

# Indian Mining Exchange

News Bulletin, 19<sup>th</sup> September 2011

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[http://www.chinadaily.com.cn/china/2011-09/07/content\\_13635516.htm](http://www.chinadaily.com.cn/china/2011-09/07/content_13635516.htm)

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## **Mining Code, Royalties and Taxes**

**What You Need To Know About Brazil's New Mining Code, And Why Vale Could Be Oversold**

Mamta Badkar | Sep. 9, 2011, 10:34 AM |

Brazil has been drafting a new mining code that is aimed at increasing state control over the industry.

President Dilma Rousseff is expected to present various bills to Congress that would hike royalty rates, create a new mining regulatory body, curtail speculation and change the licensing policy.

Markets are factoring in a 4% royalty rate on revenues, which is already causing a dispute between mining companies and the state.

Shares for Vale have taken a 22.5% hit this year on the NYSE as investors plan for reduced profits in its home country of Brazil. The mining giant derives nearly two-thirds of its revenues from Brazilian iron ore. It is also in a \$4.7 billion tax dispute with the National Department of Mineral Production.

While investors seem to be pricing in a collapse in spot iron ore prices, Barclay's Leonardo Correa says this scenario is unlikely.

Vale shares are "overly discounted," according to Correa, but he expects share prices to be capped in the near-term because of issues stemming from the new mining code.

Correa predicts that special participation taxes will not go through. Special participation taxes are a levy on large mining projects that are separate from royalties, and would be extended to 25% of existing projects. The tax would be applied to gross revenues from production and deducted from investments, according to Reuters.

For investor sentiment to improve, Correa says mining regulation should be resolved by the year end. For now the government and miners haven't arrived at a consensus and discussions are expected to be drawn out.

<http://www.businessinsider.com/brazil-new-mining-code-impact-on-vale-2011-9>

### **Peru asks Congress to raise mining taxes**

LIMA, Sept 14 (Reuters) - Peru's leftist government presented a bill to Congress on Wednesday that aims to increase mining taxes to fund anti-poverty projects.

The scheme aims to replace the current royalty system, which is based on sales rather than operating profits. The current system calls for royalties of between 1 percent and 3 percent on sales, although it does not apply to all miners.

If approved, mining companies with jurisdiction stability agreements will have to pay a "special contribution" of between 4 percent and 13.12 percent of their profits.

Major miners in Peru including Xstrata (XTA.L), BHP Billiton (BHP.AX) and Barrick Gold (ABX.TO) signed stability agreements in the 1990s that bar the government from raising the royalties they pay.

The ruling party does not have a majority in Congress, so it will need to negotiate with opposition lawmakers to get the bill approved.

The bill calls for royalties of between 1 percent and 12 percent on profits of miners that have not signed the agreement. If the bill is made into law, they will also have to pay a "special tax" of 2 percent to 8.40 percent on their profits.

The country's largest precious metals miner, Buenaventura (BVN.N), does not have a tax agreement, and some agreements have recently expired, including that of Southern Copper (SCCO.N), controlled by Grupo Mexico (GMEXICOB.MX).

Mining companies said the new royalty system could bring clear rules to the sector, but they are concerned that it will make the sector less attractive to foreign investors.

"The industry is almost at a point in which it may no longer be competitive," Juan Luis Kruger, general manager of South American operations for Gold Fields (GFIJ.J), said during a mining convention in the southern city of Arequipa.

Securing more funds from the booming mining sector to fund anti-poverty initiatives was a key campaign promise from leftist President Ollanta Humala, who took office in July.

Humala has said the state must do more to guarantee that rural communities share direct benefits from new mining and oil projects and to ensure that Peru's natural gas should supply fuel to consumers before being exported.

Peru is the world's No. 2 producer of copper and silver and the No. 6 gold producer. Minerals account for about 60 percent of its exports. (Reporting by Marco Aquino; Writing by Eduardo Garcia; Editing by Gary Hill)

<http://www.reuters.com/article/2011/09/14/peru-mining-royalties-idUSS1E78D26C20110914>

### **Guinea mining: PM defends radical industry shake-up**

Guinea is the world's main exporter of bauxite

Guinea's new mining code will curb corruption and make more money available for development, Prime Minister Mohamed Said Fofana has said.

The code gives the government a free 15% share in mining companies and demands greater financial transparency.

Several foreign firms have warned that the code, which came into law over the weekend, will deter investors.

Guinea, despite being the world's main exporter of the aluminium ore bauxite, is one of Africa's poorest countries.

A democratic government was elected in December, ending the authoritarian and military rule that had blighted the country since independence in 1958.

In an address on national TV, Mr Fofana said the government would hold investors accountable and ensure they paid taxes and royalties.

Foreign companies would have to invest a minimum of \$1bn (£633m), he said.

'God-given riches'

The BBC's Alhassan Sillah in the capital, Conakry, says this is intended to prevent companies bribing officials in exchange for cheap mining rights.

"[The] mining code adopted in Guinea increases considerably tax pressure on mining companies, making it senseless to invest in development and new projects"

Previous mining contracts would be reviewed to ensure there were no irregularities, our reporter says.

On Monday, Mines Minister Mohamed Lamine Fofana told Reuters news agency that the government had overturned an agreement by the ex-military junta to give secretive investment group China International Fund the rights to all of Guinea's unexploited resources.

The new code guarantees the government a minimum stake of 15% in companies and the option of buying a further 20%, Reuters says.

It also requires companies to carry out environmental and social impact studies before they are granted mining permits, the agency says.

The prime minister said this would prevent environmental degradation, making sure that communities living near mines did not suffer.

Our reporter says most Guineans have welcomed the mining code, hoping that they will finally benefit from the country's "god-given riches".

But it has been opposed by several big companies operating in Guinea, including Moscow-based aluminium company United Co Rusal, which said it would not make further investments in Guinea.

"[The] mining code adopted in Guinea increases considerably tax pressure on mining companies, making it senseless to invest in development and new projects," it said in a statement to Bloomberg news agency.

Another major investor in Guinea, Australia's Rio Tinto, also expressed concern about the code, saying it would cost the company an extra \$10bn, the Christian Science Monitor news website reports.

Our correspondent says the government is unlikely to bow to business pressure because mining sector reforms was a key promise to voters in the build-up to December's elections.

The government took over from the military junta that had seized power in December 2008 on the death of the previous President, Lansana Conte, who had ruled for 24 years.

Guinea holds half of the world's bauxite reserves, as well as large deposits of gold and diamonds.

However, most of its citizens live on less than \$1 a day.

<http://www.bbc.co.uk/news/world-africa-14915121>

## **Land**

### **India: Landless plan a long march**

September 14, 2011 by Jake Fitzpatrick

Published by Learn about nonviolent conflict and civil resistance

Isolda Agazzi, IPS, September 13, 2011

The Gandhian movement Ekta Parishad plans to organise a march for land rights in October 2012 in India, aiming to gather around 100,000 indigenous people, dalits and poor peasants. Support is shaping up around the world, at events such as an international mobilisation conference in Geneva Sep. 12-13.

<http://nonviolentaction.net/?p=7547%3E>

### **Agri land reduced by 69,000 acres in Chattisgarh**

Avdhesh Mallick, Sr. Reporter,

Central Chronicle

Raipur, Sept 1: Fast pace of industrialisation has started impacting the status of agricultural land in Chhattisgarh, which has reduced by 69,000 acres in the state. As a result, farmers and tribal peasantry are becoming poorer day by day as their ancestral land is being acquired by the government and land mafia under one or the other pretext for industrial

land other purposes. Villagers are also feeling the heat of the increased speed of land acquisition. Worsening situation of tribal, farmers and rural people is causing eruption of their ire in the form of intense agitation.

Government machinery is often accused of acting as the agents of industrialists and land mafia. In order to resolve the land issues across the country Agriculture Department of Union Government has taken an initiative in this regard and requested the common public, NGOs, self-help groups and others to send their suggestions on the issue on or before 31 August.

On the issue a meeting of NGOs, self-help groups and political party representatives was held last Wednesday at the Red Cross Society building on the premises of the office of the District Collector, under the aegis of National Centre for Advocacy Studies (NACS) and Nadi Ghati Morcha.

BPS Netam a tribal and also a former bureaucrat who worked as District Collector, said 1500 acres of tribal land of Janjgir-Champa had been transferred to the non-tribals to set up industries including power plants thirty in number. The transfer of land was held in spite of a strong protest from the Gram Sabha and local public he said and added that the protest had fallen on the deaf ears of authorities who shirked the duty of guarding the tribal from going into the industrialists hands in sheer violation of land rights. It must be corrected, he opined. The Land Acquisition Bill in the making should include certain provisions against such usurpers of tribal land, he said. Former State Election Commissioner of Chhattisgarh Sushil Trivedi said that the government needed to ensure that no SC and ST family was rendered landless as a result of the process of land acquisition. He also questioned the unhindered acquisition going on in Scheduled Area and expressed his apprehension whether the proposed bill has enough provision to contain this anomaly.

While raising the question over the state government's objective of land acquisition, Spokesperson of Congress Party Ramesh Varlyani suggested that affected community should get maximum compensation for the land it was part with as result of land acquisition by the industrialists. The compensation could be in the form of the shares of the profits of the industrialist in question, Varlyani suggested. He said before land acquisition, industry must assure of providing employment to the affected persons, in the project. Such assurance should also incorporate a provision for imparting training to the unemployed before proving the job, in order to live up to the true concept of rehabilitation. Advocate Ramakant Mishra demanded that no agriculture land should be acquired. If it were to be, the oustee must be allotted cultivable land of the same size somewhere else so as to ensure livelihood to him.

Senior activist Gautam Bandopadhyay from Nadi Ghati Morcha briefed the history of land acquisition and said they wanted white paper on the issue of land acquisition and settlement in the state. He said land acquisition practices in the state have forcibly taken the

agricultural land from farmers and tribal population, and community land from villagers and common people. He alleged that there is no compliance of Supreme Court on this regard.

Vijendra Ajanabi of NCAS said that their organization had done survey and found that 67.22% acquired agricultural land had been allotted to companies for mining and rest for other purposes.

### **Ban export of raw minerals, ores: Tribal Minister**

Posted: Thu Sep 15 2011, 03:57 hrs New Delhi:

Arguing that indiscriminate exploitation of mineral resources was leading to alienation amongst local tribal populations and furthering the cause of Naxalite groups, Minister for Tribal Affairs V Kishore Chandra Deo on Wednesday advocated a ban on export of raw materials like iron ore or bauxite.

Mineral resources like iron ore should be declared “national wealth” and their use must be regulated in the larger interest of the country, Deo said in an interview with The Indian Express.

“If we do not regulate the use today, where will we go running when we need them in future? It is only prudent that we use them judiciously and preserve them for future. Unregulated mining in forest and tribal areas is one of the reasons for alienation being felt in local populations there. It is only helping the Naxalites,” Deo said.

“I am of the view that there should be a ban on export of raw minerals and ores. Only what is required for our own economic growth should be mined,” he said.

Deo stressed the need to ensure provisions of Forest Rights Act (FRA) had been properly complied with before forest land was diverted for non-forest purposes like setting up an industrial or mining project. He said he would write to the Environment Ministry to seek a “written certificate” from the state to this effect before granting forest clearance for any project.

The FRA, which came into being in January 2008, asks state governments to recognise the right of tribals and forest dwellers on forest land and grant land ownership certificates to them. “Unless their rights are established and ownership pattas given, how can compensation be decided for forest dwellers or tribals whose land is being taken for a project? I will urge the MoEF to insist on written certificates from the state governments explicitly stating that rights of all affected people had been fully settled in accordance with provisions of the FRA before a particular tract of forest land was diverted for any other use,” Deo said.

Implementation of FRA was one of the issues that troubled big ticket projects like POSCO and Vedanta bauxite mining proposal in Orissa.



Deo said his ministry was working on amendments in FRA rules — if need be in the Act itself — to remove certain impediments in effective implementation of the Act that is considered to be landmark legislation for tribal rights.

The minister said he would soon put forward a proposal to amend the provisions of Backward Region Grants Fund (BRGF) to ensure that a block and not a district was taken as the unit for earmarking funds under this scheme.

<http://www.indianexpress.com/news/ban-export-of-raw-minerals-ores-tribal-minister/846779/>

## **Water**

### **Expert calls on Orissa to push for river basin planning; assessment of all encroachments of flood plains**

Tuesday, September 13, 2011

Report by OrissaDiary.com correspondent; Sambalpur: Water rights activist and Convenor, Water Initiatives Odisha, Ranjan Panda urges Orissa government to immediate assessment of all encroachments of flood plains and free them with adequate rehabilitation and compensation to the poor and marginalised sections.

He also urges state government to pursue for a participatory discussion on the National River Regulation Zone and push for a proper notification that helps proper river basin planning and management.

He said that recently media reports say that the Secretary, Water Resources of the Govt. of Odisha has issued a letter to Bhubaneswar Development Authority and Bhubaneswar Municipal Corporation to take strong steps and see that no residential areas are built on flood plains. While we welcome this move, we see this as too little and 'lip service' to the real problem of increasing flood menace in the state.

He reminds state government that way back in 1975 the Central Water Commission (CWC) had circulated a "Model Bill on Flood Plain Zoning" for the state governments to take it up as a model for freeing flood plains from encroachments by empowering the authorities appropriately. However, 36 years have passed and the state government has not brought that into action in the state.

The CWC had circulated the model Bill to all the states to help the state governments enact legislation. This Bill, if enacted, will have provisions like replacing dwellings in low-lying areas by parks and playgrounds so that vulnerability in terms of loss of life and property could be reduced. As per information available with us, the Bill had grouped different types of buildings and utility services under three priorities from the point of view of damage likely to occur. The model Bill provided clauses about flood zoning authorities, surveys and

delineation of flood plain area, notification of limits of flood plains, prohibition of the use of the flood plains, compensation and most importantly removing obstructions to ensure free flow of water.

He urges the Govt. of Odisha to immediately enact a legislation following the Model Bill, after ensuring proper discussion with the people of the state. As an immediate measure, before this process takes place, we urge upon the Govt. to issue strict circulars to all urban bodies of the state to remove encroachments from flood plains by entering into 'free prior informed dialogue and consent' process with the would be affected communities and adhering to best rehabilitation packages.

He also asked the Govt. of Odisha to take a proactive action to pursue the Govt. of India to put this plan in public and initiate discussion with each state and the people of the country and bring into force a strict River Regulation Zone which can help in proper river basin planning and management and hence help rivers from further drying and also in reducing flood furies.

<http://orissadiary.com/CurrentNews.asp?id=29119>

## **Solar Power**

### **Shining the light on solar energy**

An in-depth look at solar energy and how we can utilize it.

By Eric Rizzo, Correspondent

Published: Tuesday, September 6, 2011

Working at the NC Solar Center, Pennsylvania engineers Jeff Sloat from Summit Electric, and Matt Wilson, from Secco Inc, install solar panels as part of a national training course put on by SunPower Corporation April 14.

Solar energy is one field of alternative energies that is fairly misunderstood. Most people know what solar panels are but may be unaware that there are other ways of harnessing the sun's energy to power the amenities that we use every day. Tim Lupo, Extension Specialist for the N.C. Solar Center, said there are two types of solar energy: passive and active.

According to Lupo, passive solar energy pertains mostly to the construction of a building. Examples of this type of solar energy are seen throughout N.C. State's Solar House. It has amenities like natural lighting fixtures, which maximize outdoor lighting in the interior of a building.

The solar house also includes a large, south-facing sunspace—a two-story room with large windows to heat the house in the winter. The solar house also has thick, brick Trombe walls that help heat the bedrooms by providing solar heat. These walls store heat and slowly

release it throughout the day. The basic concept of passive solar energy is using what is already there without having to convert it. These are very basic forms of solar energy, but take planning when building a structure.

Active solar energy is the more commonly recognized of the two, with its poster child: the solar panel. Yet, solar panels, while being well-known, are not well-understood.

According to Lupo, solar panels consist of two layers of silicon with a metal conductor in between. One of the layers is ingrained with atoms that have fewer electrons, usually boron atoms, the other with atoms that have more electrons, like phosphorous. When this system is exposed to sunlight, photons, the source of energy from the sun, force the electrons off of their atoms, which then travel between the two layers through the metal conductor, resulting in the production of electric current.

This current is then sent to the electric company via the grid, or the network that provides electricity from the electric company to the consumer. The electric company uses this energy to support the grid and pays whomever provides the energy. Thus, buildings that have solar panels do not necessarily run on solar energy, but they do provide this environmentally-friendly energy for the grid to use.

This raises the question of whether or not people who harness the sun's energy through solar panels are doing it for the economic reasons, or strictly for the environment.

"Most people go solar for environmental concerns, but there is an economic incentive," Lupo said. "[Solar is] not a quick payback, so you have to have interests in other areas like the environmental impact."

The initial cost of converting a small, residential structure is about \$35,000, which Lupo rationalizes as being a reason for someone to have environmental concerns and economic interests. However, once someone decides to use solar panels, there are significant tax incentives. The state has a 35 percent tax incentive, and there is also a 30 percent federal tax incentive for the installation of a solar panel system. With these incentives, the cost to install solar panels could actually be cut in half, making the payback period significantly shorter.

With a rise in alternative energy use, people may wonder what direction solar energy is headed in the years to come. Although there is research going into futuristic products like PV ink, a solar panel technology in ink form, Lupo said these ink products will not be market ready for quite a while.

However, Lupo believes that significant improvements will be made in the efficiency of active solar energy products in the near future. This will also effectively shorten the payback period of going solar by increasing the output of current, according to Lupo.

Another issue is energy storage. As it is now, the energy company grid is acting as the storage space for solar energy producers; however, if an energy storage device is made and produced, this would be a new avenue for solar energy, allowing consumers to effectively store their own energy. Lupo said this can improve cutting costs.

"The more people who invest in it [solar], the cheaper it's going to be," Lupo said.

<http://www.technicianonline.com/features/shining-the-light-on-solar-energy-1.2620887>

## **Petroleum**

### **ONGC faces 1000 Cr claim in a PIL by Naga villagers**

13.09.2011 | 11:28

Guwahati, Law et al. News Network

Public sector oil giant ONGC's decision to stop extraction of oil about 16 years back under threat from rebels, has turned out to be costly for villagers of Champang and Tisso in Wokha district of Nagaland. This in effect is the contention in a PIL filed at the Gauhati High Court against the company.

The oil that has been spilling from those capped rigs for years have taken a heavy toll on the quality of land on these villages causing damage to the agrarian economy. Taking serious note of the grave situation, Dice Foundation, a Kohima-based NGO, has filed a PIL at Gauhati high court. "We have sought compensation of Rs 1,000 crore. We hope justice is done," said Mmhonlumo Kikon, heading the NGO.

Asking for Rs. 1, 000 Crore compensation for villagers, criminal proceedings against ONGC, government officials, the PIL primarily argued that ONGC authorities and the Nagaland state government was responsible for the wide-ranging damage the oil company has inflicted on the economic lives of villagers in and around the site.

In the PIL representing Champang village and Tssori village – Nagaland's only two areas rich in crude petroleum – the petitioners have sought the consolidated compensation to the villagers for the damage caused due to about 16 years of unabated oil spillage in the two areas.

The petitioner has also sought payment for the loss of oil from the oil spill and a directive to the ONGC and the state government of Nagaland to clean up the waste.

The PIL names ONGC, the Basin Manager of ONGC, Cinnamara in Jorhat, Ministry of Environment and Forests, Government of India, the State of Nagaland, the Nagaland Geology and Mining Department, Nagaland Forest Department, the Nagaland State Pollution Control Board and the Union of India represented by the Ministry of Petroleum

and another, the Natural Gas and the Ministry of Environment and Forests, Government of India.

The oil spill began after the ONGC halted extraction operation in May 1994 following opposition to oil production by Naga organizations. The ONGC had struck oil in the area in 1981 and started extraction of crude oil from 11 wells. But local bodies and militants opposed the ONGC operation on the ground that consent of local bodies was not taken for the purpose though the ONGC had signed an agreement with Nagaland government.

The petitioners accused the respondents for failing to take action and prevent and protect the environment and ecological system in the two villages. The petitioners have appealed to the court to protect the legal and fundamental rights of the people of Champang and Tssori by declaring the actions/inaction of the respondents as illegal and unconstitutional.

The petitioners appealed to the court for about Rs. 1,000 crore as consolidated compensation to the villagers for damage to their health, economy, agricultural land and activities due to the oil spill. Citing media reports the PIL informs the court that though the ONGC has paid a royalty of Rs 33.83 crore to the Nagaland government, only Rs 67 lakh 'reached the villages.'

<http://www.lawetalnews.com/NewsDetail.asp?newsid=4707>

## **Coal, Lignite and Thermal Power**

### **Coal to natural gas study: The critical detail you might have missed**

By Kirsten Korosec | September 13, 2011, 5:29 PM PDT

A recent study suggests replacing 50 percent of coal use with natural gas might actually make climate change worse over the short term. It's a stunning conclusion that would appear to debunk the often-touted benefits of natural gas and give renewable energy a considerable boost. But that's hardly the whole story.

Unfortunately, in a rush to report the news, much of the media coverage has missed or failed to highlight an important detail. The study, conducted by Tom Wigley with the National Center for Atmospheric Research, used computer simulations to project that the amount of methane leakage from gas wells during production — which will increase as natural gas replaces coal-fired power plants — will cause global temperatures to rise over the next 40 years.

Burning less coal would reduce carbon dioxide emissions. However, the computer simulations used in the study focused on the impact of methane leaked from natural gas wells during the production process. To be clear, there's considerable debate about how much methane actually leaks into the atmosphere during unconventional natural gas

production. But it's concern because methane is a greenhouse gas emission more powerful than carbon dioxide.

The study included a graph [via UCAR] that shows a link between future high temperatures and the amount of methane leaked.

So, the natural conclusion would be that natural gas will cause global temps to rise. Blogger Robert Rapier astutely noted that the media missed an important piece of the study:

Notice that the projected temperature increases in every case — even when there is no methane leakage. That indicates that something else is going on here.

Indeed. So why the heck do the computer simulations show rising temps even when there's zero methane leakage? Two words: sulfur dioxide. Rapier again explains:

Coal has higher particulate emissions that increase air pollution, but they help reflect the sun away from the earth.

In other words, the nasty air pollution that turns the Shanghai skyline into a hazy mirage and creates acid rain also has a cooling effect. It's a point that only a few outlets, such as MIT's Technology Review, highlighted in their coverage of the study.

Upon this discovery, Rapier took the next logical step and called the study's author to ask if based on the computer models, did this mean that temperatures would rise over the short term even if the world replaced coal with a zero emissions source of electricity like solar or wind?

The answer? Yes.

This doesn't mean we shouldn't replace coal with cleaner fuel sources. To the contrary, the air pollution coal produces has a direct impact on public health. Nor is this an attempt to support natural gas. Natural gas justifiably has its fair share of detractors and hydraulic fracturing, a technique used to unlock gas trapped in shale, is hardly innocuous.

This does show the complexity of dealing with climate change. And it illustrates the problem with the coal versus natural gas debate and how quickly studies can be spun accidentally or even purposefully to suit a particular viewpoint.

For example, a paper released this year from Cornell University received quite a bit of coverage after declaring that natural gas produced from shale is dirtier than coal. For folks concerned about the impact of hydraulic fracturing, the study was a confirmation of their fears and provided a pretty strong argument against the drilling method.

As I wrote at the time, natural gas is far from the wonder fuel its supporters claim it to be. But the Cornell study can't be taken seriously because of inadequate data and a serious methodological problem. Which is to not say it's wrong, just that we have no real way of

knowing. And in fact, the lack of available data was something even the author readily admitted to.

<http://www.smartplanet.com/blog/intelligent-energy/coal-to-natural-gas-study-the-critical-detail-you-might-have-missed/8712>

## **Aluminium, Alumina and Bauxite**

### **Hungary sludge flood metals company fined \$647M**

(AP) – 3 days ago 15th September

BUDAPEST, Hungary (AP) — The metals company whose broken reservoir killed 10 people as it flooded several Hungarian towns with toxic red sludge has been fined 135.1 billion forints (€472 million, \$647 million) for environmental damages.

A 10-hectare (25-acre) reservoir at the MAL Rt. metals plant collapsed Oct. 4 and released a torrent of some 700,000 cubic meters (184 million gallons) of red sludge, a byproduct of aluminum production, on three towns in western Hungary — Kolontar, Devecser and Somlovasarhely. The highly caustic material also injured more than 150 people, many of whom suffered chemical burns.

Environmental State Secretary Zoltan Illes will hold a news conference Thursday about the fine, which is over four times more than the \$158 million (€115 million) the government said in July it had spent on cleanup and reconstruction projects.

The fine levied took into account the "unprecedented" amount of hazardous material released during the incident, Hungary's Ministry of Rural Development said Wednesday.

The plant's sludge and caustic water also inundated local streams and even reached the Danube River but did not cause significant damages to one of Europe's main waterways.

MAL can appeal the fine, the ministry said.

MAL managing director Zoltan Bakonyi was unavailable for comment.

More than 300 families lost their homes in the flood. To replace them, the government built new 112 houses in the three towns, while 125 families bought other homes in the area and some 80 others chose to receive cash compensation.

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<http://www.google.com/hostednews/ap/article/ALeqM5hrskGreApUIEL3NmgTiTRpgWGKoA?docId=e0da99e6a18d4391a838b5ddd922b04b>

## **Environment and Forests**

## **Rio Tinto has a problem with crabs**

Frik Els | September 14, 2011

The Australian quotes a Rio Tinto spokesman on Wednesday saying the discovery of a species of freshwater crab and a never before recorded shrimp near its Weipa mine would not be threatened by a planned bauxite expansion, but environmental protesters could still scupper the \$900 million project.

Rio Tinto, the world's number two miner, found a total of six species of crustacean including the new crab, which is about the size of a quarter, as part of its environmental impact study. It is now up to Australia state and federal governments to assess the findings.

The Australian reports Rio Tinto Alcan Weipa employs about 870 staff and wants to begin what is known as the South of Embley mine in about two years.

<http://www.mining.com/2011/09/14/rio-tinto-has-a-problem-with-crabs/>

## **Failure to protect forests will lead to huge financial losses – UN-backed report**

13 September 2011 –

The United Nations and a coalition of financial institutions warned today that huge losses, both financial and environmental, could result from a failure to agree on a climate change agreement that spurs private sector investment in efforts to reduce deforestation and forest degradation.

In a report entitled “REDDy-Set-Grow Part II: Recommendations for international climate change negotiators,” the UN Environment Programme’s Finance Initiative (UNEP FI) – in partnership with over 200 financial companies – urged negotiators at the UN Framework Convention on Climate Change (UNFCCC) to remain committed to the international policy framework on the reduction of deforestation and forest degradation reduction known as REDD+.

The report points out that any post-Kyoto climate convention negotiated in Durban, South Africa, later this year must include text that clarifies the fundamental role of private engagement and investment in funding REDD+, as well as effective measures to tackle the causes deforestation by changing behaviour in the private sector towards sustainable land use.

The Kyoto Protocol is an addition to the UNFCCC that contains legally binding measures to reduce greenhouse gas emissions, and whose first commitment period is due to expire next year. Negotiations on the second commitment phase of the Protocol are ongoing.

A positive outcome in Durban would also send an encouraging signal to the next year’s UN Conference on Sustainable Development (Rio+20) in Brazil, where one of the two key



themes will be the Green Economy in the context of sustainable development and poverty eradication, according to the new report.

An ineffective climate change regime on forests would entail losses in the global economy of \$1 trillion per year by 2100, and affect a large portion of the estimated 1 billion people who rely on forests for their livelihood, according research done previously, the report adds.

By contrast, a healthy forestry-based carbon market could mobilize investment for the protection and rehabilitation of natural forests to the tune of more than \$10 billion by 2020.

“The fundamental reason for current levels of deforestation worldwide is that cleared forests translate into economic opportunity for farmers, local communities and governments while standing forests do not,” said Christian del Valle, the Director of Environmental Markets & Forestry at BNP Paribas.

“There is a price for soybeans, palm oil, beef and other products grown on deforested lands, but not for the many critically important services provided by healthy forests, including the sequestration and storing of carbon. With the possibility of a global funding mechanism for REDD+ we now have, at the global level, the unprecedented opportunity to address this imbalance. I hope we do not miss it so that natural forests are given the value they deserve.”

<http://www.un.org/apps/news/story.asp?NewsID=39532&Cr=climate+change&Cr1>

### **Kerala seeks tighter laws to prevent bio-piracy**

14th September 2011

Thiruvananthapuram, Sep 14 (IANS) Kerala, which likes to call itself ‘God’s own country’ and is home to a staggering 10,035 plant species and 4,600 flowering plants, has sought tighter laws to prevent bio-piracy of India’s rich and diverse resources. This should include stringent checks at airports and installation of CCTV cameras in critical areas in forests, an official said.

The transfer of genetic resources to foreign countries is not monitored properly in our country, Kerala State Biodiversity Board Member Secretary K.P. Laladhas said.

‘A person visiting a national park in the US has to answer so many questions and is monitored and screened, but a foreigner visiting here as a tourist to the forests and preserved areas can just move freely. Thus the need for biodiversity screening at our airports is the need of the hour,’ Laladhas told IANS in an interview.

‘CCTV should be installed at critical areas in forests and those given access to hot spots and also forests should be properly screened, besides closely monitoring the frequent visits of such people to these areas,’ said he added.

Under the Biological Diversity Act 2002 and the Biological Diversity Rules 2004 passed by parliament, all states were to form Biodiversity Management Committees (BMCs) to prepare People's Biodiversity Registers (PBR) in which every village is to list out the entire flora and fauna of its area.

According to Laladhas, Kerala was ahead of all other states in this exercise.

'The PBR is significant in the context of bio-piracy. By preparing PBRs, each local body establishes its ownership on the biodiversity and the traditional knowledge thereon and can utilize the bio resource equitably, ensuring sustainable development,' Laladhas said.

The Western Ghats region, where the state is situated, is one of the 25 biodiversity hot spots in the world. A total of 1,500 flowering plants are endemic to the state.

Professor emeritus Oommen V. Oommen and former dean of Zoology at Kerala University also endorsed the idea of a proper mechanism for protection of biodiversity, including research.

'Collaborative research with foreign experts has to take place and in every scientific institution in the country there are up to even three committees that closely monitor collaborative research. As a matter of abundant caution, it is always better to see that nothing happens to our genetic resources and hence a biodiversity screening would be a good idea,' said Oommen.

The BMC is an elected body and include experts from the panchayat (village council) to be the custodians of biodiversity of their area. Its term is for three years.

<http://www.inewsone.com/2011/09/14/kerala-seeks-tighter-laws-to-prevent-bio-piracy/76025>

### **Encroachment posing threat to Udalguri ecology**

CORRESPONDENT

KALAIGAON, Sept 16 – Large-scale human encroachment on the age-old elephant corridors of Udalguri district is posing a serious threat to the ecology of the district as well as the State. Unabated felling of trees and destruction of the green cover have compelled wild elephants to roam in the nearby villages.

A visit to the India-Bhutan international border will reveal the extent of forest destruction. All the PRF (Proposed Reserve Forests) namely, Neewly, Kundarbi and Bhairabkunda have been encroached on by various people and organisations. Even 450 bighas of forest land had been allotted to one Brahma Sewashram on Neewly Hills near Bhutan for commercial use. The organisation has allegedly illegally encroached on more than 2,500 bighas of forest land as per the report of the Circle Officer, Harisinga Revenue Circle. The circle officers of Harisinga Revenue Circle, Udalguri Revenue Circle and Mazbat Revenue Circle allegedly

earned a lot of money during 1990-2006 by allotting pattas to the encroachers. The Lat Mandals and Kanangus allegedly offered full cooperation in the matter in return of huge amounts of money.

This is the untold story behind the man-elephant conflict in the district. The Bornadi Wildlife Sanctuary and Khalingduar Reserve Forest have virtually been shrinking day by day. Banana and bamboo trees are vanishing fast in the forests because of roaming of thousands of domestic cattle inside the forest, causing food crisis for the wild elephants. A full-grown wild elephant needs 170-200 kg of food and 80-200 litres of water daily. It can easily be assumed what amount of food and water a herd of wild elephants (generally, there are 10 to 20 in a herd, but sometimes there are more than 100) would require daily.

Unfortunately with the destruction of forests, several herds of wild elephants have started coming down to villages in Udalguri district in search of food and water. The deaths of seven wild elephants and seven human beings in the district during the last three months alone have proved the seriousness of the problem. Due to lack of funds, material and manpower, the Forest department could not meet the situation. There are only 65 foresters and guards in the Dhansiri Forest Division. It is near impossible for them to cover areas from Bogamati to Pachnoi. In each Range Office, the working field duty staff number is not more than 20.

Debajit Deuri, SP, Udalguri and TR Pegu, SDPO, Bhergaon subdivision in association with the Forest staff, have taken up a massive programme in the district to create awareness and minimize man-elephant conflict.

As part of the programme, Ganesh puja was held at No. 4 Pukhuri Well inside Bornadi Wildlife Sanctuary on September 10 with a daylong programme. Police and forest department organised the puja in association with Green Valley Forest and Wildlife Protection Society, Nonaipar and Pigmy Hog Eco-Tourism Society of Bornadi WLS. After the puja ceremony, five truckloads of banana trees and one truckload of salt was kept inside the forest for the wild elephants. TR Pegu, SDPO, Bhergaon told accompanying media persons that more banana trees and salt would be placed at different places inside the sanctuary later.

Earlier, another awareness meeting was organised at No. 4 Rajagarh village near Bornadi WLS in which people of most affected villages interacted with police and media. The meeting was also attended by a few conservation activists.

<http://www.assamtribune.com/scripts/detailsnew.asp?id=sep1711/state06>

### **China to increase forest coverage**

Updated: 2011-09-07 07:17

By Cheng Guangjin and Cang Wei (China Daily)

BEIJING - President Hu Jintao on Tuesday laid out plans that would see China increase its forest coverage by nearly 10 percent over the next decade.

"China is ready to make new contributions to green and sustainable growth," Hu said at the first APEC Meeting of Ministers Responsible for Forestry, held on Tuesday in Beijing.

The country currently has 196 million hectares of forest coverage, with 62 million hectares of that man-made -the most man-made forest in the world.

A large-scale survey in 2005 found that the country had 175 million hectares of forests, and by 2020 that will have increased by 40 million hectares, Hu said.

"The continuously increasing forest coverage in the Asia-Pacific area has become an important force in reversing the decline of world forest resources," Hu said. "The Asia-Pacific region possesses the most abundant and unique forest ecosystem in the world."

The Asia-Pacific region has more than half of the world's total forest area and plays an important role in global forestry and economic development.

Hu proposed improving forestry development and cooperation through investment and scientific innovation, enhancing the protection of biodiversity, increasing carbon absorption by forests and reducing green trade barriers.

Tom Rosser, assistant deputy minister of the Canadian Forest Service, said that Canada is "strongly optimistic about the future" of the forestry sector in the APEC region, and will promote the development of forestry by placing an increased emphasis on science, innovation and partnership.

Graeme Meehan, deputy head of the Australian mission, said Australia recognizes that APEC can "play a significant role in global efforts to promote trade in legal forest products, sustainable forest management practices and forest rehabilitation".

The first APEC Forestry Ministerial Meeting runs from Tuesday to Thursday, and includes representatives from the 21 members of APEC and other international organizations.

[http://www.chinadaily.com.cn/china/2011-09/07/content\\_13635516.htm](http://www.chinadaily.com.cn/china/2011-09/07/content_13635516.htm)

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