

privatization

Hokome Binmowe, headman of the Batamoa clan of the Kosuo tribe (casowary tribe) near the Awara River, Papua New Guinea.

Issue 107

nature for sale

the impacts of privatizing
water and biodiversity



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the Earth**
International



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"I also think – and this may sound like heresy – that the whole biodiversity issue is beginning to sound more like economics than biology. As science begins to penetrate the gene structure, the equatorial rainforests enter into the valuation process. Science serves the economy, and both of them serve capital. Today, rainforest communities are evicted and their territories appropriated along with their traditional knowledge, which is given a market value. All of this lies at the heart of the new environmental conflicts; this also explains the war the US and its allies are waging in the Andean region.

Community management of rainforests cannot be considered a true alternative if it fails to question the foundations of the prevailing economic model. As in the old proverb "let's change everything without changing a thing", some people change the official discourse, but their aim is still profit. Greenwash cannot be allowed to take over new initiatives.

The sustainable economic relations advocated so strongly by multilateral institutions are not sufficient to create sustainable societies. We need an economy that ensures the welfare of all society, that guarantees not only monetary income, but also food sovereignty and equality, ecological conservation and cultural sovereignty. Societies need to regain control of political and social structures in order to ensure control over the profound transformations required."

Hildebrando Velez Galeano, CENSAT/Friends of the Earth-Colombia, "Communities do it Best", Link Magazine, 2002.
www.foei.org/publications

executive summary



In the developing world, 1.2 billion people live under the poverty line, earning less than \$1 a day. Of the 4 billion cases of diarrhea each year, 2.2 million people die unnecessarily. Preventable water-related diseases kill 5 million people every year, 4 million of them children. Today, an estimated 1.2 billion people lack access to a safe water supply and 2.4 billion do not have adequate sanitation.



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Landowner Sakas Anommo, on a stockpile of logs at Log Camp 56, Middle Fly, Western Province, PNG. His family is opposed to the logging and they are trying to prevent further roads from passing through their land. "By looking at that place I feel very sad and upset and frustrated about my land being destroyed."

These are disturbing statistics, as the technology exists and resources are there to deal with this crisis. A fraction of the trillion dollars a year governments spend on the military would make it possible to go well beyond the UN Millennium Development Goals on clean water and sanitation. Investment in water, unlike war, would save an estimated 125 billion dollars a year in direct medical expenses and costs associated with lower economic productivity related to preventable water-related diseases.

Unfortunately, the solution chosen by governments does not focus on increasing public investment. Instead, international policy makers, lobbied heavily by the private sector, are facilitating increased private investment and management as the way out of the crisis. The world's poorest people, especially women and children, are desperately in need of safe water and sanitation services. As the experience documented in this publication shows, however, the poor can lose access to these basic services when profit-oriented transnational water companies move in.

In the same way, Indigenous Peoples and local communities increasingly find themselves excluded from forests and other biologically rich areas they have traditionally lived in and utilised. These lands are progressively being handed over to logging, tourism and private park management companies. They are also being reserved for a new breed of company that establishes "carbon parks" – a new and lucrative avenue intended to offset the carbon dioxide emissions of rich fossil fuel addict consumers in the North.

Friends of the Earth International is actively resisting this corporate take-over of nature's wealth. We are fighting for people's rights - to water, land, seeds and knowledge. The 34 national stories gathered in this publication document not only the negative social and environmental impact of water and biodiversity privatization, but also how our member groups are actively resisting such privatization in their countries.



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preface: nature for sale

meenakshi raman, chairperson, friends of the earth international



© censat for colombia

Since colonial times, natural resources have been exported from developing countries to feed the ever growing consumption needs of people in rich, industrialized countries. To secure this system, northern governments ended their colonial rule by imposing an economic system upon the old colonies that would ensure the continuing flow of natural resources, at almost no cost.

Today, as economic globalization gathers pace, this unsustainable and inequitable pattern of consumption is being cemented into place. Impoverished countries, under pressure from richer states and multilateral institutions such as the World Bank and International Monetary Fund (IMF), are further locked into world trading, financial and investment systems aimed at securing the cheap transfer of natural resources. They depend on the transnational corporations for imports of components and expensive new technology and pay for these inputs by exporting even more natural resources, sacrificing yet more biodiversity.

Because of their size and because they are often supported by government subsidies, transnational corporations are dominating the natural resource trading world. Small and medium-sized domestic enterprises in the South find it impossible to compete with these powerful newcomers and have little hope for the future. The system results in profit for some and huge losses and destruction for many. In the third world, people are losing their forests, fish, and mineral resources at a rapid rate. They and their children are losing access to a sustainable livelihood. Even the land and labour resources of the poor seem to be at the disposal of the rich. All of this to support the consumption patterns of the rich, which are not sustainable and need urgent change.

The prospect for the future as designed by economic policy makers at the World Trade Organization (WTO), the World Bank and other financial institutions that are dominated by Northern and corporate interests does not look bright. As it is now, the poorest countries in the world will continue to provide the majority of the natural and human resources required for industrial activity – and receive little by way of reward. Indeed, as global markets become over-supplied, commodities become ever cheaper - good for rich importing countries, but bad for poor exporting countries. As a result, the rich will continue to get richer, the poor will slide further down into poverty and all of us find ourselves increasingly confronted with the effects of the environmental destruction caused by the over-exploitation. There is no logic in this system; there is no justice in it.

Friends of the Earth International (FoEI) challenges the system and promotes alternatives that are environmentally sustainable and socially just for all. We challenge the governments that insist on pursuing the same old economic strategies and relentlessly reward those transnational companies that so far have benefited from environmental and economic destruction. We fight trade and investment agreements that continue to be designed with the purpose of increasing corporate access to biological resources - even in those regions that may be considered the last frontiers of biodiversity. And FoEI calls on northern governments not to use the 'war against terror' as an excuse to access and control the resources of oil-rich countries.

As an alternative to this 'Nature for Sale', FoEI supports ideas, proposals and systems that aim to secure environmental justice for all. We promote community management of and control over biodiversity. We pursue the development of collective rights for local communities and Indigenous Peoples (whether or not such rights are recognized by States) and seek the recognition and repayment of the ecological debt that has been accumulated by biopiracy and other predatory practices.

part one | public support for private control



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one public support for private control

introduction

In the developing world, 1.2 billion people live under the poverty line, earning less than \$1 a day. Another 1.3 billion earn between \$1 and \$2 a day. 842 million people around the world are hungry. Natural resources are being polluted and depleted faster than they are regenerated, while the climate is changing dangerously. Indigenous Peoples are robbed of their cultures and lands. People are losing their livelihoods and women are marginalized further. Something is seriously wrong with the global economic system.

Something is therefore also seriously wrong with the international financial institutions, who are supposed to ensure poverty alleviation and sustainable development. With their help, the world's poorest countries were supposed to get out of a downward cycle of increasing poverty and servicing the never-diminishing external debt. But because of their "help", these countries continue to service an unsustainable debt at the expense of people and the environment.

1 [papua new guinea] the 'invisible' privatization of clan land

The Vailala FMA/TRP area in Papua New Guinea is under threat of permanent destruction if the current trend in logging practices is not stopped. Operated by Frontier Holdings Limited, a subsidiary of the Malaysian logging giant Rimbuna Hinjau, the area covers an estimated 900 000 hectares of forest and is one of the largest logging operations in the country. Logging is happening at a rapid rate, with hardwood and other indigenous species being harvested both day and night. Since the harvesting began in 1995, many cases of environmental damage, river pollution, human rights abuse, over-logging, failure to honour agreements as well as labour and employment breaches have been reported.

the privatization of clan land

The forest belongs to the original landowners, the local clans. Originally, logging permits were brokered between the responsible government department, the Forest Authority, the directors of the landowner companies and Frontier Holdings. The landowner companies were meant to represent the clans, and act as

trustees over logging royalties. However, the clanspeople hardly know anything about their function and the nature of their operations. These companies have provided no services or any economic means of support for the socio-economic lives of the people.

In 2002 the logging permit expired, yet without the consent of the majority of the clan, Frontier Holdings in collaboration with the landowner company directors was granted an extended permit to continue operating in the area for up to ten years. The clans were left out of the discussion and the company assumed full control of the land. In short the land has been privatized, and the landowners feel that they no longer have any rights over their land. They have lost faith in the government, the Forest Authority, and the company.

unfulfilled promises and missing benefits

Having the logging operation on their land has brought the locals few benefits. The monetary benefit in the form of royalty payments has been meagre, and the predicted "trickle down" economic benefit from the company's investment has not materialized. No proper economic infrastructure, such as roads and wharves, which could help locals transport and

sell their goods, has been built. Promises of new schools, infirmaries, and other community-related facilities have never been fulfilled. Meanwhile, the nearest company facility is only for its employees and does not serve the nearby villages, whose inhabitants have to paddle upstream for several hours for medical treatment.

environmental degradation, human rights abuse and death

Breaches of the Logging Code of Practice happen continuously, with trees being felled illegitimately, and under-sized trees harvested without approval. Forest Officers have not been monitoring company activities nor performing their constitutional duty to protect the forest. Meanwhile, many watersheds are being destroyed and the main Vailala River is becoming increasingly silted-up. Of great concern to the villages along the riverbanks is escalating soil erosion, especially during heavy rains when large quantities are washed away.

Other violations of environmental law have occurred, with diesel and chemical run offs contaminating the entire downstream river system. As late as October 2002, the company

The World Bank and the International Monetary Fund have designed a set of doctrines, called the Washington Consensus, which are market-oriented reforms aimed at attracting private capital back to countries crippled by the unsustainable debt burden. The policy package was originally designed for Latin America after the debt crisis of the 80s, conditioning IFI (International Financial Institution) loans for debt service on 10 policy requirements including fiscal discipline, deregulation, privatization, and trade liberalization. Regional banks like the Asian Development Bank and the Interamerican Development Bank were quick to adopt the same recipe. In 1995, the World Trade Organization was added to the mix of institutions established to promote trade liberalization and "free" trade.

Throughout the last two decades, these institutions have imposed the same set of economic reform policies or "market fundamentalism" on developing countries around the world. Unfortunately, people living in hunger are still waiting for these measures to deliver the economic opportunities that would lift them out of poverty. Overall, the neo-liberal economic reforms have not led to economic growth, let alone sustainable development. Trade liberalization has not benefited the poorest countries, but rather served the interests of the industrialized countries.

The biggest winners of the neo-liberal economic agenda have been the transnational companies. Due to the ongoing process of economic globalisation, corporations have been increasingly active on a global scale. Industrial sectors, including the service industries, have been relocating from the North to the South. Markets in developing countries have become more interesting for multinational companies. But most importantly, trade liberalization policies combined with the pressure to privatize has given private companies ever more access to natural resources which used to be under public control.

In 2002, at the UN conference on Finance for Development in Monterrey, Mexico, the World Business Council on Sustainable Development succeeded in securing further consolidation of the private investment agenda. The UN conference was supposed to be a broad public discussion about how to achieve more coherence between trade and finance policies. The hope was that the debate would address policy inconsistencies and result in a shift away from socially and environmentally unsustainable development policies. This did not happen. Instead, governments deferred their responsibilities and agreed to put the 'trade-finance coherence' process in the neoliberal hands of the WTO, the World Bank and the IMF.

poured DDT into a creek just upstream from Heava village in the main Vailala River. The contamination killed all the marine life in the creek. Reports from Hepea Aid post revealed that chemical contamination was responsible for the death of nine infants in October 2002, who all died within a one week period. There are also reports downstream from Vailala of several infant deaths in the same period.

The villagers are worried that their hunting grounds, herbal plants and trees for building houses and traditional artefacts are being destroyed, while water for drinking is being contaminated and animals and fish are becoming scarce.

human rights abuse

The relationship between the company and the landowners has deteriorated over the years since the operation began. The company has deprived the people of their right to be heard and has been operating in isolation from the views of the majority of the locals. The company has disregarded existing local laws and taboos and destroyed ancient traditional and sacred ceremonial sites in the name of development.

When landowners question certain company activities, the Police Task Force are called in to suppress the locals and most local people have complained about ill treatment from both the logging company and the landowner companies. Currently, the landowners feel that they do not have rights under the constitution nor do they feel that they are any longer the landowners.

social instability

The situation has resulted in rising social problems in the local communities. Many young people lead increasingly violent lives with crime, drugs and prostitution prevalent. Health-related problems are increasing and diseases once rare in the area have become common.

Moreover, conflict is on the rise, both against the company, illustrated by the shooting of two company employees during an occupation of one of the base camps, and between clans, creating disharmony within the local communities.

the future?

What the people of Vailala want now is to halt the logging operation and to ask the logger to abide by the logging code, as well as environmental and human rights laws. If the company is not willing to do so, then a new investor will be asked to operate in the area. Otherwise, new ways to bring in investment without harming the environment will be discussed.

In Papua New Guinea, The Centre for Environmental Law and Community Rights, a member group of Friends of the Earth International, is active in the Vailala area, advising and giving legal support to local clans and carrying out surveys of the logging operations.

more information:

Centre for Environmental Law

and Community Rights: www.celcor.org.pg



Fly River, Papua New Guinea.

one public support for private control

This publication documents 34 cases describing what happens when this agenda is pushed through and the public sector leaves the exploitation and management of natural resources to the private sector. The publication focuses on the privatization of water and biodiversity. By highlighting local experiences, we aim to raise awareness of the impacts of privatization on the resources that all of us, our children and generations of children to come need to be able to survive.

imposing privatization

Privatization is defined as the process of handing over (parts of) the management or operation of a public good or service to a private company. Privatization is inherent to liberalization, which is the process of decreasing government control and boosting the role of market forces. Breaking government monopolies implies that private companies can compete which supposedly will lead to cheaper products and better services.

Throughout the past decade, governments have privatized publicly owned assets. They have done this on their own accord or were forced to do so because of structural adjustment programmes. These programmes were imposed as loan conditions by the international financial institutions (IFIs). They entail a set of strict economic policy conditionalities, including trade liberalization and privatization requirements. These policy loans are supported with public funding.

The aim of the conditionality requirements is to increase production for export and attract foreign direct investment. For many of the least developed countries, the loan conditions go further, prescribing that the most effective short-term strategy to bring in cash is to sell off publicly owned assets such as water and forest resources to foreign owned corporations. To facilitate this process, IFIs impose investment climate reforms. These include relaxing national environmental and social laws, offering tax breaks, developing infrastructure, low-interest loans or other incentives in the hope that companies will set up shop in their country. As a result, private investment in the natural resources sector has boomed in many poor countries while the ability of national governments to regulate these investments and protect their citizens' access to natural resources has been greatly diminished. The neoliberal doctrine seriously undermines democratic processes around the world.

2 [croatia] the indirect impact of EU trade liberalization

During the past decade Croatia has undergone a dramatic change in its governance system. The privatization process has created major challenges for the Croatian government as they adjust to the loss of the control measures and mechanisms they were accustomed to. As a result of these changes, they rely strongly on environmental groups to maintain a certain level of public control over the environment and environmental protection.



Its ambition to become a member of the EU means Croatia has had to change its own legislation to bring it in line with EU law, but the results are not always positive. For example, Croatia is required to open up important sectors of its economy to privatization, including the water sector. There are serious risks to the uncontrolled privatization of water and other natural resources. Croatian NGOs have been questioning the secret take-over of a wastewater treatment facility for Zagreb city by the German company RWE. They argue that the Croatian government itself should fulfil its responsibility to provide affordable water and sanitation services to the people, and protect the environment.

In the old communist system the State had full responsibility for the management of natural resources. While this regretfully did not always produce the best outcome, there was at least the basic presumption that natural resources management should benefit society as a whole. Now that resources are increasingly being privatized, resource management is solely for corporate profit. The exploitation of gravel near Zagreb, for example, has a huge negative impact on the environment and local communities but compensation from the companies for the use of these sorts of public mineral resources is not yet being passed on.

A plan to expand the transport of oil over the Adriatic Sea represents another example of the threats from deregulation and privatization. The Adriatic Coastline is an important natural asset for the Croatian people - the tourism sector in that region alone generates some 2 billion dollars per year. However, a major expansion of an oil terminal in the North of the Adriatic Sea is planned, allowing Russian oil to flow via pipelines all the way to Croatia. The risks are twofold: ballast water from oil tankers will be a major cause of environmental degradation, while an oil spill would mean disaster for the Croatian environment, biodiversity, the economy, and the Croatian people as a whole.

more information:

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www.zelena-akcija.hr

“What about the costs? What about the pollution caused by environmental exploitation? We too often see that these costs are being socialized, while the benefits are being privatized...”

Ricardo Navarro, former Friends of the Earth International Chair, at the Nature for Sale Conference, 2004

There is no empirical evidence proving that foreign direct investment leads to sustainable and equitable development. The UN Development Programme's report, Making Global Trade Work for People (2003), found that there is “no clear correlation between the volume of foreign direct investment and development success.” A growing portion of foreign investments do not represent new and constructive investment in the real economies of developing countries. Instead, they are acquisitions of already existing public and private entities, including public service providers.

Over the years IFIs have adopted policies and provisions that are supposed to ensure meaningful consultation with people that are to be affected by their programs and projects. However, while the privatization of natural resources has a direct effect on local communities, they are rarely meaningfully consulted in these processes. Privatization processes have generally been pushed through without the free, prior and informed consent of local communities.

privatization and the world trade organization

The World Trade Organisation (WTO) is at the heart of the current corporate effort to commodify and privatize water and biodiversity. Its rules have actual and potential impacts for a bewildering array of natural resources, even life itself. WTO negotiations on intellectual property rights, services, ‘non-agricultural market access’ and global environmental rules are key culprits.

The purpose of the WTO is twofold – to provide rules governing international trade, and to open up markets. The welfare and wishes of transnational corporations, as the main agents of international trade, are high on the list of trade negotiators' concerns. Other issues, such as the conservation of biodiversity and people's right to resources, are of considerably less interest and trade negotiators may ignore or even reject them if conflicts with trade rules arise.

3 [bolivia] privatization and social unrest

Following years of pressure from the World Bank, Bolivia's government started a process of privatizing water and wastewater utilities in the city of Cochabamba in 1999. A forty-year lease signed in that year turned over control of the water and sewage services of Cochabamba to Aguas del Tunari, a subsidiary of the California-based Bechtel Corporation. The company's bid was based on 'full cost recovery' and as of the 1st of January 2000, local water rates increased on average between 35 and 51% (the actual rate increases remain hotly contested). Over half a million people were affected, and prices were so steep that the very poorest found themselves paying almost one fifth of their monthly income just for water. This meant cutting back on other basic necessities.

Unsurprisingly, the people of Cochabamba responded with massive protests. These were met with military force and resulted in the death of at least one person and the wounding of 175. Nevertheless, as a direct result of this uprising the Bolivian Government eventually rescinded its contract with Bechtel. Bechtel is now endeavouring to use the World Bank's International Center for

the Settlement of Investment Disputes (ICSID) to sue the people of Bolivia for US\$25 million in 'damages and lost profits'. Such action is only possible because Bechtel has transferred its Bolivian subsidiary to the Netherlands in order to take advantage of a bilateral investment treaty that exists between the two countries.

In Cochabamba, attempts are still being made to re-introduce water privatization through the back door, by creating private joint stock companies or "sociedades anonimas" through the municipalities. In response, social organizations are campaigning for a legal framework that ensures ownership of water remains public and calling for the incorporation of indigenous and campesino communities' experience in traditional water management.

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Water privatization protests in Cochabamba, Bolivia.



one public support for private control

privatizing water and trees

The WTO's General Agreement on Trade in Services (GATS), established during the last round of negotiations, which concluded in 1994, is now being extended and revised, bringing many environmentally-sensitive service sectors into the WTO for the first time.

Sectors up for negotiation include energy and water services, tourism, transport, landscape management and waste disposal. The impact on biodiversity is likely to be significant. For example, new governmental constraints on the number and size of oil pipelines, the development of tourist facilities, or the uptake of water from rivers and lakes could be prohibited. GATS could also force through the privatization of public services, including water provision and park and landscape management, whenever any competition between the private and public sector already exists.

Perhaps the most important feature of GATS is that it is almost irreversible. Indeed, it is specifically designed to lock countries into agreements, creating a 'stable' and 'predictable' commercial environment for foreign investors. However, the downside is that mistakes cannot be rectified at a later date. Furthermore, no new environmental or social welfare measures can be introduced. If the GATS negotiations had already been finalized, for example, Bolivian citizens would almost certainly be living with the privatized provision of water despite their success in defeating the proposal. [See case study above]

One of the hallmarks of GATS is a very clear North-South divide. Rich Northern countries are seeking commercial access to a wide range of service sectors in the South. The EU, for example, has requested the opening of water and biodiversity-related services in over 70 primarily developing countries. Although markets have to be opened equally to all WTO members, Europe will still be the main beneficiary if any deals are struck, because these could be hugely profitable for European water companies such as RWE, Suez, Thames Water and Veolia Environnement (previously Vivendi Environnement).

4

[ghana] ifi's and water privatization

In 2004 the World Bank approved a US\$103 million dollar loan for the privatization of Ghana's urban water system, despite three years of active opposition by civil society. The loan proposal is packaged as though the concerns of the poor are a high priority. It argues that existing state companies are inefficient and that private companies would deliver water to more people more effectively. However, privatization is targeted at water services in selected cities - where most of the poor do not live. Moreover, the poor are likely to be severely disadvantaged by the fact that profit-motivated companies will determine prices. The World Bank's Project Appraisal Document confirms that prices will rise, since it also points out that project loan debts have to be serviced.

At least four major multinational companies have expressed interest in bidding for the contract: Biwater, Suez, Vivendi (now called Veolia) and Saur. While the World Bank has approved the loan, the Ghanaian government has not yet formally opened the bidding process. The Ghana National Coalition Against the Privatization of Water has stated that its resistance to the privatization of water will continue and the ultimate objective is clear - access to potable water must be universally available and guaranteed as a human right.

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The European Union's secret GATS negotiating documents show the breadth and depth of market-opening that the industrialized nations are after. The EU's request to Malaysia, for example, includes market opening and the granting of national treatment (meaning that foreign companies must be treated at least as well as domestic ones) in telecommunications, construction, distribution, environmental services, tourism and travel, news agencies, transport and energy.

privatizing biodiversity and landscape

A country's biodiversity resources and its natural landscape are public assets that the state should hold in trust for its people. The main reason for preserving biodiversity and protecting landscape is to maintain and preserve critical ecological functions, including the regulation of climate, the preservation of genetic diversity, the protection of water resources and the prevention of flooding and soil conservation. Indeed, the conservation of biological diversity and ecosystems is an absolute prerequisite for sustainable development. The fact that GATS could force through the privatization of biodiversity resource management is therefore deeply worrying, since it increases the risk that critical sustainability objectives may be compromised in the interests of commerce.

As if that wasn't enough, current WTO negotiations on 'non-agricultural market access' (NAMA) also have the potential to have a negative impact on biodiversity. This set of talks includes absolutely anything that isn't a service or an agricultural product. Key sectors that are being targeted for immediate liberalization include fish and fish products, gems and minerals. Environmental measures designed to protect biodiversity are also under the WTO's NAMA spotlight. Packaging, marketing and labelling requirements, on both wood and fish products for example, have already been listed for further discussion.

Member states have also given the WTO the power to look at the relationship between trade rules and specific trade measures used in various multilateral environmental agreements. The agreements in question include two of critical importance to biodiversity - the Convention on International Trade in Endangered Species and the Cartagena Protocol on Biosafety, which regulates trade in genetically modified organisms.

“Water must be utilized by those who render the most economic advantage”

Asian Development Bank, 2001.

WATSAL program - world bank

In 1997, the World Bank concluded that it could not continue to assist the water and irrigation sector in Indonesia without major restructuring or reform in the sector. So, in April 1998 after the economic crisis, the World Bank offered a loan program, the Water Resources Sector Adjustment Loan (WATSAL), to the Government of Indonesia to restructure the water sector.

The offer was accepted and in 1999 a loan agreement of US\$300 million was signed, with the money to be returned in 15 years and with a grace period of three years. Loan disbursement would occur in three stages, with the last being under the condition that the Indonesian government would approve the draft Water Resources Law.

the new water resources law.

On February 19, 2004, the Bill of Water Resources was passed into law by the Indonesian House of Representatives, despite it being postponed several times due to objections by farmers, city consumers, religious and community organizations, NGOs and academics. Their objections were based on aspects of the law that set the agenda for the privatization and commercialisation of water. Articles in the law allow not only for provision of drinking water but the occupation of water resources, such as ground and river water and parts of rivers, by private parties, effectively giving them control of water for agricultural irrigation, energy and industry.

Rather than attempting to develop water management schemes using a more integrated system that pays attention to conservation and offers mechanisms to solve possible water utilization conflicts, the law is dominated by economic interests and is strongly influenced by the World Bank, which had essentially determined its substance.

occupation of water

A crucial part of the law is the stipulation of Water Right, which has become the basis of the allocation and occupation of water resources to the private sector. Through this instrument, the Water Resources Law provides a limit regarding the form and amount of water that can be utilized by a community. Criteria are established for the daily use of water giving priority to commercial utilization, as exemplified by the Asian Development Bank Statement: “Water must be utilized by those who render the most economic advantage” (ADB, 2001). The commercial allocation and limitation of water has meant that communities will have to obtain permits and pay for water for non-commercial activities, which they had previously collected at no cost.

Additionally, the law introduces the Commercial-Use Right and the Business-Use Right, which effectively allows for the transfer of control of water, from local and traditional communities to the private sector, and determines the right of cultivation of existing water resources. This is due to the establishment of a permits based system of access to water, developed under the law. While such bureaucracy is an impediment to less capable communities, this system favours

one public support for private control

Worryingly, the same governments have resolutely ignored calls to move this debate to the UN, even though (or perhaps because) this could mean that the WTO is allowed to define what trade measures – if any – may be used in other international agreements. Ultimately, the WTO could even be empowered to make sure that national governments do not overstep the mark when implementing MEAs (Multilateral Environmental Agreements), limiting the domestic use of trade measures meant to protect the environment and public health.

and the big winners are ...

The big winners of the yard sale of publicly owned natural resources are the transnational companies. Water companies, tourist industries, logging companies and oil and mining companies will all benefit to a major extent from the privatization and commodification of public assets like water and biodiversity. New and proposed international regimes that resulted from corporate lobby efforts, such as the inclusion of carbon sequestration activities in the Kyoto Protocol and the proposed regime on benefit sharing of genetic resources, are turning natural resources like forests and genes into highly profitable corporate assets. Due to the pressure of corporate lobby groups in Brussels, Washington DC and other capitals, trade and investment liberalization

rules are consistently being shaped around the interests of transnational companies, consolidating their global expansion and removing remaining obstacles. Corporations are a dominant player in the global economy, but because of their structure, size and power they fall largely outside democratic mechanisms of global governance. FoEI and other NGOs have documented the influence of corporate lobby groups such as the International Chamber of Commerce or the Biotechnology Industry Organization on the WTO secretariat and key governments, promoting trade rules that protect and advance their interests. In our publication “Business Rules, Who Pays the Price” (FoEI, 2003) we have documented the influence of powerful industries on the WTO rules and UN Treaties and the result of their actions on local communities. The case studies include Monsanto and the American Farm Bureau pressuring the US government to force Genetically Modified Organisms onto a hostile European consumer market through the WTO. Other documented examples of corporate power are the efforts of Exxon Mobil to undermine the United Nations Framework Convention on Climate Change and the role of the pharmaceutical sector on the TRIPS (Trade Related Aspects of Intellectual Property rights) agreement, blocking the distribution of cheap ‘generic’ drugs.

the private sector, who have the capacity to apply for a formal permit to occupy and distribute water. A consequence has been the assignment of water resources to the private sector who are increasingly monopolising the harvesting of water, and charging for its distribution.

privatization of drinking water and irrigation

Even though the Law does not explicitly use the word “privatization”, it allows private parties to play a role in the implementation of water management as well as being entitled to charge fees for the use of water services. The involvement of the private sector in several forms and stages of water management clearly shows an agenda for privatization.

The Water Resources law means that agricultural activity will not only become more expensive as farmers are paying the new costs of private water management, but also because previous subsidies from the Government will cease. Particularly wet rice-field farmers will be affected, and consequently may not be able to sustain themselves. This will have implications on food sovereignty and may result in Indonesia depending on foreign imports of food.

constitution and violation

As a basic human right, the Indonesian Constitution of 1945 guarantees the equal access to water, and it is the responsibility of the State to provide it. Privatization and commercialization of water management violates this right, and the Water Resources Law limits the role of the State as a regulator. In practice this means that the State will have no control over water management nor ensure the supply of good quality water.

The social role of the State should not be substituted by private parties that have profit as its main goal, and vulnerable people in society, the poor and sick, will be particularly exposed and find it difficult to obtain healthy water for consumption.

In July 2004, WAHLI/Friends of the Earth Indonesia together with the Federation of Indonesian Farmers Association, the Indigenous People Alliance and many other institutions, submitted a legal suit against the Water Resources Law to the Constitutional Court.

more information:

WAHLI/Friends of the Earth Indonesia:
www.walhi.or.id/

“The important branches of production for state and relating to the life of people shall be occupied by state”.

Indonesia Constitution, 1945.

“Earth, water and any property contained in them shall be occupied by state and shall be optimally used for people welfare”.

Indonesia Constitution, 1945.



Corporations win as they are the ones who are regarded as the most cost-effective and efficient providers of ‘eco-services’. Unfortunately for people, corporations do not have poverty reduction, sustainable development or the delivery of key resources to all people as their main aim. Corporations have no official role in ensuring that people’s rights to water or a clean environment are met, but rather aim to comply with shareholder requirements for strong economic performance and maximisation of profits. However, institutions that do have a mandate to reduce poverty such as the World Bank are still calling on corporations to manage and distribute water or manage carbon sequestration projects.

why is privatization happening so much?

Governments acquiesce for different reasons. Some are ideological, some are self-serving and some are practical. Practical reasons include the fact that governments are faced with problems which they must pay for from the taxes they raise. Privatization offers the lure of taking some problems off government hands and, often, at the same time providing a sum of money. This selling off of the family silver lets governments give the impression that problems have been dealt with or are, at least, now blameable on someone else whilst at the same time allowing them to exact less taxes.

Proponents of privatization claim that private corporations are so much more efficient than state run corporations that they can take control of a resource, fix all the problems the state corporation/government has failed to address and amazingly make a healthy profit on top. The profits they create will then trickle down to the poor. A win-win situation as the story goes. And if this doesn’t sway governments there are always the tactics of financial institutions like the World Bank and the International Monetary Fund who will often only permit loans to a developing country if that country allows privatization of its assets by foreign corporations. In addition, countries may only “enjoy the benefits of free trade” pursuant to the World Trade Organisation if they agree, among other things, to accept and protect a range of intellectual property rights including those over their own nature.

But what of ordinary people? Do they benefit from privatization? There are clearly losers: Indigenous People who are prevented from living in their homelands because the land has been sold to be protected as a park and the new owners believe those people would damage the park; the person living on a dollar a day who traditionally lived adequately on self grown food and free water now struggles to pay a company for privatised water to substitute for river water polluted by other industrial activities or well water which is no longer available because the well source belongs to the company; the farmer in India who has developed

one public support for private control

and grown basmati rice for generations is now prohibited from retaining seed from season to season because it has been patented by a western company; children who will be born into a world where they cannot share the nature around them unless they earn enough to buy or rent a slice of that bounty.

Are there winners? Financially some people are better off: for example, shareholders of the companies concerned. But even if they are financially better off are they better off in a broader sense if they are living in a society where the increasing gap between rich and poor breeds jealousy and crime; where people are dying from diarrhea and cholera because clean water is no longer affordable; where corporations get stronger and communities and governments weaker; where the pursuit of corporate profit without fair and strong regulation encourages non-sustainable activity with all its repercussions for the environment; where life itself can be owned and patented?

In short, should our nature be for sale?



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part two | water privatization



© clive shirley/greenpeace

1 [paraguay] privatizing the guarani aquifer

The Cuenca del Plata watershed, which covers a vast area, from Brazil, Bolivia and Paraguay, through to Argentina and Uruguay, is Latin America's second largest watershed. It also includes the Pantanal, the world's largest tropical wetlands ecosystem. All in all, Cuenca del Plata represents 30% of the fresh water available on the planet.



The groundwater Guarani Aquifer system covers an area of 1.2 million square kilometres in South America: 70% located in Brazil, 19% in Argentina, 6% in Paraguay and 5% in Uruguay. It is capable of yielding enough water to satisfy the needs of 360 million people.

Considering present water needs - for human consumption, agriculture and industry - and bearing in mind projected demands, it is perhaps unsurprising that this immense fresh water reservoir is beginning to attract the attention of numerous organizations, including the Organization of American States, the World Bank, and various nationally-based international co-operation agencies.

Traditionally, distribution and management of water in the region has been a public service. However, the legal framework is undergoing structural changes to permit the introduction of private water services companies. Besides this threat of privatization, water resources in Paraguay are being degraded and misused. Mining activities and the advance of agribusiness, specifically in relation to soy plantations, have caused an increase in the expropriation of natural resources, the destruction of biodiversity and the contamination of water. Governments in the region are contributing to the destruction, by

introduction

Only a small proportion of the Earth's water circulates as freshwater. Most of this is stored in glaciers, leaving 1% available for the survival of all living beings outside the oceans and seas. The global distribution of this small amount is very uneven. Availability depends on access to river basins and lakes for surface water, and to aquifers for ground water.

pushing to develop 2100 miles of the regional Paraguay-Paraná river systems into a massive industrial waterway. Referred to as Hidrovia, this canal is primarily intended to lower the cost of exporting soybeans.

Facing the destruction of watersheds, rivers and aquifers, many civil society groups in Paraguay are researching and campaigning on the underlying causes of these problems. This work includes monitoring the operations, policies, strategies and projects of international financial institutions (IFIs), which propose public-private partnerships as a solution. Such proposals are generally wholly inadequate, devised by staff in their Northern headquarters, without real knowledge of the needs of people living in the targeted area. In particular, such partnerships further concentrate public resources in private hands.

It is important to note that those activities which require the most water – and therefore threaten the quality of the aquifer – are also those being heavily promoted by IFIs. Massive deforestation to make way for monoculture crops is diminishing the infiltration capacity of the aquifer's recharge areas – in other words, it is decreasing the soil's capacity to adsorb water. At the same time, the highly toxic

products used in large-scale export-oriented crop production – pesticides, herbicides and fertilizers – are also beginning to pollute the aquifer. Furthermore, IFIs such as the Inter American Development Bank (IADB) and the Andean Development Corporation (CAF) are promoting industrial development plans which include large scale infrastructure schemes such as road corridors, industrial waterways and mega-dams. Their aim is to create a new and globally-competitive industrial region. However, such development would further pollute the aquifer and lessen the efficacy of its recharge areas.

Indeed, industrial development on this scale could conflict directly with any potential efforts to introduce conservation-oriented objectives to protect key ecosystems, which guarantee the recharge of the aquifer and keep its water clean and reliable. It could significantly increase the risks of any privatization process, since the IFIs concerned would undoubtedly be discouraged from promoting conservation of the aquifer at the expense of industrial development.

Sobrevivencia/Friends of the Earth Paraguay is raising awareness of these issues with local communities and authorities. They are targeting local and national legislators as well as regional agreements promoted by the World Bank and the Inter American Development Bank. Sobrevivencia also works at the micro-level to strengthen the water management capacity of communities, sharing examples of good community management and the restoration of watersheds and aquifers. Other efforts focus on offering alternatives to agribusiness and pursuing policies that promote public and ecological health, food security and enhanced political participation.

more information:

Sobrevivencia / Friends of the Earth Paraguay:

www.sobrevivencia.org.py

further reading: International Rivers Network:

www.irn.org

Currently, human activities have a negative impact on the availability of water. The ongoing degradation of water-producing territories has resulted in the progressive depletion of water suitable for consumption. Combined with the growing demand from increasing global populations, industry and agriculture, the world's water resources are shrinking faster than we can replenish them.

This is a threat to all people, but it is also an opportunity for some. With its increasing scarcity, the value of water as an economic product has increased. Water is converted into a commodity to be bought and sold and subject to control by competitive forces in the market, as well as transnational water corporations.



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2 [canada] privatization, contamination and nationalization

In Canada, even with an abundance of freshwater, it cannot be taken for granted. You must respect the water that you have or suffer the consequences, as the people of the small town of Walkerton, Ontario discovered. Seven lives were lost and more than 2000 people hospitalized when the town's water source was contaminated with E. coli bacteria as a result of mismanagement.

The commodification of water diversion and extraction from the Great Lakes is a divisive issue in Canada. Groups in both Canada and the US are concerned that a recent proposal by the 8 governors of the Great Lakes states, supported by two Canadian provinces, directly threatens these lakes, which form the world's largest freshwater ecosystem. In simple terms, the proposal would establish a scheme for authorizing diversions of Great Lakes waters, yet it imposes no explicit limit on the quantity of water that may be diverted. Nor is there a limit on the duration or term defined for such diversions or the purpose or geographic region for which such waters may be used.

On the issue of privatization of municipal systems, there have been more positive developments. A long-standing privatization in Hamilton, one of Canada's largest cities, was taken back into the public system after years of poor performance, illegal sewage dumping and high costs. Popular resistance also stopped a proposed privatization of wastewater services in Vancouver. These are great victories for grassroots organizations in Canada.

more information:

Council of Canadians: www.canadians.org

water – a human right

Humanity is at a crossroads and billions of people face a grim, water-scarce future. Of the 4 billion cases of diarrhea each year, 2.2 million people die unnecessarily. 6 million people have been blinded by Trachoma. 200 million people are infected with schistosomiasis. Intestinal worms affect 10% of the population of the developing world. Preventable water-related diseases kill 5 million people every year, 4 million of them children. Today, an estimated 1.2 billion people lack access to a safe water supply and 2.4 billion do not have adequate sanitation.

These are disturbing statistics, but they are not irreversible. Technology exists and resources are there to deal with this crisis. A fraction of the trillion dollars a year governments spend on the military would make it possible to go well beyond the UN Millennium Development Goals on clean water and sanitation. Investment in water, unlike war, would save an estimated 125 billion dollars a year in direct medical expenses and costs associated with lower economic productivity related to preventable water-related diseases.

Unfortunately, the solution chosen by governments does not focus on increasing public investment. Instead, international policy makers, lobbied heavily by the private sector, are facilitating increased private investment and management as the way out of the crisis. The European Union, for example, is trying to reclassify water within the WTO General

3 [central and eastern europe] water privatization

The accession of Central and Eastern European countries to the European Union has many parallels with developing countries' experience of the WTO's General Agreement on Trade in Services (GATS). Both push countries into privatizing their public services, including water. The Czech Republic is the only country to have yielded thus far, with virtually all water services already privatized.

The EU demands higher standards for water quality, water treatment and the provision of water. It also provides financial assistance for privatization schemes. While regulations state that these funds should not go to private companies, in practice, loopholes in the regulations mean that companies do get access to these funds. The European Commission also actively promotes public-private partnerships which facilitate the privatization of water services. As a result, established water companies from France, Germany and Britain will be able to access the water services markets of Eastern and Central Europe with European funding.

Slovakia, for example, has until 2015 to meet EU requirements for sewage treatment plants, calculated to cost the country some three billion euros. Some funds are already available, but it is quite clear that these are insufficient. Privatization schemes are also evident in nearly all non-accession countries, including many of those that were part of the former Soviet Bloc. In Ukraine, for example, water privatization is currently the focus of a major public debate.

more information:

Friends of the Earth Ukraine: www.zsfoe.org

Friends of the Earth Slovakia:

foe@changenet.sk



Agreement on Trade and Services (GATS) so it is defined as a service that can be bought and sold. International Financial Institutions promote water privatization as they often add it as a condition for new loans to, and debt relief for, developing countries.

Meanwhile, corporations involved in the management and distribution of water haven't lived up to the expectations placed upon them by governments. Examples of corporate crime are rampant. Bribes, unaffordable increases in water prices for the world's poorest, cutting off water supplies and under-investment in water infrastructure, distribution and quality are examples of corporate misconduct for which they need to be held accountable.

Globally, there are many grassroots campaigns on the issue of water privatization, including several carried out by Friends of the Earth groups. However, ongoing struggles against water privatization in countries such as Uruguay, the Philippines, South Africa and Bolivia all need continued support.

Friends of the Earth International's affiliate, the Council of Canadians, has begun the Blue Planet Project, an international effort to protect the world's freshwater from the growing threats of trade and privatization. At its core is the Treaty Initiative to Share and Protect the Global Water

Commons. It is a call to protect water as something we all share, and to recognize water as one of those common elements that are too precious to turn over to private greed and the faceless global marketplace. It is a commitment for ourselves, our communities, and our representatives to pursue new and better solutions than those that threaten the earth and our fundamental human rights.

Access to water is a human right. However, privatization threatens people's access to clean water. Friends of the Earth will not accept the right to this resource, so fundamental to life, being taken away from the people. Only by recognizing water as a human right can we assure water justice now and into the future.

more information:

Blue Planet Project: www.blueplanetproject.net/

4

uruguayans unite against water sell-off

In Uruguay, the public water utility OSE has up to now, delivered safe and affordable water to more than 90% of the country's 3.5 million population. Recently, this essential resource has been under the threat of privatization by multinational water corporations. Experience has shown that they largely operate without public input and in the sole interest of their shareholders, have a history of mismanagement, and do not guarantee resources to adequately protect water resources. However, on the 31st October 2004, in a victory for social justice, Uruguayan people voted to make water a human right in the Constitution, setting the basis for its exclusive public, participative and sustainable management.



water privatization in uruguay

In 1992, citizen opposition stopped the government from massive water sell-offs. The government gradually prevailed, however, turning water management over to private hands at every opportunity during the following decade. While the state-owned OSE water company experienced few problems during its tenure, private companies are consistently delivering low-quality, uneven water supplies that leave many people without water. The promise of privatization i.e. companies having the management expertise and resources to efficiently deliver water has not materialized.

Nowhere in Uruguay has the privatization promise gone more unfulfilled than in the touristy Department of Maldonado. In 1998, despite strong opposition from the OSE union and the communities of Maldonado, the government gave a private concession to the "Aguas de la Costa" consortium, a local subsidiary of French water giant SUEZ, to manage water for about 2,500 users of the Maldonado province. Since the takeover, consumers have had to pay water rates ten times higher than previously, and in return have had to deal with broken pipes, smelly and undrinkable water, and low reservoir

two water privatization

impeding access
to water through
public finance

'Just a few years ago, privatization was heralded as an elixir that would rejuvenate lethargic, wasteful infrastructure industries and revitalize stagnating economies. But today, privatization is viewed differently - and often critically. Skepticism and outright hostility toward privatization are not limited to a few radical protestors.'

World Bank economist Ioannis N. Kessides, June 2004

levels caused by mismanagement. Since water-for-profit schemes per definition mean that no one can have free water, companies removed public springs upon which hundreds of poor people were dependent.

However, the government's drive to privatize has not been deterred. In 2000, the government awarded a 30-year water supply contract to Uragua LTD, a subsidiary of Aguas de Bilbao, a Spanish public utility. The company was to supply water to the more densely populated and touristy western section of Maldonado. In less than a year, the company's negligence caused a pipe to break, leaving the town of Piriapolis without water for four days. The company allowed liquid residuals to overflow, polluting water, which was then diverted to a harbor. In one town the state's own laboratories twice recommended that water be boiled before drinking, with consumers all over the region complaining that the water left residues and brown spots in sinks and toilets. Nevertheless, Maldonado citizens pay the highest rates of the country.

By 2003 the government could no longer turn a blind eye. It announced it would terminate the Uragua's contract and OSE would provide the service again. This was a great victory, but

so far only an empty promise. The company is still operating and, in fact, has generated handsome profits during the 2004 tourist season.

"Water Yes. Robbery No." is the motto of the Manantiales Promotion League, one of the Maldonado citizen organizations protesting the high prices and lack of access to water under private management. In the neighbourhood of San Antonio III, the community successfully protested the elimination of the public spring. The company not only left the spring alone, but now also maintains it. Still the local government must pay for the service.

water – a human right in uruguay!

The International Monetary Fund (IMF) has provided the strongest political intervention on behalf of the privatization of water. In the middle of the 2002, at the most dramatic moment of the Uruguayan economic crisis, the IMF asked the government to deregulate and privatize several state-run sectors of the economy. The government then signed a Letter of Intent in which they agreed to reduce its control on the water sector to aid new private investors.

When the "agreement" between the Uruguayan government and the IMF was announced, a number of social organizations joined to stop the privatization of the water sector. The National Commission in Defence of Water and Life, which includes Friends of the Earth Uruguay, together with a coalition of union organizers, students, policymakers, and people from all walks of life, said "NO" to the government's sell-off of water resources to trans-national corporations, and through a democratic process, wrote and presented a proposal to reform the Uruguayan constitution to declare access to clean, safe water a fundamental human right. Despite strong opposition and lobbying from the private water sector, on a historical day, more than 60% of the people of Uruguay voted on the 31st October in favour of the proposal. This outcome will prohibit water concessions to corporations and sets the basis for the establishment of participatory management mechanisms that involve local communities and preserve water for future generations.

more information:

Friends of the Earth Uruguay: www.redes.org.uy

Federacion F. OSE (Water Union):

www.ffose.org.uy

Real World Radio: www.realworldradio.fm

Public banks like the World Bank have been at the centre of the corporate drive to commodify and privatize the natural world and associated services. As a result, these resources are increasingly difficult to access. Water is undoubtedly at the top of the list.

The World Bank, the International Monetary Fund and various regional banks have been proactively pushing water privatization in the poorest, most indebted countries, where the negative impacts are most strongly felt. Such privatization takes place at the water capture level through to service delivery.

Through loan conditions, and direct financial support, international financial institutions (IFIs) promote industrial use of water sources. Examples of such investments are water-greedy gold mines and destructive large hydro dams. Industrial use and contamination of large quantities of fresh water endanger water supplies for local communities. Indigenous peoples and women bear the biggest burden as they are most dependent on access to water for their livelihoods and activities.

Furthermore, the banks and the Fund routinely insist on the privatization of water services as a precondition for loans and for debt relief. The World Bank argues on its web site that in developing countries "The private sector, under contract with the public sector, has often yielded better results" than the public sector in providing access to reliable water services. The World Bank's private sector development strategy of April 2002, explicitly designates public services as 'frontier' sectors for private investment. This year's report of the World Panel on Financing Water Infrastructure, led by former IMF Managing Director Michel Camdessus, argues for IFIs to increase guarantees and other public subsidies for private investors in water infrastructure and supply.

Regional banks follow a similar approach to water delivery. The Asian Development Bank (ADB), although viewing water as a 'socially vital' economic good, extols the virtues of private sector involvement. The ADB argues that water should be allocated to and used by those who can best afford it – so called 'high-value' users. Furthermore, the ADB supports the establishment of markets for transferable water rights.

5 [philippines] cholera and higher water rates

Water privatization is an ongoing story in the Philippines. Water utilities were originally owned by the government but financial pressure and backing from the World Bank and Asian Development Bank have resulted in the privatization of this public service.

In urban areas, specifically in Manila but also in other cities, the consequence of water privatization has been a substantial increase in water rates, even while many people still lack water connections. An outbreak of cholera and gastroenteritis has also been reported. In Manila the companies responsible are Maynilad Water owned by a subsidiary of the French water corporation Suez, and Manila Water owned by notorious US corporation Bechtel.

Outside urban areas, local water utilities in the communities have also been the target of transnational corporations such as Suez. For example a community in Calapan, are facing the possibility of having to pay for the supply of water, which they had access to previously without cost. In rural communities, people are competing for water resources with banana and pineapple plantations. Watershed areas

are often classified as agricultural zones, thus giving corporations the justification to convert these lands into plantations. Furthermore, mining operators have auxiliary rights to the control of water in their project areas. Both mining and plantation companies have been contaminating aquifers.

Several NGOs in the Philippines have been working closely with different sectors to oppose the privatization of water utilities.

more information:

Legal Rights and Natural Resources Center – Kasama sa Kalikasan/Friends of the Earth Philippines: www.lrcksk.org

Jean Marie M. Ferraris:

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two water privatization

Policies, programs and projects of IFIs endanger people's right to water. In this publication, the case studies from the Philippines, Indonesia, Ghana, Bolivia and Uruguay show that through IFI involvement, water is being taken away from people. Shockingly, the poorest may even find themselves buying bottled water, if a lack of access to piped water forces them to buy it from street vendors. ADB-induced water privatization in Manila resulted in a 500% price increase, continued leakages, bad access to clean water and a cholera outbreak (see case study above). In rural areas, the ADB policy on transferable water rights lead to Asian farmers selling their water rights for other, more productive uses. Such developments have significant knock-on effects for people's livelihoods and food security.

The case against water privatization is growing. Case after case shows that promises of greater efficiency are not being fulfilled. More and more people find themselves priced out of the water market, water delivery and water quality have hardly improved and water sources are being depleted rapidly. This failure to deliver is unacceptable. People are rising up and demanding control over their water resources. In the now famous rejection of water privatization in Cochabamba, Bolivia, the World Bank initially insisted that water services be privatized as a condition for receiving a \$25 million loan. The World Bank explicitly

stated that 'a proper system of charging' be used and that 'No subsidies should be given to ameliorate the increase in water tariffs in Cochabamba'. This left families with an income of around \$100 per month spending \$20 on water. Not surprisingly, the residents of Cochabamba took to the streets and forced the company in question – Bechtel - out of the country. Together with community groups, trade unions and irrigation farmers, the government agreed to set up an alternative transparent public utility with a high degree of participation and sense of ownership.

Fearing a growing public relations problem, the World Bank is now backing away from the term privatization in public documents and statements. Importantly, a June 2004 report from a World Bank economist argues that the privatization of infrastructure has been 'oversold and misunderstood'. According to the report, the success of privatization efforts varies greatly by sector, and water supply is clearly one of the 'more problematic' sectors.

6

[scotland] scottish water, a private company under public control

Scotland is not short of water. However, new EU regulations on drinking water quality have forced the Scottish Executive to reconsider how water is managed in Scotland. Their response has been partial privatization of the water industry, raising extra investment, which has, for example, helped to address the problem of raw sewage being dumped in the ocean.

Critically however, Scottish Water remains a publicly owned company. The majority of its shares belong to the state and it is answerable to the Scottish Parliament. Scottish Water is also strictly regulated - by the Water Industry Commissioner, the Drinking Water Quality Regulator, the Scottish Environment Protection Agency and the Health and Safety Executive.

However, the new company has massively reduced its workforce and prices have risen, though mostly for the commercial rather than the domestic sector. Apart from higher prices there has been little encouragement to reduce water use. There is no legally guaranteed right to water in Scotland, but in practice Scottish Water cannot disconnect people for non-payment.

7

[colombia] privatizing community aqueducts

Under pressure from the Inter American Development Bank, public enterprises previously responsible for the management of Colombia's hydrological basins are being privatized. Even aqueducts are targeted for privatization, despite the fact that local communities financed and built them and have managed them for generations.

As part of this privatization process, the Colombian government has also launched an initiative to create water basin councils. However, far from being an instrument to improve citizen involvement, these councils increase private sector control. Participation in the councils is dependent upon levels of water use by so-called "stakeholders", meaning that the interests of the largest water consumers - primarily industry and plantation owners - tend to supersede the interests of the peasants and local communities that have traditionally managed the water basins.

more information:

CENSAT Agua Viva/Friends of the Earth

Colombia: www.censat.org



© foe colombia

Water privatization, combined with the opening up of water markets that are about to be 'locked-in' by the WTO's services negotiations, has only clear benefits for Northern-based water transnationals such as Thames Water, RWE, Suez and Veolia Environnement. These corporations stand to gain access to multiple new markets across the world.

FoEI challenges the view that water is little more than a tradable commodity. Water is vital for human life and livelihoods and for the ecological balance of our planet. A person's right to a "standard of living adequate for the health and well-being of himself and his family", enshrined in the UN's Universal Declaration on Human Rights in 1948, has to include access to water - because without water, life is not possible. As such, FoEI calls on public banks with the mandate to alleviate poverty through sustainable development to put people's right to water at the forefront of their activities.

more information:

www.ifwatchnet.org

www.foei.org/ifi

www.waterjustice.org

www.wateractivist.org

8 [el salvador] water as a social problem

Only 60% of El Salvador's population has access to running water and the country suffers from devastating water-related problems. Very often the water can not be considered safe due to high levels of pollution, and gastrointestinal disease due to water pollution is the second largest cause of visits to hospitals. Water has gone from an environmental problem to a social one, and now is becoming a political problem as local groups take their message to the streets, blockading main roads to demand the government provide proper water services.

Despite an annual rainfall of 1.8 metres, water levels in aquifers are decreasing by 1.0 metre every year, both as a result of over-exploitation of aquifers and the destruction of water catchment areas. Ninety percent of the country's natural water is contaminated, and half the population drinks untreated water.

Water is thus a crucial social and political topic in El Salvador. The government has so far failed to address the issue, presenting privatization of water management as the only solution. This stance comes after pressure from organizations such as the World Bank, which made water privatization a requirement of a 1996 US\$24 million loan. However, popular protests have forced the government to declare that privatization of water management will not go ahead. El Salvadorans are now campaigning to have the

government take a more active role in water management. They are asking for national water policies to be overseen by the Minister of the Environment, covering water catchment areas, watersheds and river basins.

more information:

Friends of the Earth El Salvador:

www.cesta-foe.org

Public Citizen's critical Mass Energy and Environment Programme:

www.citizen.org/cmep/Water/cmep_Water/reports/el_salvador/index.cfm

9 [nigeria] denying access to drinking water

Although not the result of deliberate government policy, the privatization of water resources in Nigeria is happening - and happening rapidly. In the 1970's, the Nigerian government built many large dams for irrigation and to provide water for the population. However, the dams were not maintained and water systems have deteriorated. To counter this, the government started to grant licenses to private companies to collect and distribute water.

Involving the private sector means water provision is no longer seen as a social service. Water has become a tradable commodity, a product that must be paid for. For the rich elite this is not a problem, but for Nigeria's poor it is another matter entirely. For them, the situation is compounded by the pollution of streams and rivers, which the rural people originally depended on for fresh water. Industrial effluent and pollution from oil companies empty directly into these natural water bodies and have rendered them unsafe. As a result the poorest are effectively denied access to safe drinking water - because they must pay.

Government licensing of water services has also proved to be a problem because licensing is not based on a particular company's ability to supply quality water or increase distribution. True, several sub-standard water companies have been shut down by the controlling federal agency; however, many others still flood the market with unclean and uncertified water for consumption. Furthermore, companies are mainly interested in providing water to rich neighbourhoods in the cities. In many rural areas, the poor are increasingly cut off from water supplies and forced to buy their water from water sellers, which is prohibitively expensive. Thus villagers, mostly women and children, still trek many miles to collect water from what are now polluted streams.

Local environmental groups have started to campaign against water privatization. A key concern is the licensing of companies who do not manage water tables sustainably, since the uncontrolled private and commercial digging of boreholes for water will eventually deplete underground aquifers. It is unknown how many tens of thousands of boreholes are in operation in Nigeria. Thus ERA/FoE Nigeria and other local groups are developing an inventory of existing boreholes, to monitor and ascertain the viability of current water abstraction levels.

more information:

*Environmental Rights Action/Friends of the Earth Nigeria: **www.eration.org***



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10

[malaysia]
good public governance

As an example of a good government water agency, the Penang water authority is recognized as one of the region's best water managers. Its existence proves that there is room for good state-controlled water agencies. But the Penang water authority is now being corporatized and the company is listed on the stock exchange, while the majority of stocks is still controlled by the state government. In other Malaysian states, water privatization is a total mess – with countless examples of water contracts being given to the profiteering cronies of the government.

more information:

Sahabat Alam Malaysia/Friends of the Earth Malaysia: www.foe-malaysia.org



11

[palestine] occupation and
privatization of water aquifers

Following its occupation of the West Bank and the Gaza Strip in 1967, Israel took control of Palestinian water resources. In the West Bank, well water abstraction by Palestinian communities was put under tight control. Furthermore, any water development, drilling or building of infrastructure now required a permit from the military “water officer”. Not a single permit has so far been issued for domestic or agricultural use, for any of the areas that would benefit from the main source of underground water known as the western aquifer. As a result, Palestinians have had to sustain themselves with the same quantity of water available to them forty years ago, despite a significant increase in population.

Immediately after the occupation, Israel also began to drill its own groundwater wells, tapping into the same western aquifer. One year on, settlements began to appear on Palestinian lands and hilltops and further wells were drilled in close proximity to Palestinian water resources. The settlers’ standard of living benefited dramatically, with water available for gardens, fields and swimming pools. The average water consumption of a Jewish settler is now twenty times that of a Palestinian.

Since the start of the second Intifada, in September 2000, Israeli occupation forces have uprooted over 982 000 trees (some of which were over 1000 years old), destroyed 907 reservoirs and agricultural water pools, dismantled 687 km of water networks and ruined 243 wells. They have also demolished 4500 homes and confiscated and razed to the ground tens of thousands of hectares of productive agricultural land.

Furthermore, this already very limited access to water and agricultural land has significantly deteriorated since the Israelis began to build the Wall. The completed ‘first phase’ of construction is in the northern part of the West Bank, where the most fertile lands – the Palestinian ‘bread basket’ – are located. In this phase alone, much of the Palestinians’ key agricultural and water resources – including 36 groundwater wells – have been confiscated.

According to international law, Palestinians should have complete sovereignty over all the eastern aquifer resources beneath the West Bank. They should also have at least equal rights to water from the western and northeastern aquifers, as these are also recharged almost entirely from the West Bank. In 1999, experts estimated compensation for damages to Palestinian water resources by Israeli settlers at a minimum of \$US 45 billion.

more information:

Friends of the Earth Palestine:

www.foepalestine.org

Palestinian Environmental NGOs Network:

www.pengon.org, www.stopthewall.org

Applied Research Institute Jerusalem:

www.arij.org

Palestinian Hydrology Group: www.phg.org

Palestinian Academic Society for the Study of International Affairs: www.passia.org

12

[australia] positive flows imposed by government

Australia, as the driest inhabited continent and with a rural sector that is increasingly controlled by large corporations, has ongoing struggles regarding access to water. As a result, in recent years the concept of 'environmental flows' has gained widespread support amongst many state government and some federal government authorities. The environmental flow is the minimum amount of water required to ensure the ecological survival of any particular river system, taking into account the seasonal nature of these flows, for instance spring floods. The environmental flow which is determined for a particular river, which might be perhaps 40% of the overall flow, is then reserved for the river system. In many instances this means that there is a water shortage for other users, for example the water intensive irrigators who practise unsustainable agriculture. Given that

the overall amount of available water is reduced, users are compelled to make their use of water more efficient if they are not to see production levels drop. This drives an overall improvement in water management in the catchments where it is applied, as well as helping to ensure the ecological survival of threatened river systems.

more information:
Friends of the Earth Australia:
www.foe.org.au



part three | **selling forests and parks to loggers
and tourist companies**



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1 [australia] forest and plantation privatization in victoria

Neo-liberal policies supporting the privatization of state assets have been the fashion in Australia for the past two decades. The broader community has very rarely had any substantial gains as far as conservation and environmental outcomes are concerned. At every opportunity, industry has attempted to undermine any critical analysis of their operations using a combination of bullying tactics and public relations to mitigate for disasters. An example of this has been the privatization and sale of 180 000 hectares of ex-government-controlled plantation and native forestlands in Victoria.

the birth of the victorian plantation corporation

In the 1990's the Victorian State Government 'relinquished' control of the State's plantation assets and created the Victorian Plantation Corporation (VPC). This corporation was granted its own legislation and also came under the State Owned Enterprises Act in 1992.

The VPC originally controlled about 170 000 hectares of land throughout Victoria, including different types of tree plantations as well as old growth forest and cool temperate rainforest. The VPC legislation allowed the forests to be excised from the land and the leasehold, held in perpetuity, allows for harvesting and establishing of plantations on that land.

non-enforceable codes

VPC also benefited from the redrafting in the 1990's of the Victorian Code of Forest Practices. It was designed to make it very difficult to enforce, which was done largely to placate Amcor, now called PaperlinX, a major paper company which had plantations and non-plantation land in the Strzelecki and Gippsland regions of Victoria.

The Code is only enforceable through a strong council, which is willing to demand that the environmental care principles be implemented, or the Victorian Civil and Administrative Tribunal. However, a procedure at this Tribunal is often too expensive for community groups. In reality, the implementation depends mainly on voluntary agreements between industry and the authority. Occasionally these agreements

include full community participation when it suits the company. Once it encroaches on industry's economic assets, the mood of the industry changes markedly.

Alterations to the State's Planning Scheme in 1993 meant that local councils, not the State, were made responsible for enforcing the Code of Forest Practice on private land, a difficult task considering their extremely limited resources. One legal battle which FoE won in 1995 concerning private land logging in a domestic water supply catchment, revealed that the local council had not been on site for 10 years!

Moreover, the Flora and Fauna Guarantee Act (FFG) supposedly protects threatened species and communities throughout Victoria, but it does not apply to private land.

impacts of plantation forestry

In 1997 locals found that VPC had been expanding their hardwood plantations by logging high conservation value old growth forests and cool temperate rainforest buffers. The logging of non-plantation trees, under the guise of plantation logging, infuriated locals and it was this act that was one of the catalysts for community monitoring taking place in the Strzeleckis.

three selling forests and parks to loggers and tourist companies

a tragedy of the commons?

Talk about a corporate win-win-win-win-win situation! Shell or Exxon could "invest" in a precious protected area, sell the timber from the forest as Forestry Stewardship Council-certified, plant eucalyptus on the grasslands and receive carbon credits for it, sell the genetic resources to bioprospecting institutions, sell fresh water and fuelwood to nearby local communities, and, on top of it all, give itself a permit for "sustainable oil exploration" in the area!

Miguel Llovera, Coordinator Global Forest Coalition, in Forest Cover 11, February 2004.

It is well recognised that past clearing practices have left the entire bioregion depleted of its original vegetation cover. Less than 2% of the original vegetation remains protected in reserves. Much of the VPC hardwood areas in the Strzeleckis contained remnant areas of cool temperate rainforest, which faces an uncertain future on mainland Australia. This forest requires large buffer zones of eucalyptus forest to protect it from the effects of wildfire and to minimize the impacts of tree fall that can wound beech trees, allowing the Myrtle Wilt pathogen, which is air and water borne, to enter wounds in the trees. However, buffer zones for cool temperate rainforest on private land are not mandatory.

In some areas plantations have been established right up to the edge of rainforest stands, meaning that when plantation logging occurs, the risks of wounding beech trees and stirring up the Wilt spores are increased substantially. These plantations are also open to the effects of wind throw, where high winds can knock over remnant trees.

subsidizing hancock

In 1998 a subsidiary of John Hancock Financial Services, the Hancock Timber Resource Group,

purchased rights to log the assets of VPC, under a 99-year leasehold agreement. Ownership of the land was retained by the State, but to all intents and purposes the land was privately owned.

In 2001, Hancock purchased the assets of Australian Paper Plantations (APP), whose land was based in Victoria. Most of the areas in the northern Strzeleckis that were not under the control of VPC now came under the private ownership of Hancock.

Thanks to the efforts of local Strzelecki campaigners, Hancock embarked on a voluntary moratorium of not logging native forests within its land base, however this moratorium did not extend into areas of indigenous tree plantations that had the appearance of 30-40 year-old native forest.

In 2000, Hancock announced that they would be embarking on Forest Stewardship Council (FSC) certification of the assets that were previously owned by VPC. In 2004 they were the first to be awarded such a certificate in Australia. However, forest campaigners are still waiting for the improved management and community relations which are supposed to be the hallmark of FSC.

It should also be pointed out that privatization of the plantation base in Victoria means in practice that the purchaser does not have to pay for the water that these plantations consume. Hancock plantations may be using in the vicinity of 1.3 million litres of water per year, which effectively over 99 years, adds up to billions of dollars worth of water subsidies in the driest continent on earth. Much of Victoria has been in drought since 1992 and further rainfall decreases of 30% per annum are expected under greenhouse effect scenarios.

In basic terms privatization has delivered less accountability and legislative control, a decrease in community participation in the decision making processes, and declining public disclosure of assets, wood volume and contractual arrangements.

more information:

Friends of the Earth Melbourne.

Friends of Gippsland Bush.

Hancock Watch: www.hancockforests.org.au



Is there a tragedy of the commons?

According to the proponents of privatizing forests and other precious ecosystems, there is. They see the fact that the earth's biological wealth is, de facto, a common heritage of mankind, as the main cause of environmental degradation. In their vision, people will only be willing to manage an asset carefully if it is their personal property. Thus, governments all over the world have started to sell watersheds and biologically rich areas like protected areas and primary forests to companies and private organizations. However, the fact that a company receives a de facto property right over a piece of land or water source does not imply that it will automatically manage that land or water source in a sustainable manner. As the experiences with water privatization in countries as varied as Bolivia, Nigeria and Uruguay demonstrate, from a solely economic, profit-oriented perspective, it only makes sense to manage water as cheaply as possible even when it means the depletion of water resources and to sell low quality water only to those who can afford it. In most cases customers do not have another place to go anyway, as the water company has been granted a de facto monopoly.

The same goes for forests and other biologically diverse ecosystems. Regrettably, as calculated by the Centre for International Forestry Research¹ and other institutions, from a purely economic point of view sustainable forest management does not make sense. In the current market it is much more profitable to simply plunder all the timber, and/or, even more efficiently, replace the forest with a large-scale monoculture tree plantation of rapid-growing -often exotic- species. This sad economic reality has already led to the disappearance of millions of hectares of tropical forests in countries like Indonesia, Malaysia and Brazil. In fact, it can be seen as one of the main underlying causes of forest loss².

Economists and other policy-makers have recognized for many years that unregulated economies deplete natural resources as their non-monetary values are ignored, euphemistically calling this a "market failure". So they developed another strategy to squeeze the earth's precious resources into economic realities. First of all, they proposed to ensure that all aspects of forests, water resources and other natural resources are valued in monetary terms. Fascinating economic models have been developed to translate the economic value of freshwater, the value of the genetic information found in a tropical forest, the value of the carbon sequestration function of a peat bog, or simply the aesthetic value of a landscape like the Masai Mara in Kenya, into monetary terms.

2 [georgia] protecting forests

No other country in the Caucasus is as richly forested as Georgia. Forests are one of the country's most important natural resources, covering about 40 percent of the land. The Georgian forests are significant for their unique species, and the ecological, economic, recreational, land protection, and water regulation functions of the forests are of high importance.

Since 97% of Georgian forests are located on mountainsides, forest destruction causes huge economic and environmental damage. The number of environmental disasters, such as avalanches and floods, has risen in those regions where intensive illegal and uncontrolled felling takes place. Illegal logging of Georgian forests has been on the rise since 1991, mainly due to the country's acute energy crisis, which has spurred people to fell trees for heating and fuel. Poachers naturally target

high quality trees, in effect stealing the best individuals from the forest gene pool and thus making proper forest regeneration all the more difficult. It doesn't help that timber resources are scarcer in neighbouring countries, making the relatively plentiful and lower-priced Georgian timber a lucrative export.

The Georgian government owns almost all of the country's forests, but only allots 1 million Georgian Lari, or US\$500,000 of its budget to forest management, a fraction of what is needed to stop poaching and over-logging. Instead of taking concrete action to stop illegal logging, the government is proposing to privatize the forests and turn them over to corporate hands. The decision is supported by a newly created Forest Sector Development Center, which is World Bank-funded and supported by the UN's Food and Agriculture Organization (FAO) and the International Monetary Fund (IMF).

The Greens Movement of Georgia/FoE-Georgia has actively campaigned against illegal logging and timber export. Along with other NGOs, scientists and the Georgian Orthodox Church, they believe that this World Bank-promoted 'solution' will only accelerate the unsustainable logging of Georgia's forests. Instead, FoE-Georgia proposes that the government retains control and involves local communities in preserving the forests for future generations. They also propose re-establishing the Church's control over forests that are located near important churches, a practice that has previously proven successful, and introducing modern methods of sustainable forestry and forest management.

more information:

The Greens Movement of Georgia/Friends of the Earth - Georgia: www.greens.ge



three selling forests and parks to loggers and tourist companies

Subsequently, the so-called "Washington consensus" proposed creating markets for these values. This informal network of neo-liberal economists at the World Bank, the US government and their governmental and non-governmental allies suddenly saw a chance to fit this abstract thing called nature into their day-to-day logics of "let the market do it and it will be done". Creating markets for protected areas, carbon sequestration, genetic resources, freshwater resources and the aesthetic values of landscapes became the new thrill in conservationist circles. "You cannot save it if you cannot sell it", was the slogan that led to initiatives like "Biotrade", an initiative established in 1996 by the UN Conference on Trade and Development to promote the creation of markets for biodiversity and its many values³.

It did not take an institution like the World Bank long to embrace this approach, which fitted so well within its neo-liberal ideology. As many developing country governments were dependent upon the Bank for loans to finance their water purification systems and drinking water infrastructure, the Bank was in a unique position to "suggest" privatization in countries as varied as Uruguay and Indonesia. Other sectors struggling with bad governance were prescribed the same remedy. As described in the above article, the World Bank demanded privatization of Georgia's forest resources as a central element of a

renewed loan for Georgia's forest sector, regardless the fact that it will be much harder to deal with overexploitation and other forms of forest destruction once all the forests are in private hands.

The World Bank, USAID and other believers in the great benefits of the free markets also enthusiastically promoted the combination of the privatization of protected areas and tourism, by painting nice dreams about small groups of nature-loving eco-tourists who would give thousands of dollars to respectfully take a peek at the area. Alas, in the wild unregulated world of "market failures" and other economic forces, so-called eco-tourism projects tend to form a rapidly increasing threat to some of the most beautiful areas in the world.

Recently, in September 2003, the World Parks Congress in Durban, South Africa, took another step towards global corporate control over protected areas, allegedly a 'mere' 12% of the global terrestrial surface, through its emphasis on "public-private partnerships". The Biodiversity Convention put its stamp of approval on this big sale at its seventh Conference of the Parties in February 2004.

Countries have finally divorced themselves from any real responsibility to protect natural areas and the people dependent on them. In Ecuador and Russia, the governments took the advice of the IMF to 'close your

3 [indonesia] privatization of national parks

The Indonesian Government claims it cannot finance the proper management of its protected areas and is privatizing park management instead. The World Bank and other international financial institutions support the Indonesian Government's agenda and are helping to establish 'public-private' partnerships. Such schemes have led to the partial privatization of parks like Komodo, Bukit Baka Raya, Bunaken and Wakatobi.

In spite of the continuing involvement of the national Park Authority (PHKA) the companies exert considerable influence over the way in which the parks are managed. Many are ecotourism companies, with an obvious interest in promoting tourism. Typically, communities are expelled from their traditional territories and even those living in core and border zones may be forced to move away. Some become conservation refugees, moving to the cities. Losing access to traditional lands can also mean that communities are obliged to find new ways of subsisting, although some management companies do attempt to provide alternative income-generating activities. There have also been

cases of biopiracy, with companies selling or passing on traditional knowledge and genetic information to the pharmaceutical industry.

Members of WALHI/FoE-Indonesia are working with affected communities to reclaim their rights to these resources.

komodo national park

The management of Komodo National Park, an Indonesian National park with UNESCO World Heritage Site and Biosphere Reserve status, has been effectively privatised since 1995. The Nature Conservancy (TNC), a US-based non-profit transnational institution, was invited to manage the park by the national Park Authority (PHKA). Its 'collaborative management concept' focused on establishing eco-tourism with local companies in order to make the park financially self-sustaining. However, local communities are another matter: they have been banned from their traditional areas as entrance to park territories requires an entrance licence and no exceptions are permitted. The local fishing practices of thousands have also been severely disturbed. The ecotourism company jointly-owned by

The Nature Conservancy has a 30-year concession from 2004, and is co-funded by the World Bank to the tune of US\$ 5 million.

more information:
Walhi/Friends of the Earth Indonesia:
www.walhi.or.id



unproductive institutions down', i.e. environment ministries and national parks systems. The idea is that in exchange for the sovereign corporate right to manage, exploit, speculate and prospect within natural areas, the private concerns will also take care of them. What they forget is that Indigenous Peoples and other local communities have been taking care of these areas in a sustainable manner since thousands of years. These same people now have to pay for access to fuel-wood, freshwater and medicinal plants, or are even blocked off entirely from any access to these basic needs.

cutting corners: privatizing the protection of biodiversity

The conservation of biodiversity is a new and burgeoning commercial sector. As governments consider the financial merits of hiving off costly park protection responsibilities, WTO negotiators are moving in to force the issue by liberalising 'protection of biodiversity and landscape' markets.

Governments are acting in the belief that they can preserve nature for next to nothing. They argue that the private sector will provide a new source of financing and specialist expertise. It is convenient for them to be able to delegate immediate responsibility for costly conservation management measures, especially since benefits tend to be intangible and difficult to ascertain in the short-term.

Privatizing the management of biodiversity in this way risks subjecting critical biodiversity resources and ecological functions to the vagaries of market pressures and corporate control. It almost inevitably reduces local indigenous communities' control over the biological and natural resources upon which they depend and discourages locally-developed sustainable resource management practices. It also facilitates biopiracy. Indeed, recent experience indicates that this type of privatization is introducing new sources of corruption and denying community rights.

The consequences of privatizing the management of biodiversity could prevent governments from meeting their commitments under the UN's Convention on Biological Diversity, which effectively requires them to 'regulate or manage biological resources important for the conservation of biological diversity'. In particular, the Convention specifies that this must be done in a way that will 'respect, preserve and maintain knowledge, innovations and practices of indigenous and local communities'. Yet such an approach is likely to be seriously compromised by the current drive to privatize biodiversity management.



Since opening to the public in 1985, Gunung Mulu National Park in Sarawak has attracted visitors from all around the world. Tourists are drawn to the park both for its immense caves - including the world's largest cave passage - and for its enormous richness of plants and animals. A single hectare of the park can contain more tree species than all of North America, according to park statements. But while tourism has brought much-appreciated economic benefits, the original owners of the area have not always shared in the rewards. Recent efforts to privatize park management have trampled on the few rights previously granted by the government to the indigenous inhabitants of the region.

Long before the tourists came, the Mulu area was inhabited by the Berawans of Long Terawan and nomadic Penans who now live at Batu Bungan, at the fringes of the park. When the park was first established the area was managed by the government's Wildlife and National Parks Department of Sarawak. It allowed the Indigenous Peoples certain traditional "privileges", such as the right to hunt for deer and wild boar, to fish, and to remove certain plant species, such as rattan, within defined areas.

After its listing as a World Heritage Site by UNESCO in 2000, the park's management was transferred into private hands. The beneficiary was Borsarmulu Park Management, a subsidiary of Borsarmulu Resorts (BRSB) which also owns the nearby Royal Mulu Hotel and Resort. The company has obvious links to the government, since the shareholders of BRSB are the Sarawak Economic Development Corporation (SEDC) and Kenyalang Cergas, the latter being a private company run by the brother and sister of Sarawak's Chief Minister. The siblings also sit on BSRB's board of directors.

Although many native Berawans appreciate the economic benefits trickling down from the park's exploitation, their rights and participation have often been completely disregarded - especially when government and private interests have colluded for profit.

Exploitation of the park dates back to 1975, when the state government acquired a 20-acre piece of land from a native landowner. The government said the land would house the park's headquarters, but that building never materialized. Instead, the authority conceded the land to BRSB to build the Royal Mulu Hotel & Resort. In 1993, the company

three selling forests and parks to loggers and tourist companies

tourists only: the commodification and privatization of nature for tourism

Tourism, when defined broadly, to include travel services and passenger transportation, is regarded as the world's largest and fastest growing industry, as well as being the world's largest service sector. In 1999 it accounted for over 10% of world GNP, totalling US\$440 billion.

Public beaches, forests and mountain areas have repeatedly been lost to the voracious appetites of developers bent on constructing hotels, resorts, golf courses and all the varied trappings of modern, industrialized tourism. The diversion of 'privatized' water from public reservoirs - to water golf course greens and fill hotel swimming pools and bathtubs - has also become a common yet devastating practice in recent decades.

However, it seems that worse is on the way. With the new, liberalizing spotlight fixed firmly on tourism, corporations are seeking to maximise their revenues by acquiring ownership of and then selling almost anything that might be of interest to a tourist - even an eco-friendly one. This new wave of privatization and management agreements encourages governments to relinquish their responsibilities and many turn a blind eye to increasing levels of exploitation and even illicit activities.

A clear example is the degradation of biological resources and ecosystems in national parks. Worldwide - from the United States and South Africa through to China and Thailand - governments are turning to the private sector to finance nature conservation and visitor facilities, with parks being privatized, built over and developed as a result. The consequences for local people and the environment can be devastating. Indeed, the 2003 World Parks Congress confirmed that protected areas are threatened as never before, with damage to ecosystems - due to excessive developments, social inequality, and commercialization - high on its list of concerns.

Civil society organizations and representatives from Indigenous Peoples who inhabit the world's most biodiversity-rich areas have constantly pointed out that tourism has often degraded biological resources and entire ecosystems as well as adversely affected local communities. They argue that tourism should not be considered as a suitable industry to help protect biodiversity.

There is also grave concern about the privatization and trading of biological resources and Indigenous Peoples' traditional knowledge. From Vietnam and India through to the Amazon region, there are alarming reports of "tourists" illegally collecting and trading species and traditional medicine recipes that may be of value for the biotechnology industry.

was granted another 243 acres of provisional lease for the second phase of the resort and other developments. However, by that time a number of Berawan families had claimed the land and some had already built small tourist lodgings. The result has been a bitter dispute between the Berawans and the authorities, with the state refusing to negotiate. Instead, the government has openly criticized the Berawans, characterizing them as greedy and alleging they cannot prove their claims. During the 1990s, the Berawans staged peaceful protests, which the authorities quelled with police force and threats.

The struggle goes on today, with the government determined to make Mulu National Park a major tourist destination. The Berawans are claiming that land the government has allotted for an extension of the Mulu airport belongs to them. Despite attempts to have the land properly surveyed and deeded, the government has so far refused to entertain the claims and the native landowners have hired a lawyer and called for arbitration. The case is still pending.

The government has also failed to allow the Berawans to adequately participate in decision-making regarding the control, regulation, management and implementation of the development activities near the park, even when such activities directly impact them. They have been shut out of many economic and business opportunities arising from tourism development in the area, and they participate mainly as workers.

For more than a decade, the Berawans have demanded that the government

- recognize their land rights;
- demarcate their lands and issue titles to all landowners in the Melinau area;
- ensure the participation of the Berawan people in decision-making to control and manage the development near the Mulu National Park; and
- ensure a fair share in the rewards of tourism development and allow them to control development that impacts their cultural heritage.

more information:

Sahabat Alam Malaysia/Friends of the Earth Malaysia: www.foe-malaysia.org

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Conspicuously, a growing number of UNESCO's World Heritage sites are also being privatized in order to boost visitor numbers and maintain revenues. The famous Banaue rice terraces on Indigenous Peoples' land in the Philippines are already beginning to crumble as a result of over-exploitation by the tourist industry. Similarly, the ecologically fragile Sunderbans mangrove forests in West Bengal, India, and Bangladesh, and the Aldabra coral atoll in the Seychelles are threatened by plans for massive and inappropriate "ecotourism" developments that could destroy them.

In the same way, cultural heritage sites - such as the Angkor temples in Cambodia, Luang Prabang in Laos and Lijiang in China's Yunnan Province - are increasingly controlled by commercial tourism, causing havoc to local culture and the environment. In the ancient Inca city of Machu Picchu in Peru, one transnational corporation, Orient Express, has managed to monopolize the entire travel and tourism business, which has created anger and protests among local residents.

In fact, the indiscriminate development of tourism has become one of the most destructive forces in exactly those sites that UNESCO has identified as requiring protection and restoration. Nevertheless, the UN agency has itself become a significant promoter of tourism, forging relationships with corporate sponsors and arguing that tourism "brings

much-needed funds, which can be used to help preserve natural and cultural World Heritage sites and empower local communities living and working near those sites". UNESCO has even begun to collaborate with industry partners in marketing heritage sites as tourist destinations. In March 2004, UNESCO hosted its first ever stand at the International Tourism Exchange (ITB), the world's largest tourism fair.

Common sense tells us that the world's last pristine habitats, important cultural and religious sites and Indigenous Peoples' ancestral domains should be protected from commercial tourism and properly maintained for the public good, now and in the future. However, under new liberalization schemes - such as the World Trade Organization's (WTO) General Agreement of Trade in Services (GATS) - there are good reasons to worry that such protection - as well as support for local tourism operators - is about to be outlawed. GATS could prevent the adoption of a huge range of measures designed to protect the environment from tourism, including, for example, restrictions on the development of tourist resorts or constraints on the numbers of tourists visiting fragile coral reefs.

5 [swaziland] biodiversity privatization and human rights abuses

Swaziland is a landlocked kingdom in southern Africa, lying between South Africa and Mozambique. It is formally governed by a Monarch, a legislature and a judiciary, but as of 1973, the King has all executive, legislative and judicial powers vested in him.

Protected areas make up four percent of the land. National parks are managed by the Swaziland National Trust Commission, a parastatal entity created by statute in 1972. Private companies also have a stake in park management with Big Game Parks (BGP) as a major commercial player.

BGP owns and manages Mlilwane Wildlife Sanctuary and Mkhaya Nature Reserve. It also manages Hlane National Park, one of the country's largest. This park is owned by the Swazi nation and draws finances from the national treasury, but BGP claims it submits its reports directly to the king. The alleged involvement of the king means the management of these funds and the performance of the park cannot be debated by parliament, unlike all other national expenditures.

In 1991 Swaziland passed the Game Act to curb rampant poaching. Swaziland also signed and ratified the Convention on International Trade of Endangered Species (CITES). In 1998, the administration of the Game Act and CITES were moved from the Ministry to the Kings Office. BGP is responsible for these two instruments on behalf of the King and is the management and scientific authority for CITES.

cites privatized

Despite the obvious potential for a conflict of interest, BGP, a major player in the for-profit wildlife industry, was entrusted with the administration of an international agreement, to which Swaziland is a party. The current arrangement means that the country's wildlife management and the scientific authority responsible for CITES are housed within the same entity. This situation is totally inadequate to ensure accountability and transparency, which can only be achieved through the segregation of responsibilities.

Since BGP is not obliged to report or consult with anyone, Swaziland's compliance with CITES is very difficult to monitor. The dangers of this arrangement were illustrated in 2002

three selling forests and parks to loggers and tourist companies

While both national legislation and international instruments (such as the Convention on Biological Diversity (CBD)) are firmly in favour of decentralized tourism planning, the GATS works in the opposite direction, centralizing decision-making and, according to the India-based NGO Equations, creating "a predictable harmonized deregulatory climate for service providers [that] places no value on local democracy". Yet the United Nations seems to be blind to these developments and has so far singularly failed to deal with the potential impacts that the commodification and privatization of nature for tourism might have on biodiversity. The deliberations of the Commission on Sustainable Development (CSD), the Convention on Biological Diversity (CBD), and the events in relation to the International Year of Ecotourism (IYE) 2002 can all be considered failures in this respect.

This might be due to the fervour with which the development of tourism is being pursued in other fora. According to Raymond Chavez¹ "... cash-starved Third World countries view tourism as a shortcut to rapid development. Its potential to earn billions of dollars easily has resulted in it being viewed as a panacea for debt-ridden countries. But more than this, tourism has become part and parcel of multilateral financial institutions' package for financial bail-outs for countries in distress..." Thus the International Monetary Fund (IMF), anxious to

ensure that developing country debts are repaid, included tourism as part of its Structural Adjustment Programmes (SAPs). In essence, this means that any country requiring financial assistance was and continues to be pressurized to ensure that tourism is integrated into its economy, through liberalization and deregulation. As a result, public and private investments worldwide have now reached \$800 billion annually, accounting for 12% of total investments across the globe.

And then, handing over parks to tourist companies is not even the most devastating form of nature privatization. There is also an increasing tendency to hand over protected areas to oil and mining companies. With governments declaring themselves broke, selling of the family jewels to anyone who is willing to pay for them is the most pragmatic manner to fix budget deficits. So who objects if an oil or mining company is willing to "manage" a park?

1] See for example "The Flawed Wisdom of Sustainable Forest Management", http://www.cifor.cgiar.org/docs/_ref/publications/newsonline/32/wisdom.htm

2] See report on the Global Initiative to Address the Underlying Causes of Deforestation and Forest Degradation: http://www.wrm.org.uy/deforestation/uc-rpt_eng.pdf

3] See <http://www.biotrade.org>

4] Chavez, Raymond, 'Globalization and tourism: Deadly mix for indigenous peoples', Tebtebba Foundation, Philippines, Third World Resurgence No. 103, March 1999

when BGP exported eleven elephants to a zoo in the USA under the pretext of relieving overpopulation. This was done within the ambit of CITES, and BGP itself was able to both propose the export and also approve it as scientifically sound.

For the CITES COP 13 in 2004, Swaziland successfully proposed to down-list its sixty-one white rhinos so that they could become subject to trophy hunting and export to unnamed destinations. The proposal was once again underwritten by BGP, which did not consult with other stakeholders. It appears to be strictly a business decision in BGP's financial interest.

ungamely act

The Game Act provides wide-ranging powers to game rangers in protecting wildlife, such as the use of force in the execution of their duties with guaranteed immunity from prosecution. In a murky turn of events, in 1997 the owner of BGP, his son and daughter and five other BGP employees were appointed rangers, retroactively to 1991. The appointment came conveniently in the wake of a pending criminal prosecution of the owner and his BGP rangers for the murder of a

man and his brother-in-law in 1992. Immediately after the announcement of the appointments, the prosecution was dropped.

The BGP has used its immunity and the king's name to terrorise local communities and intimidate government officers who dared to intervene in their dealings. People have been killed and crippled, yet the perpetrators are not prosecuted. Other farm owners have joined in and are maiming and killing community members. Communities are subjected to inhumane acts and torture reminiscent to those of the apartheid regime in neighbouring South Africa.

Yonge Nawe, a public interest environmental NGO in Swaziland has been trying to highlight the situation and is advocating the de-privatization of CITES in Swaziland or the suspension of Swaziland from the convention. This entails the removal of private corporations and placing the administration of wildlife and biodiversity laws in the responsible government ministries. Yonge Nawe is also working on accessing justice and redress for victims of human rights abuses at the hands of park and farm owners and bringing the perpetrators to book. Finally, it is campaigning on ensuring community rights to access,

ownership and management of natural resources and biodiversity in Swaziland.

more information:

Yonge Nawe: www.yongenawe.com



more information:

Tourists only: the commodification and privatization of nature for tourism is based on the paper "OUR WORLD IS NOT FOR SALE ! The disturbing implications of privatization in the tourism trade" by Anita Pleumarom, Tourism Investigation & Monitoring Team (tim-team). Paper presented at the International Seminar on Tourism: Unfair Practices - Equitable Options, 8th - 9th December 2003, Hannover, Germany, hosted by DANTE/ The Network for Sustainable Tourism Development: www.twinside.org.sg/tour.htm

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[usa] the disneyfication of its parks

North America originally served as a model for establishing countries' national park systems, even though there was often a high cost to local and indigenous communities, who faced dispossession and displacement as authorities and conservationists stepped in to protect forests and wildlife. It seems that this pattern is now being repeated as land and natural resource managers worldwide are copying the American model again, this time in terms of privatization and "Disneyfication".

In the US, government agencies concerned with conservation - including the Forest Service, the Natural Resources Conservation Service, and the National Park Service - have signed a Memorandum of Understanding with the Walt Disney Company on cooperation in land and natural resource management and environmental education. Following this example, many pristine natural areas are being transformed into money-spinning theme parks. Private security guards, fee collectors and the logos of Coca Cola, McDonald and KFC have come to dominate the landscape.

more information:

Third World Network tourism pages:

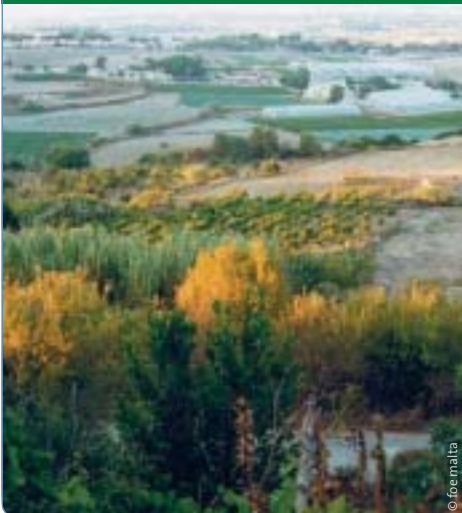
www.twinside.org.sg/tour.htm

7

[malta] golf course defeated

BIEDJA MHUX GOLF

front kontra l-golf kors
<http://nogolfinmalta.org.net>



In a major victory for the environment, a proposal to have a golf course in the centre of Malta was rejected unanimously by the board responsible for planning. The proposal would have meant the privatization of land supporting local nature and agriculture.

The golf course, planned by the company AX Holdings, would have consumed a large amount of water, a scarce resource in Malta where already 50% of water comes from desalination plants. A golf course would also have been a poor choice of use for a piece of land which provides work for 150 farmers. Malta already suffers from a shortage of agricultural land, with only 20-30% of local food requirements provided locally. In addition, golf courses don't fare well in the Mediterranean climate and are usually ruined after 8 years because of the excessive use of pesticides and water required to keep them green. Moreover, to grow the turf on the course, other native organisms would be obliterated. The area is also host to protected fauna as well as organic farming, with more agricultural projects in the pipeline.

A broad coalition of environmental and nature groups, including Friends of the Earth Malta, farmers and agriculture organisations were among the many different groups who successfully opposed the scheme.

more information:

Friends of the Earth Malta: www.foemalta.org



part four | the new markets 1: selling our carbon



© tobias

1

[costa rica] markets of environmental services and the privatization of resources

During the 70's, 80's and the beginning of the 90's, forests suffered severe deforestation in Costa Rica. Considering that most of the country is privately owned, the government took action and developed initiatives aimed at stimulating the recovery of forests on private lands.

In 1996, The Forest Law 7575 renewed the basic concept upon which private forests were managed. The original scheme of forest incentives was transformed into the Payments for Environmental Services (PSA) system meaning that environmental services provided by forests and plantations were paid for. The state recognized environmental services as the conservation of biodiversity, water basins and water resources, the provision of aesthetical values and the ability of a forest to function as a carbon sink. The PSA was a simple way of making forests in privately owned hands pay for themselves and attribute the costs to the whole society. To develop and administer the PSA system, the National Fund for Forest Financing (FONAFIFO) was created. On average, Costa Rica has been allocating about \$7-8 million per year to payments for environmental services paid for by a selective tax on fuel.

The PSA system was developed as a political, technical and financing tool used to plan and fund the conservation of vital resources in private areas. However, since the very beginning, the PSA system has been subject to ideological pressures that try to drive it towards a much more mercantilist stance, oriented by the illusion of markets and privatization of environmental services.

achievements, potentials and limitations

FONAFIFO, together with the forest and lumber industry, state that the PSA system has to be given credit for the regeneration of the forest cover in the country, which has benefited both the forest industry and people in rural areas through employment. However, a study carried out by FONAFIFO in 2002, concluded that PSA had no effect as a poverty reduction strategy in rural areas of the country. To add to this, in 2003 the Institute for Economic Research in the University of Costa Rica, published a report stating that the PSA system had no real impact on the improvement of environmental services being paid for, it was concentrated in few

the carbon market: “nature on sale” all over again

Nature, food, land, forests, water, biodiversity, and genes are not any more “natural” than they are “human”. To try to make any of them into a commodity is to reorganize society. It is to create new kinds of power and knowledge and put them in fewer and different hands.

Putting “nature” on sale is a complicated game. Commodification requires police. It requires fences, accountants and patents. It requires new laws and lots of lawyers. It requires schools and public relations. It requires new state institutions and new techniques. It requires subsidies. No market has ever been created or sustained without a lot of hard work by institutions, which economists have wrongly taught us to believe are “outside” the market.

Nowhere does “putting nature on sale” cause such complications as in the case of climate. Here, as with biodiversity, an emerging environmental disaster has led to new attempts to commodify that environment. Business, the state and a lot of expert institutions are instinctively trying to evade a crisis they have helped create using the tools that created it. But in the climate case this approach is, if anything, even more pathological, stupid, and damaging.

landowners' hands, and it didn't contribute to eradicating rural poverty.

In spite of this, environmental organizations recognize its potential as a tool that can channel resources to forest owners. Positive experiences with peasant and Indigenous Peoples organizations in the management of PSA resources, have developed new practices and knowledge on community forest management and the restoration of tropical forests. Further work is being carried out to turn PSA into a resource that motivates and facilitates greater appropriation and control of forest resources by local communities, and into a tool for forest restoration in areas where bio-diversity is degraded.

commodification vs. honest strengthening of PSA

Regardless of the positive experiences and future potential, the PSA system is presently at a crossroads. Either it establishes and strengthens itself as an honest tool to protect forests and their biodiversity, to maintain and improve the condition of water basins, and to strengthen local organizations, their knowledge and management capacities of forest resources. Or, it becomes commodified and remains limited to the logic of the market, handing over control of vital resources to big corporations.

Some political sectors at the national and international level are strongly pushing for the latter. An example of this is the Eco-markets project, a fundraising initiative for the PSA system, implemented by the Costa Rican government and financed in 2001 with a World Bank loan and a donation from the Global Environment Facility (GEF). The project clearly focused on "supporting the development of markets and private suppliers of the environmental services offered by private forests". Its main goal has been to sell environmental services related to the maintenance of biodiversity, the reduction of greenhouse gases and water conservation in the global market.

The drive to create new markets for biodiversity related services, carbon credits and water, poses several important questions. For example, who is going to buy these services and what are the rights they acquire over national biodiversity, forest and water resources? Moreover, how will national sovereignty over biodiversity interface with this new market? In answering these questions it must be recognized, that it is fully legitimate for a country to take responsibility for the costs of protecting and maintaining its own natural resources, for the purposes of

food security, healthcare and its ethical relation with biodiversity.

carbonization?

Tropical countries not obliged to reduce emissions under the Kyoto Protocol had their expectations raised with the introduction of the Clean Development Mechanism and the carbon credit market. It gave them the chance to attract investments and funds, through the establishment of reforestation and forestation projects, which would act as carbon sinks.

Costa Rica, with quite some technical experience in financing and management of plantations, has been in the vanguard of this group of countries and has been preparing to host these kinds of projects. This is despite the fact that plantations damage the very environmental services for which they get paid, such as the protection of soil and water as well as the conservation of biodiversity.

In spite of Costa Rica's forest experience, the definition of a Kyoto area remains unresolved and the determination of their potential for carbon fixation still presents difficulties. More importantly, the development of these carbon

climate and carbon

The climate change crisis is an example of a familiar social problem – the overflowing waste dump. For over 150 years, industrial societies have been transferring fossil carbon from underground deposits of coal, oil and gas, via the combustion chamber, to a more active and rapidly circulating carbon pool, or "dump", above ground.

Once carbon is in the aboveground system, you can't get it back underground into fossil fuel or carbonate deposits for a very long time. The capacity of the aboveground "dump" as a whole to absorb carbon from underground is limited and perhaps half of the fossil carbon continually being added to the aboveground pool of carbon is building up in the atmosphere. The consequence is global warming and rising sea levels, with potentially disastrous results for our planet.

Industrialized societies alone currently use far more of the absorptive capacity of the biosphere and atmosphere in which to stow their carbon emissions than is globally "available". Were the global North's use of aboveground carbon "dump" space to be held constant, no space would be left for others to use, even for activities which do not involve transfer of carbon from fossil stocks (such as breathing).

The thinking person's solution to this problem is to slow or halt the production of the substance that winds up in the dump. Reduce the dangers of dumped DDT or chlorofluorocarbons or polyvinyl chloride? Stop producing them. Reduce the dangers of climate change? Stop taking fossil fuels out of the ground.

Yet the elites most dependent on hydrocarbons don't see things that way. They are not inclined to stop producing the stuff filling up the dumps or to take up new technologies which could invade their current core markets. Instead of restricting and equalizing the use of the aboveground carbon dump, world elites, particularly in the North, have been working, since the 1990s, to turn it into a privately owned asset. Bit by bit, starting with voluntary carbon markets and the Kyoto Protocol, international climate agreements have become a charter for commodification. The carbon-absorbing capacity of the world's air, oceans, soil and vegetation is being put on sale.

markets raises serious ethical questions. According to recent estimates of the International Panel on Climate Change (IPCC), far greater reductions in the emission of greenhouse gases are needed than those established under the Kyoto Protocol if we want to have a significant impact on the mitigation of global warming in the coming 100 years. Furthermore, the CDM has not only demonstrated the uncertainty of its real effectiveness in reducing emissions and on climate change, but it has also turned out to be a very complex mechanism, the discussion of which, has delayed the negotiations of the Kyoto Protocol.

In the case of Costa Rica, it has been estimated that these mechanisms could generate enough funds to double the area of plantations. Even worse, models for carbon reduction through CDM projects have indicated that they are only cost effective when the projects involve thousands of hectares. For Costa Rica, where the average farm size is about 60 hectares per family, this implies a serious threat of land concentration in a few hands.

certificates for environmental services

FONAFIFO has been trying to promote the national and international market for environmental services through the Certificates for Environmental Services (CSA) scheme. Through CSAs the generation of basic environmental services is ensured for the functioning of a company. Moreover, a CSA can be used to provide the company with a good image, given that it is cooperating with the protection of forests; and the investment can be deducted from gross income for tax purposes by presenting it as operational costs.

For example, a CSA can be obtained by a company, which wants to protect a forest linked to a specific water basin where they have interests. A case in point is the certificate that has been issued to Meliá Conchal Hotel in the Dry Pacific, a region in the northeast, where water has been a limitation for large agricultural and tourism projects.

The company has been in conflict with the local communities who regard the huge water demands of the hotel as a threat to their aquifers. The company's strategy has been to buy land in water replenishment areas. These areas are submitted to PSA programs that will be financed with the funds coming from the CSA, which the company has bought.

This example illustrates how this new market for environmental services presents the risk of transforming the PSA system into an instrument of control over vital resources in the hands of big corporations. It also implies the risk of shifting the focus, goals and plans of the PSA system from one of conservation of natural resources, to one that only deals with the interests of those that are profiting from those resources and have the funds to buy them.

four the new market: selling our carbon

property giveaways

The Kyoto Protocol currently represents the main thrust of commodification of the world's carbon-cycling capacity and is divided into two parts. Under the first part, the United Nations would distribute billions of dollars' worth of rights to (over)use existing carbon dumps to 38 industrialized nations who already use them the most, permitting them to sell portions of what they don't use. The Protocol is intended to bind these countries to reducing their emissions by an average of about five per cent below 1990 levels by 2008-2012, although due to various loopholes these reductions will not be achieved even if the Protocol is implemented as planned. The governments of most of the 38 nations (although not that of the US), in turn, are quietly distributing large quantities of their entitlements to dump space gratis to hundreds of private companies in heavy industrial sectors such as power generation, steel, cement, chemicals and pulp and paper. Ultimately, the distribution of carbon allowances constitutes one of the largest, if not the largest, projects for creation and regressive distribution of property rights in human history.

The second part of the Kyoto Protocol attempts to open up, create property rights in, and market new, speculative, cheaper types of carbon dump. The aim is to help industrialized countries avoid restrictions on, or democratization of, their use of existing dumps. As carbon allowances

awarded to Northern industry become scarcer and more expensive over time, those sectors most in need of them will be able to buy an alternative, cut-rate supply from a new production line. Among those active in trying to create this market in new dumps, are oil companies, heavy industries, national research establishments, universities, think tanks, carbon brokers, consultancies, forestry industries, United Nations agencies, the World Bank, marketing firms and international business lobby groups.

One new type of carbon dump is to be carved out of land, forests, soils, water and even parts of the oceans. Fast-growing eucalyptus monocultures, for example, may be established or financed on cheap land in the South and the carbon they "sequester" then sold. The idea is that these trees are "new" and thus make up for the fossil carbon, which continues to be pumped out of the ground. Many such "carbon sink" projects have already been set up in countries ranging from Brazil and Uganda to India and the UK.

There are, of course, a few problems with this project of constructing new carbon dumps in the biosphere. First, in addition to licensing continued overuse and unequal use of the existing carbon dump, the attempt to build new biospheric dumps inevitably means taking over or using people's land, water, forests, air and communities. The result is, inevitably, local resistance as has already been experienced in many countries, in both rich and poor areas of the world.

conclusion

The mercantilist orientation that some sectors want to give the PSA system are not only threatening its ethical integrity, given that they mix it up with the marketing of carbon credits and the accompanying threat of monoculture tree plantations, but they are threatening to turn the PSA system into a control tool and a means by which corporations can appropriate natural resources. These threats are magnified even more with the proposals in the free trade agreement with the US, which will facilitate the opening up of environmental services markets.

Friends of the Earth Costa Rica will continue campaigning for the PSA system to evolve increasingly towards an environmentally healthy and socially just system; so that it can become independent from the old incentive schemes for mono-culture plantations; so that it can be strengthened as a tool in the struggle against rural poverty and avoid the concentration of resources in the hands of big land owners; so that local peasant and indigenous organizations get support to deal with the bureaucratic requirements, and so that it can begin to complement processes of capacity building and participatory research on forests and its resources. The PSA system must not be transformed into the waiting room for the privatization of resources.

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dumping science

A second difficulty with the attempt to build new carbon dumps in the biosphere is that they can't be verified to be working. For one thing, scientists are radically uncertain about the fate of carbon dumped in the biosphere. In fact, scientists can't even know in advance all the factors related to biotic carbon that will affect climate, and all the nonlinear or discontinuous ways they may interact, making the problem even worse than mere uncertainty. The paths carbon takes above ground are not only much less stable but also, more importantly, much less predictable, than the paths taken by fossil carbon left under the ground.

Moreover, no matter how much additional biospheric carbon could be cultivated, it could never be of an order of magnitude remotely comparable to what would be required to "fix" the emissions from remaining unmined fossil fuels. As the Cambridge University forest historian Oliver Rackham quips, to tell people to plant trees to help the climate is "like telling them to drink more water to keep down rising sea-levels."

In short, a verifiable climatic equivalence between fossil carbon and biotic carbon cannot be established, rendering the claims of the Kyoto Protocol and firms such as Future Forests nonsense. Planting trees cannot be proved to make fossil fuel burning "carbon-neutral".

away from the market

An important part of the formulation of the Kyoto Protocol has been the market bias of many of the other actors who are attempting to turn the world's carbon-cycling capacity into a commodity: international financial institutions, consultants, lawyers, traders, technocrats and some large NGOs. Many such technically sophisticated people are unlikely even to consider more constructive and democratic approaches unless public pressure on them increases.

constructive ways forward:

1. Encourage discussion and negotiation about all the different possible ways of dividing up existing carbon dump space equally, including ones that do not involve tradable private property.
2. Work towards keeping remaining fossil fuels in the ground, for example by
 - Supporting and linking existing movements, setting their local areas off limits to mining, drilling, power production, etc.
 - Supporting energy efficiency, renewables, non-fossil-fuelled technologies and responsible tree-planting, but without trading them for continued fossil fuel extraction.
 - Regulation, taxation and other measures that do not start with an assumption that corporations already own the world's carbon-cycling capacity.

2 [brazil] plantar – privatizing the climate and land for profit

The Clean Development Mechanism (CDM) is one of the carbon reduction strategies developed under the Kyoto Protocol. A CDM project is intended to be a sustainable development project that theoretically reduces or offsets global emissions in carbon dioxide (CO₂). The institution implementing a CDM project will, as part of the Protocol, gain carbon credits that they can sell to polluting industries or countries, usually based in the North, who have agreed to undertake a reduction in their emissions. CDM projects include methane extraction from landfills, hydro-electric dam projects, mono-culture tree plantations and projects that switch fuel use away from carbon based fuels, such as coal or oil to alternative sources.



Brazil has been targeted as a country with great potential for growth in CDM projects with several already in development. One example of a CDM in the Minas Gerais region is a controversial project supported under the auspices of the World Bank's Prototype Carbon Fund (PCF). A corporation called Plantar S.A. is claiming carbon credits for not switching its pig iron operations from charcoal to coal. In addition to this 'avoided fuel-switch' component, the Plantar project also claims credits for the carbon that will be temporarily taken up by its 23 100ha of monoculture eucalyptus plantations, acting as sinks that absorb carbon from the atmosphere. The eucalyptus is burnt to produce the charcoal that smelts the iron, but currently only around 50% of the charcoal comes from Plantar's own plantation and a large amount of the remainder is purchased from native sources. This has increased pressure on native forests, where due to significant demand from the pig iron industry, harvest is rarely sustainable, and in many cases illegal.

The World Bank has decided to support Plantar despite the fact that scientific studies concerning the ability of monoculture tree plantations to sequester CO₂ remain inconclusive. Some studies show that such

plantations actually produce more CO₂ emissions than they take up, while others say that only established forest ecosystems such as rainforests are able to absorb and store carbon. Moreover, carbon is actually not stored in plantations, and in the case of Brazil, eucalyptus is harvested in 7 year cycles and when burnt releases the CO₂ back into the atmosphere, something not taken into account in projects such as Plantar. Additionally, during planting, soil is tilled, releasing CO₂. Compounding the problem, more often than not plantations displace native forests, disrupting local ecosystems and degrading biodiversity.

In the case of Plantar, there was more at stake than a company profiting from climate change by planting a self-destructive green desert of eucalyptus trees. In March 2003 a group of over 50 trade unions, churches, local deputies, academics, human and land rights organizations and others protested against Plantar.

Plantar S.A. installed themselves in Minas Gerais in the 1960s and 1970s during the military dictatorship, taking advantage of attractive tax incentives at the time. Most lands owned by Plantar and other corporations that moved into the area, are devolutas, which means without land titles,

four the new market: selling our carbon

That will require ensuring that the politics of climate – like the politics of biodiversity, water, genes, ideas, food, health and land – is not confined to back rooms occupied by politicians and experts but is brought into the light of day. In a recent book on intellectual property, Australian scholars Peter Drahos and John Braithwaite point out that:

"Lobbying in relation to property rights should take place under conditions of democratic bargaining. Democratic bargaining matters crucially to the definition of property rights because of the consequences of property rules for all individuals within a society. Property rights confer authority over resources. When authority is granted to the few over resources on which the many depend, the few gain power over the goals of the many."

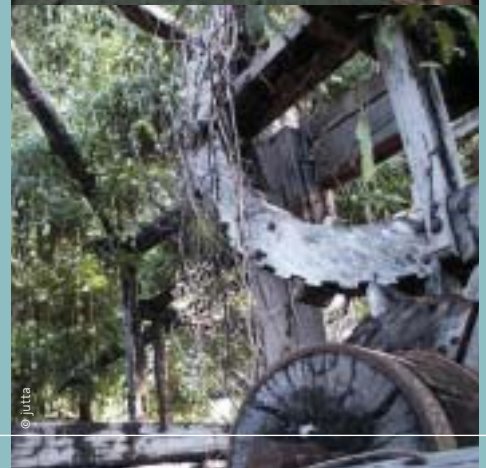
more information:

Sinks Watch: www.sinkswatch.org

Carbon Trade Watch: www.tni.org/ctw

CDM Watch: www.cdmwatch.org

The Cornerhouse: www.thecornerhouse.org.uk



and belong to the state. According to Brazilian law, corporations cannot acquire this type of land, only peasants. Even so, with fraudulent registrations in the registry offices and “hiring” contracts with the state, Plantar succeeded in acquiring hundreds of thousands of hectares of devolutas lands.

Local communities were never consulted, and Indigenous peoples and Afro-Brazilian Quilombola communities and thousands of peasants lost their lands, specifically the immensely biodiverse native savannah, the cerrado, which together with subsistence agriculture had provided for all of their needs. The short cycle plantations that replaced the natural environment did not allow for the survival of indigenous plants, animals and birds, which in turn affected local food markets that had previously depended on the natural products provided by the cerrado. The pig iron companies still use around 15-20 per cent of native cerrado vegetation.

Not only did Plantar cut down large areas of the forest and create unemployment in the process, but also the oil smelting industry and eucalyptus plantations did not replace these jobs sufficiently. However, with no other choice many people were forced to work for these industries. Plantar does not do anything for its

former workers, many of whom are injured or suffering from health problems. Moreover, many have already died as a result of the very bad working conditions associated with charcoal production and eucalyptus cultivation.

Local groups have been working to regain land and compensation from Plantar. However, threats and intimidation tactics from Plantar have made many local residents afraid to let interviewers cite their names and are acknowledged nowhere in project documents. Under the PCF project, Plantar’s already vast land holdings in Minas Gerais will expand by an additional 23 000 ha, further increasing unequal land distribution.

The local movement appealed to the Prototype Carbon Fund with no success, and is now appealing directly to European investors not to put money into the carbon project.

Despite the ecological destruction and social suffering caused by Plantar it has succeeded in gaining a sustainable forestry certificate through the Forest Stewardship Council (FSC). However, a 2003 report by the World Rainforest Movement, documented a multitude of shortcomings and omissions of the FSC certification assessment by the certifying body Scientific Certification Services (SCS), who

issued the certificate. In the case of Plantar it seems that the FSC prefers supporting industrial plantations instead of ecologically based initiatives by local communities.

In summary, the case of Plantar and the support of the World Bank PCF is a stark reminder of the direction our planet is heading. The privatization of lands for monoculture plantations aimed at reducing the pollution caused by the industrial north is not a remedy for climate change. In fact it is only making it worse, while in the process excluding the poorest and destroying what remaining biodiversity we have.

more information:

Carbon Trade Watch: www.carbontradewatch.org

CDM Watch: www.cdmwatch.org

FASE (Federation of Organizations for Social and Educational Assistance): www.fase.com.br

World Rainforest Movement: www.wrm.org.uy

Landless Workers Movement/

Movimento Sem Terra: www.mst.org.br



As the Cambridge University forest historian Oliver Rackham quips, *to tell people to plant trees to help the climate is “like telling them to drink more water to keep down rising sea-levels.”*

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3

[paraguay] life as commerce? mbaracayú: land of the aché
miguel lovera, coordinator, global forest coalition



The Aché people have lived in Paraguay's subtropical forests for centuries, surviving several violent intrusions into their territories, even the Bandeirantes, or manhunters of the eighteenth and nineteenth centuries, and the Jesuit missionaries and their infamous "reductions". The Aché were perfectly adapted to the forest and as long as it survived, so did they.

Since 1945, however, more than 8 million hectares of subtropical humid forests have been cleared in eastern Paraguay – the core of the Aché's ancestral territory – to make way for cattle ranches and mechanized agriculture. Aché communities that survived 467 years of exploitation and colonization were suddenly devastated. Today, the last of the Aché communities are now threatened, ironically, by a nature conservation organization.

In 1988, a soon-to-go-bankrupt plywood mill wrapped up operations in the Mbaracayú Forest Nature Reserve area, home to the last of the Aché communities. The main creditor of the botched company was the World Bank's International Financial Corporation (IFC), which took the property as collateral and then sold it to the US-based The Nature Conservancy (TNC) for \$2 million.

four the new market: selling our carbon

carbon sinks or sinking climate

Carbon sinks is a new and confusing issue to many people. Carbon dioxide is in the air, and carbon is stored in nearly all objects around us, but we cannot see it. Nevertheless, at climate talks negotiators and scientists have re-invented carbon as a new and invisible commodity, to be traded through the establishment of carbon projects such as plantations. An increasing number of these projects are being implemented in different countries despite the Kyoto Protocol not being in force yet. Unless something is done about it, we will be facing scores of plantation projects in the South aimed at "sequestering" carbon from the atmosphere.

Negotiators at the Kyoto Protocol have created something called the Clean Development Mechanism (CDM). This mechanism allows for tree plantations to act as so-called "carbon sinks" which allegedly absorb CO₂ emissions, and store carbon in the wood biomass, while simultaneously releasing oxygen. Unfortunately the mechanism in question has little to do with clean development. Its worst aspect is the promotion of large-scale tree plantations, and the explicit inclusion of plantations of genetically engineered trees.

An example is the Forests Absorbing Carbon Dioxide (FACE) foundation; an initiative created by a consortium of Dutch electricity utilities. The aim of FACE is to plant trees in Uganda and in the Ecuadorian Andes in

To protect this last tract of closed-canopy forest, the powerful conservation organization created the Mbaracayú Forest Nature Reserve. In the process, it shoved the Aché off to the side in settlements and gave them only limited rights to the land. There, the Aché have been exposed to aggressive evangelization and live as foreigners and paupers next to the land that sustained them for centuries. Meanwhile, the nature conservation organizations behind the reserve grow richer from both corporate and public grants.

the role of international financial institutions

From the outset, the World Bank's IFC worked hand in hand with TNC, putting the rights of the Aché second to land conservation. It devalued the land from \$7 million to a more affordable \$2 million, responding most likely to TNC's lobbying of World Bank directors and the intervention of high-ranking US officials. In 2002, the Global Environment Facility (GEF) granted \$998 513 for biodiversity conservation to Fundación Moisés Bertoni (FMB), the private foundation running the reserve that was set up with support from TNC. The Inter American Development Bank contributed around \$580 000 to develop an agro-industrial complex in the area, designed to purchase and process regional produce at prices convenient for the producers.

Aché leaders, who prefer to remain anonymous, say they don't know exactly how much money has been raised, but it's obvious that investments in Aché settlements are meagre at best, not even a fraction of what has been raised for park management.

corporations, TNC score on carbon deals - aché lose

One of the main threats to the world's forests is climate change. It comes as no surprise then that two of the largest corporate donors to Mbaracayú Forest Nature Reserve are egregious emitters of greenhouse gases in search of an image boost: British Petroleum (BP) and AES Corporation, a US electricity generation and distribution giant.

AES Corporation's "Mbaracayú Conservation Project" was designed to offset carbon dioxide emissions from their Hawaii plant, a 180-megawatt coal-fired cogeneration plant on the island of Oahu. Under climate agreements, corporations can offset, or "sequester", their carbon emissions by planting trees elsewhere. When TNC approached AES with its "emissions credits for protected forests" idea, AES was quick to sign on, despite the fact that the issue of the

Aché's rights remained unresolved. The project was too attractive as a less costly, image-boosting alternative to US clean air regulations. The company planted fruit trees and cash-producing indigenous trees, paid \$500 000 to IFC in 1991 to help purchase the reserve, and further contributed \$1.5 million to the reserve's trust fund.

Meanwhile, oil giant BP contributed to a joint research project between FMB and Cambridge University on a cerrado site of exceptional global importance within the reserve. When questioned about taking money from these corporations, FMB's officials responded that all contributions are welcome, even if they come from sources whose daily activities destroy forests around the world. The Aché have a different perspective: they see millions of dollars being raised to help plants and animals, but little to help them – the people who have lived sustainably for centuries on this land and who call it home.

order to absorb the CO₂ which they emit in the Netherlands. It may sound like an improbable idea, but some 50 000 hectares of trees have already been planted in these two countries. Moreover, in their glossy brochures, the project is presented as a great success: indigenous communities are happily planting pine trees; they are reforesting their degraded environment and have even been certified by the Forest Stewardship Council (FSC).

However, research carried out on these plantations in Ecuador, showed little in common with the brochures. This was not a degraded environment but a "paramo" ecosystem, consisting of grasslands 3000 meters above sea level, which had never been a forest. One of the plantations was a total disaster. The alien pine trees from Mexico were very weak and yellow in colour. Growth was extremely slow, and animals had eaten most of the trees' main shoots. Besides this, local people were unhappy with the whole project.

To make matters worse, half of the plantation had been burnt, resulting in the release of CO₂ back into the atmosphere. This is not an uncommon event for tree plantations, which are highly prone to fires. More importantly, it highlights how volatile this kind of carbon storage is, and the unreliability of the system.

Monoculture tree plantations appropriate large areas of land and in the process are often a direct and indirect cause of deforestation. They deplete water resources and destroy biodiversity. What's more, case studies show that local communities become impoverished when plantations replace the natural resources they depend on for their livelihoods.

It is thus obvious that large-scale tree plantations are a bad idea. In spite of this, climate negotiators are promoting them as a "solution" to climate change. Perversely, countries that are already implementing CDM projects are usually portrayed as the "good" guys in climate negotiations, such as the Netherlands, Spain, and Norway. The fact that the Forest Stewardship Council is certifying plantations has only enhanced the status of CDM-related plantations as a 'sustainable' solution.

Regardless of the facts, governments in the South are continuing to make agreements with their polluting Northern counterparts. Recently, the Uruguayan and Spanish governments agreed to plant 30 000 hectares of eucalyptus per year to absorb Spanish companies' emissions. In total some 150 000 hectares of "carbon sinks" are planned in Uruguay, just for emissions from Spanish companies.

biological richness and biopiracy

The Mbaracayú Forest Nature Reserve is a prime example of a minimally altered primary forest and home to approximately 48 percent of all mammal species and 63 percent of all bird species found in eastern Paraguay. The reserve's pristine status means the area is also fertile ground for biopiracy, the exploitation of species of potential commercial value. Currently, FMB is tapping the Aché's traditional knowledge of the area, employing Aché men in research activities. The Aché are asked to help inventory the fauna and flora, but are given no control over the information they share nor its flow through academic, research, and commercial circles. To little avail, Indigenous Peoples' organizations and support groups constantly raise questions about this practice's equity and fairness.

environmental impacts

Given the shameless destruction of Paraguay's forests, the Mbaracayú Forest Nature Reserve is widely considered a successful conservation endeavour. Ironically, however, its success is also its failure. According to FMB itself, the reserve and its buffer zone are quickly becoming an "island of trees in a sea of deforestation". FMB's own research shows that the reserve is not enough to maintain the population viability of keystone species such as the harpy eagle. And as the surrounding forests disappear, the Aché also may need to become over-dependent on this last forest remnant, using it not only for hunting and gathering purposes, but for the full development of their traditional lifestyle. In other words, creating islands of pristine environment is not a real solution to either protecting the environment or the traditional lifestyle of Indigenous Peoples. Only sustainable forest management, based on the unity the Aché achieved with the forest for centuries, can protect the forests for today and future generations.

Investments in the reserve and local infrastructure – health, schools, land purchases, etc – have surpassed \$15 million, according to FMB's reports. From a conventional point of view of development, the investments are welcome. But not for the Aché. Missionaries and conservation interests have made decisions for them, forcing the Aché to accept a sedentary and marginalized life at the doorstep of what rightfully belongs to them. Many Aché claim they are now trapped between the expansion of agriculture and the static conservationist position: the Aché must now abandon their traditional ways, become farmers, and accept a modern lifestyle with no option of return.

more information:

Full case study to be published in the publication 'Life as Commerce' by the Global Forest Coalition and CENSAT Agua Viva / Friends of the Earth Colombia. Downloadable from: www.wrm.org.uy/GFC/



four the new market: selling our carbon

Communities and NGOs throughout the South, from Ecuador and Uruguay to Brazil, Indonesia, Thailand and South Africa are campaigning against monoculture 'carbon sink' plantations. The idea of carbon sinks is unrealistic and the pretence that tree plantations may in any way be a solution is being challenged. More realistic alternatives to climate change have been proposed and playing roulette with an invisible dice is not among them.

more information:

World Rainforest Movement: www.wrm.org.uy

Friends of the Earth Uruguay: www.redes.org.uy

CDM Watch: www.cdmwatch.org

Sinkswatch: www.sinkswatch.org

part five | the new markets 2: selling our
genes and knowledge



1 [england] bioprospecting

English Nature, the UK government agency responsible for wildlife conservation, is reported to be negotiating with research institutions to assess biodiversity in English Sites of Special Scientific Interest (SSSIs) for their commercial potential. The suggestion has raised some concerns in the UK, especially since the government has no official position on the issue of biopiracy, nor any legal framework to deal with it.

The now widespread phenomenon of biopiracy, is causing considerable concern, especially in the biodiversity-rich countries of the tropics. Typically, agreements made between communities with traditional knowledge of biodiversity and the multinational corporations who have exploited such knowledge via patents and other intellectual property regimes, have proved grossly inequitable. There are many ethical concerns relating to patents on life forms, while it is clear that the benefits for conservation arising from the commercial exploitation of genetic material have been grossly overstated. With these and other issues in mind, clarification is needed of the legal and ethical framework that will be used

to conduct the proposed screening of English biodiversity and the subsequent use of the information produced.

Many other countries have either established, or are establishing, legal frameworks at the national level to govern access and benefit sharing in relation to the commercial exploitation of biodiversity. Such a framework must be agreed on before any officially-sanctioned process of bioprospecting can commence. While the UK has no clear approach, it is noteworthy that many poorer countries are already taking steps to ensure a legal framework is in place.

Friends of the Earth believe that the process of bioprospecting raises many controversial matters of principle, as well as practical legal questions. The official position on these questions of principle and law should be made very clear through a democratic process before any steps are made toward the commercial exploitation of the country's natural biodiversity. A national debate is needed, followed by the establishment of an adequate ethical and legal framework for bioprospecting in England.

more information:

Friends of the Earth England, Wales and Northern Ireland: www.foe.org.uk

introduction

The World Bank and other promoters of the Washington Consensus were the major force behind the promotion of mercantilism in multilateral environmental agreements (MEAs) like the Biodiversity Convention and the Framework Convention on Climate Change. During the negotiations of the Biodiversity Convention in 1991 - 1992, this mercantilism was already codified by the inclusion of what seems a relatively idealistic third objective of the Convention to ensure "fair and equitable sharing of the benefits arising out of the utilization of genetic resources, including by appropriate access to genetic resources and by appropriate transfer of relevant technologies, taking into account all rights over those resources and to technologies, and by appropriate funding".

However, the main motivation to include this objective and the relevant access and benefit sharing provisions in the Convention was the suggestion that the only way to save biodiversity was to claim back the millions of dollars that commercial plant breeders and biotechnology companies in the North had earned on the basis of seeds and other genetic information collected in developing countries. It was thought that fair benefit sharing by the then rapidly growing biotechnology sector would lead to an impressive financial flow for biodiversity conservation.

2 the group of mega-diverse countries

In 2001 the Group of Mega-diverse countries was created, and is composed of Bolivia, Brazil, China, Colombia, Costa Rica, Ecuador, Philippines, India, Indonesia, Kenya, Malaysia, Mexico, Peru, South Africa and Venezuela. They claim to represent 75% of the biological diversity and 45% of the cultural diversity in the world and act as an advisory and consultative body to promote the common interests linked to the conservation and sustainable use of biodiversity at the United Nations and other forums.

In practice, this means developing common activities to achieve better results in negotiations related to biodiversity such as at the CBD. This group of countries accepts the patenting of their biodiversity in exchange for the disclosure and recognition of the origin of the resources and if they are paid a certain percentage of the royalties claimed from the industrial applications of the patented materials.



3 the new columbus: craig venter conquers latin american genes

On July 9th 2004, the government of Bermuda publicly expressed its concern that their genetic resources would be commercially exploited through two bioprospection projects headed by Diversa and by Dr. Craig Venter. While Diversa were collecting a protein from a coral that is traded as a biotechnological tool, Venter was focusing on finding organisms in the Sargasso Sea, which could turn carbon dioxide into a clean source of energy. His project has received 9 million dollars from the US Energy Department and has collected and de-codified more than 1800 new spices.

Operating from Venter's 90-ft. yacht, the Sorcerer II, researchers have collected samples in the territorial waters of Mexico, Costa Rica, Panama, Ecuador (Galapagos Islands), Chile and French Polynesia, and in the case of Ecuador and Costa Rica, without any authorization from the national authorities.

Craig Venter is known for his role in mapping human genes as part of the Human Genome project, where he controversially filed for US patents on thousands of gene sequences from the human brain. The US Patent office ultimately denied the patent.

Yet, the presumption that one of the most scrupulous industrial sectors, the biotechnology sector, would turn into a driving force behind biodiversity conservation has turned out to be rather naive. During the negotiations themselves the industry ensured that the great majority of genetic information, which was already safely stored in Northern gene banks, was exempted from the benefit sharing provisions. Twelve years later, there are still no legally binding provisions to ensure the benefits are equitably shared with the countries where the genetic information comes from. But even if such provisions were agreed upon, what would be the result? Who would get the money? Most biodiversity is under the de facto management of local communities: only if their practices are sustainable will biodiversity be protected. Thus, comforting fairy tales are told about local communities getting a reward out of the profits of biotech companies. But in reality the great majority of genetic information is simply taken without any permission. Only in exceptional cases have communities received some sort of reward, and those cases were only concretized due to government interference and/or clever green marketing strategies by the companies involved. When subjected to "real" market forces, most genetic information turns out to be literally in the wild. It can be found in many places, so even when they decide to pay for it, the buyers are able to go to the cheapest seller. With many sellers being remote communities like Indigenous villages, any price goes.

And then there are the moral aspects. Much of the information is sacred, as some of the most interesting genetic information consists of traditional medicines that are closely related to religious rituals. And how cynical is it when the Sen in South Africa, an Indigenous People living in the harsh Kalahari Desert facing regular periods of malnutrition and hunger, are helping biotech companies to develop products like an anti-obesity drug.

The privatization and commodification of elements of biodiversity threatens to destroy the livelihoods and culture of local communities, especially farmers, indigenous peoples and women. The earth's gene pool, in all of its biological forms and manifestations should not be commercialized. It should not be claimed as negotiable genetic information or intellectual properties by governments, commercial enterprises, other institutions or individuals.

4

some current patents

Examples of patented plants, which are important in everyday life for numerous communities and Indigenous Peoples in their diets, spiritual and health care practices.

- **Ayahuasca:** A sacred plant used by indigenous peoples in Amazonia for medicinal and spiritual rites, patented by Loren Miller.
- **Maca:** A plant used for the diet and for pharmacology in Peru, patented by Pure World Botanicals Inc and Biotics Research Corp.
- **Quinoa:** A grain eaten in Latin America with high nutritional value, patented by two researchers at the University of Colorado.
- **Tepezcohuite:** Used by the Maya people against burns because of its anti-inflammatory properties, patented by Dr. Leon Roque.

- **Rupuninine:** Used in traditional medicine for heart and neurological diseases and for the control of tumours and fertility, patented by Gorinsky.

- **Basmati rice** India's most well known rice bred and nurtured for thousands of years by local communities, patented by a US Company, Rice Tec.

- **Nap HalWheat** A variety of wheat used to make Chapati bread, a staple of Northern India, patented by Monsanto.

- **Atta** Whole-grain wheat flour used in India patented by Conagra.



five new markets: selling our genes and knowledge

privatizing life

Patent-holders are permitted to restrict the use of new inventions for decades, to allow them to promote their inventions without competition and thereby reap the rewards of their initial investment. However, the patenting of life - a relatively new phenomenon - now permits the ownership and subsequent commercialization of 'discovered' knowledge about biodiversity. It conveniently ignores the facts that such knowledge may rightfully belong to Indigenous Peoples and local communities - and that no invention may have been involved. Indeed, this type of patenting is commonly referred to as biopiracy.

The WTO's TRIPS agreement (on 'trade-related aspects of intellectual property') came into being in 1995. As a result, it is now mandatory for all member governments - even those that had previously prohibited the patenting of biological resources - to allow the patenting of micro-organisms and micro-biological processes and to amend their national laws if necessary. They are also required to introduce intellectual property protection for plant varieties.

There are now many patents on life, covering both genetically modified and naturally occurring organisms and including plant, animal and human genes. By November 2000, for example, patents had already

been granted or were pending on more than half a million genes and partial gene sequences in living organisms. Nevertheless, the patenting of life remains hugely controversial, both because of its implications for living beings and because of its impact on communities in impoverished countries.

Companies or institutions appropriating local communities' knowledge of biodiversity and its uses (with or without their permission) are effectively creating private, profit-generating monopoly rights. This frequently gives rise to an ironic situation of 'reverse transfer of technology' in which the poorest transfer their knowledge to the rich developed world, often for little or no reward.

There are multiple benefits for intellectual property owners, the most obvious being the profits generated following the successful commercialization of their patented products. Less obvious, perhaps, is the fact that a select number of global corporations are steadily increasing their control over the world's staple food crops including maize, potato, soybeans and wheat. Indeed, techniques to decode and identify the best plant genes are accelerating and the biotechnology industry is racing to map the genomes of the world's staple food crops with a view to patenting the results.

5

UPOV – plant breeders' rights

Appropriation of biodiversity is also facilitated through so called plant breeders rights established in the UPOV 91 convention. It denies the rights of farmers to save their own seeds while neglecting to recognize their inherent rights acquired through their special relationship with biodiversity. Among other negative impacts, it allows companies to take over the national institutional framework for plant breeding. UPOV and its soft patents represent a mechanism that provides private monopoly rights over life forms, and as such, allows the privatization of our genetic richness, which is a public good.



In complete contrast, the impacts on those relinquishing their intellectual property rights are almost wholly negative. Traditional knowledge may have been painstakingly developed by many generations over the centuries, but people and communities can - at the stroke of a pen - find themselves unable to use that knowledge either for their own benefit or as a means of generating income. They may even find themselves obliged to buy the knowledge back, at hugely inflated monopoly prices. Farmers for example, may have to buy seeds from large agricultural corporations rather than saving and exchanging seeds amongst themselves. In short, traditional knowledge about the conservation and sustainable use of biodiversity is being eroded.

Friends of the Earth believes that the TRIPs Agreement must not restrict the right of governments and peoples to promote and protect essential public interests in relation to health, the environment and development. The patenting of life and the theft of traditional knowledge must be prohibited.



6

[canada] court case rules in favour of patents on life

In 1997, Canadian farmer Percy Schmeiser was accused of stealing Monsanto's genetically modified canola seed and in 1998 the case made its way to court. It took on international importance because it was potentially the first challenge, at this level, on the ownership of genes. Unfortunately, the case itself was fought on basic issues regarding whether Schmeiser had used the seeds illegally, not on whether the company had the right to patent and own the building blocks of life. Schmeiser's defence to Monsanto's allegation that he was using their seed in contravention of their patent was that

he didn't want their seed and had never planted their seed; it had literally been blown off the back of a lorry which was passing Schmeiser's land on the way to neighbouring farms. Schmeiser lost the case by a narrow margin (6-5). The court stated that larger questions such as who owns seeds were political and best left to parliament. Overall, the decision was a disappointment, but it showed there was a strong dissenting opinion from within the court. Local organizations are continuing to press the issue with the country's politicians.

more information:

Council of Canadians: www.canadians.org



five new markets: selling our genes and knowledge

biopiracy and its impacts on biological and cultural diversity

Modern day bioprospecting contracts have many qualifications, but “fair” and “equitable” are certainly not among them.

Miguel Lovera, coordinator, Global Forest Coalition, Forest Cover 11, February 2004

It is the collective right of local communities and Indigenous Peoples to have control over their natural resources. It is also an important element of sustainability. However, the act of biopiracy is taking this right away by facilitating the privatization of biodiversity through patents.

Indigenous Peoples' and local communities' traditional knowledge is deeply entrenched in the nature surrounding them. For millennia they have utilized and bred plants for various purposes. The patenting of these plants has undermined their rights to their own knowledge and the benefits that they may derive from it.

bioprospecting & biopiracy

Bioprospecting initially aims to bring together the commercialization and conservation of biodiversity. Genetically rich countries with limited capacity for scientific research take samples and make biological inventories of their resources. In contrast, countries with a strong scientific research and development capacity, usually the industrialized nations, are in charge of the identification of the properties of the sampled beings, thanks to their superior technology. The properties of the sampled beings, in general, are patented, or claimed as intellectual property under various regimes. As a consequence, genetic resources

7 [costa rica] biopiracy and the case of INBio

In October 1989, The National Institute for Biodiversity (INBio) was created as a private, non-profit association working in the public interest. Its goal was to make an inventory of national biodiversity within one single entity and to put this information to the service of the country.

In 1991, as part of a one million dollar deal, INBio began selling biological samples to the pharmaceutical giant Merck. The terms of the contract were kept secret despite the fact that INBio was negotiating public goods. Moreover, the contract didn't mention important issues for the country, such as the number of contracted samples, percentage of eventual royalties, ownership of the patents, impacts of patenting on local communities and possible erosion of sovereignty.

The relationship between INBio and the corporate sector continued in a contract with Diversa Corporation in 1995, which was renewed in 1998. Highlighted in a CBD press release as an example of access and benefit sharing of genetic resources, the two partners collected samples of microorganisms from mangrove swamps, coral reefs, forest soils and

other locations. Diversa was looking for enzymes and structural proteins that could be used for biotechnology, crop protection and pharmaceuticals. Under the terms of the agreements, all DNA sequences that INBio isolated for Diversa became Diversa's property. In return Diversa paid the salary of at least one member of INBio staff and allowed it to use its proprietary technology to collect samples. Furthermore, INBio would receive royalties in the event that Diversa licensed a product to a client company, based on samples obtained from INBio.

It must be questioned if this was a fair deal. The CBD said nothing regarding whether there would be any control mechanisms to determine the existence or not of products that are derived from the appropriated biodiversity samples. Nor did it question what the privatization of biodiversity might mean for poor countries in terms of their culture, their vision of the world, or at least in terms of their research capacity.

Since 1999, INBio has received financial support from the Inter American Development Bank to initiate training courses for companies to research and sell pharmaceuticals made out of herbs, tree bark and other natural plant material. The end result has been the

development of companies that sell capsules for the domestic market to treat benign conditions such as stomach pain and acne. The capsules basically contain what traditional healers have offered their patients for thousands of years. With funds from an international financial institution, INBio uses native plants and traditional knowledge to promote their appropriation in the hands of a variety of companies.

These successful examples of biopiracy are full of unfulfilled promises and promote a development model that is very detached from social needs and the protection of the environment. INBio is a private institution that facilitates the privatization of Costa Rican biodiversity, and is publicized as a successful business model in the field of contracting the sale of biodiversity to corporations at a national and international level. It has portrayed its own profits as a benefit to the country, even though the monetary contribution has not been as lucrative as expected according to what was established when they signed the agreement with Merck. In short, they sold priceless Costa Rican biodiversity on the cheap.

are privatized to the benefit of countries with strong scientific research capacity. This activity is called biopiracy, given that it facilitates and promotes an illegitimate though still legal appropriation of biodiversity.

The pharmaceutical and agricultural industries have taken ownership of the genetic resources of biodiversity and associated traditional knowledge through the use of patents to develop an important proportion of their products. Between 1950 and 1980, 25% of the medicines in the US were based on products coming from plants, and currently 48% of the medicines undergoing clinical tests are derived from plants. The economic importance of these resources has led to intergovernmental negotiations in every possible international forum to establish national and international legal frameworks to facilitate access to these resources, and therefore legalize biopiracy.

biopiracy legalized

The commercial use of genetic resources, and inadvertently biopiracy, is being promoted within United Nations forums, including the Convention on Biological Diversity (CBD), and the United Nations Environment Program (UNEP). Moreover, the World Trade Organisation (WTO) and the World Intellectual Property Organization (WIPO) actively develop and enforce legislation and policy on patents.

With the alleged goal of fighting biopiracy, the CBD has promoted negotiations on Access and Benefit Sharing (ABS) since 1999. These negotiations were based on the CBD objective to ensure a "fair and equitable sharing of the benefits arising out of the utilization of genetic resources, including by appropriate access to genetic resources".

Events have shown that while those countries that are theoretically sovereign over their resources have broadly facilitated access, the fair and equitable sharing is nothing but an attractive concept, a sort of mirage or trick, which has not been met with either the political will for implementation or the political decision to demand it. Benefit sharing has been scarce or null throughout the whole world, while biopiracy has increased.

8

developing countries defending
their genetic resources

The Philippines is one country that has long been active in this area. In 1995 they introduced legislation on access to genetic resources, which prescribes, among other things, that the prior informed consent of local communities is required before biodiversity in their territories can be collected. Andean countries have established legal frameworks that provide local communities with a right of prior informed consent before their traditional knowledge of local biodiversity can be exploited. African countries have developed an African Model Law for the Protection of the Rights of Local Communities, Farmers and Breeders and for the Regulation of Access to Biological Resources. They have collectively agreed that no patents should be granted on genetic resources found in their countries, including living processes based upon those genetic resources and related traditional knowledge.

more information:

Legal Rights and Natural Resources Center:
www.lrcksk.org



five new markets: selling our genes and knowledge

trade negotiations

Discussions on biopiracy also take place at the WTO specifically in relation to the Trade Related Aspects of Intellectual Property Rights agreement (TRIPS). Similarly, the discussion is present in the debate on the services negotiations within the General Agreement on Trade and Services (GATS), given that biopiracy is considered as a service. As such it must be granted the necessary conditions for unhindered development, even if this happens in violation of the rights of Indigenous Peoples or local communities, or if it facilitates the privatization of biodiversity and encompasses in this way privileges that are beyond the sovereign decisions of nation states.

Additionally, the USA has been negotiating diverse bilateral trade and investment treaties, given that the multilateral forums have not fully satisfied their commercial goals. For example in a treaty with Chile, they have pushed for what is known as TRIPS-plus clauses related to intellectual property. The proposals go beyond what is currently allowed through TRIPS and furthermore entrench corporate proprietary rights, for example by allowing the patenting of plants and animals - transforming what are exceptions in TRIPS into rules.

conclusion

Biopiracy results from a vision of the world that believes that we can only conserve what we own. It is the rationale behind the million-dollar industry that has profited from the natural resources and traditional knowledge of Indigenous Peoples and local communities. They, in contrast, have permitted the conservation, use and improvement of biological diversity on the basis of collective practices that need to be shared in order to survive.

The forums that emerged as a space for the protection of biodiversity are currently not very different from those that promote the imposition of a market-based commercial model. On the contrary, biopiracy is on the increase, while the sustainable practices developed by Indigenous Peoples and local communities are weakened, as are their customary rights.

more information:

COECOeiba Friends of Earth, Costa Rica email: coecoat@sol.racsac.co.cr

part six | conclusion – privatization and the poor



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“the water supply is none of the private sector’s business; it must be ensured by public, decentralized services...”.

Jean-Luc Touly – a Vivendi employee who created the Association for the Global Water Contract (ACME).

Of Togo’s 4.5 million inhabitants, 70% suffer bitterly from lack of water. Several factors contribute, amongst them increasingly low levels of forest cover and a poor river system - practically all rivers stop flowing during the dry season. The usual sources of water in rural areas are watercourses and wells, while public fountains, domestic connections, and wells provide water for urban populations.

In rural zones, most people have to travel very long distances to find water, affecting their economy and their health. Women and children, who are normally in charge of collecting water, have to spend many hours waiting their turn to get just a few litres. Thus children are late for school and women have less time for other commercial and domestic activities. More often than not the water collected is not fit for human consumption, but people rarely take the necessary steps to make it potable.

In urban areas, people have access to water distribution systems. Until 2003, water services were provided by the Régie Nationale des Eaux du Togo (RNET). After 2003 this responsibility was transferred to the Société Togolaise des Eaux (TDE) and the role of the state – which previously ensured water provision - was considerably diminished. The commercialization of Togolese water services ultimately led to an increase in the price of water for consumers. At the same time, however, privatization does not appear to have improved the numbers of people connected to the water distribution system.

Friends of the Earth Togo aims to encourage people to participate in development, for the benefit of present and future generations, by supporting the sustainable management of water resources.

more information:
Friends of the Earth Togo:
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excluding the poor

Of all the negative environmental and social impacts of privatization, the most profound one is the marginalization of poor consumers. When the delivery of public services, like water provision and environmental care, is put in the hands of the private sector, the consequence is usually a shift to more profit-oriented policies.

Poor consumers are of no interest to profit-oriented industries. For that reason, water companies tend to prioritize water delivery to rich urban neighbourhoods, and ignore the often more desperate needs for safe drinking water in remote rural communities and other poor sectors of society.

The poorest also lose out when the production side of an environmental market is put in hands of the private sector. While it is generally recognized, through success-stories like the Green Belt Movement, that small-scale communities are the most efficient producers of biologically diverse reforestation and landscape restoration projects, it is also acknowledged that they are losing out in the rapidly developing market of carbon sequestration projects. The complicated and expensive procedures to access the funding available under the Clean Development Mechanism and other Kyoto Protocol mechanisms make it virtually impossible for small-scale initiatives to be funded. The handful of well known examples like the Costa Rican environmental services scheme and the Scolel Té project in Mexico, have all been the



Important national and international organizations that advocate ecosystem preservation and supposedly promote economic development for local communities, have encouraged the idea that the economic hope for poor countries lies in their biological and cultural resources. Based on research that aims to quantify, determine and systematize biological resources, these organizations lobby governments and local communities, pushing the need to implement trade strategies and urgently design policies to facilitate access to and exploitation of these resources. Any consideration of the consequences of turning life into a commodity that can be bought and sold has been pushed aside. The question of what is the best bio-extractive system has become their main focus.

Although yet to be clearly identified and highlighted as a serious risk to the equilibrium of the complicated forces that generate life, the increasing commodification of nature must be analyzed and discussed. The issue of green markets in Colombia and other countries should thus be reviewed and assessed from a critical, corrective and propositional perspective.

On the basis of commercial feasibility studies and biological diversity research, organizations such as the Alexander von Humboldt Institute and the Bolsa Amazonía Colombiana, have made efforts to demonstrate that since the potential of biological resources in Colombia is so immense, it is essential to develop a clear policy regarding access to them, encompassing a strong strategy of green markets. This initiative for the commodification of life is two pronged; on the one hand it promotes legislation to regulate access and extraction of biological resources; and on the other, it stimulates the exploitation and extraction of those resources.

The concept of green markets promotes the idea that products that are manufactured in a special way (organic products, community products, traditional or indigenous products) can and should be sold and paid for with a price differential. There is no doubt that these products, produced with extra merits, must be specially valued. Yet trying to put into monetary terms the complex web of values contained in agricultural products that are cultivated and processed in an organic and communal way, or in handicrafts made by indigenous communities, represents an objective that is an offence to the complexity of life.

result of intense involvement of the public sector, in the form of generous donor support and government control.

Landless farmers arguably form the most influential rural sector as far as the maintenance of forest cover and other biological resources are concerned, as they are often forced to produce in the most remote and thus most natural rural areas. Yet, as they have no legally recognized land title, there is no opportunity for them to receive any reward for their conservation efforts through environmental services schemes like carbon trade, the sale of genetic resources or financial compensation for watershed management. On the contrary, these schemes tend to marginalize them even further as they provide preferential support through incentives that can be claimed by large-scale producers of these services, such as monoculture tree plantation companies and large, foreign conservation organizations. It is not accidental that the first large carbon sequestration project in Brazil favoured a high monoculture tree plantation company like Plantar, rather than the millions of landless farmers who have been, de facto, managing and restoring millions of hectares of precious Brazilian ecosystems.

women, the main victims of privatization

Women form the overwhelming majority of the world's monetary poor. They also form the greater part of the world's landless farmers. As women tend to spend a very significant amount of their time on activities such as household tasks, childcare and maintaining vegetable gardens, the economic value of which is not recognized, they are further marginalized when the monetary economy starts to dominate sectors that are crucial for their livelihoods. This is precisely what happens when basic needs like water and biodiversity are privatized. Women become the main victims when water provision is put into private hands as they have less money to pay for drinking water and are thus not an interesting target group for profit-oriented water companies. This creates ever worsening circumstances as it is women who are primarily responsible for water provision in many households. Water that used to be free, and that used to be fresh.

To pretend that values such as solidarity, respect, affection or brotherhood that are imprinted on some products can be measured in monetary terms is to immediately destroy their quality, and simplifies them to such an extent that they lose all their real value. Money can be a useful and proper way to measure the value of some products quantitatively, but it cannot measure other underlying values, such as unique conditions of production imbued with deep social and cultural meanings. Trying to do so represents an assault against the richness of life.

An example of the promotion of green markets is the joint call for projects issued in April 2003 by the Colombian government through its Plan Colombia, and the Fundación Chemonics Colombia (part of Chemonics International), a USAID contractor. They provide financial support for initiatives that involve the alternative development of agricultural products and fulfil the requirements of the Alternative Development Program of the Presidential Advisory for the Plan Colombia. These requirements take into consideration the economic potential and sustainability of the resulting products. The call received 175 requests for project funding, all of which were related to products such as cacao, rubber, forest products and coffee.

Some of these projects, especially those regarding oil palm and cacao, are now being implemented with the help of the government in some regions of Colombia, particularly in the province of Norte de Santander, ignoring the impacts this can have on the biodiversity of the territories.

On the flip side of the coin is a blunt initiative to formulate a national policy to regulate access to a broad span of biological resources. According to the Alexander von Humboldt Institute and the Bolsa Amazonía Colombiana, these resources can range from forest seeds and Amazonian fruits, ornamental butterflies and fish, to endemic cooking products and unique landscapes that can be exploited by means of Eco-tourism. This approach is illustrated by the projects which the Alexander von Humboldt Institute develops together with the Regional Autonomic Corporations (CARs) and other government bodies such as the National Environmental System (SINA). These are aimed at promoting, coordinating and carrying out research on the impact of policies that promote access to natural and cultural diversity, and emphasise the need to generate framework legislation on the knowledge and uses of biodiversity.

The real objective of these initiatives must be questioned when extractive policies are already being promoted, and while at the international level negotiations are being undertaken to decide access to and benefit sharing of biological resources. Questions arise particularly when there does not seem to be any justice prevailing or an equitable distribution of the benefits derived from the current trade in biological resources in Colombia and other Latin American countries.

Moreover, instead of advocating the need to regulate access to biological and genetic resources through a broad and rigorous international agreement, these initiatives legitimize attempts by private companies and multinational corporations to bilaterally negotiate access to what historically belonged to indigenous and local communities. This includes endless amounts of plant and animal species, water resources and traditional knowledge.

According to native and peasant peoples around the world, the negotiations on resources such as land, water and living species are not representing their interests, but those of the new “gangsters of life”.

It is quite evident that the complexity of bio-cultural relationships that sustain the beliefs and social practices in which many of the

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Paying a high price for water hits women particularly hard as it puts another burden on their already relatively small income. Moreover, it makes them even more dependent upon their husbands or partners who tend to be the main earners of cash income in the family. In most societies men are still free from household and childcare tasks, which means that they can dedicate all their time to remunerated work. Even in agriculture, where, in addition to maintaining the family vegetable gardens, fruit trees and other sources of essential nutrients for household consumption, women are often also involved in the production of cash crops, they rarely have control over the monetary income generated by the sale of such crops.

Large-scale tree plantations, favored by carbon trade schemes also marginalize women. In many societies women are responsible for gathering fuelwood, but they seldom have the money to pay for it. When energy provision is taken over by the commercial carbon market, whether through large-scale tree plantations or other commercial energy services, women again risk marginalization, becoming yet more dependent on their husbands' income.

In addition, large-scale plantations are clearly not forests, because the former do not provide any of the non-timber forest products provided by the latter, such as food, fuel, material for handicrafts, resources used for housing, household items and medicines. They also deplete the water resources they depend on. In forest-dependent communities it is precisely these non-timber products that are essential for household survival and it is the women who are responsible for their collection. The spread of large-scale tree plantations, therefore, often has the effect of increasing the burden on women's time and energy, as they are forced to spend more hours and cover greater distances in order to obtain non-timber products without which the household cannot survive.

The privatization of traditional knowledge and genetic resources (such as medicinal plants) through biopiracy also has an impact on women. While women are often the main caretakers of traditional knowledge and medicinal plants in the community, providing these essential health care services free to their families and other community members, biopiracy tends to be men's business. It is the men who normally hold the formal decision-making power in the community, and the land titles. Thus, if a pharmaceutical company that wants to buy traditional knowledge and medicine approaches a community, it is normally the men who decide whether to sell that knowledge, and

African-Colombian, indigenous and peasant communities are living, are necessarily simplified when those that trade with life try to reduce them to commodities that can be negotiated in monetary terms. The privatization of life puts at stake the legal rights of every community to their own culture, diversity, and their right to determine their own living conditions in an autonomous and sovereign way. The negotiations carried out by the "gangsters of life" through bodies such as the United Nations or the WTO are threatening the production of handicrafts, animal husbandry and food that communities have traditionally developed only with the objective of promoting solidarity relationships among peoples and nations. In contrast, production that is developed with the exclusive objective of monetary accumulation results in the destruction of local markets and the undermining of the social and cultural practices that sustain the life of communities.

In contrast, what should be demanded is that the peasant, family, or indigenous farm units be given autonomy to identify and prioritize their needs and problems, in such a way that they can design solutions according to the local communities' potentials and rights. In the same way, it is crucially important that the

marketing of products is undertaken directly by the producing communities, using strategies and methods according to their traditions, in such a way that they can trade not only through money but through barter, loans, exchange and by collective production and consumption.

This kind of strategy, resulting from collective research and participatory practices, can strengthen and enhance values that are not measurable and cannot be reduced to monetary terms. This consists of the democratization of the conditions for production and marketing achieved through community and participatory planning. It also includes the strengthening of peasant and ethnic organizational capacity through community empowerment, as well as the generation of communitarian links and social networks, reinforcing solidarity and relationships of mutual respect. Finally, it creates the possibility of autonomously deciding the future of the biophysical environment, how surpluses should be allocated and what purpose their physical spaces will be put to.

more information:

CENSAT Agua Viva / Friends of the Earth Colombia www.censat.org



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receive the monetary reward. Moreover, the subsequent patents applied on these traditional medicines can make it impossible for women to use their own knowledge, even if the health of their own children is at stake.

Women also form the majority of the world's landless. Even when a family does have formal title to a piece of land, the holder of the title deed is generally the man, leaving the woman excluded from the carbon sinks and water abatement schemes that are currently being developed by neo-liberal think-tanks. However, the Green Belt Movement was not accidentally a women's movement: it is women who have been the leading force behind the conservation of forests, woods, wetlands and other precious ecosystems that provide them with the non-monetary resources they need to take care of their families. This varies from basic needs like drinking water, edible plants, honey, traditional medicine, fuelwood and fodder, to ornaments like flowers for cultural festivities.

Of course, increasing the monetary power of women by engaging them in the formal economy, through increased employment opportunities, will make the impact of the privatization of basic services less harsh. This is the recipe that the IFIs prescribe. Yet, do we really want to fully privatize child and parental care, the care for households and homegardens, cultural events and the many other informal activities that take up women's time? The main problem with the "efficiency" approach that

advocates incorporating women into the waged labour market is that it ignores women's other socially assigned responsibilities and by default regards women's time as infinitely elastic.

Nature's value to us cannot be valued in monetary terms. This is recognized by many, and included in the formal policy recommendations in the Convention on Biodiversity. Yet, there is still too little awareness that this also means that nature will be disadvantaged in a monetary economy. Privatizing nature means more than marginalizing the monetary poor. It means marginalizing our values.

3 [russia – siberia] communism and capitalism: different roads to the same place

Nowhere in the world is the issue of privatization more poignant than in the former Soviet Union, a country where not so long ago just the idea of private control of natural resources was absurd and antithetical to the country's ruling Communist ideology.

International Financial Institutions, such as the World Bank and IMF, have had a strong hand in privatizing Russia's forests and agriculture, prompting corporations to take over national property and encouraging the government to go forward with privatization schemes. Their reasoning, like the government's, is classic trickle-down economics. While there might be some positive aspects to privatizing resources poorly managed by the State, the evidence overwhelmingly points to a disaster for the environment and well-being of Russians. Price hikes for natural resources now controlled by profit-motivated companies are already burdening the majority of Russians and social tension is growing.

In the Krasnoyarsk region, in Central Siberia, prices are indeed on the rise as a result of increasingly privatized and concentrated ownership of natural resources, agricultural lands and the production of marketable

goods. Before privatization, few people lived in this region, with its harsh environment. The land could sustain the population, and the cost of protecting the environment was minimal. Today, as industry is being developed, more people are moving into the area and already the quality of life has fallen. Illegal logging and poaching are on the rise. The moose population has fallen to 10 percent of carrying capacity. The same fate has befallen the Siberian red deer, the roe deer, sturgeon, and to a lesser extent, salmon. Trucks drive over grass cover to avoid muddy roads. Companies and workers are dumping waste onto river banks and roadsides.

In Russia, privatization, and capitalism as a whole, has led primarily to the economic empowerment of the already rich, an outcome ironically similar to that experienced under Communist rule.

more information:

Friends of the Siberian Forests.

Full case study to be published in the publication 'Life as Commerce' by the Global Forest Coalition and CENSAT Agua Viva / Friends of the Earth Colombia. Downloadable from: www.wrm.org.uy/GFC/



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the millennium development goals for sale!

At the change of the Millennium, Heads of States from all over the world came together at the United Nations to set themselves an ambitious set of goals: the Millennium Development Goals (MDGs). They pledged, stronger and more concretely than they had ever done before, to combat poverty, hunger, disease, the discrimination of women, and environmental degradation. Concrete goals were set, amongst others, to eradicate extreme poverty and hunger, to promote gender equality and empower women, to combat the most important diseases and child mortality and to ensure environmental sustainability. Specific targets were set for each of these goals, including the target to integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources, and the target to halve, by 2015, the proportion of people without sustainable access to safe drinking water.

Yet, as concluded by the first reports of the Millennium Development Project, which reviews progress in achieving these targets, the lack of financial resources

is a major stumbling block for the implementation of these goals. The money that is pumped into the war in Iraq is more than enough to meet all the MDGs, yet regretfully, securing access to oil has turned out to be a higher priority for the world's richest governments than combating poverty, hunger and AIDS.

But IFIs and other promoters of the Washington consensus found a way out of the dilemma: privatizing the Millennium Development Goals. The new recipe is called public-private partnerships. By involving the private sector, including large NGOs, in the implementation of the Millennium Development Goals, new sources of private funding could be tapped. Governments were recommended, and often even forced, to involve the private sector in the provision of a wide array of basic services, ranging from water, education and health care, to environmental protection. As a result, corporations play an increasingly large role in the implementation of the MDGs: in some countries, for example, the overwhelming majority of reproductive health care centres is in private hands.

The privatization of environmental governance in general also entails the severe risk that the corporations who provide generous financial contributions to the implementation of environmental commitments, will also start to set environmental policies. An alarming example is the new partnerships between multilateral environmental agreements and industry. Bayer for example, a multinational with a vested interest in biotechnology, is contributing generously to the implementation of the Convention to Combat Desertification. Needless to say, genetically modified crops are one of the

Latvia's 1500ha Ozolsala forest, containing trees over 100 years old, is presently threatened by the plans of Finnish pulp company Metsaliitto to build a gigantic new pulp mill in the area. Although public property, the forest is practically being privatized and given as a gift to Baltic Pulp, of which Metsaliitto is a majority owner.

The IUCN has included the forest in a network of ecological corridors within Europe as it serves an important function in maintaining environmental and biological diversity in the region.

With a capacity to produce 600 000 tonnes annually, the pulp mill will harm connected ecological corridors and neighbouring nature sites, as well as damaging the unique native biodiversity of the area through air pollution, new roads and buildings, increased traffic and the use of chemicals. Of particular concern is the possible release of chlorine dioxide used in the pulping process into Latvia's main river, the Daugava, which runs through adjacent nature areas. The Daugava sustains small and medium fisheries, and its basin is a source of drinking water for a large number of people.

Environmentally sensitive areas such as nearby bogs are threatened, and the increase in acidic air pollutants will change the forest structure, damaging conifers and increasing defoliation. One of the sites that will be affected is Kalsnava, a pine plantation with a seed gene pool for which Latvia is famous, and an arboretum consisting of 2 382 tree varieties. Moreover, several protected plant species, including different types of moss and fungi, and animal species such as black storks, black grouse, eagles, cranes, and corncrakes are being threatened by the planned mill.

Friends of the Earth Latvia (VAK) is campaigning against the pulp mill and is aiming to get the forest assigned Natura 2000 status, making it part of the European Commission's network of important ecological areas.

more information:

Vides aizsardzības klubs - VAK, Friends of Earth Latvia: www.vak.lv



solutions to desertification promoted by this partnership. Carbon traders like the FACE foundation are involved as "independent advisors" on carbon sequestration policies in the Climate Convention. The Nature Conservancy acts as an "independent advisor" on protected area policies for the Convention on Biodiversity. Even more fascinating is the joint policy paper full of beautiful photos of colourful birds and trees on protected areas that was produced by the Secretariat to the Convention on Biodiversity in partnership with the multinational oil company Shell Inc. Needless to say this policy paper included the remarkable recommendation that oil exploration in protected areas should be possible, as long as it is done under certain conditions.

And even the UN Environment Program, one of the poorest of all UN institutions, is increasingly reaching out its hands to the private sector - for financial contributions that is. Now that governments are still refusing to pay the normal mandatory contributions to this UN institution, UNEP's functioning is frighteningly dependent on voluntary contributions, including voluntary contributions from its "partners" in business and industry.

Yet, this corporate control and privatization of public policy comes at a price. This publication describes in detail how privatization of water and biodiversity has lead to severe negative social and environmental impacts in many countries. It is the monetary poor, especially women, who pay the highest price, which makes this approach de facto incompatible with the first and third MDGs.

It is time governments stop selling out their responsibilities. In countries like Indonesia, there is a tendency for governments to withdraw even further from sectors like education and health care, now that public-private partnerships are taking over the implementation of the Millennium Development Goals in the field of education and health care. But it is governments who committed themselves to the MDGs. It is governments who committed themselves, at the World Summit for Social Development, to dedicate 20 percent of their budget to social services like education and health care. It is governments who committed themselves to the implementation of Agenda 21, the 600-plus-page book of recommendations that came out of the United Nations Conference on Environment and Development in 1992, and the Johannesburg Plan of Action that came out of the World Summit on Sustainable Development in 2002. It is governments who committed themselves to the almost classical target of 0.7 percent GDP for Official Development Assistance. It is governments who should ensure MDG 7 to ensure environmental sustainability is fulfilled. And it is governments who should fulfil the MDG to eradicate extreme poverty and hunger.

If there is one thing we learned from the war in Iraq, it is that there is no lack of money. There is no need to sell nature and other commons, if governments would just, for once, fulfil their promises.

more information: United Nations Millennium Development Goals: www.un.org/millenniumgoals/

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