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## Land and natural resources grabbing by multinational companies: What threats?

**VMR**

**Rédacteur en chef:**

George Dixon  
FERNANDEZ

**Secrétariat:**

FIMARC aisbl  
rue Jaumain 15  
5330 ASSESSE  
BELGIQUE  
Tél/fax: 32-83-656236  
www.fimarc.org  
fimarc@skynet.be

**Compte bancaire:**

ING 310-0756026-94  
IBAN  
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*Assesse (Belgium) - 2007*

*Dear readers,*

*This year, the last topic on the series of land is on “Land and Natural Resources exploitation of MNC’s and their threats”. MNC’s are playing a crucial role in promoting land grabbing and exploitation of natural resources in many countries across the world and most of these exploitations are carrying out in the name of development.*

*The exploitation of nature is often done unsustainably by big enterprises and is of increasing concern as the depletion of natural resources and population growth ultimately threatens human existence. The over-exploitation of natural resources is a real picture of human greed. Greed has destroyed our environment.*

*A non-sustainable exploitation of natural resources ultimately threatens human existence by causing far too much pollution in the soil, air, and water that we need. Ecological sustainability is the main foundation of human life continuing on earth but often this principle are not really considered for the short-term financial benefits which are generally more attractive.*

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*Our movements has been fighting against the exploitation of Multinationals in various countries to protect the life and livelihoods of the farmers and other rural people .Our campaign against POSCO is still continue in the field.*

*As we discussed in our earlier edition of VMR ,the giant agribusinesses and even other private investors are enjoying soaring earnings and profits out of the world food crisis which is driving millions of people from their livelihoods and put them in starvation. The World Bank says that 100 million more people are facing severe hunger. Yet some of the world's richest food companies are making record profits. Monsanto, Cargill, Archer Daniels Midland(one of the world's largest agricultural processors of soy, corn and wheat), Mosaic Company (one of the world's largest fertilizer companies) has been declared their record profits.*

*The benefits of the food price increases were being kept by the big companies, and were not finding their way down to farmers in the developing world . Let us continue our struggle until the most vulnerable have the chance for a dignified life.*

*I wish you all the best for your good work in various countries and wish you a happy Christmas and prosperous year 2012.*

*Enjoy your reading and please send us information about the various actions of our movement against the exploitation of the MNC's in your countries.*

*George Dixon FERNANDEZ  
General Secretary*



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## **Land and natural resources grabbing by multinational companies: What threats?**

*"Every five seconds, an equivalent weight of Eiffel Tower of natural resources has been collected from the ecosystems and mines."*

*The rich countries are not satisfied to consume ten times more resources by inhabitant than the poor countries. This consumption, of water, minerals, oil and agricultural products, is done at the price of environmental degradations and human rights violations, generated by multinationals which exploit these resources.*

*Companies that are rarely held legally responsible for the consequences of their activities because of their economical and political power and of the wait-and-see attitude of the governments and populations.*

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## What is a multinational?

A multinational corporation is a company that produces economic effects in several countries. This means that the shareholders do not come necessarily from the same country or the company establish its seats in two or more countries. According to Charles-Albert Michalet<sup>(1)</sup> the multi nationalization of a company meets five key determinants

- The research of direct access to raw materials.
- The need to bypass certain barriers to the exchange. It is for example to produce on the market where the product will be consumed to not be affected by customs tariffs on imports.
- The search for export markets following the intensification of competition on the internal market.
- The loss of a technological advantage in the domestic market may compel companies to produce abroad, at lower cost, in order to continue to produce it in a cost-effective manner.
- The research of lower labor costs.

He defines a multinational as a company "the most often of great size, which, from a national base, has implemented abroad several subsidiaries in several countries, with a strategy and an organization designed around the world". Cathal J. Nolan, professor of history at the University of Boston, insists on "capital, goods and extremely flexible technologies" of these companies that "think globally", that do not have "any specific loyalty", and that take their "decisions according to the questions of economic scale, fiscal policy and repatriation of profits".

The CETIM (Centre Europe Tiers Monde) insists on a certain centralization, defining a multinational company as a "legal entity of private law, acting in several Member States, but with a single centre or a main centre of decision". In the same direction, René Sandretto sets it as a "firm generally of large size, with the organization and management are most often centralized, developing their productive activity with subsidiaries in several countries".

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*(1) Charles-Albert Michalet, born the 5 March 1939 to Montpellier and dead the 21 November 2007 is an economist French member and co-founder of the Circle of Economists. Professor Emeritus economy in the University Paris-Dauphine among others he worked several years on the multinational within the Organization of the United Nations and then in the Foreign Investment Advisory Service of the World Bank. He was specialist of multinational corporations and the promotion of direct investment.*



## A few examples among many others....

- ♦ **ERAMET in Indonesia:** this French mining group prepares the operation of the Weda Bay nickel deposit, in the heart of the island of Halmahera. This is located under primary forest theoretically protected but was decommissioned in 2004 under the pressure of the industry. The economical issue is infact size because it potentially represents the second deposit in the world, with 4 million tons of nickel potentially exploitable.



This exploitation threatens the environmental balance of the island and way of life of indigenous communities and local populations...

- ♦ **MICHELIN in Nigeria:** To make necessary rubber for the tires, the French company operates plantations of rubber, via a subsidiary, the international society of rubber plantations. In Nigeria, this cultivation is in, about 3 000 ha in area, led the destruction of primary forests



in the State of Edo, in the South of the country, and the dispossession of their lands for local populations. However, 20 000 people live in this area, of which 80% are dependent on the forest to meet their needs.

- ♦ The Pohang Iron and Steel Company, **POSCO**, based in Pohang **in South Korea** is the fourth largest world wide producer of steel. After five years of conflict with peasants, it purchased land in May 2011 in Orissa. Eastern state of India, to set up a steel plant (12 billion investment of \$). This industrial project is accused of violating the Forest Rights Act, damaging the environment, taking land from farmers. More profit to POSCO than the local labor.



- ♦ **TEREOS in Mozambique:** this cooperative grows almost 100 000 hectares, including 15,000 of sugarcane, in Mozambique, which are in addition to productions from its subsidiary in the Brazil. As all agro fuels, these plantations generate conflicts in the agricultural area used by local populations for food, in a country where hunger remains a major challenge. They also lead phenomena of deforestation by moving the peasants without land to forest areas that they will clear.



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- ♦ **GDF-Suez in Brazil** : the company is involved in the financing of two megadams, San Antonio and Jirau, on the Madeira River in the Brazilian Amazon. These projects will move thousands of indigenous people and destroying forests where there are several Indian people live. The establishment of industries in these entrenched areas may also cause the spread of diseases such as flu or the measles, against which the Indians are little immunized.



- ♦ **In Europe**, the pork sector is good example of multinational companies. **Vion**, **Danish Crown** or even **Tönnies Fleisch** took the head of those undertakings. Here in a few years, their strategy will be likely to invest in the countries of the East. Chinese multinationals are also positioned on the market and do not hesitate to cover their supplies of food for livestock, going to grab land from other continents.
- ♦ **AND... Novartis**, leader of the pharmaceutical industry and the number one for the phyto sanitary in the world, **Monsanto**, largest pharmaceutical and agro-chemical group, **AgrEvo**, which sells mainly herbicides for rape seed (Colza) and corn in United States and Canada, **DuPont**, n° 1 in the world of chemistry, one of the largest breeders in the world for the seeds of corn, **Goldcorp**, large operator of mines in various regions of the world.







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## What are the threats to local populations and the environment?

We have seen by a few examples cited above, and which are unfortunately only a few examples, the establishment of multinationals most often causes expulsions of populations, throwing them literally to the street or magnifying the group of people inhabiting in the slums around big cities.

Another equally important threat is that the rapid development of the agro-industrial projects threatens forest ecosystems as well as balance and way of life of local populations.

In recent years, these acquisitions of land to produce food for export aggravate the situation of food security of local populations. Deforestation could lead to the disappearance of wildlife, some of which likely to serve the human cause, including everything concerning traditional medicinal plants.

A direct threat for populations is mining activity. It causes a lot of pollution since it uses very toxic products to extract gold and other minerals: tons of mercury and cyanide are thrown away in the forest and rivers. Populations are confronted with serious problems of subsistence: fish is very intoxicated, wild animals became rare (because of noise) and was itself poisoned, finally water consumption, collected from the sources of water, is the cause of many diseases.

### **Crying Indigenous Chief Raoni**

The Indian Chief Raoni crying on hearing the decision of the Government of Brazil. It has given the green light for the construction of the Belo Monte dam.

Thousands of letters and more than 600 thousand signatures were simply ignored.

Madam Dilma Rousseff has signed the Decree of death of Xingus people.

The Belo Monte dam will be larger than the Panama canal and will flood at least 400 000 hectares of forest. 40 000 indigenous and other local populations will be relocated and the habitat of numerous animal and plant species will be destroyed.

All of this to make energy?

At the price of humans and the land

*post collected by Geo - [www.i-services.com](http://www.i-services.com)*

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## The position of the World Bank, OECD, investors

For the World Bank(WB), the Organization for Economic Cooperation and Development(OECD) and very many investors, private groups must not see themselves assigned in other obligations than the commitments made in the agreements and investment contracts and the rules laid down by national laws in their regard.

The actions of business should be influenced outside these frameworks, that through their goodwill. It must defer to the voluntary "codes of conduct" to which they may choose to subscribe, and to the vigilance of public opinion which information would, under this approach, the best guarantor for the improvement of the behavior of investors. Most of the subcontractors, that anonymous because have yet by anything in fear. The famous parent companies know how to convince that it is impossible to control all the companies with which they are working...

It can be said of this approach, in view of the result to which lead the current frameworks, it aims to enable the multinational firm and the investor to exercise actual sovereignty beyond borders!



*Gold Mine - Guatemala, 2011 (D.Herman)*

## The position of civil society

A number of actors, from many civil society organizations believe that the States, national political powers, should re take the hand on economic powers and impose their will to the influence of external political powers. Citizens' political actions, social movements, must obtain a national collective will that is to be imposed over economic actors and other states.



This dimension of a common ownership of natural resources and land justifies to give a minimum of rules, relating to the most vital issues, the value of non-derivable common requirements, and therefore to endow with the international judicial courts, the strength to oblige the States and the businesses.



## **Possible actions**

The first action is of course from our level.... It is resumed in a simple idea: reduce our consumption. There are many solutions to achieve: strengthen public transportation, relocate the economy, and increase the life of the products, still offer more services. But also...

### ***Strengthen the social and environmental control***

If the concept of social balance sheet is known, the companies should develop a conscience that would allow them to add moral goals to their economic objectives. But it cannot be expected from private initiatives that they solve all these problems. The States should reinforce their legislation to impose on the companies of the rules beyond even of their borders

### ***Create a global competitive regulation authority***

The competition is the first factor of regulation of private companies: If a company can impose its conditions on consumers, it is because it knows that these consumers can turn to a competitor at any time. Large competing companies try sometimes to get agreement on the tariffs that they practice to increase their margins and profits. Such an attitude is strongly resisted by European or American competition regulators using fines to the record amounts.

But many countries are little able to compete against the strike of the multinational force. A global competition authority could give each country the weapons to fight against "coalitions" and other monopolies as that is done today in the developed world.

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### ***Limit the corruption***

The Corruption is an important lever for multinational corporations that want to gain access to a natural resource, to a new market or to obtain a favorable legislation. Poor States, weakened by crises, beset by authoritarian regimes are targets of choice for the corrupters with full pockets. Combat these practices through two types of measures. First, give the power to WTO to decide on cases of corruption involving multinationals, where corruption is an anti-competitive practice: firms will be much more reluctant to take the risk of corrupt if they know that the justice of the WTO may condemn them. Secondly, combat the secrecy of tax havens that allows corruption money to travel from the eyes of the authorities.

### ***Make public the profits generated by the multinational***

Multinational corporations in a country should should make public the carried out payments, allowing citizens to hold their Governments accountable. We do not call companies to publish confidential commercial information, but rather to publish the same database financial information that are required in many developed countries on payments made to Governments or to other public authorities.

## **Successes are possible**



Peruvian President Ollanta Humala has sent a clear message both to the national and international investors by issuing the so-called law "consulta previa" on Tuesday, September 6, 2011.

It is the application of international agreements signed by Peru and in particular article 169 of the International Charter of ILO (International Labor Organization).

Now, it will not be possible to implement a mining project without the consent of the communities living on the land where this activity must develop.

*(Photo : [blog.lefigaro.fr/amerique-latine](http://blog.lefigaro.fr/amerique-latine))*



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## Some news from the movements

### ***IRDS Tamil Nadu (India)***

FIMARC organization of Tamil Nadu, India has been part of one a yearlong Jansatyagraha Jan Samwaad Yatra with different movements working among the marginalized communities like the dalits, tribal's, coastal communities, small and marginal farmers and the urban slum dwellers.

This yatra is leading by the Gandhian Movement Ektha Parishad and has been flagged off from Kanyakumari on 2nd of October. The Yatra is focusing on the Land and Livelihood rights of the marginalized communities.

As part of the Yatra, our organization planned several events in Northern Tamil Nadu from the 24th to 31st of October and to have a Public Hearing on the 1st of November in Chennai on the marginalized communities access and control over land to overcome the problem of hunger and poverty in India.

### ***Mouvement des Foyers Chrétiens (M.F.C – TOGO)***

Within the frame of the celebration of the World Food Day (WFD), the MFC of TOGO took the commitment to lead the following activities:

- To organize a prayer together, on October 15th, 2011 in the different parishes
- To request the celebration of a mass in favor of those who work for the eradication of the famine and the very starving men on Sunday, October 15th, 2011 on all the parishes.
- To have a concrete act in Caritas in favor of the most deprived (to offer something)
- To encourage individual acts of charity to the poorest (visit a patient, share our credit note; give of him some time, to help a poor people etc.
- To organize a radio program on the theme: «the price of food-stuffs - of the crisis in the stability» on October 15th, 2011 on radio Maria station of Kara from 4 pm till 5 pm.
- On 16th October, 2011, a fast will be observed to collect some money to offer to the poor people of our parishes.

During a meeting for the preparation for the highlight of the 40th anniversary of the MFC, the parish responsible people will be sensitized to the WFD. This will take place on November 5th at Monseigneur Bakpéssi Centre.

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### ***New Chaplain***

FIMARC EXCO had elected Fr. Pasquale Kinoti as chaplain of our movement and this has been approved by the pontifical council for Laity. Fr. Kinoti will take over this mission when Fr. Abraam Maher finish his mandate next month. I would like to extend our gratitude to Fr. Abraam for all the services that he rendered for FIMARC during last 4 years.

I wish him a good luck for his ongoing work in his country and looking forward for further collaboration in the future.

I also take this opportunity to congratulate and welcome Fr. Kinoti for this new mission and looking forward for his service for our movement



*Fr Abraam MAHER*



*Fr Pasquale KINOTI*



**Le Bureau de la FIMARC  
vous souhaite une bonne année**

**The Bureau of the FIMARC  
wishes you a happy new year**

**El Buro de la FIMARC  
le desea un feliz año nuevo**

**O « Bureau » da FIMARC  
deseja-lhe um muito bom ano**

2  12



*"We will change capitalist economy into solidarity economy"*  
FIMARC PAKISTAN - FSM Belem (Brazil) 2009



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**RESPONSIBLE EDITOR**

George Dixon FERNANDEZ, rue Jaumain 15 - 5330 ASSESSE (BELGIUM)