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

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Abstract

Privately built satellite cities are becoming an increasingly common urban development concept in peri-urban areas of South-east Asian cities. While these projects are beginning to receive academic attention, the majority of studies have a limited capacity to explain why and how they are produced. Most satellite cities built in the past five years have some degree of foreign influence from other East Asian countries in terms of invested capital, planning concepts or urban design and architecture. The majority of this influence originates from within the East Asian region. This paper argues that an investigation which incorporates both the relational and the territorial can increase an understanding of the production of satellite cities. This argument is illustrated with empirical research on two satellite city projects in Phnom Penh, Cambodia: one by a Korean developer and another by Indonesian conglomerate Ciputra.

Introduction: Satellite Cities and Intra-Asian Urban Mobilities

This paper examines the production of private-sector-developed satellite cities around Phnom Penh, Cambodia's capital city. We define satellite cities here as integrated, purpose-built developments that are normally to some degree gated, providing access only to residents.[1] Ranging in size from a few hundred to more than 8000 hectares, they contain villa and condominium housing marketed to emerging upper-middle-class urbanites and expatriates, consumption spaces such as shopping malls, office space, and private hospitals, schools and other facilities. Satellite cities in South-east Asia are, for the most part, constructed and managed by the private sector, by companies located within the East Asian region.[2] They are

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normally constructed in peri-urban areas on rice-growing agricultural land or reclaimed marshland. In this paper, 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 various functions—residential, commercial and leisure—that are normally present in an urban area.

As this paper highlights, Phnom Penh is but the latest location for a trend that permeated the larger cities of Indonesia in the 1980s and 1990s and that has since moved into Cambodia, Vietnam and elsewhere. The growing popularity of the satellite city concept is in part due to the increasing entrepreneurialism of urban governance, in which a greater premium is placed on attracting private-sector investment (Shatkin, 2011). Related to this are the relatively weak planning laws in some South-east Asian cities which make it possible for such large urban development projects to materialise. The trend also reflects the demand from the growing middle classes for housing and better infrastructure, and from businesses for modern office space in less congested areas.

While the proliferation of private-sector satellite city development is beginning to attract scholarly attention (for example, Chen *et al.*, 2009; Douglass and Huang, 2007; Shatkin, 2011), there has until now been a lack of emphasis on the role of intraregional networks in the production of satellite cities. More than a decade ago, Kris Olds suggested that

> it would be useful for analysts of the UMP [urban mega project] development process in both consumption-orientated and production- orientated projects to work with new urban theories which focus on economic and cultural interconnections, flows, linkages, and interdependencies (Olds, 1995, p. 1736).

Shatkin (2011, p. 79) initiates this line of analysis in the context of 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".

While the satellite cities in Indonesia were built by domestic companies, the more recently developed projects in other South-east 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 South-east Asia. By examining the networks through which satellite cities are produced, this paper exposes the diverse connections between cities. It also continues the project of avoiding positioning cities in the North Atlantic world, at the leading edge of urban theory and practice (Robinson, 2002).

There is currently in the literature a growing clamour for caution in applying Western-centric urban theories to cities in other contexts. Receptive to the call from Jennifer Robinson (2002, 2006), a number of urban scholars have appreciated the importance of considering all cities as 'ordinary' in order to post-colonialise the discipline of urban studies, thus contributing to "develop[ing] a more cosmopolitan account of city-ness" (Robinson, 2002, p. 532). Robinson's (2002) fundamental argument is that there has been a persistent and unhelpful polarisation in the field of urban studies between analyses of global and world cities on the one hand, and developmentalist accounts on the other.

The 'ordinary city' approach aims to promote urban theory that acknowledges the relational webs of interaction between cities and highlights connections beyond those merely of business services. Robinson's ideas have been amplified by a number of urbanists who have suggested that research should approach the varied 'worlding' process of cities (Roy, 2009), and that work on cities in the global South should not simply 'add on' case studies to existing Western theory (McFarlane, 2008). Similar debates have been initiated within the field of economic geography (Pollard *et al.*, 2009). These arguments have been driven forwards by relational comparative theorising that moves beyond "static theorisations of place, space and scale" (Ward, 2010, p. 473), viewing the city as "open and constituted in and through relations that stretch across space and are territorialised in place" (Ward, 2010, p. 481). While the relational is important, it must be balanced by an understanding of place-specificities, such as how local urban actors manage the impacts of and interact with these global/regional flows (McCann and Ward, 2010).

Researchers have begun to consider the ways in which cities in non-Western contexts are interlinked. Such research includes Bunnell and Das' (2010) work on urban policy transfer between Kuala Lumpur and Hyderabad, while Lowry and McCann (2011) and Roy and Ong (2011) have written on ways in which Asian cities are acting as models for other cities in Asia and the West. This is part of a broader movement towards considering the 'worlding' processes of Asian cities and the ways in which they are becoming models that are subsequently replicated throughout the region (Roy and Ong, 2011). It is important, however, not to relocate the problem of Western-centric essentialism by creating a new Eastern version, as Hogan *et al.* (2012) have observed. 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.

This paper builds on the aforementioned theoretical ideas by using the empirical example of satellite city development in Phnom Penh, Cambodia. Urban issues in Cambodia have been under-researched compared with cities in other South-east Asian countries. Phnom Penh is a city that was totally abandoned during the Khmer Rouge regime of 1975–79, but has seen rapid changes in the past decade, as Cambodia has become more integrated into the regional and global economic system. The increase in real estate development and investment, twinned with rapid in-migration from rural areas and low capacity for urban planning, has created many challenges for sustainable urban development. The central city has witnessed numerous new high-rise buildings and shopping malls, sometimes on land previously occupied by low-income housing. On the urban edge, a number of satellite city mega projects are under construction, the two most advanced being Camko City undertaken by World City Co. Ltd from South Korea and Grand Phnom Penh International City by Indonesian company Ciputra. These two projects will be discussed in detail later in the paper. However, this is not solely a story about private-sector actors. The national state and the local state have a role to play both in Cambodia and in the countries from which the flows of capital and expertise originate.

The empirical research draws on approximately 30 interviews with urban planning professionals, local and national government officers, non-governmental organisations, real estate agents and developers conducted between October 2010 and August 2011. It also makes considerable use of data gathered from a variety of sources including newspapers, research reports, investment statistics, legal documents and government policies, as well as 20 shorter interviews with people living near the two satellite cities discussed.

The remainder of the paper is divided into five parts. It begins by offering an overview of the development of satellite cities in South-east Asia, tracing their origin and increasing popularity as a form of urban development. The second section provides a brief overview of recent urban development in Phnom Penh. The paper then moves on to examine the production of satellite cities in Phnom Penh. This includes a detailed account of the two case studies and an analysis of how they are produced. It draws attention to the diversity of networks involved, as well as the role of local institutions.

Satellite Cities in South-east Asia

The satellite cities that have been developed in the peri-urban areas of South-east Asian cities since the 1990s differ on a number of counts from the new towns constructed in the post-war period. Post-war new towns were largely developed by the state and favoured no particular social class or income group as residents (Chen *et al.*, 2009). The new town concept, stemming originally from the ideas of Ebenezer Howard on garden cities, became widespread in East and South-east Asia in the cities of British colonial territories such as Singapore, Malaysia and pre-1997 Hong Kong. Garden cities and new towns also became a feature of cities outside Britain's direct sphere of influence such as Tokyo, Seoul and Taipei, as well as those influenced by Soviet planning initiatives, such as Beijing, Shanghai and Tianjin (Phillips and 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; Wang, 1987), only later beginning to have social services, amenities and employment opportunities. New towns were built to provide new housing, but also as tools for the decentralisation of urban growth in a region characterised by primate cities, much as new towns were developed in the south-east of Britain in the post-war period to ease housing congestion in London.

The satellite cities that form the focus of this paper are different from their garden city and new town antecedents because they are developed by private companies on a for-profit basis. This kind of development originated in the 1970s and represented a new type of urban development on the edge of South-east Asian cities, originating on the periphery of Jakarta. These settlements are generally entirely financed and planned by a single private developer and designed for (newly) prosperous local families and expatriates. Dick and Rimmer (1998) suggest that initially, new towns in Jakarta developed because of the response from private land developers to a demand from the growing middle class, especially ethnic Chinese. Integrated urban development projects are more profitable for developers than single-purpose projects since they incorporate several functions, including residential, business, retail, leisure and recreation into one development where functions feed off one another to form an aggregated urban system.

The first private-sector satellite city in the Jakarta urban agglomeration was Pondok Indah. Initiated in 1975, this 720-hectare middle- and upper-class housing development was built on former rubber plantation land. It was established by Ciputra in collaboration with Lim Sioe Liong (also referred to by his Indonesian name, Sudono Salim) (Winarso, 1999). Lim, once the wealthiest businessperson in Indonesia, was founder of the Salim Group, one of the three most prominent Indonesian ethnic-Chinese development companies, the other two being Ciputra Group and the Lippo Group. The Lippo Group developed satellite cities such as Lippo Karawaci and Lippo Cikarang, two examples of the 20 or so satellite cities over 500 hectares already constructed or approved as of 1997 (Firman, 2004). The mega projects of the Lippo Group appear to be modelled on the design principles of the garden city movement and the later state-planned new towns. At the same time, they evoke 19th-century traditions of family-based development capital working in a somewhat unregulated environment with little contractual trust between companies (Hogan and Houston, 2002).

The Lippo Group has two main goals according to one of the company's senior executives: to make profits from real estate development and to design self-contained cities which can be a model to be emulated both in Jakarta and the wider region (Benton, 2000). Satellite city developments are commonly seen as reinforcing spatial segregation as they shift the wealthy into scattered residential developments. Developers rather than local governments perform urban management tasks while the local state acts as a body for expediting the development of satellite city projects (Zhu, 2010).

In the past 10 years, the development of private satellite cities in the peri-urban areas of South-east Asia has become increasingly common as governments increasingly view the urban periphery as the most appropriate arena for privatised urban growth (Leaf, 2002). Douglass and Huang (2007) have examined a number of examples of this phenomenon that have been recently completed or are still under construction. Phu My Hung ('Saigon South') in Ho Chi Minh City is financed by Taiwanese developers and will cover 33 square km of land and house one million people (see also Waibel, 2006). Na Be New Town is being built by a Korean developer and is 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. It is a similar picture in Hanoi, where the Indonesian developer Ciputra is building a satellite city under the name Ciputra International City, and a Korean developer is constructing an even larger project called An Khanh (Star World). It is worth mentioning that private-sector-developed satellite cities are not unique to Asia. Similar developments are located on the desert periphery of Cairo, financed by UAE-based companies and modelled on comparable projects in Dubai (Singerman and Amar, 2006). The process of 'Dubaisation' has infused urban development practices throughout the Middle East and Africa, in Khartoum, Sudan and Nouakchott, Mauritania (Choplin and Franck, 2010).

Foreign companies are not behind the construction of all satellite cities and, furthermore, smaller developments often represent more significant drivers of change. Labbé and Boudreau (2011), in their research on Hanoi, caution 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 focuses on a select number of foreign projects (as mentioned earlier), Labbé and

Boudreau draw attention to the roughly 500 new residential developments around Hanoi developed for the most part by state-owned Vietnamese companies and with a variety of built forms, financial arrangements and target populations. In and around Phnom Penh, many large residential developments have appeared over the past decade, normally built by local Cambodian-Chinese enterprises. However, most of these are solely residential estates. The two 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. Because Phnom Penh is smaller than most other South-east Asian capitals (it has a population of less than two million), satellite cities form an even more significant feature of its urban landscape.

It is apparent that satellite cities are becoming a common phenomenon throughout the region. As already shown, what started in Jakarta has spread throughout the Asian region from Hanoi and Phnom Penh to Kolkata. This paper, in agreement with Shatkin (2011), first, seeks to argue that urban networks are central to their development. Such networks may consist of capital investment, the movement of particular architectural, urban design or governance styles, or the reification of the imagined qualities of certain 'paradigmatic' cities. Kolkata West International City, for example, is financed through a joint venture between Salim Group and Ciputra of Indonesia and Universal Success Enterprises Ltd of Singapore. Secondly, certain urban design styles are replicated, often as a result of the involvement of consultants. Surbana, a spin-off company of Singapore's Urban Redevelopment Authority, works on satellite city masterplanning in various countries, exporting the urban development knowledge accrued at home. Thirdly, specific cities are deemed successful and replicated in other contexts. Citra Raya, another Ciputra project, is located in Surabaya. The city is marketed as a 'mini-Singapore', capitalising on the city-state's image as wealthy, modern and liveable. The urban landscape is planted with trees and public space is adorned with Singapore icons such as statues of the Merlion and Stamford Raffles.

Although the concept and design may be evocative of American suburbia and gated communities, the production process is firmly grounded within East 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 South-east 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 head of the company, James Riady, spent time in California whilst studying for a graduate business degree (Silver, 2008). However, a deeper examination of the production of East Asian satellite cities requires a more thorough look beyond urban form towards the networks through which they are produced.

Phnom Penh's Recent Development

Our particular focus in this paper is on Phnom Penh, where a number of satellite city projects have been proposed or are currently under construction. The two major satellite cities funded by foreign investors are Camko City and Grand Phnom Penh International City, developed respectively by Korean (World City Co. Ltd) and Indonesian (Ciputra Group) companies, the latter acting in partnership with a local Cambodian company. These projects are

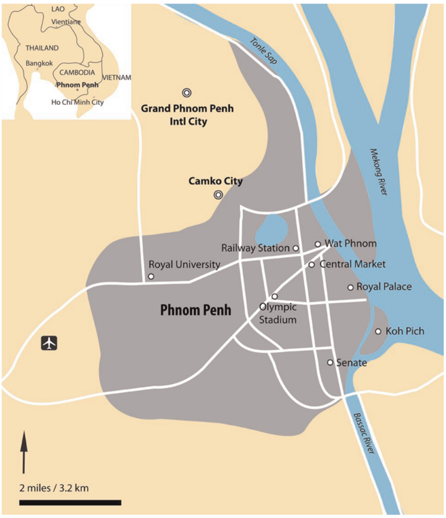

Figure 1. The location of Camko City and Grand Phnom Penh International City in relation to the centre of the city of Phnom Penh. *Source:* authors.

sited in close proximity to each other in the peri-urban districts of Sensok and Russei Keo (Figure 1). Camko City is located on the very edge of the existing built-up area of Phnom Penh city, whilst Grand Phnom Penh International City is situated 5 km further north. Another satellite city, built by a local company, Overseas Cambodian Investment Corporation and known as Chrouy Changvar City of the Future, was recently given approval by the government. There are also approximately 90 housing developments (known as *borei* in Khmer) being undertaken by local companies (Municipality of Phnom Penh, 2011a). These are not all 'gated communities' and many are targeted at lower- and middle-income buyers. Some of them are very large, up to 2000 hectares, such as Borei Santepheap III and AZ City.

The development of satellite cities is set in the context of Cambodia's political economy and changing position in global capital networks. During the 1990s, political instability linked to the remaining Khmer Rouge factions and the 1997 fighting between the Cambodian People's Party and FUNCINPEC,[3] meant that there were only small investments in urban development. There was little pressure on land and prices thus remained mostly very low. Yet between 2004 and 2007, the price of land in central Phnom Penh increased exponentially from around US$250 to US$2000 per square metre (GTZ, 2009). This increase was due to a combination of interrelated factors. The elections of 2003 gave way to a period of relative political stability (Albritton, 2004). Talk of political stability gave the cue to foreign investors that now was the time to put money into Cambodia, where there was the potential for higher returns than could be had in more developed countries. This was augmented by the fact that tighter regulations in financial centres such as Singapore resulted in capital flowing to places with looser legal environments such as Cambodia, where the government was receptive to foreign direct investment (FDI). According to the most recent data, China is the largest source of FDI in Cambodia, with investments worth US$893 million in 2009, while 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 (KOTRA, 2010). In terms specifically of real estate and urban development capital, South Korea heads the rankings. Real estate and construction accounted for 71 per cent of the total South Korean investment during 2010 (KOTRA, 2010). Concurrently, wealthy Cambodians began to bring back money stored in overseas bank accounts (*Cambodia Daily*, 2005). Land is seen as one of the very few secure places in which to invest money in a country where suspicion of the banking system remains and where speculation has been widespread.

In 2008 the global economic crisis began to have an impact on Cambodia's urban development, although it primarily affected projects financed by foreign investors. Real estate prices fell, economic growth slowed and banks began to restrict loans for developers and customers as global capital markets slowed down. Many of the projects announced in the boom period were either cancelled (for example, GS Engineering and Construction's (E&C) International Financial Centre), put on hold (POSCO E&C's Star River condominiums) or paused mid-way through construction (Gold Tower 42). All of these three were Korean developments.

Although the city centre has changed spectacularly with the construction of shopping malls and high-rise buildings, much of the new development has occurred in peri-urban areas. In terms of population growth, the outer four districts experienced an increase of between 90 per cent and 180 per cent in the decade from 1998 to 2008. Meanwhile, all but one of the central districts saw a small decline in population (Municipality of Phnom Penh, 2011b). This population growth in peri-urban areas is due to new housing developments, garment factory worker accommodation and the relocation of poor urban communities from the centre to the periphery of the city. In 2009, 72 per cent of poor urban families were living in the four outer districts, up from 50 per cent in 1997 (STT, 2009). Between 1990 and 2011, 30 000 families (accounting for about 150 000 people) in Phnom Penh were displaced (STT, 2011), two-thirds of them since 2000.

As the former paddy 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 an attempt to improve urban planning (*Phnom Penh Post*, 2010a). Land prices in peri-urban areas peaked in 2006–08 at approximately $200–250 per square metre, while in 2011 the price had fallen to around half that level (*Phnom Penh Post*, 2011), still a big increase from a decade earlier when land values were just a few dollars per square metre. The drivers of peri-urbanisation in Phnom Penh are clearly similar to those in other major cities in the South-east Asian region: land at lower prices and unclear and weak spatial planning policies (Hudalah *et al.*, 2007; Webster, 2002).

The Production of Satellite Cities in Phnom Penh

Camko City

Camko City is a $2 billion project, planned to cover 120 hectares when, and 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. Opinion was mobilised behind the construction of a modern office district with high-quality infrastructure located outside 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 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 was originally planned for Camko City but is now due to open in Canadia Tower, the first high-rise office building in central Phnom Penh, because of delays in Camko City's construction.

In addition to the main investment and project management company, Landmark World-wide, Camko City involves a roll call of related 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 were undertaken by K2A, a company based in 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.

At the time of writing (October 2011), the first phase, consisting of villas, townhouses and several high- and mid-rise condominiums, has been completed. Despite the fact that there are over 1000 units completed and they are 90 per cent sold out (interview, Camko City management), it is apparent that these sales have been mainly speculative as only 150 families are living there. 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 per cent foreign ownership in one particular development (*Phnom Penh Post,* 2010b). Since then, approximately 30 per cent 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 \$600–800 per month.

Grand Phnom Penh International City

Located nearby is Grand Phnom Penh International City, a 260-hectare development undertaken through a joint venture between Ciputra Group of Indonesia and the YLP Group of Cambodia. Within the joint venture, YLP Group initially owned and prepared the land, while Ciputra is responsible for the design, planning and construction. Surbana designed an underground infrastructure system for communications and utilities.

This development is more consumption-oriented than Camko City and is built around a large golf course. According to the master plan for the development, it will house 4000 families upon completion and contain facilities such as schools, a hospital, water amusement park, hotel, shopping mall and office buildings. As of 2011, approximately 200 houses and the golf course have been completed since the project's inception in 2007 (interview, planner, Ciputra). Ciputra do not anticipate completing the project until at least 2020. Prices range from \$100 000 for the smallest houses ('Sicily') to over \$600 000 for the largest property ('Chateau 3'). Only Cambodian citizens can purchase houses here as they are landed property rather than a condominium in a co-owned building.

Tracing Korean and Indonesian Connections

South Korea is the largest investor in real estate and construction projects in Cambodia. South Korean companies were among the first to open garment factories in the 1990s, later being pioneers in the real estate and urban development industries. Koreans began investing in real estate projects in 2004/05, when the Korean domestic market was in a downturn (Postlewaite, 2008), and investment increased rapidly until 2008 and the global financial crisis. Korean projects have predominantly focused on high-rise condominium buildings as well as Camko City.

Parallel to these investment flows has been the formation of significant Korean business networks, with at least 550 Korean companies operating in Cambodia (KOTRA, 2010). Korean capital has been brought in through Korean banks; construction machinery and materials have been imported from Korea with generous import tax exemptions; and Korean construction companies, architects, engineers, surveyors and property lawyers are working in partnership with developers. All this has resulted in a significant migration of Korean professionals to Cambodia; estimates range from 4000 to 7000 (*Phnom Penh Post*, 2008). In Camko City, almost all of the materials and construction machinery was imported from Korea.

A number of factors explain the Korean interest in urban development projects in Phnom Penh. Korean businesses were the first to see the potential in Cambodia. The situation in Cambodia reminded them of what they had experienced in Korea after the Korean War, when the country developed rapidly and property prices and land values increased exponentially (interview, Korean trade organisation official). They predicted that the same would happen in Cambodia and they argue that their prediction was accurate, at least until 2009. On a similar note, Korea's rapid urbanisation and development meant that Korean companies have gained considerable expertise in urban development. This is particularly the case regarding the technologies and construction techniques required for high-rise apartment buildings. The urban development arms of large Korean conglomerates such as POSCO Engineering and Construction E&C, Nuri E&C and GS E&C have for some time been looking for overseas opportunities in South-east Asia, China and the Middle East as they have outgrown the domestic market. On the political front, there is a close diplomatic relationship between Cambodia and Korea. Indeed, Lee Myung Bak, president of South Korea at the time of writing, had previously held an appointment as an economic advisor to Cambodia's prime minister.

The political and economic situation in Korea is a major determinant of Korean influence in Cambodia. In the period after the Korean War, inward investment and domestic growth were promoted over FDI. Nevertheless, as Korea developed rapidly, local opportunities began to be exhausted and wage increases reduced the competitiveness of Korean products compared with lower cost countries (Jae, 2007). Combined with state efforts to encourage internationalisation, this increased the number of Korean businesses, particularly the *chaebol* (large conglomerates with close political ties), expanding overseas (Wad, 2002).

While Korean companies dominate the field of foreign investment in urban development in Cambodia, they are not the only players. As mentioned earlier, Grand Phnom Penh International City is being developed by the Indonesian company Ciputra. The project in Cambodia is modelled on similar cities already built in the developer's country of origin. All of Ciputra's satellite city projects share broadly similar architectural styles and urban forms, regardless of their location, particularly the imposing entrance archway and a residential architecture reminiscent of historical European styles. Although the exterior and interior design is European in appearance and the names of each type of house are Italian and French, they retain some adaptation to Asian climate and culture such as open-air kitchens. Additionally, Ciputra's developments are modified to fit local cultural contexts. In the Cambodian case, the design team undertook market research and ascertained that Cambodian buyers prefer larger houses than their Indonesian customers (interview, planner and designer, Ciputra). They also named houses after places in France, reflecting the country's history as a French protectorate.

In comparison with Korea, Indonesia does not have a particularly large presence in Cambodia in terms of investment, or significant political ties. The satellite city development is driven more by the networks of the Ciputra company itself, which has begun diversifying its business activities overseas to Phnom Penh, as well as Kolkata, Hanoi and Shenyang in China (*Jakarta Globe*, 2009). The company name originates from that of the company founder, Ir. Ciputra (his original Chinese name was Tjie Tjin Hoan), and still remains an ethnic-Chinese family business. The company anticipates that greater profits can be had abroad (*Jakarta Post*, 2011). Ciputra's regional expansion emanates from its position as one of the leading property developers in Indonesia. Its strong position is primarily due to the company's ability to obtain large areas of cheap rural land, along with the rights to convert that land into urban usage. Large developers with privileged access to finance and close political connections were able to do this (Leisch, 2002; Rimmer and Dick, 2009). Ciputra, for example, aligned itself with the Salim Group, which had close links with President Suharto (Dieleman, 2011; Dieleman and Sachs, 2008).

Local Interactions with Regional Flows

Mutually constitutive with the regional flows are local forces, particularly the interactions with the local and national state. Real estate and construction is one of the national government's four economic priority areas because of its perceived potential for job creation (Hun Sen, 2008); it accounted for 20 per cent of economic growth between 1998 and 2006 (Ear, 2008). The Council for the Development of Cambodia is tasked with ensuring an easy passage for potential investments as well as promoting Cambodia overseas as a destination for foreign direct investment. Cambodia, in fact, has a very open economy. Companies can be foreign owned in almost all sectors of the economy; there is a low corporate tax rate (20 per cent) and profits can be freely repatriated. A draft summary of the city's master plan, which is still in the process of being finalised, mentions explicitly that the East Asian region is one from which capital can be mobilised. Over 90 per cent of cross-border real estate investment in Asia originates from within the region (CBRE, 2009).

At the city scale, satellite city development has occurred through large land acquisitions enacted through sub-decrees signed at the highest levels of government. A satellite city project proposed by a local company the Ly Yong Phat Group, was preceded by a sub-decree legally changing the status of 1300 hectares of land from state/public to state/private property (*Cambodia Daily*, 2011). Another, named Chrouy Changvar City, is being built by Overseas Cambodia Investment Corporation on the site of a cancelled Malaysian project named Sunway City. In this case, the national government designated the land as a 'development zone', leaving the Municipality of Phnom Penh the task of announcing and regulating a ban on all land sales, new construction and earthworks within the zone, as well as compensating landowners (Municipality of Phnom Penh, 2011c). Local companies are undertaking both these projects, although it is not clear from where all of the financing originates. The land for Camko City was purchased by Korean investors from two local companies who had previously prepared the land for development (interview, Camko City management). Grand Phnom Penh International City was developed through collaboration with the YLP Group, owned by a military family. The opaqueness of the planning process helps the interests of well-connected developers, a situation that is similar to satellite city developments in Indonesia (Firman, 2000).

There are a number of challenges to effective urban planning in Phnom Penh in addition to the rather top–down nature of project approvals alluded to in the previous paragraph. In particular, the legal framework for urban planning has not kept up with the influx of capital in urban development and the large size of new projects. The most relevant piece of urban planning legislation, Sub-decree No. 86 on construction permits, was designed for individual buildings rather than developments of the size of an urban district. This is beginning to change with the introduction of Sub-decree No. 39 on the management of *borei* housing developments. This law seeks to manage the impact of large urban development projects and covers issues such as landownership transfers and means of avoiding environmental problems for surrounding communities. In addition, there are many other difficulties facing urban planning in Cambodia for which there is not sufficient space here to explore. These include the lack of government budget and human resources for urban planning, the low priority given to urban issues and the extent of illegal urban development.

Urban development projects are by and large decided at high levels of government before a real urban planning process takes place at the local level. This means that the social and environmental impacts are not fully taken into account. As has been suggested in the comparable case of Hanoi (Monthéard, 2010; DiGregorio, 2011), peri-urban developments such as satellite cities can destabilise existing populations and endanger people's livelihoods because of the wider transformation of the landscape even if no actual displacement takes place. Satellite cities can damage the environment through the filling-in of much-needed floodwater run-off areas. The severe flooding that engulfed parts of central Cambodia and Thailand in the autumn of 2011 testifies to the importance of this. While focusing on the construction of urban facilities for the transnational rich, it is important to remain aware of the serious impact that these have on the livelihoods of peri-urban farmers and other long-time residents. In this paper we have focused on the processes behind these urban development projects, but that should not lead to a neglect of underlying issues of social displacement.

Conclusions

Satellite cities are becoming an ever more common feature in the peri-urban areas of South-east Asian cities. They are significant because of both their size and the configuration of the roles of public and private actors. In the majority of cases, satellite cities materialise through foreign influence in terms of financing or design, much of which originates from within the East Asian region. The paper focused on Phnom Penh, examining Camko City and Grand Phnom Penh International City. Methodologically, the paper sought to understand the process of satellite city development by taking into account the relational and territorial aspects. The development of Camko City can be partly explained by the expertise of Korean urban development companies as well as the dense network of relations between the two countries. Grand Phnom Penh International City, on the other hand, is less dependent on close political relationships. It is contingent on the motivations of the ethnic-Chinese Ciputra company to regionalise and the company's history and experience of satellite city development in Indonesia.

We attribute the energies devoted to these urban development projects to a number of factors. The lack of state capacity for urban planning and appetite for city building creates the conditions in which private companies undertake urban development projects of an enormous size. In addition, the state's failure to provide adequate urban infrastructures encourages the private sector to move in. This caters to a growing demand for satellite city living from middle- and upper-income groups, who are wooed by images of a cosmopolitan lifestyle. Businesses too evince the desire to move out of makeshift space in the city centre into the appropriately international setting of a satellite city. At the same time, governments have become increasingly entrepreneurial in order to attract investment from regional urban development companies. We have shown here that much of the investment in satellite city projects originates from within the East Asian region, including much but not all of it from Korea and Indonesia. It is indeed predominantly from regional firms that city-building expertise and experience come. This conclusion suggests the need for a reconceptualisation of Dick and Rimmer's (1998) by-now rather dated assertion that satellite cities represent a convergence around American styles of urbanism. In underlining the role of regional capital and expertise, we hope to have 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.

Notes

1. In this paper, we use the term 'satellite city' throughout, but the terms 'new town', 'urban integrated mega project', 'new urban area' and 'privatopolis' are also used by developers to refer broadly to the same type of urban development. It is important, however, to bear in mind that, in the academic and planning literature, the term 'new town' generally refers to new settlements built by the state.
2. We include South-east Asia within our definition of the East Asian region.
3. French language acronym for United National Front for an Independent, Neutral, Peaceful and Co-operative Cambodia.

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