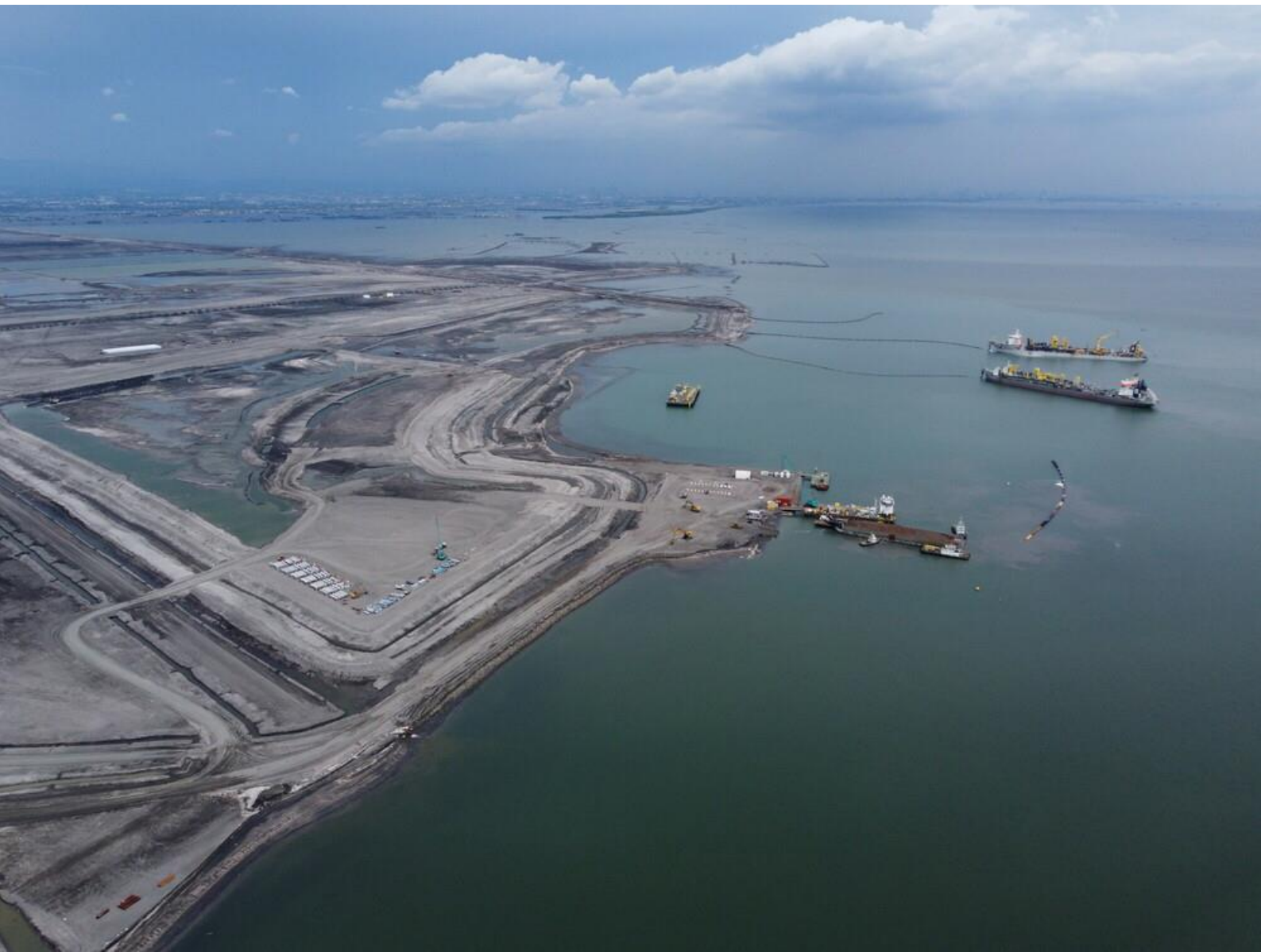


RUNAWAY RISK

EU Companies set to profit from destructive airport project in the Philippines

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Two Dutch companies are set to profit from the Philippines' most expensive infrastructure project to date – which has harmed local communities, the climate, and local ecosystems. The US \$15 billion New Manila International Airport in Manila Bay is being built by Philippines conglomerate San Miguel Corporation. Dutch dredging giant Royal Boskalis¹ and Dutch export credit agency Atradius Dutch State Business² signed contracts worth €1.5 billion to construct and insure the first phase of the project.³

A 2020 sustainable development plan for Manila Bay, jointly developed by the Dutch and Philippines governments, recommended finding an alternate location for the airport to avoid damage to local communities and ecosystems.⁴ The project steamed ahead anyway and has already harmed the climate, residents, migratory bird populations and biodiversity in this coastal region.

The Dutch companies have since put out statements celebrating the project's environmental and social credentials. Atradius Managing Director insisted that its partnership with San Miguel and Boskalis would comply with international social and environmental standards.⁵ A Global Witness report reveals a different story.

Communities indicated that around 700 families stood to be evicted to make way for the airport, with only around half of that number receiving compensation.⁶ Overshadowing this is a botched consultation process. Residents report having felt pressured to leave their homes after armed military personnel visited some of the affected households alongside San Miguel representatives to discuss the airport development.⁷

Coastal ecosystems that help protect against flooding and climate change have also been permanently destroyed to make way for the new airport.⁸ When completed, it will cater for approximately 100 million passengers per year, making it one of the top three busiest airports by passenger traffic globally.

This project, like countless others, proceeds at a high cost to people and the planet.

The Corporate Sustainability Due Diligence Directive (CSDDD) could help ensure that companies respect human rights and the environment. To protect communities and precious ecosystems such as those in Manila Bay, legislators must include strong environmental and climate standards and require companies to meaningfully engage with stakeholders. The EU should take this opportunity for transformative change.

WIPING OUT ECOSYSTEMS

The airport development has caused, and will continue to cause, severe environmental harm. The 2020 sustainable development plan for Manila Bay noted that the proposed airport construction 'will further complicate the [area's] already stressed habitat and ecosystem'.⁹ San Miguel went ahead anyway. The company even downplayed the bay's ecological significance in its initial impact assessment.¹⁰

The airport site encroaches on a recommended 'strict protection zone' – an area hosting mangroves, mudflats, and key marine biodiversity sites. The mangrove trees, which have been destroyed to make way for the airport, helped prevent erosion and protect the coast from floods and storms.

An estimated five million people are exposed to flooding within Manila Bay – over four times the

population of Amsterdam. Residents now fear the missing protection against waves. Local advocates also warn that dredging operations appear to be displacing water, which they worry will accelerate the rate at which the land will sink into the water.¹¹

“No one can live there anymore because of the place’s condition. The town is now covered in water, and they’ve cut down mangroves. Everything is covered in water since San Miguel started dredging”¹²

Monica Anastacio, former Talipip resident, 2022

On top of this, community members are concerned about the dredging operations destroying fish and bird habitats and breeding grounds. Residents’ lives and livelihoods relied on a balanced environment; they now struggle to catch enough fish for a healthy diet and sustainable income.¹³

The project has already disrupted migratory bird pathways.¹⁴ Manila Bay is a crucial stopping-off point for the more than 50 million migratory waterbirds – including 36 globally threatened species – that journey northward from Southeast Asia and Australasia to vital breeding grounds. Despite this, in San Miguel’s first impact assessment, no threatened wildlife species were found. The company also concluded that birds affected by the project could move to other areas due to ‘their highly mobile nature.’¹⁵

DESTROYING THE CLIMATE

Preserving and restoring coastal ecosystems is crucial to fighting climate change. The opposite is happening in Manila Bay, and the new mega-airport’s harmful climate impacts will only worsen over time.

Mangrove forests capture and store huge quantities of carbon dioxide. Remarkably, they contain the highest carbon density of all land ecosystems.¹⁶ Mudflats and seagrass beds, which have also been destroyed by dredging in the bay, also sequester carbon. Degrading or demolishing these coastal ecosystems is devastating for the planet as the carbon is released back into the atmosphere.

Experts estimate that 10% of the emissions driven by deforestation come from clearing mangroves. These habitats cannot simply be replaced or restored, and the airport will result in a significant increase in carbon dioxide emissions.

This is just the beginning. The aviation sector is a major and growing source of greenhouse gas emissions. According to San Miguel’s 2021 assessment, landing and take-off cycles – the single largest source of potential emissions – will produce more than 1 million tonnes of CO₂ per year when the airport is operating at around one third of its capacity.

Developing mandatory environmental and climate due diligence requirements is essential to ensuring companies act responsibly.

San Miguel, Boskalis and Atradius have all told Global Witness that the Manila Bay airport development complies with all relevant social and environmental standards, both internationally and domestically in the Philippines, and construction, dredging and land clearance work has been authorised by the government following processes to measure all relevant impacts.

MILITARY INTIMIDATION IN COMMUNITY 'CONSULTATIONS'

Testimonies obtained by Global Witness suggest San Miguel's consultation process failed to meet even the most basic internationally recognised community engagement standards.¹⁷

Affected communities reported that they did not receive complete and accurate information about the project and were not initially informed that an airport was being built. A presentation about a smaller 'land development project' at an initial public consultation in February 2019 made no mention of a proposed airport development nor of San Miguel. San Miguel later claimed that this meeting, held by a separate company, was part of its public consultations for its airport development.¹⁸

At a further public meeting in October 2020, after the works were already given a green light by the Philippine government, San Miguel presented the project to residents as *fait accompli*.

"There was no meeting and formal announcement of the eviction. People came and announced that San Miguel bought the land, and we should voluntarily demolish our houses to receive compensation."¹⁹

Evangelina Ramos, former Taliptip resident, 2022

Community members also reported that San Miguel representatives carried out house-to-house visits alongside armed soldiers. They later shared that they accepted the financial compensation in fear that they would receive nothing otherwise. Residents recall feeling pressured by the military to leave their homes in exchange for a cash sum insufficient to secure them a new place to live.²⁰

Military personnel were stationed in the area, which contributed to community members describing feeling unsafe. In response to Global Witness, San Miguel has stated that soldiers were deployed by the local government to keep the peace and not at the company's instigation.

Community fears are justified. For the past decade, the Philippines has been the most dangerous place in Asia for land and environmental defenders, with Global Witness recording 270 killings over this period.²¹ The country has a history of allegations against army units accused of protecting companies at the expense of Filipino citizens, including public reports on the murders of defenders opposed to other projects linked to San Miguel.²²

Particularly in a national context fraught with the violent repression of land and environmental defenders, companies should act with the necessary precaution and concern for communities.

Responding to Global Witness, San Miguel stated that it has introduced initiatives to provide jobs to community members, transitional financial support, remedial work to substandard housing, and a community grievance mechanism.

Consultations should ensure the safe participation of affected people, without fear of coercion. Companies should evaluate the risks to affected communities throughout their due diligence process, including broader contextual risks of reprisals and restrictions to civic space linked to the project. It is the responsibility of all companies associated with a project to ensure that consultations are free of external manipulation, interference, coercion or intimidation.

Read our recommendations below.

RECOMMENDATIONS

The EU should provide a robust framework for environmental and climate due diligence in the proposed Corporate Sustainable Due Diligence Directive (CSDDD) by:

- > Including a comprehensive definition of environmental harm that covers all relevant environmental categories. These categories are already set out in the EU's Corporate Sustainability Reporting Directive (CSRD) and Sustainable Finance Taxonomy.
- > Ensuring that companies have mandatory climate due diligence requirements that cover their scope 1, 2 and 3 emissions. These capture emissions that a company produce itself to the ones that result from a company's indirect activities, such as selling gas, for example.
- > Incorporating existing international environmental law standards into the CSDDD, including but not limited to the *Paris Agreement*, the *Ramsar Convention on Wetlands of International Importance Especially as Waterfowl Habitat* and the *Aarhus Convention on Access to Information, Public Participation in Decision-making, and Access to Justice in Environmental Matters*.
- > Providing requirements for effective transition plans in line with the Paris Agreement, including science-based targets for short, medium, and long-term emissions reductions.

The EU should ensure adequate stakeholder engagement from companies in the CSDDD by:

- > Requiring that companies engage with stakeholders regularly, in a genuine and safe manner that accounts for contextual differences and security risks.
- > Recognising and codifying the rights and vulnerabilities of human rights and land and environmental defenders, including any risk of reprisals.
- > Recognising the rights of Indigenous Peoples, including the right to Free, Prior and Informed Consent, as enshrined in the UN Declaration on the Rights of Indigenous Peoples.
- > Requiring that companies establish safe, effective, transparent, and accessible grievance mechanisms and conflict mediation procedures aligned with the UN Guiding Principles on Business and Human Rights (UNGPs). These should provide protections for human rights, land and environmental defenders and whistleblowers, and enable provision of swift remedy.

ENDNOTES

- ¹ Royal Boskalis provides dredging and heavy lifting services in the construction of maritime infrastructure.
- ² Atradius DSB represents the Dutch government as its official Export Credit Agency.
- ³ 'Netherlands insures construction of new airport in the Philippines', Atradius, <https://atradiusdutchstatebusiness.nl/en/news/netherlands-insures-airport-in-the-philippines.html> (accessed: 10 January)
- ⁴ Manila Bay Sustainable Development Master Plan: Manila Bay 2040 Final Master Plan: Annex 14', National Economic and Development Authority (NEDA), Republic of the Philippines, September 2020
- ⁵ 'Netherlands insures new airport in the Philippines', Atradius, <https://atradiusdutchstatebusiness.nl/en/news/netherlands-insures-airport-in-the-philippines.html> (accessed: 23 September 2022)
- ⁶ 'Save Manila Bay', <https://www.savemanilabay.ph/> (accessed: 10 January 2023) 'Philippines: The People's Plan for Manila Bay', Both ENDS, 5 July 2019, <https://www.bothends.org/en/Whats-new/News/Philippines-The-People-s-Plan-for-Manila-Bay> (accessed: 10 January 2023)
- 'SMC's aerotropolis project to displace 700 families', Punto, 9 July 2019, <https://punto.com.ph/smcs-aerotropolis-project-to-displace-700-families/> (accessed: 10 January 2023)
- ⁷ Global Witness interview with Monica Anastacio, 2022
Global Witness interview with Sherly Masurca Bacon, 2022
Testimony of Teody Bacon, Bulacan coastal-wide Fisherfolks Assembly, 2021
- ⁸ 'Missing mangroves are root of contention over Philippine airport project', Mongabay, 17 September 2020, <https://news.mongabay.com/2020/09/missing-mangroves-are-root-of-contention-over-philippine-airport-project/> (accessed: 10 January 2022)
- ⁹ Manila Bay Sustainable Development Master Plan: Manila Bay 2040 Final Master Plan: Annex 14', National Economic and Development Authority (NEDA), Republic of the Philippines, September 2020
- ¹⁰ 'Proposed New Manila International Airport: Environmental Impact Statement (EIS) Main Report', *Philkairos Incorporated, San Miguel Corporation*, (after September 2019 - the undated assessment appears to have been completed after September 2019 given its references to San Miguel's 'Concession Agreement' signed on 18 September 2019)
- ¹¹ Global Witness interview with Sherly Masurca Bacon, 2022
- ¹² Global Witness interview with Monica Anastacio, 2022
- ¹³ Global Witness interview with Jon Bonafacio, 2022
- ¹⁴ Global Witness interview with Cristina Cinco, Head of the Records Committee at the Wild Bird Club of the Philippines (WBCP) 2022 (e.g. national parks, indigenous or community conserved areas).
- 'Technical Report: Internationally Important Waterbird Sites in Manila Bay, Philippines', Jensen, A.E, Wetlands International and IUCN National Committee of the Netherlands, October 2018.
- ¹⁵ 'Proposed New Manila International Airport: Environmental Impact Statement (EIS) Main Report', *Philkairos Incorporated, San Miguel Corporation*, (2020)
- ¹⁶ 'Estimating mangrove aboveground biomass from airborne LiDAR data: a case study from the Zambezi River delta', *Environmental Research Letters*, Volume 13 (2), 2018, <https://doi.org/10.1088/1748-9326/aa9f03> (accessed: 10 January 2023)
- ¹⁷ International guidance developed by the United Nations (UN) and the Organisation for Economic Co-operation and Development (OECD) emphasises the importance of meaningful engagement with affected and potentially affected communities in an inclusive, timely and transparent manner.
- ¹⁸ Silvertides Holdings Corporation purchased land in the new airport's development area and conducted the February 2019 public consultation. San Miguel Corporation acquired Silvertides in July 2019.
- ¹⁹ Global Witness interview with Evangeline Ramos, 2022
- ²⁰ 'New Manila International Airport Environmental and Social Impact Assessment Volume IV - Impact Assessment', Mott MacDonald, November 2021
- 'New Manila International Airport Environmental and Social Impact Assessment Volume V - Impact Assessment', Mott MacDonald, November 2021
- ²¹ 'Decade of Defiance', Global Witness, 2022, <https://www.globalwitness.org/en/campaigns/environmental-activists/decade-defiance/> (accessed: 10 January 2023)
- 'Human rights and environmental defenders killed in 2017, Compostela Valley, Philippines', Ejabatlas, 2017, <https://www.ejabatlas.org/print/killing-of-lina-and-ramon-pesadilla-human-righths-and-environmental-defenders-in-compostela-valley-philippines> (accessed: 10 January 2023)
- 'A Philippines grandmother fought to get a toxic coal stockpile out of her neighborhood. Three bullets stopped her', *Los Angeles Times*, 28 December 2017, <https://www.latimes.com/world/asia/la-fg-environmental-activists-philippines-20171228-htmlstory.html> (accessed: 10 January 2023)
- ²² 'Defending the Philippines: How broken promises are leaving land and environmental defenders at the mercy of business at all costs', September 2019, Global Witness, <https://www.globalwitness.org/en/campaigns/environmental-activists/defending-philippines/> (accessed: 10 January 2023)