



VIDEOS

Follow Like 37,169 people like this. Sign Up to see what your friends like.

Search 2007-now 1986-2007

Home > Features > Daily > Through a glass, darkly - what's wrong with an Indian coffee retailer exporting logs of prime furniture and flooring timber from Guyana instead of local processing for added value?

EnglishTown Sagen Sie "Hello" zu unserer kostenlosen App **MEHR INFORMATIONEN**

BECOME A SUBSCRIBER Get full access to the best reporting in Guyana for as low as 25c per day

Through a glass, darkly - what's wrong with an Indian coffee retailer exporting logs of prime furniture and flooring timber from Guyana instead of local processing for added value?

Part 1

APRIL 16, 2012 · BY STAFF WRITER · 1 COMMENT

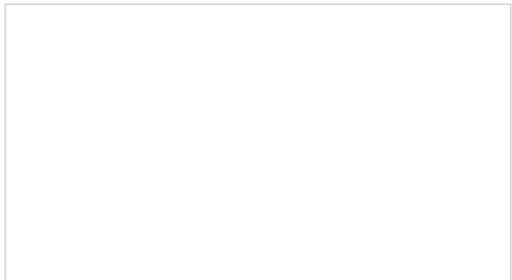
[NEXT ARTICLE >](#)

Tweet 9 Like 13 Send

Print

By **Janette Bulkan**

Janette Bulkan is a Social Anthro-pologist who was Coordinator of the Amerindian Research Unit, University of Guyana from 1985 to 1999 and Senior Social Scientist at the Iwokrama International Centre from 2000 to 2003.



St. Paul wrote in his first letter to the Corinthians 'For now we see through a glass, darkly; but then face to face' (1 Corinthians 13:12). In Guyana we are still in the dark phase in understanding the intentions and practices of the Indian coffee retailer Coffee Day, Inc., which initially appeared in Guyana under the name Dark Forest Company

(S) Pte Ltd, as first reported in Stabroek News, 15 January 2011, 'Simon and Shock aiming for \$19M Rupununi forestry investment'. Coffee Day, now operating here as Vaitama Holdings Pvt. Inc. (VHPI), reacted immediately to a suggestion in Kaieteur News that its export of almost 50 containers of unprocessed logs of the most prime timbers of Guyana was improper. VHPI assured KN that 'it has the facility like any other forestry company to export logs and other forest products in keeping with the National Log Export Policy and the Government of Guyana guidelines' (Kaieteur News, 6 April 2012, 'Logs shipment...Indian coffee company insists it did nothing wrong - says still in transition phase').

So everything is OK and Guyana is happy to export unprocessed, and without value adding, its prime timbers? No doubt there are some happy people consequentially in Pradoville 2, the new Ministry of Natural Resources and the Environment, and the Guyana Forestry Commission (GFC). But that does not mean that the two VHPI deals satisfy the actual national policies, that is, policies which have been debated and endorsed by the National Assembly. Nor is it clear that the government (Ministers and agencies) have applied laws, regulations and procedures correctly.

This article describes the background to the inherently unlikely involvement of a Main Street coffee retailer from Bengaluru, India, in logging Guyana's tropical rainforest. A subsequent article will discuss the evidence for compliance and non-compliance with

Elektromotoren für die Industrie

BESTPREIS-GARANTIE

>> Unsere Auswahl <<

FABRIKA

EMAIL UPDATES

Enter your email address to receive news headlines, sent every morning.

POPULAR ON FACEBOOK

Sign Up Create an account or **Log In** to see

- Kite flying on Kingston Seawall** 8 people recommend this.
- Character was besmirched** 11 people recommend this.
- Ramotar did not represent the people** 9 people recommend this.
- T&T National Security Minister says go** One person recommends this.
- Bashing Chinese can deter investment** 3 people recommend this.
- Latin America's Pacific Alliance** 6 people recommend this.

Facebook social plugin

- LINKS >**
- GINA
 - Tastes Like Home
 - Barbados Nation
 - BBC Caribbean
 - Jamaica Gleaner

our laws, regulations and procedures, and the broader implications of these deals for the future of Guyana's forest sector.

Background - Caribbean Resources Limited (CRL)

The 355,000 ha timber concession is in the centre of the greenheart-dominated forests of Guyana. The concession was started in 1947/8 as part of the drive to make the then British Guiana more self-sufficient and was held for almost 25 years by the Commonwealth Development Corporation. Losing money heavily in the early Burnham years, the concession was sold to the Government in 1973 with its considerable infrastructural assets. The Government company Guyana Timbers Ltd. took over the management but consistently lost money. In 1989 it was one of the earliest State-Owned Enterprises to be re-privatised under the IMF-supervised structural adjustment programme. An astonishingly low price of US\$2.7 million for this rich forest concession was paid by the Trinidad-based insurance company CLICO, which created the subsidiary Caribbean Resources Ltd. (CRL) and received Timber Sales Agreement TSA 04/89 in October 1989 with an effective start of May 1991 and expiry date April 2006 (15 years).

This firesale price attracted the Asian transnational loggers already in Suriname. Two years later the then Malaysian-Korean consortium of Barama obtained its 1.67 million ha concession (later reduced to 1.61 million ha to exclude Amerindian areas) for the equally amazingly low rent of US\$ 2,171 per year in total, now in 2012 reduced to less than US\$ 1,500 per year. Per hectare, Guyanese small-scale loggers having only 2-year concessions and poor-quality, often-logged forest pay 214 times as much rent as Barama. VHPI pays (or should pay) 400 times as much as Barama, per hectare. The absence of logic and equity in the GFC area rents has been commented on repeatedly since 1994.

CRL also failed to manage effectively this rich forest. In his Stabroek News column of 8 February 2009, Chris Ram reported that CLICO's investment in CRL stood at US\$ 7.6 million at December 2007, representing 13 per cent of CLICO Guyana's investments. During 1998-2003, CRL paid the GFC an average of US\$ 73,000 per year but at the end of 2002 was still some US\$ 138,000 in debt to the GFC alone.

The last annual return filed by CRL was for 2001. In most years, CRL received over US\$ 10,000 in import tax concessions from the GRA. The GFC observed in mid-2003 that CRL was operating well below capacity. The TSA expired in 2006 but like other TSAs it was rolled over annually by the GFC instead of being advertised internationally for re-bidding at auction. By that date, Ms Singh-Knight, CLICO Guyana's CEO, was also Chairman of the Berbice Bridge Company Inc. and in January 2009, was appointed to the Board of Directors of the Guyana Sugar Corporation, Guysuco, by former President Jagdeo. In mid-2008 the then junior Minister for Forestry noted that CRL had come to some arrangement with the GFC for paying off its debts but it seems that payments did not occur. The GFC rescinded the long-expired TSA 04/89 in 2010. Following the disclosure by the Times of India, the Ministry of Agriculture in Georgetown admitted that a subsidiary of the Main Street coffee retailer Coffee Day had been allocated the rescinded CRL logging concession during 2010 (Kaieteur News, 10 April 2011, 'Forestry deal with India's coffee maker raises questions').

Background - Simon and Shock International Inc. (SSI)

By Ministerial Order in 1997 and without any public consultation, the GFC obtained a massive expansion of State Forest on State Lands south of the 4th parallel of latitude in 1997, down to the border with Brazil. In December 2005, the GFC advertised only in the local Press for applications for logging concessions in two adjacent areas totaling 390,000 ha in an area rich in biodiversity and almost surrounding the 80,000 ha 'conservation concession' held by Conservation International Guyana. Apparently there was only a single applicant for these two roadless areas, Simon and Shock International Inc. (SSI), a Michigan-based timber broker which claimed to have been buying from Guyana for eight years and which had been expressing interest in logging concessions since 2004.

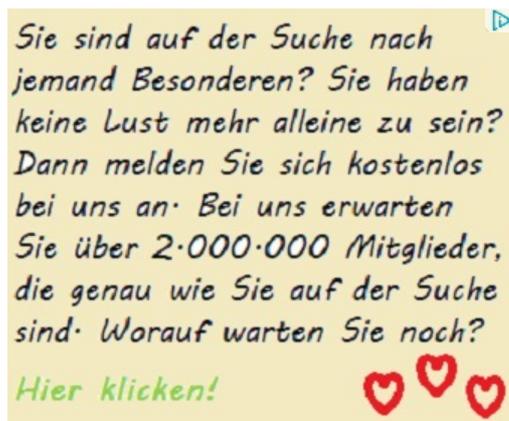
The GFC Board reviewed the SSI application in January 2006. The Board noted that the applicant had failed to include audited accounts of its business, could cite no relevant experience, had no appropriate equipment and had uncertain financial status. The

chairman of the GFC Board recommended due diligence on the application, suggesting international accountants, Dunn & Bradstreet, but this suggestion was not apparently taken up. SSI proposed to invest US\$ 26 million, including a modern computer-controlled sawmill at Linden and the transport of logs on such huge trucks from the Rewa area that all the bridges on the Surama-Kuruukari stretch of the Lethem-Linden road would have needed to be replaced and greatly strengthened. SSI, GFC and Go-Invest continued discussions during 2006 and 2007 but the government agencies did not apparently seek external advice, in spite of the US\$ 20,000 application fee for a State Forest Exploratory Permit (SFEP).

That fee level was designed intentionally to cover the cost of external specialist advice and due diligence; instead the fee went into GFC income. In spite of recorded doubts, the GFC Board approved the SFEP for SSI and it was issued in January 2008.

There are no public records of what SSI did during the three years of its SFEP (3 years is the maximum period). Just before the expiry of the SFEP, a public summary posted on the downloads section of the website of the Environmental Protection Agency on 06 January 2011 included a note that there had been a 100 per cent buy-out of SSI by Dark Forest Company (S) Pte Ltd.

On 9 April 2011 it was finally admitted by the Government of Guyana that a subsidiary company of Coffee Day, registered in Guyana, now held the former Timber Sales Agreement of Caribbean Resources Limited and the former State Forest Exploratory Permit of Simon and Shock International Inc. In the next article I will discuss how this deal does or does not match our national policies, laws, regulations and administrative procedures.



Related Content

- [Through a glass, darkly - what's wrong with an Indian coffee retailer exporting logs of prime furniture and flooring timber from Guyana instead of local processing for added value?](#) (May 9, 2012)
- [Through a glass, darkly - what's wrong with an Indian coffee retailer exporting logs of prime furniture and flooring timber from Guyana instead of local processing for added value?](#) (May 8, 2012)
- [Through a glass, darkly - what's wrong with an Indian coffee retailer exporting logs of prime furniture and flooring timber from Guyana instead of local processing for added value?](#) (May 10, 2012)
- [Two years on...Indian logging firm still to build processing plant](#) (January 1, 2013)
- [Vaitarna applies to forestry for name change](#) (July 2, 2012)
- [After two years... Vaitarna still to set up wood processing facility](#) (May 13, 2012)
- [In the Diaspora — Through a glass, darkly - what's wrong with an Indian coffee retailer exporting logs of prime furniture and flooring timber from Guyana instead of local processing for added value?](#) (May 11, 2012)

(generated automatically)

Join the Conversation

After you comment, click Post. If you're not already logged in you will be asked to log in or register.

AROUND THE WEB

What the Bible Says About Money (Shocking)

Moneynews

Lose Belly Fat With 6 Stand-Up Exercises

Stack

Guess what percentage of Americans think ...

iSideWith

20 Craziest Fan Tattoos!

Lost Letterman

ALSO ON STABROEK NEWS

Court orders pro threat ...

6 commen

Accountants bod

... 13 comments

President assent

15 comments

Internet service

1 comment



Leave a message...

Oldest ▾ Community



Dr Michael Schindlinger, PhD · 2 years ago

Harvesting timber from the Rewa area makes less sense than chopping down G (contains lots of timber). Why not harvest the contents of the National Library, wood pulp?

The forests of Guyana's interior should be viewed with the same reverence reserved for the libraries of the world; the information written in those forests is in a language we can't read (DNA, potential cures, and answers to the story of life on Earth). To destroy the forests for the short-term gain of fast cash, is a crime against future generations of this planet.

We would do better to stoke the fires of our industrial growth with the content of these forests; tear down these phenomenal and monumental forests for their planks and pulp.

Dr Michael Schindlinger
Professor of Biology
Cambridge, MA

1 ^ | ▾ · Reply · Share >

[Subscribe](#) [Add Disqus to your site](#)

The Comments section is intended to provide a forum for reasoned and reasonable debate on the newspaper's content and is an extension of the newspaper and what it has become well known for over its history: accuracy, balance and fairness. We reserve the right to edit/delete comments which contain attacks on other users, slander, coarse language and profanity, and gratuitous and incendiary references to race and ethnicity. We moderate ALL comments, so your comment will not be published until it has been reviewed by a moderator.

More Daily »

- [Building a just society](#)
- [Guyana: Waiting to become a nation](#)
- [National unity, political risks and the Private Sector Commission](#)
- [The Last Gentleman's Club](#)
- [Character and character assassination](#)
- [Suspects and criminals have rights too](#)
- [The Blame Game](#)
- [CCJ rules on the constitutional right to a fair trial](#)
- [Jaya Manickchand: A cry for help in hopeless conditions](#)
- [The WorldCom accounting scandal](#)
- [On the Dominican Constitutional Tribunal ruling](#)
- [Two Perspectives on the Grenada Revolution 30 Years after its Demise](#)
- [Jessica Huntley 1927-2013 An appreciation](#)
- [Eldorado Verde: Guyana's Biocapacity](#)
- [Colombia Campesino Farmers Popular Strike - A Challenge to Free Trade Agreements \(FTAs\)](#)
- [Travelling from the diaspora: Moving past the misconceptions of Guyana](#)
- [The constitutional challenge to the cross-dressing law](#)

- [Educating for the 21st Century: Notes of a Native Son](#)
- [UG's Road Map: Are we missing the way?](#)
- [Caribbean Joint Statement on Gender Equality and the Post 2015 and SIDS Agenda](#)

Site Information

[Manage Subscription](#)
[News Archives](#)
[Advertise on this site](#)
[RSS Feed](#)
[Receive Email Updates](#)
[Contact Us](#)

Mobile Site

Follow: [Facebook](#) | [Twitter](#) | [Youtube](#)

Use of this site constitutes acceptance of our [Terms of Service](#) and [Privacy Policy](#).

© 2013 [Stabroek News](#). All rights reserved.

46/47 Robb Street, Lacytown, Georgetown,
Guyana
Published by Guyana Publications Inc.

Sections

NEWS:
[Local News](#) | [Regional](#) | [World](#)

SPORTS:
[Cricket](#) | [Football](#) | [Track](#)

OPINION:
[Editorials](#) | [Letters](#) | [Cartoons](#) | [Politikles](#)

FEATURES/COLUMNS:
[In The Diaspora](#) | [Frankly Speaking](#) | [What the People Say](#) | [Stella Says](#) | [Ways of Looking & Feeling](#) | [Future Notes](#) | [Development Watch](#) | [Ask the Consul](#)

SUNDAY:
[World Beyond Georgetown](#) | [Guyana and the Wider World](#) | [Ian on Sunday](#) | [Business Page](#) | [So It Go](#) | [Pet Corner](#) | [Arts on Sunday](#) | [Latin View](#) | [The View From Europe](#) | [In the Garden](#) | [Making A Living](#) | [In the Rainforest](#)

THE SCENE:
[Culture Box](#) | [Tastes Like Home](#)

BUSINESS:
[Stock Market Updates](#) | [Business Editorials](#)