

## The APECO Imbroglia and the Anti-APECO Struggle: A Situationer

Task Force Anti-APECO— February 2012

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*APECO, or the Aurora Pacific Economic Zone, is the special economic zone that is now being built in the once-tranquil town of Casiguran. Shepherded by the powerful Angara dynasty, and pledged to bring economic progress to one of the 20 poorest provinces in the Philippines, the project has since been embroiled in endless controversies.*

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Down among the foothills of the Sierra Madre, sheltered from Pacific by the San Idelfonso peninsula, the first infrastructures of the Aurora Pacific Economic Zone are slowly rising. Along the shore, where some fisherfolk used to live, now runs a 1.2 kilometer airstrip. Less than ten minutes away, on a road still strewn with more mud than asphalt, the bare bones of the ecozone's administration building juts out of the earth— the makings of a large and imposing edifice.

These are only a whiff of the long-awaited changes that APECO will bring to the 400 year-old town of Casiguran, the project's advocates maintain. Others, however, are not as optimistic.

"Stop APECO"; "ASEZA, Huangdito!" (Don't put ASEZA here!). These hand-crafted signs are perched on makeshift farm fences, on huts and houses, high up on trees scattered throughout the municipality. They make the resistance to the budding ecozone clear for all to see, well-nigh unmistakable.

*Why?*

This might, at first, seem a misplaced question. APECO claims that it will bring boundless economic prospects, once operational as the Philippines' first Pacific-side ecozone. As a nascent transshipment hub, it aims to rake up enough investment to transform the municipality into a "self-sustaining industrial, commercial/trading, agro-industrial, tourist, banking, financial and investment centre with suitable residential areas."<sup>1</sup> Poverty in Casiguran, it is argued, will be alleviated, employment generated for the province of Aurora, and industrial development spurred throughout the Northeastern Philippines in general.



APECO intends to secure such investment by two general mechanisms. *First*, it will extend a variety of *fiscal incentives and other cost-deflecting measures* to prospective investors, such as Income Tax Holidays, Duty-Free Importations and lower costs of land acquisition, among many others.

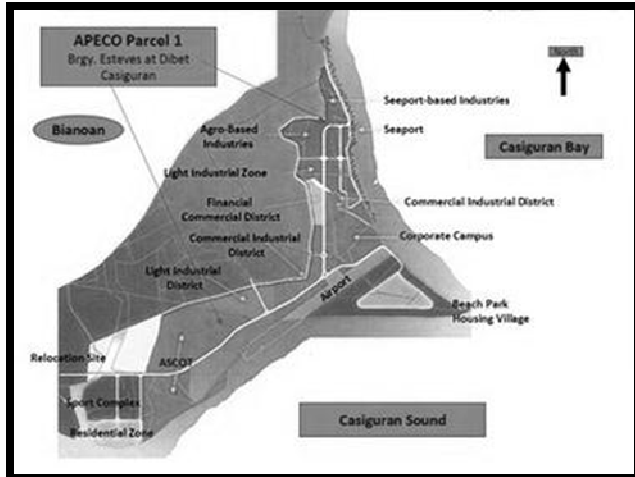
*Secondly*, it will stimulate infrastructural development in Casiguran, while facilitating private sector participation through *Public-Private Partnerships (PPP's)*. Modern facilities in power, water, transportation and others will be mainly provisioned on this basis. In like manner, APECO's numerous residential, ecotourism and real-estate subprojects promise to allot considerable space for private sector involvements and initiatives.

APECO even pledges that it will do this with a "*touch of green*"<sup>2</sup>, as the first Philippine ecozone to highlight "*green urbanism*" and environmentally-responsible systems. Tax exemptions for carbon credits and cash incentives for missionary renewable energy electrification are among the measures that seemingly attest to this. A P220-million solar power facility is currently developing in the area, and initial studies for a hydroelectric power plant are also underway.

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<sup>1</sup>An Act Amending Republic Act 9490, Otherwise Known as the "Aurora Special Economic Zone Act of 2007". R.A, 10083. 27 July 2009. Laws of the Republic of the Philippines, 2009. Print. 16.

<sup>2</sup>Anonymous. "About Us." *The Aurora Pacific Economic Zone and Freeport Authority*. The Aurora Pacific Economic Zone and Freeport Authority. 12 February 2012. <<http://www.aurorapacific.com.ph/index.php?page=aboutus>>



The Aurora Pacific ecozone presently covers 12,923 hectares of the Casiguran landscape. 12,427 hectares of that land will be taken from the San Idelfonso Peninsula; the remainder will come from Baranggays Esteves and Dibet on the Aurora mainland. Significantly, the Freeport reserves the power to acquire— either by purchase, negotiation, or condemnation proceedings— any private property adjacent to the ecozone for consolidation, right of way, or natural resource protection purposes.

But the ecozone's scope was not always so ambitious. Before 2009, APECO was limited to 500 hectares on the Aurora mainland. RA 9490 (superseded by RA 10083 in 2009) created the ecozone in 2007, mainly through the efforts of Senator Eduardo Angara, his son Congressman Juan Eduardo Angara, and his sister Gov. Bellaflor Angara-Castillo.

Yet for all the benefits that APECO has been hyped to bring, the project has been constantly mired in controversy—and at the root of the whole imbroglio lies the issue of access to and control over basic livelihood resources. The APECO law outright assumed that the areas for the ecozone were public, state-owned lands; yet later surveys have revealed the same lands to be titled under small farmers with CLOA's and indigenous peoples with CADT's. The coastal waters of the Casiguran bay where the ecozone plans to build an international container port, have meanwhile been situated in close proximity to the DENR-protected areas of the Calabgan River Watershed Forest Reserve, and have even been said by local fisherfolk to house several endangered species such as whale sharks (*Butanding*) and sea turtles (*Pauikan*).

*Around three thousand families will be stripped of their lands, resources and livelihoods should the Freeport be carried through to completion.*

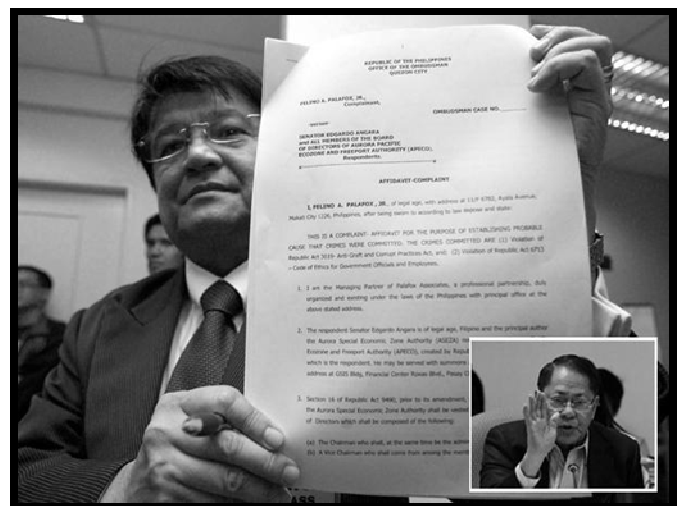
For this reason, thousands of Casiguran residents, backed by the Church, have unfailingly challenged APECO since the passage of RA 9490. Due to their opposition, and the waves of scepticism towards the ecozone that their actions have provoked, the SEZ has suffered massive budget cuts in the latter half of 2011. Of the original proposal of P3.565 billion for 2012, merely P332.5 million was granted to the Freeport after Congress' budget deliberations.

But P332.5 million is still P332.5 million too much for APECO, the dissenting groups argue. Beyond the all-important resource question, myriad grounds exist for arresting the continued development of the ecozone, as a more careful look at the project exposes.

### Faulty Design, Flimsy Projections

On the November 2010 Budget Hearing at the Senate, architect Felino Palafox—who was originally recruited to draft the ecozone's master plan—revealed that *no rigorous feasibility studies, development plans, impact forecasts, demands and other related studies were undertaken for APECO and its technical subcomponents before it was implemented*<sup>3</sup>. Only, in fact, during 2011 did funds for some of these feasibility studies materialize, mostly due to the largesse it received from the South Korean government.

Another damning criticism that has surfaced during Senate deliberations is that APECO has been more founded on *"wishful thinking"*, in place of solid analysis. Up to this date, *no figures on what impact the ecozone will likely have on the poverty status, the incomes, and the livelihoods of Casiguran's present*



<sup>3</sup>Philippine Daily Inquirer. "A White Elephant." *Inquirer Opinion-Editorial*. The Philippine Daily Inquirer Mobile. Web. 12 February 2012. <[http://services.inquirer.net/mobile/10/11/13/html\\_output/xml/html/20101113-302941-xml.html](http://services.inquirer.net/mobile/10/11/13/html_output/xml/html/20101113-302941-xml.html)>

residents have publicly been made available. This is deeply ironic, since APECO has hailed to no end as a harbinger of “development” to Aurora.

But even more disturbing have been Palafox’s charges about the viability of the ecozone as a whole. Engineering surveys have suggested that some lands being used for the project’s corporate campus are prone to flooding and soil liquefaction. *These projections, according to Palafox, have shown that the lands in question will be going under water within 25 years*<sup>4</sup>. Such indications cast serious doubt on the soundness, the safety and the sustainability of the entire venture.

### Graft, Moral Hazard and a Can of Worms

Before the Senate hearings of November 2010, APECO failed to subject itself to Commission on Audit scrutiny from 2008 to 2010. Only in March 2011 was a three-year COA audit report finally released, where it was noted that “*transactions relative to cash advances granted for purposes other than salaries and wages were not coursed thru the required pre-audit, in disregard of COA circular No. 2010-002.*”<sup>5</sup> Such advances, moreover, had been extended to those who were neither bonded nor regular employees to APECO, hinting at potential anomalies.

Ground reports have braced other concerns about irregularities. While farmers have only received P45000 per hectare for the rice lands that have already been seized by the ecozone, Aurora’s Provincial Environmental and Natural Resources Officer Benjamin Mina— a vocal sponsor of APECO— was compensated a staggering P650,000 per hectare for the coconut lands which he sold to the Freeport authority<sup>6</sup>. It would be these lands that would be later lambasted by Palafox in 2010 and 2011 for their eventual flooding and liquefaction.

*At the top of these fishy dealings were the legislators of the ecozone themselves, who have been accused of conflict-of-interests in the setup of the Freeport.* Congressman Sonny Angara and Governor Bellaflor Angara-Castillo have been confirmed to sit in the APECO board, and no less than Senator Angara himself admitted that he was its chief executive in the 2010 Budget Hearings. These were potential violations the Anti-Graft and Corrupt Practices act, which forbids lawmakers from acquiring any business interests that will be furthered by laws authored by them and approved by Congress.

Roberto Mathay was installed as the president and chief executive of APECO in 2011, yet fierce opposition over the irregularities of the SEZ has persisted. By September 2011, Palafox filed a criminal complaint against the Angaras at the Office of the Ombudsman over their alleged violations of the Constitution and the Antigraft code<sup>7</sup>. The case is presently ongoing.

### Compulsion Over Consultation

The legislation of APECO hit the communities and municipal governments of Casiguran like a bombshell, and the sense that it has not democratically involved the people of Casiguran in any consultation process has been ubiquitous. It has not garnered the free, prior and informed consent of IP’s, as mandated in the IPRA law, prior to 2007. It has not, likewise, approached the affected LGU’s and sectors beforehand, as required by the Local Government Code.

*Representative Sonny Angara has himself admitted— in a meeting with concerned groups on June 2010 at the Ateneo de Manila University— that consultations of APECO different stakeholders, particularly IP’s, have been lacking.*

Instead of consultations with the stakeholders, in fact, the ground agents of APECO have often resorted to misinformation and intimidation to push forward the ecozone in Casiguran. During the Freeport’s early stages, numerous farmers and IP’s have reportedly been told by APECO operators that it could readily amass their lands regardless of their objections, whereas it could only really do this after having to show the necessity of such during an expropriation case.



<sup>4</sup>Salaverria, Leila. “Urban Planner Sues Angaras over Aurora project.” *Inquirer News*. The Philippine Daily Inquirer. Web. 12 February 2012. <<http://newsinfo.inquirer.net/62053/urban-planner-sues-angaras-over-aurora-project>>

<sup>5</sup>Philippines. Commission on Audit. *Aurora Pacific Economic Zone and Freeport Authority*. Quezon City: Commission on Audit, 2011. Print.

<sup>6</sup>Anonymous. “Walang Daan Matuwidsa APECO.” Web. 12 February 2012. <<http://xa.yimg.com/kq/groups/17441010/590874020/name/An>>

<sup>7</sup>Salaverria, Leila. “Urban Planner Sues Angaras over Aurora project.” *Inquirer News*. The Philippine Daily Inquirer. Web. 12 February 2012. <<http://newsinfo.inquirer.net/62053/urban-planner-sues-angaras-over-aurora-project>>

Harassment incidents against dissenters to the ecozone have also been repeatedly testified to, and the gravest of such incidents have involved explicit death threats and attempted assassinations of the frontrunners of the anti-APECO movement in Casiguran by so-called anti-communist groups. On the early morning of July 26, 2010, the convent of Father Jose Francisco Talaban— the parish priest of Baranggay Biancoan and one of the opposition's central figures— was attacked by unidentified gunmen armed with grenade launchers and high-powered armalites.

While APECO has since denied any connection with the aggressors, it is universally agreed that the episode was precipitated by Talaban's leadership of the anti-APECO campaign in Aurora.

### Exclusive, Not Inclusive, Development

APECO insists that it is out to "develop" Aurora for the benefit of the province's poor. The record of SEZ's established in the Philippines and in other countries, however, attests otherwise. "This 'development' process that rests heavily on displacement, dispossession and destruction of the environment is creating an irreversible production structure in favour of the rich"<sup>8</sup>, argues Professor Swapna Banerjee-Guha, a known expert and critic of similar ecozones in India. Yet there is nothing in how APECO will operate that will prevent such inequalities from being aggravated, if the Freeport is made fully operational.

First, it seems that most of the infrastructures and services to be provided by the ecozone will be supplied on a PPP basis. Senator Angara, after all, is known as an ardent advocate of such initiatives; last December 2011 he lodged SB 3090 at the upper house, "An Act Enhancing the Public Private Partnership in Infrastructure Development in the Philippines."<sup>9</sup> The 2007 ASEZA law, moreover, has granted APECO extensive powers to enter into contracts or joint ventures with the private sector through any of the schemes allowed within pre-existing Build-Operate-Transfer legislation<sup>10</sup>.

Yet PPP's have, for years, been the target of a gamut of criticisms. As Dr. Rene Ofreneo— a former DOLE undersecretary— has argued, PPP's have exhibited a "dangerous exclusivist trajectory" in how they have been executed in the Philippines<sup>11</sup>. By placing social services and infrastructures in the hand of the profit-oriented private sector, such projects have often raised the rates of such services and infrastructures beyond the purchasing capacity of poor Filipinos, as has been the case with past privatization efforts in the water, power and transport sectors.

While the more affluent sectors of Philippine society may benefit from such PPP endeavours, Ofreneo concludes, they are "likely to lead to the exclusion of the poor and the marginalized."

Secondly, while it has been promised that the ecozone will spur job growth throughout Aurora, *where the poor, less educated residents of Casiguran will fit in any employment scheme so-generated remains elusive*. The truth is that most of these residents are considered too unskilled for the industries that APECO proposes to introduce. Once dispossessed of their lands, waters, ancestral domains and other livelihood resources, they are in danger of becoming part of the country's low-end, contractual "floating work force"— who have been repeatedly shown "not to benefit from government projects like the public-private partnership scheme."<sup>12</sup>



<sup>8</sup>Banerjee-Guha, Swapna. "Contradictions of 'Development' in Contemporary India." *openIndia*. openDemocracy. Web. 12 February 2012. <<http://www.opendemocracy.net/openindia/swapna-banerjee-guha/contradictions-of-%E2%80%98development%E2%80%99-in-contemporary-india>>

<sup>9</sup>Fernandez, Butch. "Bill plugs BOT gaps to boost PPP investments." *Business Mirror*. 27 December 2011. Web. 12 February 2012. <<http://www.businessmirror.com.ph/home/economy/21239-bill-plugs-bot-gaps-to-boost-ppp-investments>>

<sup>10</sup>An Act Establishing the Aurora Special Economic Zone in the Province of Aurora'. R.A, 9490. 19 February 2007. Laws of the Republic of the Philippines, 2007. Print. 16.

<sup>11</sup>Ofreneo, Rene and Leian Marasigan. "PPP: Pwede bang Magsilbi sa Sambayanan?" *Focus on the Philippines*. 25 July 2011. Web. 12 February 2012. <<http://focusweb.org/philippines/fop-articles/articles/539-ppp-pwede-bang-magsilbi-sa-sambayanan>>

<sup>12</sup>Cellona, Jonathan. "Gov't urged to aid 'floating work force.'" *Business World Online*. 8 December 2011. Web. 12 February 2012. <<http://www.bworldonline.com/content.php?section=Labor&title=Gov%E2%80%99t-urged-to-aid-%E2%80%98floating-work-force%E2%80%99&id=42981>>

For all its pro-poor rhetoric, APECO offers little on how it will negotiate these complexities in favour of the poor. While it claims that it will provide shelter for those who will be displaced by the ecozone, personnel of the National Housing Authority have subsequently revealed that the proposed housing units were of *substandard quality*. While it claims that it will also provide livelihood projects, *those who have already begun working for the SEZ have complained to anti-APECO groups of inadequate compensation, irregular and unstable work hours, delayed paycheck and a near-complete absence of other benefits*. They retain almost no bargaining power with their employers, and due to the unskilled nature of the work that they perform, are easily replaced should any conflicts between them and the management arise.

These do not augur well for the “*inclusive*” alignment that APECO argues it will sustain into the long run. In India, the imposition of SEZ’s has been tantamount to what many have described as “*endave development*”— a broad pattern of industrial, corporate and real-estate restructuring that “*systemtially keeps out a large section of the population of the growth process*” by maintaining “*a huge army of cheap labour, a large section of them comprising the dispossessed.*”<sup>13</sup>

If APECO is fully implemented, the people of Casiguran will no doubt be threatened with similar outcomes.

### Where to, Casiguran?

“*Walang Daang Matuwid sa APECO!*” (There is no honest path with APECO), cry the anti-APECO protesters. Their resistance shows that they grasp more about the perils they face than first meets the eye.

For, in truth, these people are not at all “*anti-development*”, as some of the champions of APECO have portrayed them to be. They have studied the impact of like ecozones in the Philippines, and have seen the inequities that such “*development*” has deepened in its wake. They are not against “*development*” per se, but against the kind of development that privileges the few, while worsening the situation of the many. Yet this is the kind of “*development*” that APECO is already bringing to Casiguran.



What is happening in Casiguran today, in fact, is nothing less than a struggle over two competing visions of development. On one hand, there is that of APECO, which dangles abstract, fanciful notions of bettering the lives of the poor through the growth in employment opportunities generated by foreign, big-business investment and PPP’s.



Yet further scrutiny shows that these promises are hollow for the poor and the marginalized. They will jeopardize the livelihoods that they already have, and jeopardize their future access to social services and other basic utilities. *Provided that the ecozone will not sink within 25 years, and provided that the unskilled poor will even be granted jobs in the new Freeport*— for these are not, unfortunately, certain— APECO will disproportionately benefit the ecozone’s investors and others with the wealth and influence to gain admittance to its high-end facilities. Most of the new labour force, meanwhile, will be left exposed to unequal bargaining power, income instability, or even— utter neglect by the Freeport authority. This kind of “*endave development*” has been the common legacy of other ecozones in the Philippines and in other

nations.

But on the other hand, there remains the vision of development that is being advanced by the anti-APECO movement and the residents of Casiguran.

<sup>13</sup>Banerjee-Guha, Swapna. “Space Relations of Capital and the Significance of New Economic Enclaves: SEZs in India.” *Sanhati*. Web. 12 February 2012. <<http://sanhati.com/wp-content/uploads/2008/12/swapnaepw.pdf>>

This vision is not imposed from the top-down, but rather, *stresses the efforts of the poor and the marginalized themselves from the bottom-up*. It thrives on democratic practice, and strives to ensure that *rootedness in the actual rhythms of the poor's already-existing livelihoods is maximized*— such as with sustainable agriculture and community-based coastal resource management.

*And it is not as if the some of the town's inhabitants have not already been doing this.* It has been a major source of ire for the farmers-at-risk that APECO will seize *thousands of hectares of prime agricultural lands* that they have painstakingly cultivated over the decades. It incenses the fisherfolk that the Freeport will deny them access and damage the integrity of the bountiful mangroves and coastal waters that they have long fished within sustainable limits, just as it angers the Agta's and Dumagats that they will lose *effective control* over their rainforests and ancestral domains, mainly becoming tourist attractions.

*If the balance between Casiguran's natural beauty and its abiding agricultural productivity has lasted as long as it has, in other words, this has been largely been because of the activities and stewardship of those whom APECO supposedly aims to "uplift."*

*"Shouldn't APECO's development strategy, then, be the other way around?"*, argue the residents of Casiguran. Rather than substituting the livelihoods which they have gradually built up over the generations, would it not be better to begin by supporting those already-existing livelihoods? No one, after all, knows better how to take care of the town's natural resources than those whose lives have long depended on them. *Working through* them, their resources, their livelihoods is the only way that the poor can be truly placed as the focal point of any kind of *"development."*

The struggle over the future of Casiguran boils down to the struggle of these two visions of development. Equity or Inequality? Rootedness or Vulnerability? Development for the poor— or *"Development"* for the rich?

The stakes are up, the cards are down, and the people of Casiguran have made their choice on the matter clear for all to see, well-nigh unmistakable. It's high time that others step up their support for them on this.

*(This Situationer has been prepared for the Prelature of Infanta's International Solidarity Mission of 2012. For more information about the ISM or about the APECO issue, please email [morefunwithapeco@gmail.com](mailto:morefunwithapeco@gmail.com). None of the photographs used were originally taken by Task Force Anti-APECO)*