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Mr. Shinzo ABE, Prime Minister of Japan
Mr. Taro ASO, Minister of Finance
Mr. Yoichi Miyazawa, Minister of Economy, Trade and Industry
Mr. Hiroshi Watanabe, Governor of Japan Bank for International Cooperation
Mr. Hiroyuki Ishige, Chairman of Japan External Trade Organization

April 27, 2015

Re: Demand to Halt Japan's Involvement in the Problematic Dawei Special Economic Zone Project in Myanmar

We, the Dawei Development Association (DDA) who submitted our first letter to you on May 25, 2013, are deeply concerned by recent news that Japan International Cooperation Agency (JICA) will be involved in road link project (as a part of "The Project for Strengthening Connectivity of International Highway in Mekong") associated with the Dawei Special Economic Zone (SEZ) project in Tanintharyi Region, Myanmar. The development of these projects in Dawei have already led to serious social and environmental impacts and human rights violations on nearby communities. In addition, these projects entail serious economic and political risks for Japan. We demand that JICA and all potential Japanese stakeholders not take part in such problematic projects at this moment, and that JICA halts its involvement until the existing issues and risks, which we explain in more detail below, have been adequately solved and plans are in place to avoid or mitigate any further negative impacts on local communities.

DDA has conducted extensive research in the Dawei area and expects that people in 20 to 36 villages will be directly affected by the Dawei SEZ and related projects, including the road link that JICA plans to support.¹ Based on the results of our quantitative and qualitative research in 20 villages directly affected by the Dawei SEZ projects, we found that the communities have lost farmlands and natural

¹ For more information on the impacts to local communities by the Dawei SEZ and related projects, please see "Voices From the Ground: Concerns Over the Dawei Special Economic Zone and Related Projects," available at <http://www.ddamyanmar.com/?p=811>.



resources that are vital to their livelihoods, without receiving any prior information. There was no meaningful consultation with the affected villagers, and a deeply flawed compensation process.²

Furthermore, the Dawei SEZ developers to date have not adhered to relevant international, regional, and domestic legal obligations, standards, and other responsibilities in relation to forced evictions, rights to adequate food and housing, and indigenous peoples' rights. If JICA is involved in the road link project or any other project related to the Dawei SEZ, JICA must ensure first that these gaps are fully addressed.

However, JICA must be cognizant of how difficult it is to correct such gaps, considering the insufficient governance and management ability in the Myanmar Government. JICA has already faced criticism over its investment in the Thilawa SEZ, near Yangon, which has displaced nearly 300 residents in the first phase of the project and stands to displace an additional 4,000 in subsequent phases, in a manner that has violated JICA's Guidelines for Environmental and Social Considerations, as well as domestic laws and international standards. This has resulted in the first ever complaint by residents under JICA's Objection Procedures. JICA has also been criticized by local and regional civil society groups for its planned project for the development of South-Eastern Myanmar.³ JICA's involvement in the Dawei SEZ and related projects would be another bad decision to add to this growing list.

JICA must also take into account that there has been active opposition from local communities to the Dawei SEZ project, including blocking the road⁴ and showing their opposition throughout process of the environmental impact assessment.⁵ JICA must consider its reputation in Myanmar and internationally.

JICA's involvement at this stage of the projects also poses serious economic risks. The Dawei SEZ project has been stalled since November 2013, due to a lack of finance. The Myanmar and Thai governments took control of the project from the Italian-Thai Development Company (ITD) and established the Dawei SEZ Development Company, a Special Purpose Vehicle (SPV) set up in equal partnership between the two countries to develop the project. The lack of previous interest in the Dawei SEZ makes JICA's involvement in the Dawei project an economically risky investment, which would come at the expense of Japanese taxpayers.

² Page 36-50 from "voices from the ground report"

³ See "Critique of Japan International Cooperation Agency's Blueprint for Development in South-Eastern Burma (Myanmar)" by the Karen Environmental and Social Action Network, available at <http://www.kesan.asia/index.php/resources/publications-media/reports/viewdownload/4/152>; and "Japan's Misadventures in Burma," by Rin Fujimatsu and Alex Moodie, Wall Street Journal, January 7, 2015, available at <http://www.wsj.com/articles/rin-fujimatsu-and-alex-moodie-japans-misadventures-in-burma-1420566359> (English)

⁴ <http://www.irrawaddy.org/burma/thai-burma-road-link-blocked-dawei-protesters.html>

⁵ <http://karennews.org/2013/05/thai-surveyors-fail-to-gain-villagers-trust.html/>



Investment in the Dawei SEZ and related projects is also politically risky, given the current instability in peace process as the road link is under Karen National Union (KNU) controlled areas.⁶ The construction of the road link was stopped by the KNU several times already due to livelihood and environmental concerns, such as pollution of rivers with increased sediment, destruction of farmland and plantations.⁷

Another political risk JICA must consider is the upcoming national elections in Myanmar later this year. A new government is likely to have a different policy and interests. For example, the Myitsone dam project signed by the military government before the 2010 elections was suspended by the current government. Similarly, concession rights to ITD, which were granted 10 days before the 2010 elections, were also withdrawn from ITD in November 2013. Additionally, the 2010 elections were fraught with disenfranchisement, intimidation of voters and irregularities. It is not clear whether this year's elections, only the second in decades, will be free and fair. We also see two possible outcomes from the elections that would lead to a difficult political climate for investment. Firstly if the elections are not conducted properly, it is likely that a strong political movement could emerge, leading to a military coup. Secondly, if the military-backed Union Solidarity and Development Party does not win in the election, there could be increased instability in Myanmar. Considering these possibilities, it is very risky for JICA to be involved in such a contentious project so close to the elections.

We hope that JICA will seriously weigh the political and economic risks of its involvement in the Dawei SEZ and related projects. If JICA ultimately decides to go ahead with any investment, loan or even survey, then it must be accountable for any environmental and social impacts or human rights violations caused by the projects. Therefore, we urge JICA to halt any involvement related to the Dawei project until problems and risks are adequately solved.

We appreciate your consideration of these matters and look forward to your response.

Yours respectfully,

Dawei Development Association

⁶ <http://karennews.org/2011/10/burma-army-sends-reinforcements-to-secure-tavoy-kanchanaburi-road-construction.html/>

⁷ http://www2.irrawaddy.org/article.php?art_id=22767