

Chapter 12

Asia–Europe Meeting and Social Sustainability in the Age of Competitive Connectivity

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November 2021

This chapter should be cited as
Rüland, Jürgen (2021), 'The Asia-Europe Meeting and Social Sustainability in the Age of Competitive Connectivity', in Prakash, A. (eds.), *13th Asia-Europe Meeting (ASEM) Summit: Multilateral Cooperation for a Resilient, Sustainable and Rules-Based Future for ASEM*, Jakarta: ERIA, Phnom Penh: ASEM13 and The Royal Government of Cambodia, pp.198-206.

The Asia–Europe Meeting and Social Sustainability in the Age of Competitive Connectivity

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Introduction

For nearly a decade, connectivity has been the buzzword in the struggle to overcome poverty and underdevelopment in Asia and other parts of the Global South. Whilst connectivity is a broad concept covering physical infrastructure, institutional networks, and people-to-people interactions, most governments prioritise the infrastructure component focusing on the development of seaports and airports, roads, railways, and energy facilities as a prerequisite for sustained economic growth. This perspective responds to projections of the Asian Development Bank (ADB), suggesting that, for the 2016–2030 period, developing Asia needs infrastructure investments amounting to US\$1.7 trillion annually to graduate from least developed country status or evade the middle-income trap (ADB, 2016).

With its 2010 Master Plan on ASEAN Connectivity,¹ amended in 2016,² the Association of Southeast Asian Nations (ASEAN) spearheaded Asian infrastructure modernisation. Yet it was the announcement of the gigantic Chinese Belt and Road Initiative (BRI) in 2013 that catapulted connectivity into the public limelight. The BRI is a US\$1 trillion long-term strategy connecting China and Europe by a series of land-based infrastructure corridors, maritime links, and, quite recently, a polar route.

The Chinese initiative was followed by Japan's Partnership for Quality Infrastructure in 2015. Other Asian countries including India, the Republic of Korea, Thailand, and Malaysia have also stepped up their infrastructure activities in the region. Early in 2015, the Asia–Pacific Economic Cooperation³ presented a connectivity blueprint and, as latecomers, in 2018, the European Union⁴ and the United States⁵ also entered the race

¹ Available at <https://cil.nus.edu.sg/wp-content/uploads/formidable/18/2010-Master-Plan-on-ASEAN-Connectivity.pdf> (accessed 26 June 2020).

² Available at <https://asean.org/storage/2016/09/Master-Plan-on-ASEAN-Connectivity-20251.pdf> (accessed 26 June 2020).

³ Available at <http://publications.apec.org/Publications/2015/01/APEC-Connectivity-Blueprint> (accessed 21 June 2020).

⁴ Based on the strategy paper 'Connecting Europe and Asia – Building Blocks for an EU Strategy', 19 Sept 2018.

⁵ Facilitated by the 'Better Utilization of Investment Leading to Development' (or BUILD Act) passed by the US Congress, 5 October 2018.

for infrastructure development. Whilst all these schemes correctly assume that infrastructure is a key prerequisite for economic growth, connectivity – although denied by protagonists – became entangled with the intensifying geopolitical competition in the Indo–Pacific region.⁶ As geopolitical competition requires donors to provide infrastructure as fast and economical as possible, it has raised sustainability questions amongst analysts.

Commensurate with the BRI's westward orientation, connectivity unsurprisingly also became a major theme of the Asia–Europe Meeting (ASEM), an interregional dialogue forum convening in summit format biennially since 1996 (Rüland, 1996). Following the tenth ASEM Summit in 2014 in Milano, Italy, the chair statements devoted increasing space to connectivity (Gaens, 2019). The subsequent 2016 summit in Ulaanbaatar, Mongolia even made connectivity its overarching theme.⁷ Since then, in the light of an increased international focus on the seemingly inadequate financial, economic, environmental, and social sustainability of many newly launched infrastructure projects,⁸ the delivery of sustainable connectivity has become a major concern for ASEM decision makers, an objective highlighted in mantra-like style in virtually every ASEM document. Sustainable connectivity is thereby portrayed as a concept closely associated with the Sustainable Development Goals, the developmental agenda adopted by the United Nations General Assembly in 2015 after the expiry of the international community's predecessor programme, the Millennium Development Goals.⁹

A closer look at the Eurasian project reality on the ground suggests that the commitment to provide sustainable infrastructure is still more rhetoric than substance. Whilst increasing criticism of infrastructure projects and other connectivity schemes seems to have sharpened attention for economic, financial, and environmental sustainability, this is less the case for the projects' social implications. Development is socially sustainable if it is inclusive, equitable, fair, diverse, transparent, and providing a good quality of life through household incomes substantially above the poverty threshold as well as affordable and accessible public services. Many infrastructure projects do not yet meet this definition and are thus surrounded by serious controversies. This paper analyses this crucial facet of sustainability and provides thoughts on how ASEM can improve the social sustainability of Eurasian infrastructure projects.

The paper is organised as follows: After this introduction, the next section highlights familiar social sustainability problems characteristic for Eurasian infrastructure projects.

⁶ The Singaporean *Business Times* designated the infrastructure competition between China and Japan in the Mekong region as 'developmental war'. See *The Business Times*, 6 July 2015. See also *East Asia Forum*, 14 July 2013, 23 November 2018, 15 September 2019; *The Diplomat*, 30 January 2019.

⁷ The summit was held under the motto '20 Years of ASEM: Partnership for the Future through Connectivity'.

⁸ See *The Business Times* (Singapore), 23 December 2016, 6 May 2020.

⁹ *The Jakarta Post*, 22 October 2018; *Nikkei Asian Review*, 16 May 2019. See also the G7 Ise–Shima Principles for Quality Infrastructure, <https://www.mofa.go.jp/files/000196472.pdf> (accessed 21 June 2020).

The third section suggests inputs on how ASEM could contribute to overcome these shortcomings. The last section concludes the paper and highlights the need for reframing infrastructure planning towards greater environmental and social sustainability.

The Social Costs of Competitive Connectivity

Large infrastructure projects have always been risk-prone in terms of technical quality, life cycles, costs, and environmental and social sustainability. Yet despite a 6-decade global wealth of experience in infrastructure development, the social dimension of projects often continues to be relegated to a subordinate priority by governments, investors, and contractors. Michael Cernea, a former World Bank expert and dean of resettlement studies, thus estimates that globally in the 2011–2020 period infrastructure projects are or will be forcibly displacing more than 200 million people (Cernea and Maldonado, 2018).¹⁰ The largest number of them – some 80 million according to the Internal Displacement Monitoring Centre (2017) – have been victims of hydropower projects. As a much-cited study by Richter et al. (2010) shows, an even far greater number of people living in downstream areas – nearly 500 million based on conservative calculations – are additionally exposed to the adverse social effects of dams.

The deficient social sustainability in the current Eurasian infrastructure boom is thus not without coincidence. Even incomplete appraisals suggest that hundreds of thousands are affected or threatened by involuntary displacement in the wake of large-scale infrastructure projects in the Eurasian region. For the Lao PDR alone, a small country of 7 million, reports estimate that more than 110,000 people have been relocated in the past years due to dam construction.¹¹

One of the main problems associated with large-scale infrastructure projects is their enormous demand for land. The water reservoir of dams often covers hundreds, if not thousands, of square kilometres, but also special economic zones (SEZs) require large swaths of land. Land acquisition is also pivotal for new power plants, power transmission facilities, gas pipelines, roads, railways, and port and airport modernisation. Project implementers thus acquire and sometimes even confiscate the required land and relocate the people living on it (Mark and Zhang, 2017).¹² Yet resettlement and compensation for the loss of assets and livelihood are the most complex and sensitive components of infrastructure projects.

¹⁰ *Mongabay*, 20 August 2018. Other estimates such as the one by the Internal Displacement Monitoring Centre (2017) are even higher, amounting to up to 300 million people or 10 million to 15 million per annum.

¹¹ *Mongabay*, 13 January 2017.

¹² See, inter alia, *The Bangkok Post*, 24 November 2014; *Mekong Eye*, 16 March 2017; *The Nation*, 13 July 2017; *Focus Global South*, 27 April 2019; *Frontier Myanmar*, 2 April 2020.

Careful socio-economic baseline and cadastral surveys are required at the outset of the projects for resettlement and compensation but are often conducted in great hurry, are delayed, or even entirely missing. Project governance and transparency become a frequent casualty (Rüland, 2019). Although often celebrated as success stories, even the World Bank–financed Nam Tuen 2 Dam in the Lao PDR or the Thilawa special economic zone near Yangon, Myanmar has struggled with displacement issues (EarthRights International, 2014).¹³

Resettlement usually triggers a host of follow-up problems. Frequently, the resettlement site is far from the original residence and not suitable for agriculture and fisheries, or for alternative employment and livelihood projects (DDA, 2014; Thame, 2017). Resettlement is also followed by the disruption of once tightly knit social fabrics, which protect villagers in times of crisis. Such crises occur when resettled households have to contend with declining incomes, on the one hand, and surging costs of living, on the other: for food, agricultural inputs, transportation, housing, education, water supply, and health services (Yee, 2005). Migration to urban centres then becomes an inevitable choice. In the slums and informal settlements where relocatees eventually find shelter, they continue to live under the threat of forced eviction due to urban renewal activities, transforming them into social quicksand.¹⁴ In general, it is the poorest and most vulnerable segments of the population – peasants, fisherfolk, the urban poor, the elderly, women, children, and indigenous people – who carry the brunt of the social burdens induced by infrastructure modernisation. Infrastructure development which relegates a sizeable segment of the population to modernisation without prospects for a marked improvement of their living conditions is an unacceptable waste of human resources.

How to Make Competitive Connectivity Socially Sustainable?

As highlighted at the outset of this paper, infrastructure can be a significant prerequisite for economic growth, poverty alleviation, and inclusive socioeconomic development. However, infrastructure modernisation only lives up to these expectations if projects are meticulously planned and implemented and safeguards and mitigation measures for the socially weak, marginalized, disadvantaged, and otherwise vulnerable groups are taken seriously and not sacrificed on the altar of geopolitical competition. As ASEM is a forum where traditional (Western) donor countries of the Organisation for Economic Co-operation and Development and newly emerging (Asian) economies providing infrastructure meet,

¹³ *M2 Presswire*, 6 June 2007; *Irrawaddy*, 17 November 2017; *Global English*, 23 June 2018; *Thai News Service*, 28 October 2019; *Frontier Myanmar*, 2 April 2020.

¹⁴ *Irrawaddy*, 17 November 2017.

it is well positioned to bring together the wealth of experiences of established donors and the dynamism of new actors for the sake of socially sustainable infrastructure benefiting the forum's members. For this purpose, this section proposes a catalogue of measures intent to strengthen the social sustainability of infrastructure in ASEM countries.

- (i) Although ASEM has defined sustainable connectivity,¹⁵ the social dimension remains hazy. ASEM Partners should thus pass a framework declaration concretising the meaning of socially sustainable infrastructure. Principle 3 of the G7's Ise-Shima principles for quality infrastructure would be a good point of departure. Details can be appropriated from the safeguard and mitigation regulations of multilateral development banks including the World Bank and ADB or international organisations such as the World Commission on Dams (Okano-Heijmans et al., 2018; Okano-Heijmans et al., 2018). These organisations define infrastructure as socially sustainable if nobody is left behind.
- (ii) The ASEM framework for socially sustainable infrastructure must include the issues of resettlement and livelihood of people affected by infrastructure projects. It should state that involuntary displacement must be limited to an absolute minimum. Where unavoidable, it should be in line with international standards which define resettlement as *development projects*, implying that relocated households must become *project beneficiaries*. This means that they receive fair and timely compensation for their loss of assets and livelihood based on *current* market values. Compensation must include households with a legal land title, *bona fide* landowners and tenants. In the process, their standard of living must be *rising* as a result of improved livelihood, better access to affordable public services, and participatory project management (Clark 2000, 2002; Cernea, 2008; Wade, 2011; Mathur, 2013; Perera, 2014; World Bank and UNCTAD, 2018).
- (iii) The framework must specifically address hydropower and coal-based power generation projects – popular amongst investors in developing countries – for their high social and environmental costs (Minh et al., 2016; Eyler and Weatherby, 2019). It must make project financiers aware of the urban bias that many of these projects entail and which needs to be tackled (Siciliano et al., 2015).
- (iv) It should also address the need for transparency and credible consultation with stakeholders and highlight the dangers for social sustainability that emerge if quick project completion is prioritised over careful planning (Ministry of Foreign Affairs, 2017; Mao and Müller, 2020). The framework declaration should further include a recommendation for investors to install independent inspection panels – as multilateral organisations including the World Bank and ADB have done.

¹⁵ See 'Definition of ASEM Connectivity', <https://composite-indicators.jrc.ec.europa.eu/asem-sustainable-connectivity/about> (accessed 21 June 2020).

- (v) The framework declaration should encourage infrastructure providers (in case they have not done it yet) to develop a rigorous and independent performance evaluation system like that of many established bilateral donors and multilateral development agencies. The evaluation system should include indicators that examine as to what extent projects not only accomplish their economic objectives but also comply with international social and environmental standards.
- (vi) The ASEM platform can potentially mitigate competition by endorsing the compatibility of the ongoing connectivity schemes. It could promote dialogue on procedures, regulations, and standards that help improve the social sustainability record of Eurasian infrastructure projects. The Asia–Europe Foundation could become such a conduit for improving the knowledge on the social pitfalls of infrastructure projects. Other options are capacity building and training centres such as the one established by the Asian Institute of Technology in Viet Nam.¹⁶
- (vii) ASEM should initiate dialogue amongst donors for greater cooperation in and coordination of infrastructure projects. Whilst creating synergies, this will reduce competition, limit wasteful overlaps, and preserve project quality (Broer, 2018; Rüländ and Michael, 2019). The people must be the ultimate beneficiaries of such cooperation.
- (viii) The development of ASEM connectivity indicators is in principle a welcome initiative. However, the tool must be overhauled by conceptualising indicators that quantify the social and environmental damages of infrastructure projects.¹⁷

Conclusion

The current Eurasian infrastructure boom is welcome as a powerful developmental stimulus. This holds particularly true for post–COVID 19 efforts to kick-start economic recovery. Similarly, it provides opportunities for reframing infrastructure planning towards greater environmental and social sustainability.¹⁸ Yet there is no need for infrastructure development to reinvent the wheel. It suffices to activate institutional memory and take note of the wealth of lessons and best practices generated by more than 6 decades of infrastructure development in countries of the Global South. These experiences are well documented and have been translated into safeguard and mitigation measures by multilateral and bilateral infrastructure providers with a long track record in the field.

¹⁶ *Thai News Service*, 10 April 2013 and 28 October 2019; *TendersInfo*, 3 April 2015.

¹⁷ See ASEM Sustainable Connectivity Portal, <https://composite-indicators.jrc.ec.europa.eu/asem-sustainable-connectivity/> (accessed 21 June 2020).

¹⁸ See, based on a study of the Singapore Institute of International Affairs, *The Business Times* (Singapore), 6 May 2020.

The ASEM summit in Cambodia in 2021 should take a meaningful note of the need for social sustainability in infrastructure projects. ASEM's contribution to connectivity will be strengthened if it brings forth a framework for socially sustainable infrastructure along with follow-up mechanisms through its connectivity platforms and activities.

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