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GOLDEN BOTEN CITY

Bungle in The Jungle

The idea was a Chinese economic colony in the Lao wilderness, and that was okay with Laos. Then the gamblers, hookers and gangsters took over, and that was not okay with China.

BY RON GLUCKMAN

Across Asia, once-backward regions have surged in the boom that's lifted millions out of poverty—monuments to the Asian economic miracle. But there have been grand schemes that went spectacularly wrong. Few compare with Golden Boten City, a project that promised a beehive of economic activity in northern Laos by the Chinese border, but today sits lonely and desolate.

Route 3 in the Lao highlands cuts through rubber plantations and forests, a vast carpet of greenery interrupted only by tiny villages—groups of shacks on stilts and tribal people in bright blue, red and black garments. Then suddenly there's a clearing—and the surreal sight of a dozen enormous buildings erupting from the plateau in blistering shades of pink, orange and yellow.

This is Golden Boten City, a “Paradise for Freedom and Development,” as the investment brochures called it. In 2003 a developer leased the 21-square-kilometer site from Laos for 99 years. The plan called for a trade zone in what was expected to be a key growth corri-

dor, with road and rail links from southern China to ports as far away as Bangkok and Singapore. Drawings depict a golf course, a resort and apartment blocks along picturesque lakes and lagoons. Instead, Boten quickly became a Gold Rush-style boomtown and, like many such towns, renowned for gambling, crime and bustling brothels.

At Boten's peak thousands of people each day poured across the border from China's Yunnan Province, thanks to unprecedented visa-free access. As gaming halls proliferated, rows of shops sprouted—a ramshackle market serving Sin City. A dozen lingerie shops catered to battalions of Chinese prostitutes, with the finest choice of stiletto heels in Laos. Pharmacies stocked sex potions alongside racks of X-rated DVDs and containers of bile from black bears fresh from a hilltop factory and used in traditional Chinese medicine. Next door to the factory was a massive pink entertainment hall that boasted transvestite shows. The ladyboys hailed from Thailand but everything else came from China: the beer, the police and practically all the dealers, even the currency that made it



all possible. Hotel signs were in Chinese, and Boten's clocks didn't run at Laos' sleepy pace, but were set an hour ahead to China time. Boten was completely a Chinese colony.

Then, just as fast as gamblers from China turned this remote site into the Macau of the jungle, Golden Boten City





melted down. Stories in the Chinese media talked about hostages held over gambling debts. Residents told FORBES ASIA of bodies dumped in the river. China cut off electricity and telecom service to the enclave and started requiring visas. “We heard reports of killings, of people disappearing,” an official of

Golden Boten City Ltd., the developer, told FORBES ASIA during a visit in May. (The developer said it didn’t run the casinos; that was done by several little-known operators from abroad.) “We don’t disagree that there have been problems here, but we are working to correct them.”

The pink buildings (top) were meant to serve as new hotels and office space in Boten, where shops and housing in front have been razed to make way for a new marketplace; a brand-new but unoccupied jewelry trading store (far left) and shuttered shops add to the gloom.





to new roadside settlements 20 kilometers south. “They took the land, we had to go—we had no choice,” says one vendor at a grocery shop in ramshackle New Boten. Like many villagers, she concedes they received compensation that seemed fair, but adds: “If we could go back, we’d do it in a minute.” Now, she says, they have no rice, no fields. “No life.” She adds: “When they told us about the project, they said they were going to make things better. They needed the land to



shop. (All were small, low-profile companies that quickly disappeared in May and could not be contacted.) Touts in vans roamed China’s border towns, offering free, “sure-fire” get-rich trips. But when their holiday ended, some punters in hock were detained and ransom demands issued to relatives, according to widespread Chinese accounts.

Golden City officials concede that China issued numerous complaints and warnings. In March it shut off Boten’s



A fleet of carts meant to serve the golf course and lakeside condos; a giant picture of George Clooney from abandoned luxury store front; view of Boten, an enormous ghost city.

make gardens and pig farms. They said they wanted to do something to help people, to provide jobs.”

Jobs in the casinos were well paid by Laotian standards but few went to locals because they couldn’t speak Chinese. Instead, several thousand Chinese workers went across the border to staff Boten’s discos, brothels, casinos and hotels.

A dozen gaming operators from China, but also Ukraine, Slovenia and the Philippines, arrived in Boten to set up

electricity and telecom service. This was meant to restrict gambling by proxy, in which minions could play cards for godfathers back in China who barked out instructions over the phone. If they racked up big debts, the Chinese bosses could abandon the hapless gambling mule and simply compensate his relatives. In May, days before the casinos closed, gamblers could be observed operating by mobile phone and over the Internet, using the more expensive Lao

telecoms.

The final blow for Boten came when most Chinese again started needing visas. When the economic zone was marked out, Laos moved its customs posts south, creating a lawless land in between China and Laos where Golden Boten City ruled and policed itself, rather ineffectively. But China severely tightened access in April as part of a campaign against border casinos, according to Qi Yongjiang of the Yunnan Provincial Tourism Administration.

Golden Boten City recently hired a Singapore firm, FBI365, to help with re-branding and bring in new investors. The goal, according to Kan Goh, the firm’s chief operating officer, is to remodel Boten as more of a trading hub. “Development now is paused,” he says. “At this stage, they are trying to clean up and advance the project. We want to bring in duty-free shops and more hotel operators. This is all the original plan.”

A \$7 billion China-financed rail line from Kunming to Bangkok that would pass near Boten is on the drawing board. “This is the entrance to Asean,” says one official still in Boten, looking over the overbuilt but deserted jungle site. “In the original plan, casinos were just a small part of our goal.”

But the casinos could certainly be back. Huang Minxuan says the casinos are now merely “shut down temporarily for modifications and new planning.” Asked whether his company will recruit new casino operators, he says, “Can’t tell for now.”

But some observers think Boten—the buildings and the concession—will likely be sold. Offers have come from Chinese investors, but on the low side, say Boten officials. Still, Boten may have little choice but to sell if it can’t find new investors, or it may simply slide back into the jungle. “Now we want to move on,” says one official. “It’s like we are closing one door and opening a new window.”

Joyce Huang also contributed to this story.

