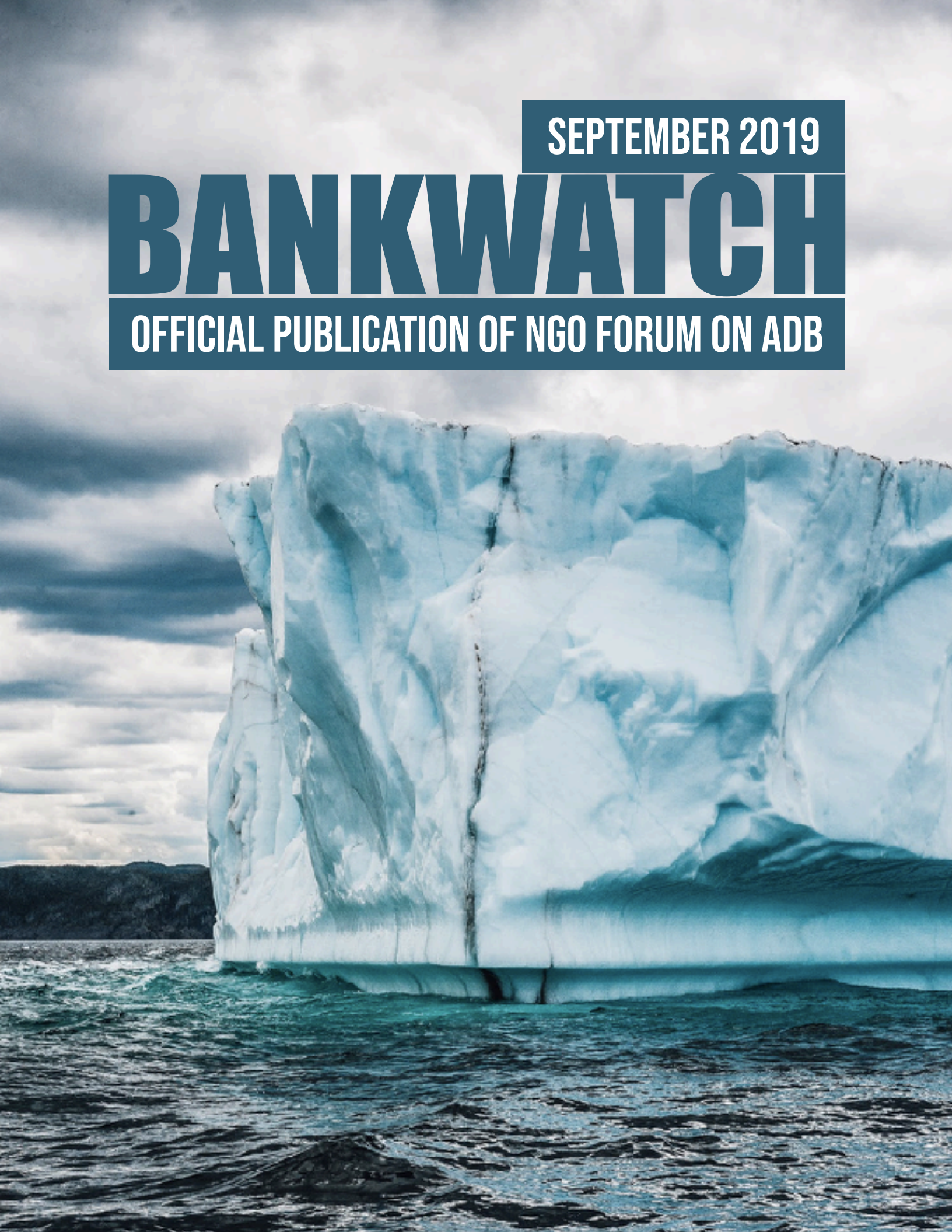
SEPTEMBER 2019

BANKWATCH

OFFICIAL PUBLICATION OF NGO FORUM ON ADB



INSIDE

****** Cover Photo by Harrison Haines***

WORDS FROM THE EXECUTIVE DIRECTOR

Dear Readers,

This is our third BANKWATCH issue for the year 2019.

This issue begins with an article about "Why gov't should cancel Kaliwa Dam project" written by Fr. Pete Montallana of the Save Sierra Madre Network Alliance.

The second contribution is about the Belt Road Initiative titled "Is the UK prepared for a Super China and its global New Silk Road? Written by Ms. Dorothy Grace Guerrero of Global Justice Now.

Another interesting take on the Belt Road Initiative is the the article written by Shreya Dasgupta of Mongabay (A web site that publishes news on environmental science, energy, and green design). The article is titled "China's Belt and Road Initiative could increase alien species invasion".

Lastly, a piece written by Hannah Alcoseba Fernandez of Eco-Business explaining why climate change is degrading the liveability of developing Asia's cities.

We hope that you will find the contributions informative and useful in your ongoing campaigns for economic, social, and environmental justice.

Sincerely,

Rayyan Hassan
Executive Director

IS THE UK PREPARED FOR A SUPER CHINA AND ITS GLOBAL NEW SILK ROAD?

Dorothy Grace Guerrero
Global Justice Now

For the first time since the European Union (EU) and China forged the EU-China Comprehensive Strategic Partnership in 2003, Brussels has adopted a shift in its approach towards what is currently the world's second-biggest economy.

In the new EU Commission document EU-China: A strategic outlook, which came out in March, China is mentioned as a "systemic rival" of Europe. The EU's departure from a China Policy that views Beijing as a "strategic partner", which was followed for more than 15 years, towards a new policy that sees China as a "systemic rival" is a very meaningful change. It symbolises the EU's recognition of China as an economic and technological rival and at the same time as a fellow global power that is following a different development and governance model.

China's model of state-led and planned growth under the Chinese Communist Party (CPP) and led by state-owned enterprises (SOEs), both of which are longstanding and unnegotiable cornerstones of China defining itself as a socialist country, is indeed a very different approach to political and economic governance to that followed by the North. It is important to appreciate how this way of managing the economy has contributed to China's

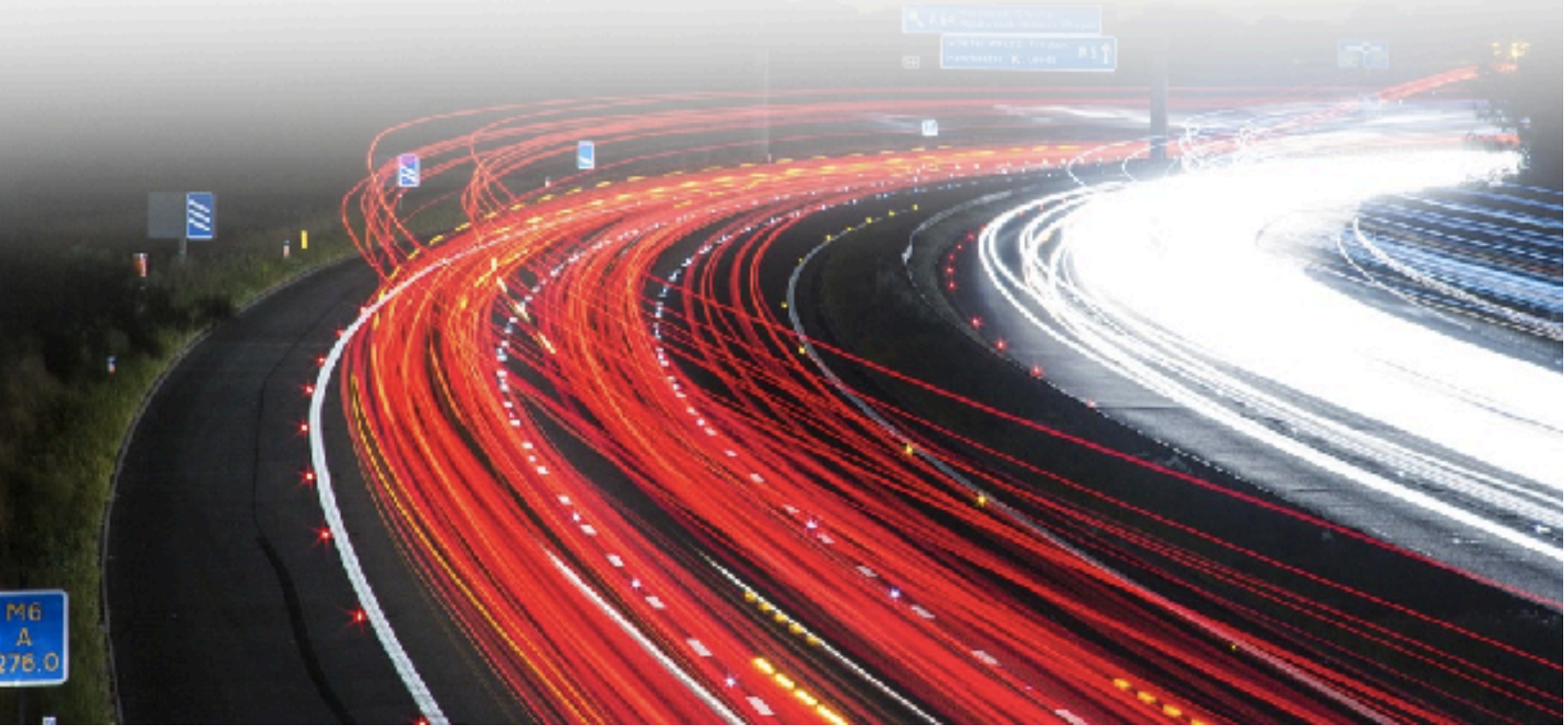


Photo retrieved from https://www.forbes.com/sites/greatspeculations/2018/09/04/chinas-belt-and-road-initiative-opens-up-unprecedented-opportunities/#4f32445e3e9a

exponential rise. The way China has managed to carve out its place in the current world capitalist system and has succeeded in lifting more than 800 million people out of poverty by NOT following the Washington Consensus has inspired many Southern countries.

The Chinese model is beyond the 'developmental state' followed by other developing countries. It has deliberately built up, and benefited from, its large domestic market, which attracted foreign direct investments (FDIs) that included technology-transfer through joint-ventures. It is noteworthy to see the role of the China Development Bank and China EximBank in Beijing's development strategy. Now that model is exported through the Belt and Road Initiative (BRI) with the Asia Infrastructure Investment Bank (AIIB) and the BRICS' New Development Bank.

China has been influencing the global economy in the last two decades by reshaping the global value chain, which now covers two-thirds of global trade. Chinese transnational corporations (TNCs) have increased their size, power and competitiveness in the last 15 years. This includes both state-owned enterprises and private enterprises. This rise has also increased geopolitical trade and investment competition, especially around strategic sectors.

China's Belt and Road Initiative

If one looks at China's Five-Year Plans from 2001 to 2015, one of the key features that threads through its growth-oriented structural reforms is the globalisation of Chinese TNCs. The current 13th Five Year Development Plan (2016 to 2020) carries a more ambitious focus on industrial transformation, raising outward investment and raising the quality and character of Chinese brands. What is also significant is that the end of the plan, which is 2020, coincides with the 100th anniversary of the founding of the Chinese Communist Party.

The Belt and Road Initiative or BRI (formerly called One Belt and One Road by Chinese

"

The Belt and Road Initiative or BRI (formerly called One Belt and One Road by Chinese policymakers or the New Silk Road project) is an ambitious programme to connect Asia with Africa and Europe via land and maritime networks along six economic corridors with the objective of improving regional integration, increasing trade and stimulating economic growth.

Photo by Dimitris.s12

“

This ambitious project, with a total signatory of 152 countries and international organisations that have signed the cooperation documents with China so far, is now the biggest economic partnership in the world, far bigger than all current free trade agreements and trade blocs.

policymakers or the New Silk Road project) is the biggest channel for outward investments initiated by Xi Jinping. It is an ambitious programme to connect Asia with Africa and Europe via land and maritime networks along six economic corridors with the objective of improving regional integration, increasing trade and stimulating economic growth. Recently, Latin American countries like Chile and Panama have also joined. Now elevated to a constitutional rank as part of Xi Jinping’s ‘China’s Dream’, the BRI is Beijing’s instrument for global leadership and a way to reshape the international system with China at its center.

This ambitious project, with a total signatory of 152 countries and international organisations that have signed the cooperation documents with China so far, is now the biggest economic partnership in the world, far bigger than all current free trade agreements and trade blocs. With initial investments worth more than $1 trillion, it invests in infrastructure projects that also involves trade agreements.

Europe’s increasing participation in BRI

While the EU has been grappling for an effective strategy to deal with China, Beijing has carefully made inroads in South and Central Europe. Italy is the most recent signatory to the BRI in March. It is so far one of the most important strategic players for China in Europe, as it is the biggest EU country to join so far and the first Group of 7 (G7) member to do so. The Chinese flagship project is the ‘Five Ports’ initiative involving the Italian ports of Venice, Trieste, and Ravenna, plus Capodistria (Slovenia) and Fiume (Croatia), linked together by the North Adriatic Port Association (NAPA).

Before Italy, 13 other EU member states had signed bilateral agreements with China to become members of the BRI. Beijing started involving Europe in 2012 with the “16+1” platform, which gathered 11 EU member states and five candidate countries. Since then,

achieve diplomatic parity with the US in Asia and Europe, which ensures the security environment and political clout for China's continued rise as a superpower. It also helps China avoid encirclement by US allies around its borders. Through the BRI, China is also winning back its pre-colonial historical and superpower status.

China's new and rapidly evolving status as an economic superpower has changed the nature of its international economic relationships due to its new ability to offer investments, aid, and various forms of financial support to partners. Earlier it invested heavily to gain access to natural resources in developing countries, now it is focusing on technology, industrial and luxury brands, real estate and other assets in advanced economies in Europe and the United States. Chinese firms are buying out European companies to secure a European market for Chinese companies in these sectors and gain know-how.

What will be UK's Post-Brexit China Strategy?

The top three EU economies that received the lion's share of Chinese investment are the United Kingdom (EUR 4.2 billion), Germany (EUR 2.1 billion) and France (EUR 1.6 billion). However, their share in total Chinese FDI declined from 71 percent in 2017 to 45 percent in 2018. Generally, China's global outbound FDI has been dropping recently. This trend can be attributed to continued capital controls and the tightening of liquidity in China as well as growing regulatory scrutiny in host economies.

Social movements in the destination countries are often critical about the impacts of investments on labour, social and environmental standards. However, this is not directed at Chinese investments alone. There have long been organisations in European countries that criticise, monitor and block projects funded by the World Bank and other development banks. In the global South, problematic EU and UK investments have been the concerns of many social movement mobilisation for a long time now.

While Beijing is deepening its connection with the EU, the UK is on the threshold of severing its relationship with the EU. What will make the UK attractive to China given this reality? Would a UK-China free trade agreement rescue the UK out of possible isolation after its departure from the EU?

*Originally published in Global Justice Now (https://www.globaljustice.org.uk/blog/2019/apr/9/uk-prepared-super-china-and-its-global-new-silk-road)

WHY GOV'T SHOULD CANCEL KALIWA DAM PROJECT

Fr. Pete Montallana
Save Sierra Madre Network Alliance

We, individuals and organizations under the STOP Kaliwa Dam (Sectors Opposed to the Kaliwa Dam), are gravely concerned with the government's attempt to use the "water crisis" in Metro Manila to aggressively push the Kaliwa Dam Project. We reject the project on the following grounds:

1. It violates legal processes.

he project has failed to secure free, prior and informed consent (FPIC) from the Dumagat/Remontado as required by Republic Act No. 8173 or the Indigenous Peoples Rights Act.

Indigenous peoples (IP) leaders in the area have questioned the FPIC process undertaken by the National Commission on Indigenous Peoples because they were not provided copies of relevant documents, from the Metropolitan Waterworks and Sewerage System as the project proponent, which are essential in evaluating the project and making informed decisions.

The Environmental Management Bureau has not issued an environmental compliance certificate, which is required of any project that poses a potential environmental risk or impact.

2. It will destroy the area's rich biodiversity.

The dam will be constructed within a forest reserve declared under Proclamation No. 573 on June 22, 1968. Under Presidential Proclamation No. 1636 issued on April 18, 1977, a portion of the watershed was also declared a national park and wildlife sanctuary.

The forests and coastline of PP 1636 are a key habitat to 15 species of amphibians, 334 bird species, 1,476 fish species, 963 invertebrate species, 81 mammal species, 50 plant species and 60 reptile species. Building a megadam in the area will cause irreparable damage to the surrounding ecosystem and devastate animal and plant life.

3. It will contribute to the climate crisis.

Dam reservoirs are a significant source of greenhouse gas emissions, most notably methane, which is up to 30 times more potent than carbon dioxide in trapping heat in the atmosphere and causing global warming. Large dams

Photo retrieved from http://asianfarmers.org/wp-content/uploads/2010/09/mtdaraitan52.jpg

emit enormous amounts of greenhouse gases during construction.

4. It will come at an enormous social cost.

The ancestral domains of the Dumagat/ Remontado include areas within the Kaliwa River Basin where the dam will be constructed. Sacred sites as well as burial grounds will be submerged by its reservoir.

Apart from the IP sites, an estimated 424 households will be affected based on a feasibility study. The dam will impact the areas further downstream, most notably the municipality of Infanta, which will lose the benefit of sediment-carrying river flows.

5. It puts people's lives at risk.

Kaliwa Dam will be constructed within the zone of two active tectonic plates represented by the Philippine Fault Zone and the Valley Fault System.

Many large-scale earthquakes were recorded in the past in this area, and the relative movement of 6 centimeters was observed in 1991-1993 along the Philippine fault line.

The Philippine fault zone has a potential to cause very high seismic activity, as what was recorded in the earthquake of July 18, 1880, when the old churches of Infanta, Mauban (both in Quezon province) and Manila Cathedral were devastated.

6. It will add to debt and tie us to an onerous loan we do not need.

The official development assistance loan from China, through the
Export-Import Bank of China, will add to the country's ballooning debt, which is expected to hit an all-time high of P8 trillion this year.

More than this, it binds the country to an onerous agreement that encroaches on our sovereignty and opens up assets and natural resources to potential seizure by China.

Taken together, these aforementioned reasons are more than enough to call into serious question the wisdom of pushing through with the construction of Kaliwa Dam.

CHINA'S BELT AND ROAD INITIATIVE COULD INCREASE ALIEN SPECIES INVASION

By Shreya Dasgupta
Mongabay

China's ambitious, multi-trillion-dollar Belt and Road Initiative could introduce alien invasive species into several countries, threatening their native biodiversity, warns a new study.

Announced by Chinese President Xi Jinping in 2013, the Belt and Road Initiative (BRI), also known as "One Belt One Road" and "21st-century Maritime Silk Road," proposes to connect China to countries in Asia, Africa and Europe via a network of land- and sea-based routes, making trade between the countries easier. There are plans for an overland economic belt of six corridors, which will include infrastructure like roads, railroads, airports and gas pipelines, connecting China to Central and South Asia and Europe. There's also the Maritime Silk Road, or sea route corridors that aim to connect China with Southeast Asia, Oceania and North Africa through a chain of seaports.

While increased connectivity through mega infrastructure projects like the BRI can offer opportunities for trade and growth for the participating countries, it can have huge environmental costs too. Conservationists have, for instance, voiced their concern over the BRI potentially accelerating the invasion of alien species and the loss of native biodiversity.

To find out where alien species can easily move in, Yiming Li, an ecologist at the Chinese Academy of Sciences, and his colleagues looked at the risk of invasion of more than 800 invasive species, including 98 amphibians, 177 reptiles, 391 birds and 150 mammals, across 121 countries that China considers to be potential hosts for BRI projects. For these species, the team assessed two things: the "introduction risk," or the likelihood that a species would be introduced to a new area, and "habitat suitability," or the likelihood that the species, once introduced, would thrive in that location because of suitable habitat.

The study did not evaluate the impacts that the BRI itself would have on invasion risks, Li told Mongabay. Rather, it identified areas within

BRI countries that have high invasion risk. This, Li said, would help achieve the green development goal of BRI's sustainable development.

Li's team identified 14 invasion hotspots — areas that have both high introduction risk with the movement of people and goods, and conditions that would allow the invasive species to thrive — mostly located on the six proposed economic corridors. These hotspots include areas in North Africa, South Asia and Southeast Asia, the researchers report in the study published in Current Biology.

In just Indonesia, for instance, the study found that there could be suitable habitats for more than 300 alien vertebrate species, including the American bullfrog (Lithobates catesbeianus or Rana catesbeiana), an amphibian native to North America that has been linked to outbreaks of the deadly chytrid fungus leading to declines in frog populations in Central America and elsewhere. Similarly, Malaysia offers suitable habitat for nearly 200 invasive species.

The large number of invasive vertebrate species that could plague countries hosting Belt and Road projects is "startling," William Laurance, a distinguished research professor at James Cook University in Australia, who was not involved in the study, told Mongabay. "Of course, this doesn't include many other kinds of invaders, such as insects and pathogens, which can have major impacts on ecosystems, agriculture and livestock," he said.

There could, in fact, be "massive hidden costs of the Belt & Road for host nations," said Laurance, who is also a member of Mongabay's advisory board. "In particular, some invasive species could have multi-billion dollar impacts on a nation's agricultural exports. So, really, the

Photo by Mohammed Hijaz

potential risks of the Belt & Road to spread invaders is incredibly high."

To reduce invasion risk, Li and his colleagues say there needs to be stricter surveillance of goods and commodities that move through the roads, airports, seaports and other transportation corridors. In countries that have limited resources, they also suggest establishing a special fund that would support the operation of biosecurity measures, such as increased research into preventing invasion of alien species as well as eradication techniques, and training people to identify problematic species.

"The Chinese government has been starting several projects to control and prevent alien species invasions during these recent years," Li said. "We believe that this study will be helpful for more participating countries to further facilitate their cooperation to prevent alien species invasions more effectively."

Laurance, however, said that once new roads, railways or ports were constructed, invasive species would be able to "spread like wildfire" and be nearly impossible to stop.

"It's also extremely difficult and expensive to try to monitor and control invaders to keep them out, or control them once they've arrived and gotten established," he added. "Our studies show that many Belt & Road projects are already very marginal in terms of their costs and benefits, and are intensely risky for host nations and investors in Belt & Road projects. In fact, I believe that many planned Belt & Road projects should be completely cancelled, based on our detailed cost-benefit studies of such projects across dozens of nations in the Asia-Pacific region and Africa."

CLIMATE CHANGE IS DEGRADING THE LIVEABILITY OF DEVELOPING ASIA'S CITIES

Hannah Alcoseba Fernandez,
Eco-Business

Extreme weather events and choking air pollution made cities in developing Asia less liveable this year, according to United Kingdom-based research that assesses the living conditions of the world's major urban environments.

New Delhi, India's capital, registered the biggest decline in liveability in Asia, slipping six places to 118th out of 140 countries surveyed in an annual global liveability index released on Wednesday by The Economist Intelligence Unit (EIU).

Extreme weather events and choking air pollution made cities in developing Asia less liveable this year, according to United Kingdom-based research that assesses the living conditions of the world's major urban environments.

New Delhi, India's capital, registered the biggest decline in liveability in Asia, slipping six places to 118th out of 140 countries surveyed in an annual global liveability index released on Wednesday by The Economist Intelligence Unit (EIU).

Dhaka rose one spot to 138th place as the Bangladesh capital became more stable after a period of terrorist activity. Dhaka's overall rating was dragged down by pollution, and it was the third lowest ranked city in the index and the weakest performer in Asia.

City	Country	Score (out of 100)	Rank	Rank change from 2016
Melbourne	Australia	98.4	2	-
Sydney	Australia	98.1	3	+2
Osaka	Japan	97.7	4	-1
Tokyo	Japan	97.2	7	-
Adelaide	Australia	96.6	10	-
Auckland	New Zealand	96.0	13	-
Perth	Australia	95.9	15	-
Brisbane	Australia	95.0	19	+3
Wellington	New Zealand	93.6	26	-
Hong Kong	China	91.3	38	-3

Photo by Joe Leineweber

Karachi, capital of Pakistan, still appears in the global list of the 10 least liveable cities due to smog and frequent heat waves.

To assess living conditions, the EIU examines five categories: stability, healthcare, education, infrastructure, culture and environment. Each city is rated across 30 factors, and a weighted score produced between one and 100.

A lack of a "concerted global effort" to tackle climate change risks will continue to drive overall ratings downward, said Agathe Demarais, global forecasting director, EIU.

"We expect problems relating to climate change to put increasing pressure on liveability in the coming years," Demarais said.

"In recent years liveability has generally been rising, thanks to improvements in stability, education and healthcare provision in cities in emerging markets. But these improvements are under serious threat from an increasingly adverse climate."

How the world's most liveable cities can stay ahead

Despite the risk to future scores posed by climate change, the global average for liveability has increased by 0.5 per cent, to just under 76, over the past five years, the report found.

Vienna, known for its well run public transport and refreshing Alpine air, remains the most liveable city in the world for the second year running, ahead of Melbourne and Sydney.

Sydney rose from fifth to third in the list, boosted by its environment score that aligned with its strategy to reduce carbon emissions by 70 per cent and source half of its electricity from renewables by 2030.

Japanese cities Osaka and Tokyo remain in the top 10 for perfect scores

in nearly all categories, due to "consistently low crime rates and excellent healthcare and education."

Singapore fell three places to 40th spot while Hong Kong's ranking was pulled down from 35th to 38th place.

But EIU's Demarais explained that the overall ratings for the Asian regional hubs have not changed from last year.

The scoring for Hong Kong was done prior to the escalation of pro-democracy protests, including a strike in August at its international airport that brought one of the world's busiest transit centres to a standstill.

"The movement of Singapore and Hong Kong is just in its ranking, which is relative compared to the scores of some other cities that have changed," she told Eco-Business.

The rankings of neighbouring Southeast Asian cities Kuala Lumpur (78), Bangkok (98) and Manila (103) also remained steady year on year.

China has not seen major fluctuations in the liveability scores of its cities. Suzhou, Beijing and Tianjin—the most liveable cities in the world's most populous country—were all within striking distance of receiving the top-tier score of 80, but the report called for an improvement in their air quality to achieve it.

The report noted: "We see climate change as a global phenomenon, which threatens the liveability of cities at the very top of the index, too. Only a coordinated global effort to limit the rising temperature of the planet will succeed in maintaining current levels of liveability across the world."

*** Originally published in Eco-Business - https://www.eco-business.com/news/climate-change-is-degrading-the-liveability-of-developing-asias-cities/

www.forum-adb.org
85-A Masikap Extension, Diliman
Quezon City, Philippines
+632 436-1858 | +632 921-4412
secretariat@forum-adb.org