

## WORLD RAINFOREST MOVEMENT

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### **Vietnam: Unique biodiversity threatened by World Bank-funded cement plant**

Vietnam's karst landscapes are world renowned. Perhaps the country's most famous limestone scenery is at Ha Long Bay, which has been declared a World Heritage Site. In 1962, the karst landscape at Cuc Phuong in northern Vietnam became the country's first national park.

As well as producing spectacular scenery, limestone is the main raw material for cement manufacture and many karst landscapes are under threat. Vietnam is no exception.

In 1998, a new cement plant called Morning Star Cement, started operation in Hon Chong, in Kien Giang province in the southwest of Vietnam, near the Cambodian border. The project is a joint venture between a Swiss cement company, Holcim (65%), and Vietnam's Ha Tien I Cement Company (35%). Morning Star has since been renamed as Holcim (Vietnam) Ltd. The International Finance Corporation (IFC, the private sector arm of the World Bank) provided a US\$30 million loan to build the 1.7 million tons a year cement plant.

Holcim will quarry three limestone mountains near to its cement plant for raw material to produce cement. According to the company's web-site, Holcim Vietnam aims "to achieve first class environmental performance of our operation and assets. Holcim Vietnam recognizes that raw materials, soil, water and air are finite resources which we must handle carefully and responsibly."

Yet the environmental impact assessment for the project made almost no mention of the impact on biodiversity caused by Holcim's limestone quarries. The EIA, produced in 1995 by the Environmental Protection Centre in Ho Chi Minh City, simply reported that "Very little wildlife has been seen in the area - only a few monkeys and there is a remarkable lack of birdlife. The EIA did not identify any protected or endangered species of wild life in the area."

According to the Karst Waters Institute, a US-based non-profit organisation, the Ha Tien-Hon Chong Karst has a "unique compilation of plant and animal species due in large part to its geographical isolation." The area is habitat to bats, reptiles, birds and small animals. Endangered leaf monkeys have also been reported in the area.

In 1997, the Institute reported that "Protests by locals, provincial authorities and scientists from Ho Chi Minh University have, so far, all been ignored by the Hanoi government" and added that Holcim "has proved especially insensitive to environmental issues involving karst". The Institute included the karst landscape of Ha Tien - Hon Chong, where Holcim is operating, in its 1998 list of the ten most endangered karst landscapes in the world.

In October 1999, the World Conservation Union (IUCN) Working Group on Caves and Karst reported in its newsletter that in the late 1990s, "The World Bank became concerned about the impact on both biodiversity and cultural heritage which was occurring as a result of limestone quarrying for cement manufacture in the East Asia region." The Bank hired Dr Jaap Vermeulen of the Natural History Museum, Leiden in the Netherlands to "establish a process of inquiry".

In January 1999, the World Bank and IUCN organised a workshop on karst in Bangkok, and in September the Bank published the result of Vermeulen's work. Vermeulen and co-author Tony Witten (of the World Bank) confirmed that the EIA of Holcim's operations "did not review the biodiversity of the limestone hills in any detail."

The authors commented cautiously that "It was considered prudent to revisit the question of the biodiversity of these limestone hills to determine if additional management interventions are needed in this particular case, and to examine how the IFC and potential future sponsors should address these issues more generally."

Using Australian Trust Funds, IFC hired Sinclair Knight Merz, an Australian-based consulting firm, to produce a "study of the limestone resources in southwestern Vietnam" which would "delineate their potential uses for limestone production, biodiversity conservation, forestry production (timber and nontimber), tourism, groundwater recharge, and so forth," according to Vermeulen and Witten.

Four years later, this study is not available. In response to a request for the study in March last year, Richard Caines, Coordinator for East Asia and Pacific at IFC, replied, "We have only recently received a final draft. Once the report has been reviewed and approved, our intention is to make it publicly available."

In June 2003, Caines stated, "The various issues which slowed its progress related to team selection and gaining the appropriate approvals for the study to be undertaken. These approvals needed to be secured from the funders, IFC management, Holcim management and various Vietnamese government Departments/People's Committees. Consensus decision making amongst such entities is not a fast-track process, I'm afraid." He added that "The report has not been publicly released."

A source close to the study reported that the Vietnamese Army ordered that the limestone hills along the Cambodian border be excluded from the Sinclair Knight Merz study. Shortly afterwards, the Kien Giang Provincial Government refused to allow the study to continue.

IFC is now working with Holcim and the International Crane Foundation on a project entitled "Sustainable Development and Biodiversity Conservation of Wetlands in the Ha Tien Plain". In 1998, the endangered Eastern Sarus Crane started to use areas of grassland near Hon Chong as an early season feeding ground. The project aims to preserve these grassland areas.

Of course, this biodiversity project will in no way affect Holcim's quarrying activities. IFC and International Crane Foundation are allowing Holcim to greenwash its activities by deflecting attention from Holcim's quarries. By not insisting on an adequate EIA, IFC is in breach of the World Bank's safeguard policies. Meanwhile, Holcim continues to quarry 4,000 tons of limestone a day from the mountains near Hon Chong.

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