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Eppawala - the sum of it all

Old friends meet by the tank and bo-tree. (Picture by Nihal Fernando - Studio Times)

by Gamini Seneviratne

Let us begin at the beginning. IMC-Agrico's web page confirms what has long been known to scientists all over the world, - that Phosphate Rock is:

"A mineral containing the element phosphorus, a basic plant nutrient, which is essential to all forms of life".

In 1992, the US Geological Survey and US Bureau of Mines assessed that the world's known reserves will be depleted in 50 years, and that the known reserves plus the base reserves will be exhausted in 150 years.

Mr. Garry. L. Pigg, Director- Business Development, IMC Global Inc., however makes the bland, unsupported assertion that "the known phosphate reserves in the world today are limited; latest projections indicate that the known recoverable reserves will be depleted in as little as 650 years".

In its assumptions regarding the native intelligence of the people they seek to despoil, Pigg's assertion is close enough to the statement made by his mentor, Jimbob Moffet, boss of the infamous Freeport-McMoran, that the devastation that's already been caused by the Grasberg copper & gold mine in Indonesia is equivalent to Moffet Pissing into the Arafura Sea. Moffet's load of piss is 'as little as' 70 million tons of tailings a year.

Pigg has tried, unavailingly, to distance IMC-Agrico from the bad odours of Freeport, [they are locked in a close embrace as Pigg's own account of corporate wheeler-dealing shows], but what is more relevant here is that the IMC-Agrico Fertilizer plant in Louisiana has the distinction of being the most toxic plant in America, discharging 174 million pounds of poisons into the Mississippi every year.

'Friends in high places'

If, as the Asian Wall Street Journal put it, Freeport has ripped off the Commons in Indonesia with the aid of "friends in high places", so has it and so has IMC-Agrico, done in the USA. In Indonesia, these 'friends' included President Suharto and a couple of Cabinet cronies: Ginandjar Kartasmita [Finance], and Kuntoro Mangkasubroto [Mines & Energy]. The latter has declared that the company has a "legal and legitimate" mining contract which the government is "not in a position to review". When the company wanted more than double its output it simply went to the President, who had scrawled his approval in the margins of Moffet's personal letter to him-long before the required environmental review had even begun.

The agenda of these criminal companies cannot be executed without the active support of those who wield State power, and this 'collaboration' is the factor that most threatens the vast majority of people, and why it needs to be brought into public focus. In his recent path-breaking analysis of "Globalisation as Political Market Rule", Prof. Philip McMichael observes that "The collaboration of multilateral power groups and domestic political and economic power-wielders who profit from privatisation deals, is now the procedure through which a particular kind of 'market rule' is enforced". The USA itself has perhaps the longest record of such "deals"? While European nations such as Germany and France would seem to have come belatedly into this particular "market", following Italy and Britain of the Thatcher years.

Eppawala Phosphate Rock

In Sri Lanka, 'informal' negotiations with Freeport began in the early eighties and the formal invitation for international tenders was made in 1992. Although some experiments had been conducted in Arizona by soil scientists of our Department of Agriculture on "upgrading" our phosphate, the orientation of those studies had been based on the premise that Eppawala was 'for sale'.

Even when President Kumaratunga, Prime Minister at the time, promised the people of Eppawala in 1994 that she would never permit the sale of such an invaluable national asset, no comprehensive studies of the deposit and its uses had been made. Even at this point in time, our scientists and mining engineers have been debarred from making the necessary investigations to determine more fully both the quantum and the quality of the deposit. Nevertheless, the Executive Committee of the People's Alliance, chaired by President Kumaratunga, reiterated her stand of 1994 in October 1999.

The reasons for the government's decision are clear. It had before it the report of a Committee of the National Academy of Sciences, appointed by the President in 1995; the observations of the Attorney General on the Draft Mineral Investment Agreement (MIA) in 1997; the reports presented in 1999 by a multi-disciplinary group of specialists convened by the National Science Foundation, and by the National Science & Technology Council, constituted of scientists appointed by the President, which has overall responsibility for advising the government on the development and protection of our natural resources.

It was also undoubtedly conscious that, particularly in the face of the protests of the inhabitants of the purana villages, not only in and around Eppawala, but in an area of 800 sq. km. in which, under the proposed project, IMC-Agrico would have free rein to do whatever it pleased. What they would do, given the chance, is to uproot the people, have their lands compulsorily acquired by the government which will be obliged to use all the coercive powers at its disposal, including 'informal' ones, for that purpose; obliterate the archaeological remains and the living temples that encapsulate a culture which is part of the heritage of mankind) and destroy one of the most ancient systems of irrigated agriculture in the world - a system that 'modern technology' is yet to master.

'Legislative enactment'

It was also conscious perhaps that it has to uphold the principle, not merely of 'accountability' for whatever it seeks to do in a budgetary sense, but of the constrictions on an administration that has been elected to hold office for a limited span of time in entering into agreements that extend beyond that period. And especially so in a matter that would violate its primary duty by the people - the protection of non-renewable resources for the use of future generations. This is a matter in which a variety of "legislative enactment" imposed on us by the colonial administration, that, to the shame of our Republican Constitution, have yet to be abrogated. That omission on the part of our legislators, who have recently been rewarded for their concern in such matters, God bless 'em all, is one of such fundamental importance to the "life-chances" of the people, that the principle that any administration, in all its acts, be they legislative or executive, has as its primary responsibility, the protection of the common weal, has underscored the role of the judiciary as the final arbiter of the fate of the people.

Here we have a proposal that would ensure that a foreign company, whatever its criminal record might be, be permitted to appropriate the major life-supporting assets we possess, - not only the phosphate rock but including those most strategic of resources as Prof. Randolph Barker of IIMI put it some years ago, - our land and water; despoil a major site of the totality of the human cultural heritage; -

and be "offered" terms that exempt it from all our national laws, including those relating to Income Tax, Exchange Control, Import & Export Control, Antiquities, Irrigation, Environment and Human Rights, - and to leave behind devastation on a scale that neither Magha of Kalinga nor the Portuguese nor any other invader managed to achieve.

In his comments on the draft MIA, the Attorney General had spelt these matters out and advised the Ministry of Industrial Development that, if the MIA was "gone ahead with",

"The Government's expectations of increased foreign exchange earnings having a favourable impact on the balance of payments would not be realised."

On the contrary, quite apart from the fact that the damage it would cause would far exceed even the huge profits that the sacred cow, the 'Foreign Investor', would gain - the proposed 'agreement' would be tantamount to "selling" an asset that belongs to the people of this country for much less than the cost of building a single cadjan-topped school-room.

It should also be noted that the Negotiating Committee [which included a Secretary who had long been distinguished for his willingness to "take notes" - whether he is skilled in stenography is not known], did NOT include the Commissioner-General of Inland Revenue, or the Controller of Exchange or the Controller of Imports & Exports or the Director-General of Customs.

The Foreign Investor's entire operation is to be financed by selling raw rock phosphate which belongs to our people, and by 'borrowing' from our Banks! The license for mining this area belongs to Lanka Phosphates Ltd., a wholly owned enterprise of the government. In other words, Lanka Phosphates Ltd. OWNS the right to mine - and is to be required, under the draft MIA, to hand it over to the Investor for a 10% share in the proposed new Joint Venture Company, although the assets that Lanka Phosphates would bring to such a 'joint-venture' amount to over 80% of the total 'investment'.

Negotiating committee

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In terms of the draft MIA, IMC-Agrico has demanded and been offered a 5% rate of tax (though the Inland Revenue Law prescribes a minimum of 35% even for the smallest companies!; exemption from the withholding tax on Dividends; exemption from the Advanced Company Tax; exemption from Sri Lanka Income tax for all IMC-Agrico employees, including "Management Consultants, Architects, Engineers, Quantity Surveyors, Construction Managers or in any ancillary field" [that's where the big jobs will be generated for Sri Lanka].

The MIA is "supported" by other agreements which are yet to be made public. They include a Technical Advisory Services Agreement, an Export Distributorship Agreement, and a Shareholders' Agreement.

Mr. Pigg brags that the project would bring in such and such in revenues to Sri Lanka - in the form of taxation [!], port-charges, and royalties.

The royalty payable for OUR rock phospho-

phate is 5.5% of the "published Morocco price", which IMC Global controls and could mix-report with a little help from "friends" in Sri Lanka. Income to Sri Lanka from the company's road and rail transport development, for which our government will have to evict more people and misuse existing laws, enact new ones and so on, would be negative in relation to the costs to be incurred by the government and more directly by the people.

And what of poor risk-taking IMC-Agrico? What would be the extent of their losses in trying to bring us into the 21st century of High Technology and 'globalised' Bank accounts?

Well, besides the profits they'd make from the phosphate itself, and from other rare earths and minerals this deposit may contain [including gold, uranium and thorium], they'd get 4% of the construction fee plus 2% of net revenue from the sale of products. They'd get 4.5% of gross selling price "in respect of distributorship" for the processed product and 2% for the export of raw rock phosphate.

They are protected "against minority shareholder interests" - that means the government of Sri Lanka acting through Lanka Phosphates Ltd.

Unlawful concessions

Despite all the unlawful concessions on income tax, tariff and exemption from the application of other laws, the Joint Venture Company will be registered in Sri Lanka; the Memorandum and Articles of Association can be changed at will by a majority of 80% of the shareholders - the foreign shareholders' share proposed is 90%; the foreign shareholders have refused to sign the MIA even in its present form though, says the Negotiating Committee in its Report, "A serious attempt was made to get the two foreign investors also to sign the MIA. However, they did not agree and stated that they have followed the present pattern everywhere". Maybe they were thinking of Indonesia and the USA - they'd have been hoofed out of any other SAARC country - this draft MIA has regional implications as well.

The Joint Venture Company can, however, take any "disagreement" with the Government or any resistance from the people, - either of the North central Province, or from Trincomalee, where a minimum of 750 acres of prime land by the harbour are to be reserved for IMC-Agrico, or the rest of this country, before an international tribunal for "arbitration", by passing our Courts.

It can leave Lanka Phosphates Ltd., which, it has insisted, should remain a wholly government-owned concern, holding the can - after executing \$1 trillion of damage to the people of this country and infinite destruction to what we were told in school is the human heritage. The MIA provides for the company depositing \$ 0.5 million in an Escrow account to provide for 'rehabilitation' at 'the end of the life of each mine' - even the interest on this pittance is to be 'tax-deductible'!

Rumours have been set afloat that the World Bank is pressuring the government to 'go ahead' with this draft - no, that's not a typo - MIA. But it's no secret that the World Bank refuses to fund any project that does not meet the necessarily stringent parameters on adverse environmental impacts. It is simply inconceivable that even such Janus-faced outfits as the World Bank would even search for a vocabulary that would serve the likes of IMC-Agrico and the equally, if not more, notorious Tomen Corporation.

Rock Phosphate

The deposits of Rock Phosphate in and around Eppawala should be assessed as to

quantity and quality by our scientists who could do so easily enough using satellite data and further exploratory drilling that would cost about \$250,000. The present estimate of 25 million tons of proven reserves and another 35 million tons of inferred reserves is based on the exploratory drilling that was done more than twenty-five years ago. It is probable that the deposit is very much larger than that - why, otherwise, would IMC-Agrico demand the right to mine the so-called 'buffer zone'?

Accurate picture

Obviously, IMC already has an accurate picture of what is there.. What the draft MIA provides for is that immediately upon the commencement of "exploration" by the company, the people in the entire area, - the 'project area' of 56 sq. km., AND a 10 km buffer zone surrounding the project area would be evicted. As Arundathie Roy has put it in relation to the Narmada project, the proposed "relocation" of people is not social engineering. It is garbage disposal." - And the company would have EXCLUSIVE rights to whatever operations it seeks to carry out - even the employees of Lanka Phosphates Ltd. would be able to enter that area "at their own risk". Are the 'project area' and the 'buffer zone' to be tured into a military encampment - as in Indonesia?

The Ruvanweliseya, the Jetavana and the Mirisavetiya are clearly visible and have been photographed, even from the 'pospate kanda' which is now being quarried by Lanka Phosphates; the northern periphery of the 'project area' would be much closer to them.

Eppawala rock phosphate is of a very high grade, with a phosphorous content of 35% +, compared to, Florida (21.5%), Morocco [21.4%], and Ocean Islands [22.8%], - and of a formation that lends itself to an easy form of mining. As Mr. Pigg has acknowledged, "the Eppawala deposit is an igneous deposit as opposed to the sedimentary deposits in the US, Morocco, Jordan, China, Peru, Saudi Arabia, Togo, Senegal, Guinea Bissau, Nauru, Christmas Island, Kazakhstan and Queensland. Sedimentary deposits tend to be one or more thin layers spread out over large land areas .. while igneous deposits tend to be in the shape of vertical pipes or plugs on the earth's surface." But IMC-Agrico's proposal is to dig as deep as possible: "the size and depth of the pit", says Pigg, "will only be known after the completion of Phases one and two of the project" - the period during which the people would have been evicted and the export of raw rock phosphate to ensure a favourable 'cash-flow' for this Big but Poor Foreign Investor.

While Lanka Phosphates itself could produce our total national requirements of Single Super Phosphate (SSP) through a low-cost beneficiation process, what IMC-Agrico proposes is the production of Di-Ammonium Phosphate (DAP), - of which our annual requirement has ranged from as little as 17 to 160 tons. It is also now recognized that DAP is a hazardous material with toxic properties that contaminate ground water when used in agriculture.

Under the draft MIA, there is no guarantee that the company would supply even the quantity of rock phosphate we now mine to Sri Lanka; indeed whether and when to provide supplies is left entirely to the discretion of the company!

The certainty of spoliation of this most valuable natural resource under the draft MIA, with adverse impacts on the people and their land from Kalaweva to Mannar in the west and Trincomalee in the east, with the ancient city of Anuradhapura at the epicenter of the cataclysm, has not been lost on the people of this country and of concerned scientists in the USA and Japan. Hence, perhaps, the decision of the Executive Committee of the People's Alliance to entrust the prudent development of Eppawala to our engineers and scientists.