

October 27, 2009

To:

Mr. LU Qizhou

President

China Power Investment Corporation (CPI)

28 Building 3, No.28, Financial Street, Xicheng District

Beijing, China

Subject – Demand to Stop Dam Projects in Kachin State, Burma

In regard to the June 21, 2009 Memorandum of Agreement signed between yourself and Burma's Ambassador to China U Thein Lwin for "the Development, Operation and Transfer of Hydropower Projects in the Maykha, Malikha and Upstream Ayeyawady-Myitsone River Basins," we, the Kachin Development Networking Group, are writing to express concerns about these projects, to bring your attention to the considerable local opposition to the projects, and to demand their halt in order to avoid negative consequences to the local population and to your company. We are a network of concerned residents that has been monitoring the project and its impacts since 2005.

Our immediate attention is with the imminent construction of the Irrawaddy Myitsone Dam at the confluence of the Mali and N'mai rivers. Specific concerns are as follows:

- **Social concerns:** Over 60 villages are in the process of being forcibly relocated without proper resettlement plans. 15,000 people will lose their means of livelihood including farming, fishing, and non-timber forest product collection. This dislocation will cause many secondary social problems including conflicts over jobs and land, and an increase in migration and trafficking to neighboring countries. It will exacerbate existing problems of unemployment, drug addiction, and HIV/AIDS in the area. Women will be particularly impacted.
- **Environmental concerns:** The reservoir, estimated at 766 square kilometers, will flood areas in one of the world's "hottest hotspots" of biodiversity upstream of the dam. Blocking the confluence will prevent the seasonal migration of fish, impacting the number and diversity of fish. The dam will also impact the habitat of the endangered Irrawaddy dolphin downstream.
- **Livelihood concerns:** In addition to the impact on fisheries, the dam will block sediment flows and alter the river's flooding cycle, disrupting the natural replenishment of water and nutrients to floodplain areas downstream where agriculture is critical along the Irrawaddy's banks. Further downstream, the delta region provides nearly 60% of Burma's rice.
- **Safety concerns:** The dams are located in a ceasefire area that is extremely unstable; an outbreak of fighting would put the project and Chinese personnel at risk. The dam is also less than 100 kilometers from a major fault line in an

earthquake-prone area; if the dam should break, it would flood Kachin State's capital of 150,000 that lies just 40 kilometers downstream of the dam.

- **Cultural concerns:** The confluence is integral to Kachin identity and history and is a natural and cultural treasure for the whole country.
- **Standards are not being followed:** No environmental, social or health impact assessments have been publicly disclosed; locally-affected residents have not been consulted about the project and their attempts to voice concerns have been ignored. The result is a forced relocation process that uses intimidation by military authorities and has no independent oversight or accountability mechanisms.

Given the current situation of the Myitsone project, it is impossible for CPI to follow the State Council's "Nine Principles on Encouraging and Standardizing Foreign Investment," the green guidelines that are awaiting approval by the Ministry of Environmental Protection (MEP) and the Ministry of Commerce (MOF COM), or CPI's own Corporate Social Responsibility standards.

It is well-documented that development projects in Burma are accompanied by increased militarization and associated abuses, including forced labor and rape and it is well known that the military ruling Burma does not tolerate dissent. Yet there is considerable and growing local opposition to the Irrawaddy Myitsone dam, including public displays of objection. Open letters, including from respected elders and leaders from townships across Kachin State, have been sent to Senior General Than Shwe calling for a halt to the project but the appeals have been ignored. Now, based on the above concerns, we KDNG appeal to you.

We urge CPI to immediately stop construction of the Myitsone Dam and other dams in Kachin State and pull out from investment with Burma's military regime for the sake of the good image of your company and to avoid being complicit in multiple serious human rights abuses associated with the project.

Sincerely,

Kachin Development Networking Group

Cc:

Mr. Hu Chunguang, Coordinator, CPI Myanmar Division
State Council
National Development and Reform Commission
Ministry of Environmental Protection
State-owned Assets Supervision and Administration
Ministry of Foreign Affairs
Ministry of Commerce