



**Tag: Vaitarna Holdings Private Inc.**

## **In discussing Vaitarna, Messrs Persaud and Singh failed to distinguish the State Forest Exploratory Permit from the TSA**

When Agriculture Minister Mr. Robert Persaud held his press conference on April 12, 2011 to defend the permit/agreement over 1.82 million acres granted to the Indian company Vaitarna Holdings Private Inc., there had been very few letters and questions about the manner in which the two parcels of the land had been allocated to the company owned by Mr. Siddhartha, the coffee magnate of India. Mr. Persaud's accusation of a "misinformation" and "sleazeball" campaign seemed therefore both inappropriate and disproportionate particularly since Mr. James Singh, Commissioner of Forests had spoken two days earlier on the matter.

In seeking to dispel concerns about Vaitarna, Mr. Singh had raised in my mind some interesting questions which I had hoped to put to him in some form. I withheld those after the Minister had said that he was "ready to debate and discuss the sector's management stewardship, the policies and whatever is being done within the GFC, at anytime, at any place and with anyone." It is now close to two weeks since I invited Mr. Persaud to do exactly that on Plain Talk but he has not responded to my written invitation or taken my follow-up telephone calls.

In my view, both Mr. Singh and Mr. Persaud failed to distinguish between the State Forest Exploratory Permit (SFEP), like the one previously granted to Simon and Shock International Logging Inc. (SSI) and the Timber Sales Agreement (TSA) previously granted to Caribbean Resources Limited (CRL). SFEPs and TSAs are issued and revoked under different sections and authority under the 1953 Forest Act.

SFEPs do not confer exclusive rights while TSAs do. SFEP's are issued by the GFC under the authorisation of the Minister but only if the GFC is satisfied that the applicant, which must be a Guyana incorporated company, has adequate experience to carry on effective exploratory operations. Where there is a breach, the GFC can suspend the permit, subject to review by the President. A TSA on the other hand, permits the sale of produce and is issued by or under the authority of the President. In the case of a non-fulfilment of any of its terms, the TSA may be suspended by the Minister, also subject to review by the President.

It would be interesting to learn of any precedent of a new entrant in the sector being granted almost simultaneously an SFEP and a TSA. The intent of the Forest Act seems clear - an entity must demonstrate its capacity to deliver under an SFEP before being entitled to a TSA. Neither the Minister nor the Commissioner offered any indication that would remotely suggest that Vaitarna has demonstrated any capacity other than a keenness to get control of pristine forests covering 5% of Guyana's forests. Instead, there is a lot to suggest that the decision was based not on any objective technical criteria but on Vaitarna's willingness to pay \$600 million, an indeterminate portion of which was for debts of CRL, a CLICO subsidiary. With such an outlay, Mr. Siddhartha, a shrewd businessman in India's competitive and notoriously

corrupt business environment will expect to recover his investment at or above his company's cut-off rate of return, which will only come from fairly intensive operations.

With regard to the actual sums collected, both the US\$254,000 and the \$600 million should have been paid into the GFC from which, subject to the Act, surpluses could be paid into the Consolidated Fund. Both Mr. Singh and the Minister confirmed that the lesser amount was paid to the GFC but were ambivalent with respect to the \$600 million. From a review of the Commission's records it appears that the \$600 million was paid straight into the CLICO fund, in a liquidation process that defies many laws but which the public is silent about for reasons of convenience.

It is interesting to note that the President has not assented to the new Forests Act passed in the National Assembly in February 2009, as a consequence of which it is impossible for the new Guyana Forestry Commission Act 2007 to come into operation, making the Commission more independent and autonomous. It is regrettable that even as we enter into international agreements for the conservation of our forests, we seem determined to retain legislation that is sixty years old rather than operationalise modern legislation that eliminates policy confusion, emphasises sustainable management of the forests, grants the regulator more autonomy and gives the public access to information.

If these recent Acts had been in place, it would have been harder for the Government to enter into the kind of transactions it has with Vaitama and easier for the public to access information. This failure may have nothing to do with Vaitama. But it may be hard to convince any informed person otherwise.

 April 28, 2011  ChrisRam  Letters to the editor  Vaitarna Holdings Private Inc.  Leave a comment