



November 10, 2016

Fact Sheet

Project Name: Myanmar/Burma : Dawei Special Economic Zone Development Project

Project Overview:

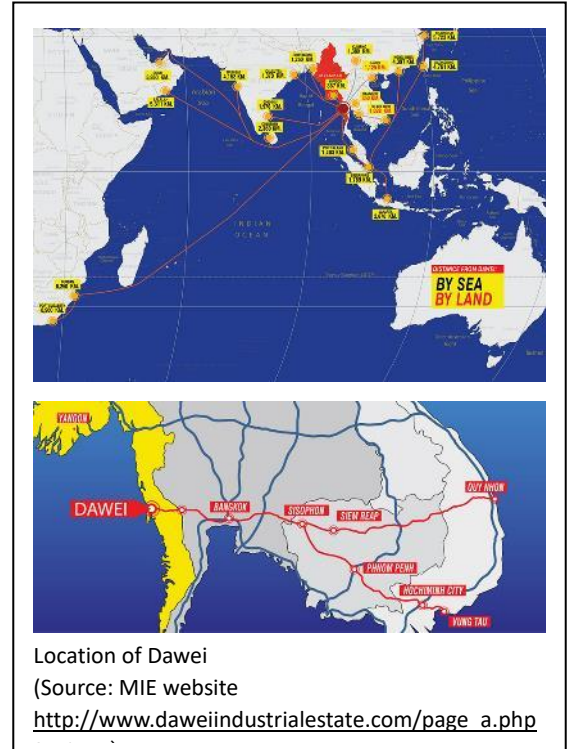
The Dawei Special Economic Zone (SEZ) Development Project is an enormous plan to build what could be among the largest industrial zones in the world if it goes according to plan. It is projected to become a hub of logistical activity in the Greater Mekong Sub-region (GMS), with a deep sea port to be built just beside the SEZ. Also with a road and railways built to link the deep sea port to the Myanmar-Thai border, connecting to roads and railways beyond, it is to create an alternative trade route replacing the traditional sea route that crosses the Malacca Straits.

The planned size of the SEZ is about 20,000 hectares, equivalent to 1/3 the size of Lake Geneva, and approximately 8.3 times the size of the already problem-ridden Thilawa SEZ on the outskirts of Yangon. Infrastructure related to the Dawei SEZ includes a deep sea port, roads, railways, reservoirs, power plants, and gas pipelines. These would replace villages, some of which are indigenous, as well as plantations, rice fields, rotational farming fields, rolling hills, rivers, beaches, mangrove forests, and ecosystems. These support not only people's livelihoods, but include areas with endemic and endangered species. It is estimated that people from 20 to 36 villages would be affected, comprising approximately 4,384 to 7,807 households, or 22,000 to 43,000 people.¹ In addition, people living in urban and suburban areas of Dawei District, with a population of 493,576 (2014 Census) would be subjected to negative impacts from the operation of the petrochemical complex and other facilities. The number of affected people would possibly increase as repatriation of refugees (mainly ethnic Karen who fled to Thailand) is expected to start.

The project formally started in May 2008 when the Myanmar and Thai governments signed an agreement to build the Dawei SEZ. In 2010, a 60 year concession was granted to Italian-Thai Development Plc. (ITD), a Thai company. Work has been carried out in the name of Dawei Development Company Ltd., a joint venture company owned by ITD (75%) and Max Myanmar (25%). In July 2012, however, Max Myanmar withdrew its investment. After hitting financial difficulties, the project was stalled and in November 2013, concession rights were transferred to a Special Purpose Vehicle (SPV), jointly owned (50% each) by the Myanmar and Thai governments. The project resumed again, especially after the Japanese government officially joined the project in July 2015, signing a Memorandum of Intent (MoI)² with Myanmar and Thailand.

In December 2015, Japan Bank for International Cooperation (JBIC) signed an agreement to co-share in SPV. Japan joined this project at an early stage with the intention of creating opportunities for the Japanese business sector to participate in infrastructure projects.³

Work previously carried out by ITD and Max Myanmar has already led to many problems, such as forced eviction, intimidation by officials to gain consent for the project, meaningless consultations, and flawed compensation processes.



¹ Dawei Development Association (DDA), September 2014, *Voices from the Ground: Concerns Over the Dawei Special Economic Zone and Related Projects*, p.5. <http://www.ddamyanmar.com/wp-content/uploads/2014/10/Voice-from-the-Ground-Engonline-1.pdf>

² "Memorandum of Intent among the Government of Japan, the Government of the Republic of the Union of Myanmar and the Government of the Kingdom of Thailand, on the Cooperation for the Development of Dawei SEZ Project" <http://www.mofa.go.jp/mofaj/files/000088498.pdf>

³ JBIC, December 15, 2015, Press Release "Signing Shareholders Agreement for Equity Participation in Dawei SEZ Development Company Limited in Myanmar"

Most of these problems remain unresolved. Local groups have been warning Japan that if it decides to join this project, then it must be accountable for the already existing environmental and social impacts and human rights violations. In addition, local people are voicing concerns and apprehension regarding further development.

Project Location:

- Coastal area in Dawei District, Thanintharyi Region, including Nabule Beach. The land size is approximately 200 square km (20,000ha), which is about the same as 1/3 of Lake Geneva, the second largest lake in central Europe.
- Located about 30km north of Dawei, the capital of Tanintharyi Region. It is about 600km from Yangon and around 350km west of Bangkok.

Project proponents:

- Governments: Myanmar, Thailand, and Japan
Dawei SEZ Development Company (SPV): Established in June 2013 by Myanmar’s Foreign Economic Relations Department (FERD) and Thailand’s Neighboring Countries Economic Development Cooperation Agency (NEDA). Japan Bank for International Cooperation (JBIC) joined on December 14, 2015. At present (Dec. 2015) all three own equal shares of around 33.33%, with an overall budget of no more than Bt100 million.⁴

Transition of Project Proponents:

2008-2013

Dawei Development Company Ltd., a joint venture company owned by ITD (75%) and Max Myanmar (25%). Concession rights were granted to ITD in 2010 and implementation of the project began. In July 2012, Max Myanmar withdrew its investment from Dawei Development Company and ITD became the sole developer.

2013.11

ITD lost concession rights. Concession rights were transferred to the Special Purpose Vehicle (SPV), Dawei SEZ Development Company Ltd., jointly owned by Thailand and Myanmar governments (50% each).

2015.4

MIE (Myandawei Industrial Estate Company Ltd) was established as a joint venture between ITD and ROJANA.

2015.8

ITD, Rojana Industrial Park Public Company Ltd., and LNG Plus International Company Ltd. were granted concession agreements for the initial phase of the project.

2015.12

Japan Bank for International Cooperation (JBIC) joined Dawei SEZ Development Company Ltd..



Project plan map by ITD dated September 2, 2015. (Photo: October 2015, 5km estimated measure is by Mekong Watch)

⁴ ‘Japan allowed in Dawei SPV,’ The Nation, December 9, 2015.

Main Project Components:

- Transport (road/railway) of about 130km linking Dawei SEZ and Myanmar-Thai border, which connects to a road to Bangkok
- Industrial estate with:
 - heavy industries including steel mill and fertilizer plant
 - petrochemical complex
 - light industries
 - logistics and transportation industries
 - oil and gas industries
 - coal fired power plant, hydropower
- Deep seaport
- Small port
- LNG Terminal
- Water reservoir(s)
- Telecom landline
- New township and commercial sectors
- Resettlement villages for displaced populations

The project's "Initial Phase" involves⁵:

- 2-lane⁶ road-link (Dawei SEZ to Myanmar-Thai border's Thi Khi – Phu Nam Ron Checkpoint, about 130km)
- Initial industrial zone of 27 square km⁷
- Small port
- LNG terminal
- Small power plants (Gas-fired⁸)
- Small water reservoir (with water treatment plant⁹)
- Township plan for employees
- Telecom landline

Problems from the past^{1,10}:

1. Destruction of nature and living environments
 - E.g.: A vast area of mangrove forests was destroyed. An environment where fish could breed and grow also supported people's livelihoods. It has been lost.
 - E.g.: A road-link to Thailand has scraped off mountain surfaces, inducing landslides. The road-link fragments paths use by people as well as corridors used by wild animals, including elephants.
2. Enforced eviction
 - E.g.: The village of Char Kahn, close to the starting point of the road-link, was evicted. Three villagers who refused to move were imprisoned for a month and their houses were destroyed.
3. Destruction of farmland and livelihood
 - E.g.: To make way for road construction, ITD destroyed houses in Yaw Dut Thar Village without any consultation with the villagers. The villages lost their main livelihood of salt making and were moved without any compensation. They now struggle as daily wage laborers.
 - E.g.: Waste from a quarry poured into about 195 acres of paddy fields in Paradut Village, making 43 farmers unable to cultivate. Although ITD made a small weir as a countermeasure, it cut off a stream which was supplying water to the paddy fields.



The road-link connecting Dawei SEZ planned area and Myanmar-Thai border. There are plans to expand this into a 4-lane highway. Railway, electricity links, oil and gas pipelines are planned to follow. (Photo: October 2015)



Land that has been cleared for initial industrial zone. (Photo: October 2015)

⁵ "Regional Integration through Dawei Development Project" presentation at the Mekong-Five Economic Forum as part of the 7th Mekong Japan Summit in Tokyo on July 3, 2015, by Mr. Arkhom Termittayapaisith, Deputy Minister of Transport and Secretary, General of the National Economic and Social Development Board of Thailand.

⁶ According to ITD's plan at present (July, 2016) 4-lane is planned.

⁷ According to ITD's plan map, the Initial 27 square km Industrial Zone is divided into Zones A, B, and C (7 square km each) and Zone D with 6 square km.

⁸ MIE website sited on July 8, 2016. http://www.daweiindustrialestate.com/page_a.php?cid=86&cname=Project Overview

⁹ The project plan map (dated September 2015) by ITD indicates that a small water reservoir will be accompanied by a water treatment plant.

¹⁰ Compiled by DDA and local villagers, March 2016, *Summary of case studies on human rights violations in Dawei Special Economic Zone Area*. http://www.mekongwatch.org/PDF/daweiHRviolation_case_study_ENG.pdf

E.g.: A road constructed by ITD to transport rocks from the quarry has blocked streams, resulting in destruction of some paddy fields in Mayin Gyi Village. Villagers cannot grow paddy there anymore.

E.g.: To construct access roads for a road link, hillsides were scraped and soil was piled haphazardly beside the road and left there. Whenever these piles of soils slide down, plantations located below are damaged. There has been no compensation.

4. Unclear and insufficient compensation

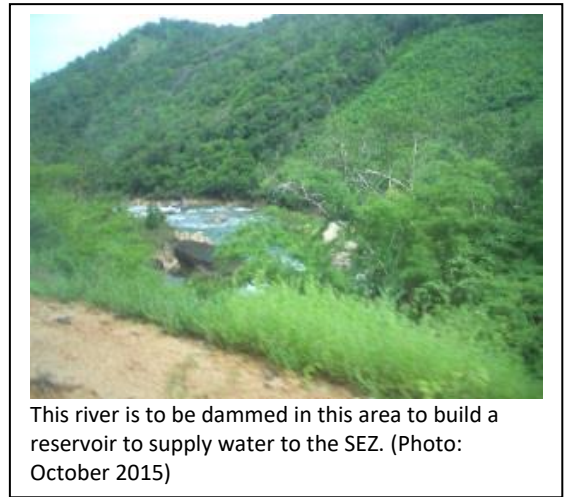
E.g.: Villagers between the 8 and 10km points of the road-link were threatened by ITD that they would get nothing if they did not agree with what was being offered by the company. Many felt they had no choice but to accept the offer.

5. Life at relocation site very poor

E.g.: In the Bawar relocation area, there is neither electricity nor drinking water despite what was promised. Four households were relocated, but 3 of them sold the house they were provided, and now only 1 household lives there. The family's father has been jobless since relocation, and the mother struggles to collect shells for gaining daily income.

6. Improper EIA

E.g.: Environmental Impact Assessment (EIA), which was supposed to be implemented prior to project implementation, was conducted after the road construction was completed for the load-link access road. Proper assessment did not take place and impacts were not mitigated.



This river is to be dammed in this area to build a reservoir to supply water to the SEZ. (Photo: October 2015)

Remarks on Social Environmental Impacts and Human Rights Violations:

Responding to a complaint submitted by local and Thai NGOs, the National Human Rights Commission of Thailand (NHRCT) reported their investigation results on November 23, 2015.¹¹ The report concluded that project implementation by ITD violated the human rights of Myanmar people. It also mentioned responsibilities of the Governments of Thailand and Myanmar, which backed the project in spite of these violations, as still being unresolved. The NHRCT expects that the project impacts will also continue into the future.

Local groups have alerted Japan that it must also take responsibility, since it is becoming involved with the knowledge that there are existing environmental and social impacts and human rights violations caused by the projects, which Myanmar and Thai governments and companies have failed to address.¹²

In March 2016, a new government lead by National League for Democracy (NLD) was formed. Those projects approved under former governments are under review.

¹¹ The National Human Rights Commission of Thailand (NHRCT), November 23, 2015, *Report of the consideration No.1220/2558, Community rights: the case of Dawei Deep Seaport and Special Economic Zone Project in Myanmar which Thailand has signed the MoU to co-develop and it has violated the human rights of Dawei people (English translation)*.

¹² A letter from three local groups to the government of Japan, JICA, and JBIC, "Re: Call attention to local groups' concerns on Japan's Involvement in the Problematic Dawei Special Economic Zone Project and Related Projects in Myanmar"
http://www.mekongwatch.org/resource/news/20150810_01.html