

Indian Mining Exchange

Issue Seven, 17th October 2011

Land

Home for giant squirrel

<http://www.deccanchronicle.com/channels/cities/kochi/home-giant-squirrel-637>

Farmers lathicharged for resisting construction

http://articles.timesofindia.indiatimes.com/2011-10-10/chandigarh/30262857_1_farmers-lathicharged-ssp-surinderpal-singh-parmar-ram-singh-bhainibhaga

India denies nod to \$31 billion hill station project

http://www.google.com/hostednews/afp/article/ALeqM5hDleJz3GjTo-WNI5DcS_5GT3MaBA?docId=CNG.df12618f0e6aa1f07c616c66485fdd46.431

The Impossibility of Just Land Acquisition

EPW - Vol XLVI No.41 October 08, 2011

Time for second land reforms in Kerala: Expert

<http://ibnlive.in.com/news/time-for-second-land-reforms-in-kerala-expert/192343-60-116.html>

IAS officer suspended for corruption, 1st time in India

<http://nvonews.com/2011/10/11/ias-officer-suspended-for-corruption-1st-time-in-india/>

Forests

Live recording of negotiation between Baiga tribals and SDM

<http://cgnetswara.org/index.php?id=7277>

Saranda: den to showpiece

http://telegraphindia.com/1111013/jsp/frontpage/story_14617517.jsp

Will forests sink carbon profits

<http://sl.farmonline.com.au/news/nationalrural/forestry/general/will-forests-sink-carbon-profits/2324103.aspx?storypage=0>

Testing the world's resolve to save the Amazon

<http://www.abc.net.au/environment/articles/2011/10/07/3334447.htm>

Biodiversity

Focus on island biodiversity

<http://ibnlive.in.com/news/focus-on-island-biodiversity/189642-60-120.html>

Macrospeak

Asia must spur demand or face "middle-income trap" - ADB chief

<http://www.reuters.com/article/2011/10/17/asia-economy-inflation-idUSL3E7LH0TC20111017>

Land

Home for giant squirrel



The Wildlife Trust of India (WTI) is acquiring land to protect the grizzled giant squirrel (*Ratufa macroura*) endemic to Western Ghats of Kerala and Tamil Nadu.

To begin with, WTI will acquire 365 acres farmland adjoining the Grizzled Wildlife Sanctuary at Srivilliputhur in Tamil Nadu which was declared a Wildlife Sanctuary in 1989 with the aim of securing the habitat of the squirrels.

A senior officer of the WTI planning division, Mr A.M.A.Nixon, said land acquisition was one of the main strategies to conserve the habitat and faunal communities especially endangered ones.

“Of the 365 acres land, 115 acres is owned by a local person and the rest by a temple coming under Hindu Endowment Board. Nearly 40 per cent of the sanctuary’s population is found in these two patches of land,” said Mr Nixon.

The two patches of land, Mr Nixon said, provided habitat connectivity both within the sanctuary and between the adjoining Periyar Tiger Reserve (PTR) areas.

The WTI move comes in the wake of increasing episodes of human-grizzle giant squirrel conflict.

“Farmers believe most of their crops are damaged by these squirrels,” added Mr Nixon.

The 1.46 square kilometer land identified by WTI is extensively cultivated with mango, tamarind, coconut, lemon and gooseberry which are the main attractions for squirrels. It is dearth of food that drives squirrels towards orchards exposing themselves to dangers.

Interestingly, IUCN red list (2011) says the population of the squirrels has declined at a rate greater than 30%. In India the current population of the squirrels is less than 500.

<http://www.deccanchronicle.com/channels/cities/kochi/home-giant-squirrel-637>

Farmers lathicharged for resisting construction

Neel Kamal, TNN Oct 10, 2011, 07.11AM IST

GOBINDPURA/MANSA: Fresh trouble brewed at the thermal plant site where farmers, protesting alleged forcible acquisition of their land, were lathicharged by the police even as India Bulls subsidiary, Poena Power, began construction on the acquired land.

The situation turned ugly after landowners put up stiff resistance to raising of the boundary wall. Four women, who were trying to uproot the fence meant to demarcate the area, were injured as police rained batons on them.

http://articles.timesofindia.indiatimes.com/2011-10-10/chandigarh/30262857_1_farmers-lathicharged-ssp-surinderpal-singh-parmar-ram-singh-bhainibhaga

India denies nod to \$31 billion hill station project

(AFP) – 2 days ago

NEW DELHI — India's environment ministry has refused to clear the first phase of construction of a \$31-billion "planned city" in the newest development row to flare in the fast-expanding economy.

The Lavasa township project is India's first hill station since independence in 1947 and has been hailed by its backers as a blueprint for building future cities, as the country's population explodes and urbanisation increases.

The environment ministry said late Friday it could not approve the first phase of the project in western India until all environmental pre-conditions were met for building what the backers say is India's first "planned city".

The conditions included setting aside land as open spaces and the creation of an environment restoration fund.

India's environment ministry, once seen as a rubber stamp, has become significantly more active in the last few years in policing whether projects are abiding by environmental rules.

Lavasa Corp, 65-percent owned by infrastructure giant Hindustan Construction Corp, slammed the ministry's refusal to give clearance as "highly discriminatory and unjust".

The 1.4-trillion-rupee project (\$31 billion) has been battling a slew of accusations, ranging from controversial procurement of land and damage to the environment.

The project has been under construction since 2004 but the ministry has said the developers began building without getting environmental clearance. Lavasa has argued it was not required to seek clearance.

Development in India has become a hugely controversial issue as the country urbanises and industrialises in its quest to create more jobs for its youthful 1.2-billion population and help lift millions out of poverty.

Several multi-billion-dollar projects and countless smaller ones have been held up for years because of protests over land acquisition, causing increasing concern among domestic and foreign investors.

Lavasa, set in a hilly lakeside region near the city of Pune, is planned to ultimately house at least 300,000 residents. Dasve, the first leg of the five-phase development, was initially slated to be finished this year.

The troubles began for Lavasa last November when the environment ministry wrote to the developer asking why the existing construction should not be razed due to environmental violations.

Copyright © 2011 AFP. All rights reserved.

http://www.google.com/hostednews/afp/article/ALegM5hDleJz3GjTo-WNIsDcS_5GT3MaBA?docId=CNG.df12618f0e6aa1f07c616c66485fdd46.431

The Impossibility of Just Land Acquisition

By: Swagato Sarkar

EPW - Vol XLVI No.41 October 08, 2011

If the State holds on to the market logic and sees the challenge in land acquisition as a problem of individual will of the “affected families” whose consent has to be taken (even when it is of a high order, i e, 80%), then it can be expected that the State and its apparatus will create political conditions (read repress people, as has been the experience in the Fifth Schedule Areas) to receive the consent of individual families.

The author would like to thank Shilpi Bhattacharya, Aseem Prakash and Vaiji Raghunathan for their comments on this essay.

The Land Acquisition, Rehabilitation and Resettlement Bill, 2011 (henceforth, the Bill) has been introduced in Lok Sabha, which will replace the much criticised Land Acquisition Act, 1894. The new Bill aims to “*ensure a humane, participatory, informed consultative and transparent process for land acquisition for industrialisation, development of essential infrastructural facilities and urbanisation*” (italics in original). It tries to comprehensively define “public purpose” and outlines various kinds of compensation which will be provided to the displaced landowners and the people dependent on the acquired land. It proposes that consent from 80% of the affected families needs to be obtained (similar to the “free, prior and informed consent” policy ideology) and “a Social Impact Assessment of proposals leading to displacement of people” to be conducted before the acquisition. The Bill wants - private companies to buy land directly through “private negotiations on a ‘willing seller-willing buyer’ basis” for their private use. It is quite evident that the Bill is an attempt to gain control over the conflict and violence associated with land acquisition and respond to the resistance movements against land acquisition across India.

This article examines the tropes of “humane process of land acquisition”, “just and fair compensation”, “public purpose”, “voluntary/involuntary acquisition”, “willing/unwilling seller” which frame the normative argument of this Bill (and also the debate around land acquisition in India) vis-à-vis the demand of land/natural resources for the expansion of private capital and the demands of the people opposing such acquisitions.

Logic of Market

Capitalist transformation is impossible without the reorganisation of property relationships. The central dynamic of capitalism is produced by the urge for accumulation.

In other words, capitalism requires land (and raw materials), labour and technology to be available in the market as (exchangeable) commodities. The historical precondition and

presupposition of this market exchange process – the very emergence and existence of modern market – is “divorc[ing] the worker from the ownership of the conditions of his [/her] own labour; it is a process which operates two transformations, whereby the social means of subsistence and production are turned into capital, and the immediate producers are turned into wage-labourers” (Marx 1976 (1867): 874). In a predominantly agrarian country, this clearance leads to the release of land and natural resources to capital and the creation of a workforce out of peasantry and the destruction of the existing modes of exchanges.

However, in contemporary India, the further addition of people to the existing large reserve army of wage-labourers by displacing them from land may not be a significant strategic outcome from capital’s point of view as was the case in the development of European capitalism – i e, the consequentialist critique and the historicist argument in the framework of primitive accumulation may therefore be abandoned. In the present context, the land question of capital has gained prominence over its labour question within this framework. Land can be required for expanding the area of production and operation of a firm, or simply for hoarding and speculating on land-price. Whatever may be the case, this process of transfer of land cannot be a smooth one, as the existing owners and possessors of land, or the people dependent on that land can object to and resist the transfer. Therefore force needs to be applied to overcome such objections and resistances and to make the transfer possible. Hence, displacement and dislocation and the attendant violence are the internal moments of capitalism.

The universal consequence of this process is the establishment of hegemony of the market rationality (i e, (fair) exchange of commodities). The market exchange process becomes the “normal” mode of transaction. The market is posited as the main domain of mediating social relationships and postulating the contractual agreements that bind these relationships as free, which are governed by the norms of fairness and equality. It is fair because equal is exchanged for equal and each sells (properties) which are at his or her disposal and without any coercion. The foundation of fair exchange is equality. Consent is the bedrock concept of the contractual relationships which govern the market economy. The parties involved in these transactions are considered as private individuals, equal before the law, who enter into such transactions willingly or voluntarily without succumbing to any coercion. The “contractual obligation [is] seen to arise from the will of the individual” and “[i]ndividuals [will] themselves into positions of obligation”, i e, there has been a “meeting of the minds” (Dalton 1985: 1012).

The Limits of the Bill

This logic of market and its normative propositions are imported in the Bill, and thereby it tries to argue for providing “just compensation” to, and obtaining “consent” of, the affected families whose land is acquired. It expects that the solution to the conflict over land acquisition can be found within the logic of market. There are three interrelated problems with this political/policy position:

One, the logic of market holds good as long as people are willing to sell their land at a desired price (or for an attractive compensation and rehabilitation package). But the specific

context which has given rise to resistance to land acquisition is not “imperfect land market” as the minister of rural development opines in his foreword to the draft Bill, but the non-existence of land market – i e, an absent market where there are no “willing sellers” for a particular land, though there are buyers. In other words, there is neither any existing relationship between the seller (landowners or possessors) and the buyer (the State or a private company), nor the former is willing to enter into such a relationship. The seller does not exist. This absent market is not analogous to the neoclassical understanding of imperfect or missing market which can be supplemented, created or ameliorated through positive interventions. This absent market is not a given, rather a political achievement, something that emerges out of the resistance movements against land acquisition. This resistance to acquisition cannot be simply reduced to a problem of unattractive price/compensation or exploitation of farmers by offering lower price.

Two, a large section of policymakers, economists and NGOs have argued for adequate, just and fair compensation for a long time. They propose that there should be an elaborate set of calculations to make compensation fair both in terms of the amount of compensation to be provided and the recognition of a wide range of claimants, e g, to compensate monetarily, to provide alternative assets (e g, land-for-land), or equity in the company, not only to the landowners, but all other people directly dependent on the land in question – landless labourers, sharecroppers, shepherds, and so on. In other words, an expanded social costing is proposed to be conducted. The Bill argues for such an exercise of expanded social costing, “scientific method for calculation of the market value of the land” and the recognition of various claimants and “livelihood losers”.

An expanded social costing does not necessarily make compensation just and fair. In the contractual domain of the market, prices make transactions in commodities fair and equal. Prices reflect the measure of a quantity. Here, equality is quantitative. In the absence of a market, compensation replaces prices, but compensation does not find a quantitative standard or reference to measure against. The calculation of compensation has to be speculative and arbitrary and no scientific calculation of value is possible. It has to ultimately depend on the voluntary acceptance by the displaced people. Thus in the case of compensation, the liberal idea of equality (apart from being equally reasonable and equal before the god) based on a quantifiable parameter and its correspondence to a reference and the calculative logic that it follows reaches its limit. The emphasis on culture in the articulations of the resistance movements has further jeopardised this idea of equality.

Involuntary land acquisition by the State and the offer of compensation cannot be a case of quasi-contract. Quasi-contracts come into being where the private will or intent is absent, “rather than inequivalence of exchange” (Dalton 1985: 1001), and the public obligation overshadows the private concerns. This “exceptional imposition of obligation by the state” is conducted “in order to prevent unjust private [i e, private parties] enrichment” (ibid: 1011). The “absence of private will or intent” in case of resistance to land acquisition is exactly opposite to the ground of quasi-contract: it is not a negative, but a positive moment – the resistance itself wants to “prevent unjust private enrichment”.

The creation of public infrastructure in contemporary India not only involves private parties through public-private partnerships, but it is a condition for capitalist expansion and

therefore can actually be seen as a case of indirect private enrichment as it ultimately promotes private interests. Thus, even when land is acquired for public infrastructure and urbanisation, not directly for any private party, the normative ground of quasi-contract is not obtained. The concept of public receives its meaning or definition within the given context of economic change and the related developmentalism, as was articulated by Rural Development Minister Jairam Ramesh (2011: 1) in this case, "Infrastructure across the country must expand rapidly. Industrialisation, especially based on manufacturing has also to accelerate. Urbanisation is inevitable."

Thus the State either has to accept the will of the people, or displace that with a utilitarian justification for the greater common good of the public or nation: "benefits largely accru[ing] to the general public" (Sec 3 za (vi A)). While the ideological masking of private enrichment as public purpose is possible, where the State and the argument for land acquisition falter is the democratic condition, i e, the question of will and consent of the people, the popular sovereignty. This concept of consent needs to be expanded.

Third, consent cannot be understood solely from a liberal perspective, as an expression of uncoerced individual will, as in the case of contracts in the market. Consent has political significance beyond liberalism. The concept of consent is linked to the concept of citizenship and the normative ground of sovereignty, i e, the consent giving subject is the basis of popular sovereignty. This subject is not necessarily an individual, but the subject of the discourse of political modernity, an abstract category. It is singular, autonomous and sovereign. The resistance movements might appear contradictory as they make their claim on the modernist ground of sovereignty and autonomy, yet make an argument for preserving communal ties and culture. But it is not a contradiction because in the given context community does not refer to common ancestry and custom or the criterion of being propertied (like the liberal understanding of community). The movements articulate a concept of community which refers to the consciousness of our being in the world, an attention to the ontological background which gives meaning to our existence. They critique the transformation of the meaning of being human and the modes of social recognition and power relationships. The demand for the preservation of culture is not informed by (strategic) essentialism. Therefore, the consent giving subject in the context of resistance movements cannot be equated with the individual contractual subject of the market with whom the State/private companies can negotiate about the amount of compensation. Rather, this subject is the locus of a political movement, which puts forward a critique of capitalist change, but holds on to a vision of "development" (i e, better availability of food, water, communication, education, etc). It is singular-yet-communal in that sense.

A truly democratic polity recognises this singular-yet-communal subject and negotiates with its articulations. The recognition and negotiation will not be possible when a policy or law is framed rigidly within a particular developmentalism, as is the case with the present Bill, which forecloses the possibility of ideological reworking and compromises. Therefore consent is not about whether someone agrees to sell or part away with their individual or family land, but that by disagreeing to sell, they are not giving consent to the proposed model of development. Thus it is important to couple consent with disagreement to tease out the meaning of consent in the present context of resistance movements against land acquisition.

Conclusions

If the State holds on to the market logic and sees the challenge in land acquisition as a problem of individual will of the affected families whose consent has to be taken (even when it is of a high order, i e, 80%), then it can be expected that the State and its apparatus will create political conditions (read repress people, as has been the experience in the Fifth Schedule Areas) to receive the consent of individual families. But if the State accepts the limits of law and policy in resolving certain contentious and intractable issues, then it will learn to withdraw from prior commitment to any particular rationality and ideology. Rather it remains open to contingency, by conferring priority to the democratic values of disagreement, dissent and plurality of modes of existence. It offers people the right to object to the State's developmentalism. It recognises that the concept of community is not simply an aggregation of families or individuals, but an articulation of a shared life-form - encompassing culture, economy, norms and ethics – even when such articulations are made in a retroactive manner, in the event of dislocation. This concept of community broadens the normative understanding of citizenship from its affiliation to possessive individualism. The art of democratic policymaking recognises this expanded notion of citizenship and abandons the utilitarian bias, and creates a less repressive society.

References

Dalton, Clare (1985): "An Essay in the Deconstruction of Contract Doctrine", *Yale Law Journal*, 94: 997-1113.

Marx, Karl (1976 (1867)): *Capital Vol 1* (London: Penguin Books).

The Land Acquisition, Rehabilitation and Resettlement Bill, 2011, introduced in Lok Sabha on 5 September 2011, downloaded on 10 September 2011 (from <http://dolr.nic.in>).

Ramesh, Jairam (2011): "Foreword" (to *The Draft National Land Acquisition and Rehabilitation & Resettlement Bill 2011*), downloaded on 2 August (<http://www.rural.nic.in/Final.pdf>).

EPW - Vol XLVI No.41 October 08, 2011

Time for second land reforms in Kerala: Expert

Express News Service, The New Indian Express

Kerala | Updated Oct 12, 2011 at 02:57pm IST

KOCHI: It's time for a second round of land reforms in Kerala, said National Land Reforms Council member and Ekta Parishad national president P V Rajagopal, who has undertaken a 'Jansamvada Satyagraha Yatra', a national campaign demanding land for the landless across the country.

Rajagopal told 'Express' here that with 25,000 Dalit colonies and 5,000 tribal colonies, the state was gradually moving to a period of colonisation.

The Yatra, which began from Kanyakumari on October 2, has been a movement demanding a total recast of the national land policy.

“In a land-starving country, we cannot have plantations of 5,000 acres. Being a member of NLRC, I’ll submit a recommendation to Prime Minister Manmohan Singh pointing out that one unit of plantation cannot be over 15 to 20 acres of land. If such a recommendation is implemented companies like Harrisons Malayalam and Tata will not be able to maintain big plantations,” he said.

Rajagopal has written to Chief Minister Oommen Chandy demanding better implementation of the Forest Rights Act in the state.

“If the process of transfer of resources from the rich to the poor does not take place, it could lead to a situation like that in Orissa, Jharkhand and Chhattisgarh. Over 140 districts are under the control of armed groups there. We have asked the Chief Minister that joint monitoring committees should be set up to assess the implementation of FRA. The committees should have tribal leaders and activists along with politicians. Also there should be a time frame,” he said.

P V Rajagopal had earlier undertaken a campaign - Janadesh 2007 - where nearly 25,000 landless in the northern states joined him in the march to Delhi. After the agitations, the Centre set up the National Land Reforms Committee with the Prime Minister as its chairman.

Once the campaign enters Tamil Nadu, the fight will be against the system of Panchami land being encroached and controlled by the rich, he said. The march will touch as many as 350 districts covering a total of 80,000 km and taking part in 500 struggles.

“As part of the campaign, we have visited Koodamkulam, Alappad, Chengara and Idukki. I feel there is an urgent need for a second round of land reforms,” he said.

<http://ibnlive.in.com/news/time-for-second-land-reforms-in-kerala-expert/192343-60-116.html>

IAS officer suspended for corruption, 1st time in India

Raipur, (IANS): The Chhattisgarh government has suspended an additional chief secretary-ranked official of the Indian Administrative Service (IAS) for allegedly allowing the sale of tribal land to non-tribals, official sources said Tuesday.

T. Radhakrishnan, a 1978 batch IAS officer, was suspended Monday. It is the first case of suspension of an official of this rank in the state.

A senior official with the General Administration Department (GAD) said the suspension letter was issued late Monday.

Radhakrishnan faces charges of bending the rules to allow sale of tribal land to non-tribals during his tenure as chairperson of the Board of Revenue during January 2008- January 2011.

The Bharatiya Janata Party government has ordered a departmental inquiry against Radhakrishnan, who has refused to speak to the media.

But the officer said he would offer an explanation to Chief Minister Raman Singh.

Official sources said the government put him under suspension after a probe committee headed by a senior IAS officer Narayan Singh found allegations against Radhakrishnan "genuine in first look".

The committee in its report to the state government broadly hinted that Radhakrishnan grossly violated rules" in over 300 cases as chairperson of the Board of Revenue in which he gave consent to private people and even industries to illegally purchase tribal persons' lands.

<http://nvonews.com/2011/10/11/ias-officer-suspended-for-corruption-1st-time-in-india/>

Forests

Live recording of negotiation between Baiga tribals and SDM

Swara team

Bhan Sahu is telling us about a demonstration by Baiga tribals in Kawardha district of Chhattisgarh demanding various things like handpump, road and implementation of Forest Rights Act and NREGA.

After the demonstration she has recorded the negotiation with local Sub Divisional Magistrate (SDM) live in her office when the officer offers to look at all the demands of the adivasis sympathetically.

<http://cgnetswara.org/index.php?id=7277>

Saranda: den to showpiece

- Cleansed of rebels, East Singhbhum forest to be model of development
BASANT KUMAR MOHANTY

New Delhi, Oct. 12: As many as 56 villages in the Saranda forests, freed from over 10 years of Maoist dominance in a month-long offensive in August, is set to see a new era of development with the Centre planning to showcase it as a test case to prove that police action is no impediment to building social infrastructure.

Union rural development minister Jairam Ramesh, who visited the Jharkhand capital last week, has sent a proposal to Union home minister P. Chidambaram, seeking his support for

the slew of development activities his ministry wanted to launch in the forests of West Singhbhum.

“The Saranda forest area was under the control of Maoists for over 10 years. The CRPF has liberated the area. We want to make it a test case to prove how development activities and police action can go hand in hand and can win the confidence of people and keep the Maoists away,” Ramesh said.

Spread over 855 sqkm, these villages with a population of 36,500 did not see any development ever since they came under the control of the rebels in 2000. Three banned organisations, CPI(Maoist), Kishan Krantikari Samiti and Nari Mukti Sangha, were running the show in the area, rendering it inaccessible for people and government officials.

Although there are schools and anganwadi centres, there has been no monitoring or supervision by the government.

Access to the area has been a major problem as the communication network is in extremely poor shape. None of the schemes of the rural development ministry was implemented in these villages, Ramesh said.

Joint forces from Orissa and Jharkhand undertook Operation Anaconda in the forests of Saranda between July 31 and September 1, so far the longest sustained armed offensive against a rebel stronghold in the state.

According to Jharkhand DGP G.S. Rath, as many as 12 Maoist training camps were busted from Saranda, at the time the second most important rebel hub after Bastar in Chhattisgarh.

“The rebels may not have been totally flushed out, but we have been successful in establishing an administration during the month-long operation in Saranda,” he had told The Telegraph sometime later in September.

In his letter to Chidambaram, Ramesh suggested a multi-pronged approach to develop the area. The ministry is sending a team to the Saranda area on Sunday to finalise the developmental action plan.

During his trip to the state, when Ramesh visited Ranchi and Gumla to get a first-hand idea about the progress of the Centre’s job scheme and road projects, also spoke to chief minister Arjun Munda about his plans.

Ramesh’s proposal includes a number of initiatives on housing and healthcare for the benefit of the community, particularly widows. A boost to employment will come in the form of the MGNREGS that will be used to develop land and build roads.

The district administration will open 10 integrated developmental centres (IDCs) at strategic locations to cover these villages and provide minimum services like ration, health care etc. The IDCs will provide BPL and Antyodaya Anna cards to all eligible families. Widows will be sanctioned Rs 10,000 under the national family benefit scheme, while eligible families will

be covered under Indira Awas Yojana. It is estimated that around 5,000 houses will be required.

As the area does not have any health infrastructure, mobile health units could be operationalised. Helicopter services could be provided to help critically ill patients reach hospitals.

"It will give a message that helicopters are not just for the police forces," Ramesh said in the proposal.

http://telegraphindia.com/1111013/jsp/frontpage/story_14617517.jsp

Will forests sink carbon profits

BRENDON LAU, AFR

14 Oct, 2011 10:16 AM

SOME of Australia's biggest carbon emitters are expected to take up contracts on forestry projects worth hundreds of millions of dollars once the carbon tax comes into law.

These projects are designed to offset carbon liabilities under the new trading scheme and oil and gas majors, such as Origin Energy and BP, have bought contract options on these projects in the past few years in anticipation of the new law, reports The Australian Financial Review.

Some of Australia's smallest listed companies appear best placed to benefit from the carbon tax as they have been patient first movers into the industry during a time when the carbon trading proposal was hanging in the air following the ousting of the then leader of the opposition, Malcolm Turnbull and the surprising back-pedal from former prime minister Kevin Rudd.

"Australia's carbon market will expand by 500 times overnight," CO₂ Group chief executive Andrew Grant said. "The legislation is worth billions, not millions, to the industry."

The expected ramp-up in investment of carbon programs comes on top of the millions already spent by Australia's largest resource companies. Woodside Petroleum has poured \$100 million into carbon solutions for its Pluto project and planted 20 million trees, while BHP Billiton has committed to spend \$US325 million on technologies to lower greenhouse emissions from its operations.

Origin Energy holds a \$30 million option and BP a \$10 million option with Carbon Conscious relating to a large-scale plantation of Mallee Eucalypt trees on less viable agricultural land in the wheat-belt regions of Australia.

While Mr Grant will wait till the end of the month to give revised earnings guidance for his company in the wake of the passing of the carbon tax bill in the lower house, Carbon

Conscious chief executive Peter Balsarini expects \$190 million of existing commercial options will be taken up.

"There is a strong economic case for companies to exercise their options as a native tree model will produce carbon credits below the cost of the anticipated cost of the scheme with a \$23 to \$25 [per tonne of carbon] as a start price," he said.

Tree plantations are one of the most cost-effective means to offset carbon liabilities. Mr Balsarini said the returns generated from companies taking up their options with Carbon Conscious would meet internal rate of return hurdles set by his clients, though he declined to say what these returns were due to confidentiality clauses.

Shares in CO₂ jumped 8.1 per cent yesterday to 20¢. Carbon Conscious has risen some 30 per cent this week to a near two-year high of 40¢.

While the carbon tax will lead to a fledging carbon trading industry and feels like a windfall for Carbon Conscious and CO₂, it isn't all blue skies for the incumbents.

Besides the risk of potential changes to the legislation, both companies are yet to secure regulatory approval to get their carbon credits recognised under the Carbon Farming Initiative, which became law last month.

Carbon offset projects will need to be certified under the initiative before carbon credits can be awarded and the CFI will be operational only just before Christmas. There is also a limit to how much carbon emitters can use plantations to offset their carbon liabilities.

Under the new proposed scheme, credits generated from forestry projects can contribute only up to 5 per cent of a carbon emitter's liability for the first three years. This means such solutions will be only a relatively small part of a portfolio of carbon offset projects for the next few years.

Both companies are confident their projects will be CFI certified as the credits generated by their plantations were recognised under previous variations of the carbon trading scheme. Mr Grant said the 5 per cent limit would not impede demand as that was more than offset by the lack of supply given it took years for forestry projects to be established.

However, CO₂ and Carbon Conscious could struggle to entice institutional investors onto their share registers. Fund managers expressed reservations about the business model, and it had little to do with the dour perception of all forestry projects following the collapse of managed investment schemes during the financial crisis.

The head of contrarian investment fund Orbis Australia, Simon Marais, is unimpressed with the industry.

"If you look at Europe, the big winners of the carbon tax were actually the polluters," he said. "All they had to do is to change their business practices a little bit to emit less carbon and suddenly they had a credit – it's completely counter-intuitive."

“Australia’s carbon market will expand by 500 times overnight. The legislation is worth billions, not millions, to the industry.”

<http://sl.farmonline.com.au/news/nationalrural/forestry/general/will-forests-sink-carbon-profits/2324103.aspx?storypage=0>

Testing the world's resolve to save the Amazon

By Eric Chivian and Rigoberta Menchu

ABC Environment | 7 Oct 2011



The Ecuadorian section of the Amazon rainforest is home to fascinating life. *Credit: iStockphoto.*

A plan to prevent oil drilling in the Ecuadorian rainforest may see the country emerge as an international model for sustainable energy policy.

CHARLES DARWIN WOULD APPRECIATE the irony of Yasuní National Park in the Ecuadorian Amazon. Yasuní, home to one of the highest concentrations of biodiversity in the world, is itself engaged in what Darwin called "the struggle for existence". A proposed drilling project in Yasuní's Ishpingo-Tambococha-Tiputini (ITT) oilfields would tap into a reservoir estimated to be worth more than US\$10 billion - and permanently destroy this global treasure.

Darwin, who developed his theory of evolution in Ecuador's famous Galapagos Islands, recognised the importance of the relationships between species. He observed that no species - including humans - can exist in isolation from other living things. Each organism relies on natural processes to survive and contributes to nature's balance - and ultimately, to the survival of all life on our planet.

Yet in Yasuní, a tragic tradeoff between man and his environment looms.

Amid the richness of the Ecuadorian Amazon, one third of the country's population lives below the poverty line. For many Ecuadorians, the economic opportunity beneath Yasuní - equivalent to roughly one fifth of Ecuador's proven oil reserves - raises a painful choice between biodiversity and wealth.

Understandably, many would choose to drill. Indeed, in 2007, crude and refined oil products accounted for more than half of Ecuador's export revenue.

But extracting the more than 800 million barrels of crude oil under Yasuní, and burning the fuels made from that oil, would lead to more than 400 million tonnes of carbon-dioxide emissions, a little less than the annual carbon footprint of Australia! The resulting deforestation would add another 800 million tonnes to the atmosphere's carbon burden, an amount equal to what Germany emits each year. And the permanent damage to thousands of species - and to the indigenous Amazonian Tagaeri and Taromenane tribes, which remain isolated from the world - would be too profound to quantify.

The discovery beneath Yasuní has sparked a heated debate, but a majority of Ecuadorians still prefers to leave the oil in the ground and the Yasuní intact, despite the financial sacrifices that this implies. A novel 'Plan A', announced in 2007 by President Rafael Correa, would prevent oil extraction in Yasuní if money could be raised from the international community to offset some of the economic losses that would result from a drilling ban.

The United Nations responded to Ecuador's plan, and in 2010 established a special fund for the initiative, the Yasuní ITT Trust Fund. The UN Development Program administers the fund, and an independent steering committee oversees its operations. The fund's goal now is to raise US\$3.6 billion from foreign governments, private companies, and individuals over the next 13 years. By urging the international community to provide less than half of the possible revenue, Ecuador and the UNDP are hoping to promote a spirit of global responsibility for Yasuní's preservation.

A drilling ban in Yasuní would have tremendous benefits for both Ecuador and the world. The funds raised from the initiative would be invested in Ecuador's alternative-energy industry, with the goal of changing the country's entire energy matrix. The eventual returns from the new energy systems would then be invested in social and environmental programs.

Moreover, contributors to the UNDP-administered Yasuní ITT Trust Fund will be given Yasuní Guarantee Certificates (CGYs), a legally recognised financial instrument that requires Ecuador's government to repay the face value of the contributions if the fund is not successful. With this plan, Ecuador would emerge as an international model for sustainable energy policy.

The Yasuní ITT Trust Fund seeks US\$100 million by the end of this year. If this amount is not raised, the call for drilling will be almost unstoppable. The international community must not let this happen.

We need to recognise, as Darwin did, that there are profound interconnections among all living things. Each of us is dependent on a vast array of plants, animals, and microbes and the life-giving services they provide.

Yasuní's enormous biodiversity will lead to new medicines and medical-research models to treat human diseases and relieve human suffering - but only if it wins its struggle for

survival. It will if we recognize that Yasuní does not belong just to Ecuador, but to all of us, and that it is our responsibility to protect it for all time.

Eric Chivian, who shared the 1985 Nobel Peace Prize, is the founder and Director of the Centre for Health and the Global Environment at Harvard Medical School. Rigoberta Menchú is a Guatemalan activist for the rights of indigenous people and a winner of the 1992 Nobel Peace Prize. For more information on how to save Yasuní-ITT, please visit yasunisupport.org.

<http://www.abc.net.au/environment/articles/2011/10/07/3334447.htm>

Biodiversity

Focus on island biodiversity

Chennai | Posted on Oct 03, 2011 at 09:00am IST

CHENNAI: Ways to conserve biodiversity of islands will be the theme of the 11th Conference of Parties on biodiversity to be hosted by India in 2012. With climate change beginning to have considerable impacts on islands, ways to conserve island biodiversity is the priority of the hour and hence the priority of the meet, said Balakrishna Pisupathi, Chairman of National Biodiversity Authority, speaking to Express on the sidelines of discussion meeting organised on the occasion of Gandhi Jayanthi.

On the key takeaways for India from the international summit to the Convention on Biological Diversity, Pisupathi said the focus will be on extending the advancements made at CoP-10 in Nagoya, Japan, and on implementing new mechanisms that would benefit communities involved in conservation activities.

“Coastal biodiversity, economics of biodiversity and biodiversity’s impacts on livelihoods of communities will be the major additional points of focus apart from advancing our efforts on access and benefits sharing and preparing a roadmap for executing the Nagoya targets,” Pisupathi said.

The CoP-11 in Hyderabad will be noteworthy as it is widely expected that two new protocols to the convention will come into force: the Nagoya Protocol and the Nagoya - Kuala Lumpur supplementary protocol. The Union Environment Ministry is currently working on the draft texts of the conference which will be completed after two rounds of technical committee meetings to be held in Nov 2011 and April next year, said Pisupathi.

The basis of benefit-sharing with communities will happen effectively only if the panchayat level management committees on biodiversity are strengthened, said agricultural scientist MS Swaminathan, speaking at the meeting.

“Many states have established state biodiversity boards as mandated by the biological diversity act of 2002. But most of them are yet to set up committees at panchayat levels and others are not active,” Swaminathan said.

CHENNAI: Ways to conserve biodiversity of islands will be the theme of the 11th Conference of Parties on biodiversity to be hosted by India in 2012. With climate change beginning to have considerable impacts on islands, ways to conserve island biodiversity is the priority of the hour and hence the priority of the meet, said Balakrishna Pisupathi, Chairman of National Biodiversity Authority, speaking to Express on the sidelines of discussion meeting organised on the occasion of Gandhi Jayanthi.

On the key takeaways for India from the international summit to the Convention on Biological Diversity, Pisupati said the focus will be on extending the advancements made at CoP-10 in Nagoya, Japan, and on implementing new mechanisms that would benefit communities involved in conservation activities.

“Coastal biodiversity, economics of biodiversity and biodiversity’s impacts on livelihoods of communities will be the major additional points of focus apart from advancing our efforts on access and benefits sharing and preparing a roadmap for executing the Nagoya targets,” Pisupathi said.

The CoP-11 in Hyderabad will be noteworthy as it is widely expected that two new protocols to the convention will come into force: the Nagoya Protocol and the Nagoya - Kuala Lumpur supplementary protocol. The Union Environment Ministry is currently working on the draft texts of the conference which will be completed after two rounds of technical committee meetings to be held in Nov 2011 and April next year, said Pisupati.

The basis of benefit-sharing with communities will happen effectively only if the panchayat level management committees on biodiversity are strengthened, said agricultural scientist MS Swaminathan, speaking at the meeting.

“Many states have established state biodiversity boards as mandated by the biological diversity act of 2002. But most of them are yet to set up committees at panchayat levels and others are not active,” Swaminathan said.

<http://ibnlive.in.com/news/focus-on-island-biodiversity/189642-60-120.html>

Macrospeak

Asia must spur demand or face "middle-income trap" - ADB chief

By Manoj Kumar

NEW DELHI | Mon Oct 17, 2011 1:20pm IST

NEW DELHI (Reuters) - Asian countries will not become high-income economies unless domestic demand is made a main driver of growth, the president of the Asian Development Bank said on Monday.

"The biggest challenge is moving from resource-driven growth dependent on cheap labour and resources, to growth based on high productivity and innovation," Haruhiko Kuroda said at a conference in New Delhi.

Last month, World Bank President Robert Zoellick warned China could fall into the "middle-income trap," where national productivity and income growth stall after per capita income hits \$3,000 to \$6,000.

A similar situation happened in Latin America in the 1980s and 1990s, where export and investment-driven growth did not translate into vibrant domestic markets, resulting in stagnation.

By 2050, Asia faces two growth scenarios, Kuroda said, one in which it accounts for about half of the global GDP, with per capita income rising to the current level of Europe and another in which Asia's per capita income remains at barely half of its potential.

Kuroda also warned rising food prices remain a problem for the poor in Asia.

Volatile food costs are a major driver on inflation in Asia, where policymakers are trying to fight slowing growth without spurring consumer prices.

Speaking at the same meeting, finance minister Pranab Mukherjee said that with quality infrastructure, his country could achieve growth of up to 9 percent in the medium-to-long term.

Growth has slowed to around 8 percent in India, as Asia's third-largest economy battles with high inflation and headwinds from debt woes in the United States and Europe.

"In the medium-to-long term, India remains firmly on a high GDP growth path of 8.5-9 percent," Mukherjee said in a statement.

(Writing by Frank Jack Daniel; editing by Malini Menon)

<http://www.reuters.com/article/2011/10/17/asia-economy-inflation-idUSL3E7LH0TC20111017>
