population has grown rapidly. The company believes that Phnom Penh is likely to follow a similar development pattern to Jakarta. It was stated by one respondent that:

“The concept is from Indonesia itself. We tried to analyse that the capital city is always getting bigger and bigger, the population also becomes higher. We also saw that in Jakarta the infrastructure is not enough to support, so you get many problems and obstacles when you are going to go to the city. And we are trying to develop outside of the city, and in terms of price we are trying to be a lower cost than in the city. We are also offering other facilities, so we want to integrate inside
so people don’t have to go to the city centre to get some needs, they can find easily inside the development” (interview 28, urban planner and architect, GPPIC).

Ciputra has witnessed Jakarta’s rapid urbanisation and its associated problems such as traffic jams, pollution, poor public infrastructures, lack of green space, and the company created satellite cities as a solution to these problems for wealthy urban dwellers. As the above respondent stated, they saw that Phnom Penh is currently small, but rapidly growing, and in the future is likely to have many of the same issues that Jakarta and other Southeast Asian cities suffer from. Therefore, wealthier residents are likely to be attracted to living in satellite cities. In some ways, this is comparable to the South Korean company behind Camko City.

At the same time, Ciputra have witnessed the demographic changes that occur in rapidly developing Southeast Asian countries. The middle-class is a rapidly growing segment of the population in Indonesia with growing spending power (Gerke, 2000). Ciputra’s experience in Indonesia has given them knowledge of the new middle class and the type of living environment they desire. A Ciputra representative stated of the GPPIC project that:

“We want them to think that when they are investing here, things are going to be higher. In terms of the price and [their social] status. So when you are living and the surrounding is good, with a new township development, it helps them to increase their class” (interview 28, urban planner and architect, GPPIC).

In order to give a ‘sophisticated’ image, the entrance of GPPIC features Ciputra’s trademark grand archway adorned with prancing horses. The name, too, reiterates to buyers that they are buying into something ‘international’, and different from what they are used to. Camko City was similarly branded “the first global city in Phnom Penh”. All three of Ciputra’s regional projects are called ‘international city’. Referring to Ciputra Hanoi International City, Ir. Ciputra remarked, “I recommended an international city for Vietnam. At the time the Vietnamese built only less than 10 hectares, but I built more than 100 hectares and I stretched to the
international community” (Ciputra in Dieleman, 2009). Both companies made the decision to build a satellite city in Phnom Penh based on the experience of economic and urban development in their home country, and translated this into future predictions for Phnom Penh’s development.

Comparisons are often made to neighboring countries that have developed before Cambodia, such as Thailand and Vietnam. The regional manager of international real estate firm CBRE, for example, compared Phnom Penh in 2011 to Bangkok in the late 1980s: “I think Cambodia is one of the fastest growing economies and there are a lot of parallels to when I started in Bangkok in 1988” (Becker, 2011). Sung Bonna, the director of a large Cambodian property agency was a little more cautious, stating that:

“Residential skyscrapers are a new concept in a country that not too long ago was still giving away property, not trying to market a 40th-floor condo for $1.6 million. I feel it’s a little bit early for that. They said it’s going to be a success. But…if it doesn’t happen, it is not good for us” (Overseas Property Mall, 2008).

This highlights how knowledge generated through experiences is partly behind the inter-referencing of the satellite city concept.

8.3 Mobilities of city-building knowledge

Tracing the production of satellite cities also reveals the mobility of city-building knowledge. South Korea is the largest investor in real estate and construction projects in Cambodia (interview 11, officer, CDC) and the majority of Korean investments in Cambodia are in the real estate and construction sector (interview 19, director general, KOTRA). By 2010 there were 215 Korean real estate and construction business operating in Cambodia, with a combined investment of $1.2 billion (KOTRA, 2010). South Korean companies were among the first to open garment factories in the late 1990s, and later became pioneers in the real estate and urban development industries. It is said that South Koreans began investing in real estate projects in 2004-2005, when the South Korean domestic market was in a downturn (Postlewaite, 2008). This was in addition to the political and
economic factors in Cambodia discussed in detail in Chapter 5. Investment increased rapidly until 2008 and the onset of the global financial crisis. South Korean projects have predominately focused on high-rise condominium buildings, in addition to Camko City, the largest of the South Korean schemes.

Korea underwent a rapid period of urbanisation in the second half of the 20th century until the Asian financial crisis of 1997, and much of the growth was concentrated in Seoul. The population of the capital increased from 1.6 million in 1955 to over 10 million in the mid-2000s as the industrial structure of the economy turned towards high-tech manufacturing and services (H M Kim & Han, 2012). In Korea, 80% of the population live in cities, not least because most of Korea is mountainous and thus unsuitable for urban development. This rapid urban growth entailed construction companies building a vast amount of urban housing and the development of new housing solutions for the growing urban population. Between 1990 and 1997, a yearly average of 650,000 housing units were built (S W Kim, 2010). Housing was built predominantly through domestic investment, as throughout Korea’s development, foreign capital played a negligible role in comparison to most Southeast Asian countries (J D Kim & Hwang, 2000).

The scale of new urban development necessitated the development of new technologies and construction techniques, especially for high-rise apartment buildings. In Seoul, with its high population and small amount of available land, the expensive land price dictates that high-rise apartments represent a large proportion of the housing stock (S-K Ha, 2010). For example, one interviewee in Cambodia commented that “foreign investors come in and they are already experienced. They know how to market, they know how to design inside. Koreans have learnt from their experiences” (interview 9, manager, local real estate agency). Similarly, a government official mentioned that “they have gone through many experiences of real estate development” (interview 16, deputy director, Department of PR and Investment Promotion, CDC). According to the director of ICAK, this was because of their business opportunities during the last 20 years in Korea: “Korean contractors enjoyed good times in the 1990s and early 2000s. They
expect a similar course of development” (interview 24, country director, Korea Global Construction Office). South Korean developers market themselves as offering a high-tech and modern living environment. GS E&C, for instance, builds apartments under their ‘XI’ (eXtra intelligent) brand name. In these apartments, a built-in computer and monitoring network connects many features of the property (heating, air-conditioning, security) to a central computer which is accessible remotely via the internet to a smartphone application. Furthermore, another respondent suggested that “Koreans think differently from Cambodians” (interview 7, ex-director, UN-Habitat). The Koreans, he argued, know how to make money from land and property. In contrast, most Cambodians were not used to this concept, because the country has only emerged from a communist system within the last 20 years.

These construction and real estate development companies also maintain extensive links with related companies in Korea through subcontracting arrangements. In the case of Camko City, as well as the main investment and project management company, Landmark Worldwide, the project involved a roll call of related South Korean companies in financing (Shinhan Bank and Busan Sangho Bank), construction (Hanil), construction management (Korea Power Engineering Company) and infrastructure planning (Yooshin). Urban design and architecture was in fact not undertaken by a South Korean firm, but a company called K2A from Hong Kong. The international consultancy company AECOM, which has offices in most large cities in the region, was employed to conduct a market assessment and positioning study in Phnom Penh. In addition, the vast majority of construction machinery and materials, and nearly all of the interior fixtures and fittings were imported from South Korea. Almost literally, parts of South Korea come to be assembled in Cambodia. The development is not rooted in local building technologies, knowledge, and materials. An up to now unproven link argued by the developer is that Camko City will attract further South Korean businesses to its office space and buyers to its residential property (interview 29, manager, Camko City).
South Korean companies have extensive experience in overseas construction work. The first overseas project by a Korean construction firm was a highway construction contract in Thailand beginning in 1962 (S Kim, 1988). Korean construction firms began to operate in the Middle East to capitalise on the growth of oil revenues in the 1970s (Y C Kim & Y-R Choi, 2004). Between 1975 and 1986, 90% of overseas construction contracts were in the Middle East region, because of the many large infrastructure projects under development there. Korean companies originally used Korean construction workers for projects overseas, as their perceived competitive advantage was this low cost but hard working labour force (S Kim, 1988). However, in the present time, Korean companies focus on higher value added parts of the development process, such as feasibility studies, design and architecture, project management, engineering, and the advancement of innovative construction techniques and technologies.

By May 2012, Korean contractors had completed or agreed contracts worth $490 billion (ICAK, undated). These contracts are particularly concentrated in emerging markets, notably the Middle East, Central Asia, and Southeast Asia. The Middle East accounted for 60% of contracts (particularly Saudi Arabia and United Arab Emirates), while another third were in Asia, where Singapore is the most valuable market (see Figure 8.2). All other world regions made up just 10% of the total. The types of projects undertaken include housing, commercial developments and infrastructure projects. The majority of Korean companies such as Hyundai, Samsung, LG, and Daewoo, which are more commonly known in Europe for producing cars or electronic goods, also operate construction divisions. In addition, there are those who specialise in engineering and construction, such as Hanil and GS (formerly part of LG). POSCO Engineering & Construction (E&C) is another well-known company, and is a subsidiary of POSCO steelmaking.
An organisation called the International Contractors Association of Korea (ICAK), based in Seoul, established a Korea Global Construction Office in Cambodia in May 2010, and has other branches in Kazakhstan, Ghana, Mexico, and India. The aim of ICAK is to provide advice and market research for their member companies through helping to exploring overseas markets, developing projects, and settling contracts (ICAK, undated). The organisation was established in 1976 as part of the Overseas Construction Promotion Act. It is partly funded through membership fees, but is semi-governmental because it is affiliated with the Korean Ministry of Land, Transport and Maritime Affairs.

In the case of Ciputra’s project, having developed their expertise in satellite city development, the company believed that their concept could be applied in other contexts. A planner from Ciputra asserted “we saw that the urban developments here [in Cambodia] were just very regular...so we tried to offer something special. We like the green here, so we try not to only touch the building, we also care with the environment as well. You can see there are many trees and a lot of landscaping, we try to have the good scenery” (interview 28, urban planner and architect, GPPIC).

Ciputra focuses its efforts in countries where there exists less technical capacity in the urban development industry compared to
Indonesia (Dewi, 2011). The company has a long experience in Indonesia, and has developed knowledge designing, building, and marketing satellite city projects. While Ciputra has developed expertise in the design and planning of satellite cities, several interviewees working in the Phnom Penh property industry, in contrast, expressed their scepticism about the concept and design of Camko City. For example, one respondent questioned the location of 16 storey condominium buildings surrounding the periphery of the development, which consequentially reduce the privacy of villa and townhouse residents in the centre (interview 4, country manager, international real estate agency). Cambodian companies, too, had not developed large-scale urban development projects at that time. However, since GPPIC and Camko City were announced, numerous similar projects fronted by local companies have started to be developed (see Chapter 6). Another gated community by a Cambodian company even markets itself as being near to GPPIC because of its golf course and green space. The influence of regional companies on local companies, in particular an investigation into the knowledge transfer of urban development concepts, would make an interesting piece of further research to build upon the ideas introduced in this thesis. As Cochrane and Ward (2012) argue, there is a need to explore how policies are grounded in localised ways, and also how this influences additional circulation.

8.4 Transplanting the private satellite city concept

Ciputra pioneered the concept of the privately built satellite city, and the company was behind the first satellite city project in Indonesia. Its strong position is primarily due to the company’s ability to obtain large areas of cheap rural land and convert that land into urban usage. Unlike other satellite city developers, which focus on providing the necessary capital or acquiring land, Ciputra tends to do everything in-house, from the commercial aspects through to design and architecture. The company proclaims that it has an “aspiration to fulfil the need for better dwellings and better living environments” (PT Ciputra Surya TBK, 2005, p. n/a), at least for those who can afford it. In effect, Ciputra are specialists in the creation of
privatised urban spaces for the benefit of middle and upper class people who wish to escape the ‘public’ city.

Ciputra’s overseas satellite city projects tend to share broadly similar architectural styles and urban forms, regardless of their location, particularly the residential architecture reminiscent of historical European styles. The exterior and interior design in GPPIC is European in appearance and each type of house is named after places in Italy and France. When questioned on the naming strategy, an architect from Ciputra argued that “we just put the name that people are easy to recognise, easy to know. We thought that Cambodians are close with French, so why not use the French name?” (interview 28, urban planner and architect, GPPIC). The same respondent also added that a classic European architectural style was employed because they believed customers would find it attractive, as it is different from the types of housing currently available in Cambodia. Research in other contexts has highlighted that the use of Western type architecture appeals to aspirations for the ‘good life’ by middle and upper class urban residents (Pow & Kong, 2007). Colonial style architectural language is used to symbolise an image of luxury, safety, and comfort (Gotsch, 2004). In the Indian context, King (2004) argues that Western imagery is used to compliment the cosmopolitan character of potential investors. Western style villas are considered ‘exotic’ symbols of modernity, with the potential to elevate the cultural capital of their inhabitants (Pow & Kong, 2007). However, Ciputra’s developments are modified to fit local cultural contexts. The properties feature open-air kitchens so that cooking smells do not enter the living space. In the Cambodian case, the design team undertook market research and ascertained that Cambodian buyers prefer larger houses than their Indonesian customers (interview 28, urban planner and architect, GPPIC). The style of housing is generally of a more European style in Ciputra’s overseas projects and older Indonesian developments, while the most recent projects in Indonesia tend to be more contemporary.

The transfer of Ciputra’s model of urbanism is also mediated through an organisation called the International Urban Development Association (formerly known as the International New Town Association), as
one of the company’s directors, Budiarsa Sastrawinata, is currently the President (International Urban Development Association, 2011). This organisation consists of representatives from elite professional organisations in the urban development industry, including government policymakers and business leaders. The group holds conferences as well as promoting learning through study visits in various cities and international exchanges. The stated aims are to promote the “exchange of experiences and knowledge” and “cooperation between public and private sectors” (International Urban Development Association, 2011, p. n/a).

Ir. Ciputra has transformed himself from the son of poor immigrant parents to one of the wealthiest people in Indonesia, and given this success he has become a renowned business personality. He has authored a book, and published another, on the subject of entrepreneurship. The title of the first book (translated from Indonesian language) is *The Ciputra Way: Best Practices to Become a True Entrepreneur* (Ciputra & Tanan, 2008), while the second is entitled *Ciputra Quantum Leap: Entrepreneurship to Change You and Your Nation’s Future* (Harefa & Siadari, 2006). Ir. Ciputra’s emphasis on education and promoting entrepreneurship is highlighted by the fact that he has founded a private university. The Ciputra University proclaims that it “traces its origins to the vision of one of the most famous successful entrepreneurs in Asia, Ir. Ciputra, who is convinced that the only passport to the future is through creating world class entrepreneurs” (Universitas Ciputra, undated). From the subject of his books, it can be seen that Ciputra is firm a free-market thinker. However, he was one of the few Chinese magnates not to move assets to Singapore during the anti-Chinese riots and 1997 financial crisis. Ethnic Chinese entrepreneurs are often subject to popular criticism for investing abroad, as this is viewed as ‘unpatriotic’ and evidence of their lack of loyalty to Indonesia (Dieleman & W Sachs, 2008).

We can see here that companies such as Ciputra are instrumental in the mobility of neoliberal urbanism across East Asia and beyond. However, as McCann (2008) has rightly argued, it is also important to critically analyse what is not mobilised. In this case, the negative externalities associated with satellite city development, such as the relocation of existing residents,
destruction of farmland, environmental impacts, and social segregation, are rarely mobilised. Academics, activists and NGOs have raised these issues in the Indonesian case (Hudalah, 2010). This highlights how the mobility of policies and concepts is dependent on the relative economic and political power of particular groups. The inherent unevenness of relational geometries produce these concrete outcomes (Yeung, 2005).

While construction technologies and techniques are transferred through the globalising business practices of Korean urban development and construction companies, no evidence came through in interviews that satellite cities in South Korea had directly influenced the development of Camko City. On the periphery of Seoul, five satellite cities were built during the 1980s and a further 10 were announced during the 1990s (Y-S Lee & H Shin, 2012). The second wave had a larger role for private sector developers, for example the Suwon I’Park City, part of the larger GwangGyo new town, is being developed by Hyundai (UNStudio, 2012). The project also involves international architects introducing new and varied architectural styles, in comparison to the first generation new towns that were more functional. These projects were state-led with considerable input from various scales of government and the Korea Land Development Corporation with the overall aim of providing affordable housing.

More recently, a privately built satellite city named New Songdo City has been under development since 2004 in Incheon, near Seoul (McNeill, 2009a). This project, aiming to be the ‘gateway to Northeast Asia’, is being built on 600 hectares of reclaimed land (C Kim, 2010). On completion, it is to be a fully functioning city focused on high-tech research and development industries. Respondents were aware of Seoul’s satellite cities, but asserted that they were developed by the government and thus different (interview 24, country director, Korea Global Construction Office). The developers of Camko City did not refer to other Korean satellite cities, viewing their own development as just a single investment project (interview 29, manager, Camko City). However, a group of staff from Camko City did make a study visit Saigon South (Phu My Hung) (pers. comm.), a similar satellite city project in Ho Chi Minh City (see Chapter 2).
Other Korean companies, however, have experience in satellite city development. POSCO E&C, one of the developers behind New Songdo City in Korea, is also developing An Khanh city in Hanoi, Vietnam, which it sees as the launch of the company’s vision to “expand its construction businesses to overseas markets” (POSCO E&C, 2011). POSCO’s role in directing the future of Vietnamese cities is further increased as the company was part of the team that formulated Hanoi’s masterplan (Soderstrom & Geertman, 2012). GS E&C is another developer that has built satellite city projects near Seoul, including one known as Midan City. The company is now expanding overseas and is constructing two projects called GS Metrocity on the edge of Ho Chi Minh City, Vietnam. These projects are designed to be “future-oriented Korean-style new town[s]” that utilises “Korean new town development knowhow” (GS E&C, 2011). The company states that:

“GS E&C, with the highest level of technology and expertise on urban mixed-use development projects, shows its capabilities to the world and extends beyond the national borders of Korea. GS E&C is putting no limits to its imagination in the design of the future city and is successfully carrying out urban mixed-use project, new city development project and overseas development projects” (GS E&C, 2011).

However, while the satellite cities in South Korea have been relatively successful – at least in so far as they have maintained financial backing and actually been constructed – those in Cambodia, particularly Camko City, have not fared quite as well. The director of ICAK argued that while Koreans knew how to build, they had failed to understand the local market (interview 24, country director, Korea Global Construction Office). As was discussed in Chapter 6, there is at present not a high demand for luxury properties in Cambodia. Similarly, a real estate agent commented that:

“I don’t think they were particularly scientific in their approach – at either pre-entry, entry, or then construction.
But some of them are better than others... In general I find that the Koreans have come in with a lot of hot air and now are looking to exit the market... [But in the process] they’ve made a few Cambodians very rich by coming and buying their land. They’ve also put sites forward for development by buying several parcels of land, putting a fence around it getting permissions” (interview 4, country manager, international real estate agency).

The same interviewee expressed concern that the CEO of the company behind Camko City has no personal experience in satellite city development, as his previous line of business was overseeing the building of Incheon international airport.

There are relatively few examples of successfully completed large-scale Korean developments in Cambodia. Many of the projects once announced have been cancelled (such as the planned International Financial Centre by GS E&C and Star River by POSCO E&C) or stalled midway through construction (for example, Gold Tower 42) because financing had dried up. There are three condominium projects completed under the De Castle brand in residential areas of Phnom Penh by Nuri Development and Construction. Another recent Korean project to be announced is a residential development on the outskirts of Phnom Penh by Booyoung Khmer company.

**Conclusion**

This chapter has shown that much of the investment in satellite city projects originates from within the East Asian region, in particular from South Korea and Indonesia. There are other satellite cities being built in Phnom Penh that also have considerable East Asian influence. Although the development companies are Cambodian, the capital invested is mostly from China. This therefore highlights the expediency of tracing the networks of urban development capital and concepts within the East Asian region.

This chapter discussed why South Korean investors are one of the largest sources of FDI to Cambodia, especially in the real estate and
construction industry. I suggested that this is reflective of the close political, diplomatic and cultural ties, as well as the commonalities in the business environment. It is also reflective of the prediction by South Korean investors that Cambodia would follow South Korea’s path of rapid economic development in the post-war period. In contrast, the links between Cambodia and Indonesia are relatively weak, and thus the development of GPPIC is more contingent upon the activities of the Ciputra Group itself. Although it is private capital being invested in these satellite cities, the role of the state is also important to consider. South Korea has a state-led internationalisation strategy that supports and encourages South Korean firms to operate overseas. The construction and real estate industry is one of the key globalised South Korean economic sectors, and Korea’s expertise in this industry is now being exported to Southeast Asian and Middle Eastern countries in particular.

However, the Indonesian government has no such internationalisation strategy. While the South Korean company behind Camko City had no previous experience in developing satellite cities, Ciputra has initiated the private satellite city concept in and around Jakarta. Satellite cities are a feature of the urban landscape in South Korea, but the developers of Camko City did not seem to use them directly as a model. Nonetheless, other South Korean developers, such as GS E+C, position themselves as exporters of South Korean satellite city expertise when developing overseas projects.

The central argument of this chapter is that it is predominantly from regional firms that city-building capital and expertise originate. This therefore facilitates an understanding of urbanism as a phenomenon not oriented around Western networks. The chapter indicates the need for a re-conceptualisation of Dick and Rimmer’s (1998) now rather dated assertion that satellite cities represent a convergence around American styles of urbanism. Nonetheless, it is clear that there is a tendency for new urban developments in East Asia to represent the globalisation of culture, generally – but not always – referencing neo-traditional European and American architectural motifs (F L Wu, 2004). These spaces are sometimes considered
part of a homogenised urban culture deprived of local context (Simone, 2009). Yet in underlining the role of regional capital and expertise, this chapter has contributed to scholarly attempts to understand cities in East Asia on their own terms as part of regional trends and processes, and not simply through the lens of Western theory.

The final chapter now goes on to conclude the major themes of the thesis, and present some thoughts on potential directions for further research.
9. Privatising Planning, Regionalising Planning

The title of this thesis, ‘Articulating intra-Asian Urbanism’, speaks to the ways in which I believe that the production of new urban forms in Asia is bound up with regional flows of capital, concepts and information. I have focused in this thesis specifically on the production of large, privately built satellite cities, advancing the argument that an enhanced understanding of the production such projects is contingent on research examining their relational geographies. At the same time, particularly in chapter 7, I have suggested that theorising city-building should examine the territorial factors (McCann & K Ward, 2011b). What this consideration of satellite city production highlights is the growing role of private sector actors in the urban development and planning of Southeast Asian cities, as well the increasingly regional flows that draw together urban development in East Asia. These commonalities lead to a concluding question: is there such thing as an identifiable kind of ‘East Asian urbanism’?

In the remainder of this closing chapter, I revisit the central premises of the research – the increasing privatisation of urban development and the intra-Asian mobility of urban development capital and concepts – drawing together and synthesising the arguments presented throughout the chapters. In doing so, I acknowledge the limitations of this project and outline some unresolved areas for further study.

9.1 Privatised urban development and planning

The first key theme of this thesis involves the increasing role of the private sector in urban development and planning. In recent years there has
been a burgeoning interest in the influence of neoliberalism on cities (Brenner & Theodore, 2002; Hackworth, 2006; Theodore et al., 2011). The notion of neoliberalism is central to the development of satellite cities in a number of ways. They clearly reflect neoliberal principles of private financing, privatisation of land, marketised housing and service provision, and minimal state involvement in ensuring welfare goals are met for the wider urban public. They also reflect neoliberal ideas regarding the dismantling of barriers to the free flow of capital, as well as reduced regulation for certain industries. Camko City, for instance, was designated as a financial development zone, which allows businesses located within the new city to avoid typical regulations and taxes. The satellite cities of today represent what American economist Paul Romer has hypothetically called ‘charter cities’ (Harford, 2011). Romer suggests that a ‘charter city’ is a

“new type of special reform zone. It extends the concept of a special economic zone by increasing its size and expanding the scope of its reforms. It must be large enough to accommodate a city with millions of workers and residents. Its reforms must extend to all the rules needed to support exchange in a modern market economy and structure interactions in a well-run city” (Charter Cities, 2012, p. n/a).

He argues that the development of these secession cities requires three actors: a host to provide the land, a source of population, and a guarantor to ensure the charter is respected. These could be transnational arrangements whereby each of the roles is played by actors in different countries. His ideas are seemingly influenced by cities such as Shenzhen, which operate to a different, and more business friendly, suite of rules than the national territory within which they are embedded and have become in some respects more economically successful as a result. The satellite cities of the type discussed in this thesis differ markedly from earlier masterplanned cities and towns. Most significantly, these were initiated and build by the state, contained public and affordable housing and often formed part of regional spatial strategies to manage urban growth.
This study of satellite city development in East Asia suggests that in some contexts within the region, the neoliberal nature of urban development seems to be at a more extreme scale than can be found in Europe and America. Building entire cities has in itself become a business. Referring to Northeast Asian countries, Hill et al. (2012, p. 22) contend that “steps in the neoliberal direction are typically incremental; they have neither the scale nor the scope of their Western counterparts”, but in Southeast Asia the situation is rather different. In the absence of strict laws and with free capital flows, private actors can build and manage bounded urban spaces at the city scale, covering areas of up to 6,000 hectares and housing millions of people. This confirms what Shatkin (2008) argued with respect to Manila: that private companies have taken advantage of an ineffective state by taking over urban planning. The two case studies discussed in this thesis are relatively small examples. Others, for example Saigon South in Vietnam or BSD City in Indonesia, are much larger at over 3,000 hectares. The company behind another similar development to the south of Phnom Penh called AZ City has authorisation to develop 2,600 hectares. This appears even more significant in Phnom Penh because the city is much smaller than other Southeast Asian capitals, with a population of approximately 1.5 million.

Satellite cities are becoming an increasingly significant form of urban development in and around cities in developing countries. Although there is a relatively substantial amount of literature on satellite city development in Indonesia (Firman, 2004a; Winarso, 2002) and to some extent Vietnam (Waibel, 2004, 2006), India (Bhattacharya & Sanyal, 2011; Bose, 2008; Chen et al., 2009; Shatkin, 2011) and China (Chen et al., 2009; Hsing, 2010), this thesis is a study of the process in Phnom Penh. However there remains much more research to be done in examining satellite cities in other contexts. It would be useful for researchers to undertake a comprehensive investigation to document the extent of corporate cities worldwide. From that starting point, it would thus be possible to investigate in more detail the social, political, economic and cultural contexts in which satellite cities tend to be built, and how these factors vary across different contexts. It would
also be possible to investigate why some corporate cities succeed and in which cases they fail. Along these lines the International New Town Institute\(^\text{19}\) based in the Dutch new town of Almere, has started to maintain a database of satellite cities, including both the state-led projects of Europe and elsewhere, as well the more recent privately built projects along the lines of those profiled in this thesis.

I have focussed on two foreign developed projects in particular, although there are several other satellite cities being developed by local companies that have been announced since I began this research. The first of the case studies was Camko City, a project funded by South Korean investors and involving several other South Korean actors including construction companies, banks, and development consultants. The large Indonesian property developer Ciputra is developing the second case study, GPPIC. The major difference between the satellite cities in Phnom Penh and those built previously in Indonesia is that foreign capital and companies are more centrally involved in the projects in Phnom Penh. This is through funding arrangements, the use of transnational consultants, or certain architectural and urban planning concepts.

It is for this reason that I have drawn upon a relational methodology (see chapter 4). I have suggested that to understand the increasing privatisation of urban development and planning in Phnom Penh requires a relational look at the countries from which the flows of capital and concepts originate. In the South Korean case the opportunities for the internationalisation of urban development companies were closely related to the economic policy of the South Korean state. The state gives considerable support for businesses to operate and move production overseas, both because the limited domestic market has begun to be exhausted and wage increases were harming export competitiveness (Dent, 2002). However, regarding the Indonesian company Ciputra, the Indonesian state is less active in supporting overseas business. Arguably, given that Indonesia is a much less wealthy country than South Korea, the state has fewer resources.

The relationship between the state and business in this case is more one of patronage and cronyism (Eklöf, 2002).

Although a relational methodology involves investigating networks and flows, territorial factors are also inseparable (McCann & K Ward, 2010). Cities are not bounded territories, but territorial approaches can help to illuminate the diversity of cities (J Robinson, 2005). While the private sector is conceptualising and developing these satellite cities, I argued that the Cambodian state also has a crucial role. On the one hand this is influenced by a state that is acting entrepreneurially, yet in other ways is reflective of a weak and ineffective state. Satellite cities in Cambodia are promoted by the state in three main ways. As the country made the transition from communism to a free-market economy, Cambodia was opened to foreign capital and a new investment law was approved. The law provides significant incentives to foreign investors, giving Cambodia one of the most favourable investment regimes in Asia. The state also has the ability to rationalise satellite city development by promoting discourses of employment generation and housing creation, although as I have argued, the employment created is often temporary in nature and the housing is priced out of reach of the vast majority of Cambodians. Indeed, the current level of real demand is questionable, as the number of people who can afford these properties is limited to the wealthiest few percent. Many of the properties have been purchased speculatively, with the intention of renting to foreign tenants. Despite this, the state works closely with private developers to enable some of them to acquire ‘land concessions’ for the construction of these projects at below market rates. Most satellite cities have been built on former marshland, as these are the only uninhabited spaces remaining (although they are used extensively for fishing and growing water vegetables). The future environmental consequences of filling in lakes and marshland that absorb rainwater are likely to be huge.

In this thesis I have limited the scope to focus on how large megaprojects such as satellite cities arrive to and are negotiated in Cambodia. I believed that it was useful to ‘stand back’ from the micro-scale and present a wider picture. However, there are several areas that require further
research. A view from the bottom is crucial, and future research could build upon the ethnographic approaches developed in the context of Vietnamese urban expansion (DiGregorio, 2011; Leaf, 1999, 2002; Sun & T V Kim, 2008). Potential points of departure could include investigating how the residents of agricultural peri-urban villages are negotiating urban encroachment, and how they are affected by the pressure to sell land or having their land forcibly taken away from them. Comparative studies that examine the similarities and differences between Cambodian and other cases would also be worthwhile.

Further research could also investigate the impact of foreign, large-scale private sector investment in urban development on political geographies and urban citizenship. Capital cities are typically spaces that nation-states engineer in order to exhibit their nation building objectives and demonstrate their political power, through independence squares and iconic buildings, for example (Logan, 2009). But to what extent is this affected when large areas of cities are under the control of private companies rather than the government? On the other hand, as I have shown in the case of Phnom Penh, states acting entrepreneurially have sought to use these projects to make their cities and nations appear modern and developed. To what extent is this successful? How do citizens and investors actually perceive these projects?

As a related point, at the city scale, research could investigate the implications of large areas built and managed by private sector for urban democracy and governance. The total area of land managed by private companies building satellite cities in Phnom Penh is almost 5,000 hectares, which is significantly larger than the 3,000 hectares of the four central city districts. In cities in other countries, such as Indonesia and Vietnam, the figures are even greater. In some cases they therefore are becoming more significant than ‘satellites’ of existing cities. The land held by other private companies for speculation or future urbanisation is likely to be much higher although in the Cambodian case exact figures are not publicly available. Some of these projects are many times larger than typical urban political units such as communes or districts are. Normally, these units would have
elected representatives, but the ‘managers’ of satellite cities are unelected businesspeople. What is the role of local government in the management of satellite cities? Residents of satellite cities generally pay a management fee or service charge to the company to cover services such as water supply and the maintenance urban environment, in a similar fashion to municipal taxes. Do residents pay local taxes or are they able to negotiate reduced taxes in a similar way to businesses in Special Economic Zones? If in the future a large proportion of the wealthy live in private cities, will this affect the financial health of city governments in developing cities? The impact of large-scale private involvement on the day-to-day functioning of the urban system requires more detailed research.

I have also suggested that the increasing influence of private actors in urban development and planning is symptomatic of a weak state. This is reflective of broader arguments that neoliberal influences have caused deterioration in the state’s ability to control urbanisation because of deregulation and the downsizing of public services (Taşan-Kok, 2010). However, as is now commonly illustrated, neoliberalisation is seen as a variegated and hybrid process (England & K Ward, 2007). In Cambodia, Springer (2010, 2011) has argued that what constitutes ‘actually existing’ neoliberalism is the ways that elites have co-opted neoliberal reforms through the patronage system in order to achieve private benefits. In this case, a weak state is not necessarily to be conflated with a small state. The Cambodian government remains bloated, dominated by competing internal factions who want a claim to power (Hughes & Un, 2011).

In this thesis I have applied these ideas to urban planning. I argued that Roy’s (2009b) concept of informal planning is relevant to the nature of urban development in Phnom Penh, and the informal nature of planning is a significant driver of large-scale private sector urban development. In particular, the way that land is granted as concessions for some satellite city developments is often extra-legal. Roy (2004) terms this a process of informalised vesting, where the state can devalue current uses, often peasant agriculture, and replace with new gentrified developments on the urban fringe. The land for Camko City was declared a ‘development zone’ and a
‘financial development district’, although the exact details of the land transactions behind this project were not publicly available, something which emphasises the informal nature of urbanisation. GPPIC represents a slightly different mode of informality, where in this case Ciputra partnered with a local company owned by the family of a Deputy Prime Minister and former high-ranking military general. Indeed many of the urban development projects given concessions to public land are owned by businesspeople personally connected to the government, holding positions as senators, for example. The lack of clear distinction between the state, the ruling party, and the market is a distinguishing feature of Cambodia’s political economy, and a similar situation prevails in the agricultural and forestry industries (Le Billon, 2002).

In the European context, Swyngedouw et al. (2002) suggest that urban mega-projects are allowed through exceptionality measures, such as freezing planning tools and bypassing or altering statutory regulations. In the Cambodian case, however, I have suggested that this occurs in a more informal fashion. When these projects are approved at high levels of government with little respect for existing urban planning regulations, those with urban planning knowledge are left only to facilitate and have no real power in directing the future development of the city. This means that any attempts to apply planning laws and policies are thwarted. The legal framework itself has not kept pace with the type of large-scale urban development now occurring. At the city scale, the Phnom Penh masterplan remains unapproved, and the satellite cities being built do not appear to be part of any strategic plan for the development of the city. This is something that holds true across a number of contexts where satellite cities have been built, particularly Indonesia (Winarso, 1999; Zhu, 2010). In addition, the role of the state is weakened because it lacks the funds for urban planning and infrastructure development. The level of public finance generation through taxation is low and is lessened because of the pervasiveness of corruption. On top of this, there are no higher education programs focussing specifically on urban planning; rather the subject is appended on architecture and engineering courses. As a result, much of the expertise for
urban planning has come from outside the country, particularly from France, the former colonial power, and more recently Japan.

9.2 Mobility and Asian urbanisms

The second fundamental theme is how mobility defines contemporary urban development. Cities are constituted by different types of mobility, and following Appadurai (1990), this can be thought of in terms of the networks of capital, concepts, ideas, culture and people. The influence of globally mobile actors on the design, planning, and financing of cities is generally considered to be significant and on the increase (Guggenheim & Söderström, 2009; Olds, 2001). These networks are driven by the transnational activities of architects (McNeill, 2009b), planners (Healey & Upton, 2010), as well as other actors such as social movements (McFarlane, 2009). In this research I have built upon the current trend for the study of urban policy mobilities (for example Cook, 2008; K Ward, 2006) by linking these ideas to the production of satellite cities, and thus considering private sector actors. As I mentioned in the previous section, the satellite cities in Phnom Penh are mostly either developed with foreign capital or use architectural styles imported from abroad that are very different from vernacular architecture. I have here extended the introductory remarks by Shatkin (2011, p. 79), who suggested that satellite cities are the “purest form of inter-referenced urbanism”. Indeed, they represent not just the circulation of a policy, type of building, or idea, but an entire urban system.

What is significant here is the intra-Asian scope of these connections. I have illustrated how much of the networks pertinent to the production of satellite cities in Phnom Penh are from within Asia, including but not restricted to South Korea and Indonesia. Satellite cities defy singular geographies, and exhibit diverse poles of influence. The findings contest the assertions of Dick and Rimmer (1998), who upheld that satellite cities in Indonesia represent a convergence upon American models of urbanism. While in some ways satellite cities represent a typical post-modern form of global urbanism, these global influences are always localised in unique ways (Irazábal, 2009). They are also produced through distinct networks, and the
way in which the networks are structured varies between different cases. In the South Korean case, I argued that the flows are linked to broader relationship between Cambodia and South Korea. The significant level of South Korean investment in Cambodia is also due to the perceived commonalities in the business operating environment, the building of networks of friendship, and the prediction that Cambodia would experience a similarly rapid economic transformation as South Korea in the second half of the 20th century. In contrast, the Indonesian case did not exhibit such ‘broad’ networks, and was instead actuated by the activities of one company, Ciputra, and their expansion to overseas markets. The networks of East Asian capital have arguably circumvented French-led attempts to create a masterplan for the city, something that mirrors wider geopolitical influences in contemporary Cambodia. The power of Western donors is weakened as China and other East Asian countries become alternative sources of funding and development assistance, support that invariably comes without the pressure for ‘good governance’ improvements such as anti-corruption and legal reforms (Sullivan, 2011).

In this research I have focused in detail on two satellite cities being developed by a South Korean and Indonesian company respectively, and these were the first such projects in Cambodia. However since they were announced, there are many more satellite city and gated community projects, as Chapter 6 outlined. It would be interesting to know to what extent the satellite cities developed by foreign companies have subsequently influenced local urban development projects. Where did the concept of these projects by local companies originate from? Did the two satellite cities covered in this thesis influence the locally developed projects? Did local developers spot the potential and attempt to copy? This influence could be in terms of the concept of gated urbanism or the architectural style. Nevertheless, as I have already stated, much of the capital behind these projects is still from overseas, particularly from China. In terms of architecture and urban planning a mix of local and foreign companies are employed. A-Seven Corporation, a Thai architecture and planning firm, has worked on many of the projects.
Through focusing on the influence of regional capital and expertise on the production of satellite cities, this thesis has contributed to theoretical debates which seek to extend the analysis of global urbanisation outside the boundaries of solely Western theories, practices and cities. In studying satellite cities, there are no obvious antecedents in the West to compare. As I have shown, the circumstances that make possible the development of satellite cities are generally identifiable in developing countries where weak urban planning regulations and patronage systems are combined with high levels of inequality. In avoiding viewing urbanism in Phnom Penh through the lens of developmentalism (J Robinson, 2006) or focusing solely on subaltern resistances (Ong, 2011), I have attended to Roy’s (2009a, p. 829) observation that “much less is known about the complex connections, exchanges, and references through which cities (everywhere) are worlded”. The idea of ‘worlding’ has been developed by Roy and Ong (2011) as the basis of a global urban studies which problematises political economy and postcolonial frameworks. In this thesis, what has proven most relevant is their concept of worlding as a way of viewing the inter-connections between cities and creation of what they term an inter-Asian urbanism.

Worlding is also considered an essentially unstable process (Roy, 2011a). This instability is highlighted here by the fact that urban mega-projects have invariably not proceeded as planned. The future of Camko City appears insecure after a scandal engulfed the financial backers, and GPPIC is developing at a much slower pace than anticipated. Circulations may also fleetingly change path. Capital flows fluctuate and the footloose nature of capital means that divestment can occur just as easily as investment. Myanmar and Cambodia, for example, are becoming closer politically, and better connected with the recent introduction of flights between the two countries. There is talk of investment rushing to Myanmar as the country opens up and becomes the new hot investment destination much like Cambodia was perceived in the 2000s (Lim, 2012). The garment industry is becoming concerned that investors may move over to Myanmar (Jakarta Post, 2012), but urban development actors could also shift to a new frontier market.
Fundamentally, this thesis raises the wider question: is there such a thing as an ‘intra-Asian urbanism’? (I refer to ‘intra’-Asian because of the centrality of interactions within East Asia). For one, it has to be said that ‘Asia’ is not a singular geographic unit and it defies clear boundaries (Roy, 2011a). Drawing upon Spivak’s (2008) book *Other Asias*, Roy (2011a) suggests that Asia cannot be defined through its location, but more as a perpetual emergence. Hence, Asia is defined through its circulations, and here I have contributed to investigating what Roy (2011a, p. 331) terms its “citationary structure”. But when studying the Asian region it is important not to obscure connections to other parts of the world. I am also in agreement with authors who have cautioned against speaking of a single Southeast Asian city (P Rimmer & Dick, 2009), and it is in such a way that Bunnell et al. (2002) refer to ‘the city in Southeast Asia’.

It has been argued by some that regional-area studies are “increasingly indefensible” (P Rimmer & Dick, 2009, p. 14) because of the intense diversity of local context that defies generalisation. However, my findings suggest that Ching (2000, p. 244) is right in asserting that “globalization and regionalization are complementary processes...regions are important sites where the contending forces of global integration and local autonomy converge”. Regional or area studies are valuable because of the way they bring into view often marginalised regions (J Robinson, 2003), present a detailed engagement with context and are often inter-disciplinary in nature (Pollard et al., 2009). Waley (2012) has begun to apply these theoretical insights to Asian urban studies, and I have taken forward these ideas by illustrating how the activities of regional urban development actors are steering the production of new urban forms.

On the question of what an East Asian urbanism may look like, I have identified several commonalities, although this is an introductory endeavour and would require more extensive further research. In particular, this may include the close relationship between property development companies and the state (see also Hogan et al., 2012), as well the extensive connections between East Asian cities. The origin for neoliberal urban development is different in the East Asian case, and therefore produces
different outcomes than in the West (Hill et al., 2012). Focusing particularly on China, Taiwan, Japan, South Korea and Singapore, Shin (2011) argues that there a number of distinctive commonalities amongst the ‘accelerated urbanism’ of East Asia. These include the state’s use of property-related revenues to finance urban infrastructure, strong developmentalist states, and the importance of real estate capital built on home-ownership. These factors, Shin argues, are behind the distinctive ‘vertical urbanism’ found in East Asian cities.

Carefully applied, a focus on the East Asian region is fruitful because the region consists of cities that may be separated by conventional urban studies, and thus allows an avoidance of Western theorisations (Bunnell et al., forthcoming). In this case, I have highlighted the connections between a number of cities, including Phnom Penh, Seoul and Jakarta, bringing together countries and cities that may typically be divided between studies of ‘Third World’ cities and ‘global’ cities. Furthermore, Yeung (2010) argued that studies of flows and networks are less well developed in Western contexts. It is in this way that the methodological framework developed in this thesis may provide the support to question dominant approaches in urban studies, and perhaps possesses wider theoretical significance beyond East Asia itself.
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# Appendix I

## List of interviews

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<th>Area of discussion</th>
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<tbody>
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<td>Sales Consultant, Grand Phnom Penh International City</td>
<td>Types of demand for GPPIC</td>
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<tr>
<td>2</td>
<td>United Nations Development Program Advisor, Municipality of Phnom Penh</td>
<td>Role of Municipality</td>
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<tr>
<td>3</td>
<td>Freelance Consultant of Urban Planning Issues</td>
<td>General discussion on urban planning issues in Cambodia</td>
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<tr>
<td>4</td>
<td>Country Manager, Real Estate Agent (foreign company)</td>
<td>Real estate market; consumer demand</td>
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<tr>
<td>5</td>
<td>Director, NGO working with urban poor communities</td>
<td>Perspective of civil society on urban development issues; problems with satellite cities</td>
</tr>
<tr>
<td>6</td>
<td>Research Fellow and Programme Coordinator, Economy, Trade and Regional Cooperation Programme, Cambodia Development Resource Institute</td>
<td>Cambodia’s foreign investment policy</td>
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<tr>
<td>7</td>
<td>Ex-Director, UN HABITAT Cambodia</td>
<td>General discussion of urban planning issues</td>
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<td>Country Manager, Real Estate Agent (foreign company)</td>
<td>Real estate market; property demand</td>
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<tr>
<td>9</td>
<td>General Manager, Real Estate Agent (local company)</td>
<td>Real estate market; property demand</td>
</tr>
<tr>
<td>10</td>
<td>Vice-Director, Office of Urbanisation (formerly Bureau of Urban Affairs), Municipality of Phnom Penh</td>
<td>Role of the Municipality in urban planning, City Masterplan</td>
</tr>
<tr>
<td>11</td>
<td>Officer, Department of PR and Investment Promotion, Cambodian Investment Board, Council for the Development for Cambodia</td>
<td>Cambodia’s foreign investment policy</td>
</tr>
<tr>
<td>12</td>
<td>Deputy Director General, Ministry of Land Management, Urban Planning, and Construction; Deputy General Secretary, General Secretariat for the Council for Land Policy</td>
<td>Role of national government in urban planning; national housing policy</td>
</tr>
<tr>
<td>13</td>
<td>Deputy Country Managing Director and Head of Real Estate Practice Group, legal firm</td>
<td>Legal aspects of property investment</td>
</tr>
<tr>
<td>14</td>
<td>Deputy Director, Department of Economic Integration and ASEAN, Ministry of Economy and Finance</td>
<td>Cambodia’s foreign investment and regional integration policy</td>
</tr>
<tr>
<td>15</td>
<td>Business Advisor, Real Estate Agent (local company)</td>
<td>Real estate market; property demand</td>
</tr>
<tr>
<td>16</td>
<td>Deputy Director, Department of PR and Investment Promotion, Cambodian Investment Board, Council for the</td>
<td>Cambodia’s foreign investment and regional integration policy</td>
</tr>
<tr>
<td>No.</td>
<td>Title / Position</td>
<td>Details</td>
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<tr>
<td>17</td>
<td>Counsellor, Sales and Marketing Team, World City Co. Ltd. (Camko City)</td>
<td>Camko City development process</td>
</tr>
<tr>
<td>18</td>
<td>Chairman, Korean Chamber of Commerce Cambodia (KOTRA)</td>
<td>Korean investment</td>
</tr>
<tr>
<td>19</td>
<td>Director General, Korean Trade Investment Promotion Agency</td>
<td>Korean investment</td>
</tr>
<tr>
<td>20</td>
<td>Officer, NGO Forum of Cambodia (worked on resettlement issues)</td>
<td>Situation of urban poor</td>
</tr>
<tr>
<td>21</td>
<td>Lecturer in Urban Design and Planning; Architect</td>
<td>General discussion on urban planning</td>
</tr>
<tr>
<td>22</td>
<td>Director, Office of Urbanisation (formerly Bureau of Urban Affairs), Municipality of Phnom Penh</td>
<td>Role of the Municipality in urban planning, City Masterplan</td>
</tr>
<tr>
<td>23</td>
<td>Formerly Sales and Marketing Manager, GPPIC; Sales and Marketing Manager, ING Holdings (AZ City)</td>
<td>Demand for satellite city developments</td>
</tr>
<tr>
<td>24</td>
<td>Meeting with two people: Manager and Director (Cambodia office), Korea Global Construction Office, International Contractors Association of Korea</td>
<td>Korean urban development companies in Cambodia and worldwide</td>
</tr>
<tr>
<td>25</td>
<td>Estates Manager, GPPIC</td>
<td>GPPIC development</td>
</tr>
<tr>
<td>26</td>
<td>Meeting with two people: Country Manager and Consultant, Hong Kong-based property investment and development company</td>
<td>Experience of undertaking property development; relationship with government</td>
</tr>
<tr>
<td>27</td>
<td>Urbanist and artist</td>
<td>General discussion on urban planning issues</td>
</tr>
<tr>
<td>28</td>
<td>Senior Urban Planner and Architect, Ciputra (GPPIC)</td>
<td>Ciputra’s project in Cambodia</td>
</tr>
<tr>
<td>29</td>
<td>Manager, World City Co. Ltd. (Camko City)</td>
<td>Camko City development</td>
</tr>
<tr>
<td>30</td>
<td>Independent Consultant, urban housing/ legal issues</td>
<td>Legal aspects of urban development</td>
</tr>
<tr>
<td>31</td>
<td>Local community members near Camko City</td>
<td>Perceptions of Camko City; impacts</td>
</tr>
</tbody>
</table>
Appendix II

Interview Guides

Camko City management

• What is the structure of the business?
• Why did you enter Cambodia, and how? With which levels of government did you have to negotiate with?
• How do you find doing business in Cambodia?
• Where did the financing for the project come from?
• Were any incentives given by the CDC?
• When was the land purchased?
• What kind of buyers are you trying to attract?
• Do you think there is a market for Camko, and other similar developments?
• Why do people want to live here?
• Is the next phase going to start soon?
• Later phases include Financial Development District. When finished, what role do you see for Camko compared to the existing city centre?
• Where did the idea for Camko City come from?
• Did you employ architects, planners, consultants, or any other actors?
• Did you try to adapt the project to the local context?
• Did you visit other similar projects in the region? What have you learnt from them?
• What kind of relationship do you have with the local/ national government here?
• Why is Korea so active in urban development projects in Phnom Penh?
• Why do you think this type of project is popular in Phnom Penh, and in neighbouring countries?
• Private infrastructure – why own power plant? What about solid waste
and water?

Grand Phnom Penh International City management

- What is the structure of the business? What is the history of Ciputra group?
- Why did Ciputra enter Cambodia, and how? With which levels of government did you negotiate?
- Where did the financing for the project come from? Were any incentives given by the Council for Development of Cambodia?
- When was the land purchased?
- What kind of buyers are you trying to attract? Why do people want to live here? Do you think the market in Cambodia is big enough?
- When finished, what role do you see for GPPIC compared to the existing city centre?
- Where did the idea for GPPIC come from?
- What influences did you have for the design? Are the houses the same in all Ciputra projects? Did you adapt the design/planning for the Cambodian context?
- Why do you think this type of project is popular in Phnom Penh, and in neighbouring countries?
- What kind of relationship do you have with the local/national government here? Do they provide any infrastructure?
- Do you allow public access? What are the advantages and disadvantages for local residents?
- How is electricity and water supplied?

Government officers

- What exactly is the role of your Ministry in urban planning?
- What kind of relationship do you have with other government departments, and the private sector?
- What are your views on foreign investment in real estate? What do you think are the positive and negative impacts on Phnom Penh?
• Do you think that the number of houses constructed for low- and middle-income people is enough, bearing in mind the rapid population growth and in-migration to Phnom Penh?
• What do you think about property speculation? Can and should this be controlled?
• Does your organisation have a role in attracting investment?
• What is your view on the satellite cities in Phnom Penh?
• Are these developments happening because of the lack of funding and expertise in the public sector?
• These projects are becoming something of a model for urban development in Southeast Asia. Why do you think they are so popular?
• Do you see any problems with this type of urban growth?

Local communities
1. Demographic information
• Gender.
• Occupation.
• Income.
• Housing tenure.
• Length of time living in the area.
2. Perceptions
• What is your view on the new satellite city?
• Are you able to go there?
• Would you like to in the future?
3. Effects
• How does it affect you?
• What are the benefits?
• Are there any negative impacts?
• How has the area changed since you have been living here?
• Were people evicted to make way for the development?
• Did they receive compensation?
• Where did they relocate to?