

Japanese MPs Voice Concerns about World Bank Support for Nam Theun 2 Dam in Laos

Press Release February 16, 2005

On February 9th and 10th in Tokyo, members of the Japanese Diet, both Upper House and Lower House, ruling coalition and opposition, raised serious concerns about the Nam Theun 2 Dam Project in Laos, now being appraised by the World Bank for possible financing. As parliamentarians from the second largest donor country to the World Bank, they made it clear that they will be keeping watch on the Japanese government's role in decision-making at the World Bank in regard to this project.

At a seminar hosted by MPs from the ruling coalition on February 10th, presentations were made by Japanese, Thai and American NGOs regarding the Nam Theun 2 Dam Project in Laos. Follow-up comments were made by representatives of the Japanese Finance Ministry, World Bank and Asian Development Bank.

“The Japanese government must not simply leave it to the World Bank to meet environmental and social standards, but we must carefully examine what our own role is in these institutions to make sure that the standards are actually fulfilled.” This comment by MP Taro Kono (Liberal Democratic Party) reflected the general opinion of the Diet Members after hearing presentations from representatives of NGOs and the comments from the World Bank, ADB, and Japanese Finance Ministry.

Concerns were also raised by MP Shuichi Kato (Komei Party and former Vice Minister of Environment), who commented, “it appears that preparations for this project have far from fulfilled standards required by social and environmental guidelines.”

The NGOs who gave presentations were Aviva Imhof of International Rivers Network (US), Witoon Permpongsacharoen of Towards Ecological Recovery and Regional Alliance (Thailand), and Satoru Matsumoto of Mekong Watch (Japan). They presented information pointing out the fundamental flaws in the Nam Theun 2 Dam Project.

Mr. Witoon Permpongsacharoen of TERRA explained that the NT2 is actually unnecessary for Thailand's future electricity needs. Consistent over-estimation of Thailand's electricity demand and growth has led to a large electricity surplus, and with good demand-side management, future energy needs can be well met without the Nam Theun 2. Witoon also pointed out that Thailand would actually be much better off, both environmentally and economically, exploring more sustainable renewable energy options. One key to economic success of NT2 dam project is Thailand's purchase of electricity, but analysis of situation of electricity in Thailand puts this in question.

Ms. Aviva Imhof of IRN explained how while there have been many studies done in order to fulfill the World Bank's various safeguard policies, the studies fall far short. IRN has commissioned Technical Reviews of the studies conducted for the Nam Theun 2 project, and have found severe flaws, such as the hydrology study being totally lacking in baseline data. The Nam Theun 2 Power Company has also admitted, Imhof explained, that it is

likely that impacts of the project would lead to a “collapse in the aquatic food chain” downstream on the Xe Ban Fai River, and that the land being offered for resettlement to the 6,200 people to be resettled is “heavily leached and infertile.

Satoru Matsumoto of Mekong Watch explained that if this project should proceed, it would clearly violate key safeguard policies at the World Bank, considering the fact that environmental and social impact assessments were conducted only after massive logging has already removed most of the valuable timber in the reservoir area in the name of preparation for the dam’s reservoir. Resettlement of villagers also started prior to the World Bank’s decision on whether or not to provide financing for this project.

In another meeting between NGOs and MPs from the opposition on February 9th, MP Tomiko Okazaki (Democratic Party), responded to the concerns voiced by NGOs. “Thailand does not seem to need the electricity making the project’s economic viability questionable. The environmental and social impacts are clearly severe. It is hard to imagine how this project is going to benefit the people of Laos...We need to put an end to dam construction projects of this kind.”

Japanese MPs are particularly concerned about the NT2 in light of the fact that the Diet is being asked to approve an amendment to legislation for the 14th IDA replenishment. IDA is a part of the World Bank Group and provides long-term no-interest loans and grants to poorer developing countries meeting certain criteria related to GDP and problems with “credit worthiness.” The Japanese government has pledged to provide 280 billion yen to IDA, from which some of the financing for the NT2 is expected to come.

MPs all reiterated that they would continue to follow up on the issues of the NT2 dam project and continue to raise their concerns to the World Bank and the Japanese Ministry of Finance.

Following meetings with the Diet Members, the NGOs held public seminars in Tokyo, Kyoto and Hiroshima. A total of approximately 240 people attended these public seminars and actively participated in discussions after the speakers’ presentations with detailed questions about the project’s economic feasibility and social and environmental impacts.

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