EXTREME INFRASTRUCTURE

Infrastructure Corridors in Context

Presentation at

Eurodad International Conference 2017
Alternative policies for a sustainable world:
Better ways of financing global development and strengthening global economic regulation and governance

Workshop:
"Market finance vs. public finance for infrastructure –
impacts and challenges for Civil Society Organisations' work (Setting the scene)"

The Hague, 21 June 2017

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The Corner House

We live in an age of what might be termed "*extreme infrastructure*".

Extreme (some might say *extremist*) not just because of the scale of the infrastructure – roads, railways, inter-basin water transfers, ports, pipelines, industrial zones and the like – that is planned.

Extreme because it enables *extreme extraction*, opening up deposits of oil and minerals in areas previously considered unexploitable.

Extreme because it is premised on e*xtreme production*, enabling capital to move wherever labour is cheapest and most easily exploited.

Extreme because it depends on *extreme finance* – notably new, highly risky asset classes.

And *extreme* because it can only operate through an *extreme politics*, involving elitist forms of planning that are profoundly undemocratic.

One manifestation of this extreme infrastructure and the capital-friendly "tradescapes" [1] it seeks to create is the push for mega corridors.

And it is these I have been asked to explore this morning

GLOBAL TOUR

Infrastructure corridors are not new. But the plans that are now on the drawing board are on a scale as yet unimagined.

No (inhabited) continent is excluded.

Hundreds of millions of people will be affected.

Some of the plans are national in scale, others regional and still others continent-wide or near-global.

Just to run through a few of them.

The corridors involve not just roads and railways but also planned energy corridors and water corridors.

In Africa, over 30 corridors have been initiated, principally to enable the extraction of agricultural produce and minerals

For Latin America, you have the IIRSA corridor programme. Under current proposals, some 579 projects, costing an estimated $163 billion, have been identified.

For North America, there are "NAFTA" corridors to connect Canada to Mexico and water transfer schemes and canals to bring water to the water-dry South West of the USA.

The Arctic too is slated for corridor development, with marine corridors and railways planned as the polar ice recedes due to climate change.

In Europe, there's the Trans-European Transport Network programme.

And all the countries of Asia have corridor plans.

In **India**, the Delhi-Mumbai Industrial Corridor is billed as the largest single infrastructure project in the world.

Approximately 180 million people will be affected over an area of thousands of square kilometres.

But the Big Daddy of corridors is China's 'Belt and Road Initiative' (BRI) programme, previously known as One Belt One Road.

BRI embraces 60 countries (thus potentially half of the world) stretching from the Pacific to the Baltic Sea.

STRUCTURAL DRIVERS

What is driving these extreme infrastructure programmes?

Two factors are particularly pertinent.

The first arises from the economies of scale that are required to extract the raw materials that capital relies on to expand.

Remoter sources of raw materials have only become commercially viable because bigger, more powerful and more efficient ships, trucks, trains, barges and cargo planes have reduced the costs of transport.

Bulk carriers mean that it is now cheaper to ship iron ore from the Amazon to Japan than it is to transport iron ore across the Great Lakes in the US.

But bigger ships, trucks, planes and freight trains require wider roads, bigger bridges, deeper and wider canals, straighter rivers and longer airport runways.

And one wave of infrastructure development creates pressures for yet further innovation.

As bigger and faster forms of transport are developed, it becomes easier for capital to fragment production and shift around the globe in search of the cheapest labour.

Extreme production flourishes.

But *extreme* production and *extreme* extraction are also a problem for capital.

This brings us to second structural driver behind corridors: what financiers call "the production-consumption disconnect".

The problem is not new. Almost 150 years ago, Karl Marx revealed how the more that capital expands, the more it needs to improve infrastructure to 'annihilate space by time'.

Today's would-be global politburos, such as the World Bank, are well aware of the problem.

Marx may not get a mention in the Bank's flagship 2009 World Development Report but 'annihilating space by time' is *the* leitmotif that runs through the report's 380 pages.

The problem can be simply stated.

The distances between points of resource extraction, points of production and points of consumption are now huge, involving multiple journeys and multiple forms of transport.

The minerals used in the manufacture of components for a computer, for example, are extracted from all over the globe.

The components – perhaps as many as 4000 – are themselves manufactured by as many as 250 different suppliers in multiple countries.

But "the global consumers" with the money to buy the computer – the bulk of the 'global consuming class' are predicted to be living in just 44 cities by 2025 – live far from the areas where resources are extracted and processed.

This distance matters because time matters. And time matters because the faster commodities can be produced and exchanged, the greater the profits for individual firms.

The solution? Mega infrastructure corridors.

RE-ENGINEERING ECONOMIC GEOGRAPHY

But extreme *physical* infrastructure – new highways and the like - is only deemed to be a partial solution.

Extreme logistical discipline and *extreme* deregulation to free up the movement of goods are also demanded.

To achieve 'integrated management', the corridors are being transformed into free trade zones, where tariffs are progressively reduced, labour and other laws deregulated, and taxes cut.

But the plans go further.

Underlying the push for corridors is a deliberate attempt to "re-engineer economic geography".

The plan is to concentrate specific economic activities (mining, agribusiness, tourism, finance, IT) in specific corridors in order to "agglomerate" cheap labour, consumers and investment for the benefit of capital

The transport corridors would then link these zoned clusters of production to concentrated pools of consumers.

One corridor in central Asia – the so called CAREC North South Corridor – exemplifies what is planned.

So around **Almaty** on Corridor 1b, the government plans two agglomerating, agribusiness clusters that can tap into into "lower labour costs" and a "well-educated workforce".[2].

Feedlots housing between 10,000 and 20,000 animals are to be developed, not least by Italian agribiz multinational Cremonini Group.

Around **Astana** on Corridor 1, similar hi-tech clusters are planned. Deals have been signed with General Electric, Microsoft, Intel, Hewlett Packard, Samsung, and Huawei.

An International Finance Centre is also planned.

And get this: the centre will "operate under its own legal regime, derogated from national law".[3]

English will be its official language – and English law will be the law.

BYE-BYE "SPATIALLY BALANCED DEVELOPMENT"

The approach jettisons post-war development policies.

Instead of based of 'spatially-balanced' development, people are to be moved to corridors through a top-down centralised planning process, led by the private sector.

In words that could come out of a Stalinist-era play book, the World Bank insists: "No country has grown to riches without changing the geographic distribution of its people".[4]

The prospect is of mass (forced) migration as markets and employment opportunities are increasingly concentrated in cities and their linking corridors.

All of this requires finance

And *extreme* infrastructure necessitates "*extreme* finance".

Globally, $20–30 trillion will need to be raised between now and 2030.

Individual governments don't have the money. The Multilateral Development Banks don't have the money. China does not have the money. The US does not have the money. The EU does not have the money.

As in the past, capital has few options but to attempt to expand the pool of finance on which it can draw, notably by tapping private investors.

Hence the engineering of infrastructure as an asset class to make it more attractive to private investors.

And hence the push for Public-Private Partnerships, which are central to every one of the proposed corridors.

The direction of travel is profoundly undemocratic, elitist and unstable.

Undemocratic because a handful of fund managers increasingly determine what gets financed and what does not.

Elitist because the facilities that would most benefit the poor do not get built.

And unstable because infrastructure-as-asset class is a bubble that is set to burst.

SOME ENTRY POINTS FOR ACTIVISTS

As such, the financing of "extreme infrastructure" is a potent emerging arena of struggle.

Here I would like to summarise some research I am working on for CounterBalance on the arenas in which EU public institutions are organising to push for capital friendly tradescapes, through corridors, in Central Asia.

I should stress that this research is not intended to identify "entry points" for "speaking truth to power" but rather to understand better the tactics and strategies being pursued by promotors of corridor in order better to build effective counter alliances.

So here are some forums in which the EU and its member states are active:

- **MDBs:** All the usual suspects (ADB, EBRD, World Bank) are involved – not only in funding specific projects but also in financing "trade facilitation" along the corridors.[5] There is wide scope here for alliance building with affected communities and movements already mobilising against MDB-backed corridors.

- **One Belt Initiative projects in the EU:** China is investing in a number of IBR-related projects in the EU, notably Piraeus Port, the five ports project in Italy,[6] the Belgrade–Budapest railway and the Danube-Oder-Elbe canal. EU institutions are actively developing alliances around these projects. Here there are opportunities for counter alliances, particularly with unions in ports that are being developed, often with dire consequences for organised labour.
- The **CEE 16+1**: China is reaching out to bring the CEE 16+1 countries into the IBR. A number of East European countries have signed Memorandum of Understanding, including Czech Republic, Hungary, Poland, Slovakia. Understanding these agreements and what they imply for CEE countries would seem particularly important.
- **Private sector involvement**: a number of companies are seeking to invest in One Belt Initiative projects, including logistics giant Maersk,[7] DHL and the Port of Duisberg which are developing IBR-related ports and railways. These initiatives may yield potential counter alliances with corporate campaigners.
- **Local Authorities**: many local authorities – including Lyon and Le Havre in France – are seeking to become involved in IBR, and are building the political infrastructure to do so. Just what is being offered – and who will benefit?
- **EU Initiatives**: The European Commission is developing One Belt Initiative-related activities under its EU–China Connectivity Platform, through DG MOVE. China is also investing up to €10 billion under the so-called Juncker Plan to promote synergies with TEN-T.[8] Both these moves open up space to raise critical questions about corridors.

SOME CLOSING THOUGHTS

Finally some closing thoughts

I raise these concerns about corridors not because I think everyone should abandon the work they are doing and start “a corridor campaign”

But I do believe that an appreciation of the structural drivers behind corridors may assist in informing and even reframing our work

I take the view that corridors will not be challenged by project focused campaigns alone, necessary and vital as these are for building solidarity.

I also believe that focussing on human right, environmental and labour rights safeguard policies will do little to shift the planned trajectory, necessary as these safeguards are.

I think that we would do well to take on board the comment of one Indonesian comrade, Hendro Sangkoyo: “It is class war out there”.

And a class based response is surely needed.

Extreme infrastructure is reinforcing the divide between those who benefit from extreme extraction, extreme production and extreme finance and those whose class interests are opposed to “just-in-time” delivery, agglomerating pools of cheap labour and ravaging the earth in pursuit of profit.

It is a divide that reflects different relations to capital. And it is this divide that needs to be explored, explained and mobilised around.

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1 Russ Kuykendall (ed), *Trade Corridors Roundtable*: Tradescapes,Work Research Foundation, 2008, http://www.aims.ca/site/media/aims/Tradescapes.pdf

2 ADB, Operationalizing Economic Corridors in Central Asia: A Case Study of the Almaty-Bishkek Corridor, December 2014. Available at https://www.adb.org/publications/operationalizing-economic-corridors-central-asia-case-study-almaty-bishkek-corridor. Full report at: https://www.adb.org/sites/default/files/publication/153330/economic-corridors-central-asia.pdf

3 AIFC. The delegation of the AIFC took part in the launching ceremony of the IFFO and FCC in Hong Kong, 5 July 2016, http://www.aifc.kz/en/news/15.html

4 World Bank, *World Development Report 2009: Reshaping Economic Geography*, Washington DC, 2009.

5 In Central Asia, the ADB has provided $10.1 billion to just one set of corridors under the CAREC programme.

6 Venice, Trieste and Ravenna, plus Capodistria

7 Maerk which has established a joint venture to build the Qingdao Port Multi-Purpose Terminal

8 https://www.euractiv.com/section/innovation-industry/news/brussels-clears-way-for-china-to-pour-billions-into-juncker-plan/