

'Debt for nature' marauders target Peru and Brazil

by Sara Madueño

The U.S. government sponsored a unique "International Teleconference on Debt for Natural Resources Exchanges" on Oct 11. The teleconference was conducted among participants from several U.S. embassies via the U.S. Information Agency's Worldnet. The main panelist, who was in Washington, was Diane Walton Wood, Latin America and Caribbean director of the World Wide Fund for Nature, formerly the World Wildlife Fund (WWF). There were also two panelists in Lima, Peru and two in La Paz, Bolivia. There was also a plethora of representatives from ecologist organizations, bankers, debt specialists, and government officials in the audiences at the embassies in various Ibero-American capitals.

The idea was to propagandize for "debt for natural resources swaps," such as those the WWF has arranged with Bolivia, Ecuador, and Costa Rica. Although Mrs. Wood worked ardently to play up its economic advantages to the debtor countries, her numbers were so ridiculous that she ended up recognizing that "the debt is not reduced significantly by this means, but the ecology is conserved." She and the other panelists thus revealed that the whole package is nothing but a scam.

Debt-for-nature swaps are similar to the trading of debt for assets, which companies getting close to bankruptcy sometimes do. Ibero-American countries have exchanged about \$15 billion of their foreign debts for their assets since 1983. The difference is that, in this case, the asset confiscated from the debtor country is their territory, "given as property and/or to be administered," as they say.

In all cases so far, the WWF or a similar group has acted as the intermediary with the creditor banks so that they let the country which supposedly benefits from the exchange buy up, through them, part of its own foreign debt on the secondary market at a discount from its face value. The alleged benefit is that the debt is repaid not in dollars, but in national currency issued by the debtor country's central bank. The creditor banks hand over the currency or local currency bonds to the conservationist agencies, generally WWF affiliates. They in turn use it "to buy private or government-owned lands to turn them into national parks [which they administer] or to finance beneficial environmentalist activities."

The banks are making good money. Thanks to U.S. Treas-

ury Ruling 87-124, U.S. banks that donate debt in this way can deduct from their taxes the *total* nominal value of the debt and not its meager value on the secondary market. If applied globally, as they intend, they could acquire the entire continent as their property or for their administration. They could do this in a few years at the bankruptcy auction prices, and thus could recover legitimate debts, illegitimate debts, and more.

The Bolivian example

Bolivia was the test case for this mode of operation, dreamed up by Thomas E. Lovejoy, when he was World Wildlife Fund president. Today he is with the Smithsonian Institution. In July 1987, Conservation International acted as mediator for the Bolivian government to acquire from Citicorp Investment Bank \$650,000 of its foreign debt for the price of \$100,000, that is, for 15% of its face value. That canceled a tiny fraction of Bolivia's \$6 billion foreign debt, which it had not been able to service for years. For this minuscule amount, the Bolivian government contracted with Conservation International to give it 3.6 million acres of tropical forest in the so-called Beni Biospheric Reserve "to administer." The Bolivian government agreed to give Conservation International \$100 million of its own money and \$150 million from the State Department's Agency for International Development to set up the "administration" of the reserve.

Next, the World Wildlife Fund trained its guns on Ecuador, where it pulled off another deal in December of that year. There it was the WWF front group called Nature Foundation which got the bone. The WWF promised to buy up \$10 million of Ecuador's \$12 billion foreign debt; it bought just \$1 million for \$355,000. Since even the monetarists realized it was "inflationary" for central banks to print money to buy back their otherwise unpayable foreign debts, Ecuador repaid the WWF in local currency bonds. As a reward, the Ecuadorian government gave the WWF several national parks to administer. With its teeth sharpened, the WWF agreed to renegotiate \$3 million of Costa Rican debt if the government would pay a private foundation to administer its national parks and would buy up dry tropical forest lands to form the Guanacaste National Park.

A plan to make off with the continent's lands was re-

vealed in one of the articles given out by the U.S. Information Agency to teleconference participants. Stephen Winthrop published an article on "Debt-for-Nature Swaps: Debt Relief and Biosphere Preservation?" in the *Review of Johns Hopkins School of Advanced International Studies* in 1989. In a chart of "Latin American countries chosen" for this debt renegotiation treatment, Winthrop lists Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Mexico, Paraguay, Peru, Uruguay, and Venezuela. The same chart quantifies the land area of each country "chosen," followed by its population and the discount its debt is selling for on the secondary market. This is enough data to estimate how much each country, including its people would "cost," if, as he states, this swap mode were applied on large scale.

"Peru, Brazil, Paraguay and Colombia have considered entering debt-for-nature plans," Winthrop reports. He points enthusiastically to Peru, whose large Amazon area makes up 60% of its national territory, as a case where the largest area could be negotiated for the least cash. He writes, "in extreme cases such as Peru's, whose debt is selling at about six cents on the dollar, a large part of the debt could be accessible."

One factor not mentioned publicly, is the fact that Peru and Brazil's territories could be physically integrated by means of great transcontinental transportation corridors. That would be an obstacle to Bush's "Enterprise for the

Americas," which is using the pretext of "ecological protection" to block the linking of "South America's heartland" to the Pacific Basin economic scene.

Most of today's Ibero-American governments, however, are trapped in environmentalist and economic liberal ideology. Blinded by the illusion they will somehow profit from submissively joining Bush's Enterprise for the Americas, they have shown contempt for the concept of sovereignty and are hastening to hand over chunks of their territory in exchange for worthless foreign debt.

Peru has already taken the first step: On Sept. 8, the government of President Alberto Fujimori decreed a new "Environment and Natural Resources Code," whose Article 142 authorizes debt-for-nature swaps. Brazilian debt negotiator Jorio Dauster informed Brazil's creditor bank Oct. 10 that Brazil will add debt-for-nature to its menu of debt renegotiation options, the *Financial Times* of London reported. Colombia's Development Minister Ernesto Samper Pizano declared Oct. 8 that "the Colombian government is thinking of allocating a substantial part of its debt towards an integral program for the preservation of the Colombian Amazon region."

"The four main limits on debt-for-nature exchanges (latent nationalist resistance, uncompleted promises, limited debt availability, and inflation and overvalued currencies)

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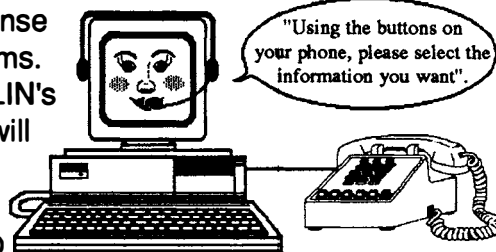
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could be overcome," Winthrop gleefully affirms. However, he continues, "One sensitive but necessary question which must be posed about a debt-for-nature swap is whether the host country will respect and comply with its part of the deal. Given the frequent changes of government in Latin America and other parts of the world, there is a considerable possibility that some leader will annul his predecessor's policies." Therefore, "a key element of the Bolivian deal was to strengthen the terms of the accord which protects the Beni Reserve" in order to make it irreversible.

Kathryn Fuller of the World Wildlife Fund says, "in response to national sovereignty concerns, projects financed by debt swaps probably [should be] structured to prevent transfers of land ownership and to channel any result of financing through local conservationist groups." Such groups have almost always been WWF affiliates or fronts.

Not all imperial spokesmen speak English. For example, after she participated in the Worldnet teleconference, the chairman of the Peruvian Senate's Amazon, Ecology, and Natural Resources Committee, Sen. Beatriz Merino, told this author that "sovereignty and nationalism are concepts of the past and are the reason for our backwardness." Merino claimed the United States was doing Peru a favor by taking care of the Amazon and by "preventing those roads and trans-continental routes from being constructed, since those kinds of works are the worst destroyers of the environment."

These traitors underestimate how strongly Ibero-American nationalism is rooted in its people and its leading institutions. A small example was the recent conference in Porto Velho, Brazil, sponsored by the Brazilian National Confederation of Industries, to discuss potential road, rail, and water corridors linking Brazil with Peru and Bolivia. As Peruvian Sen. Gaston Acurio emphasized at the conference, we will not tolerate "the Amazon being turned into an immense zoo . . . with thousands of Indians kept in glass cages to be watched as they die of hunger."

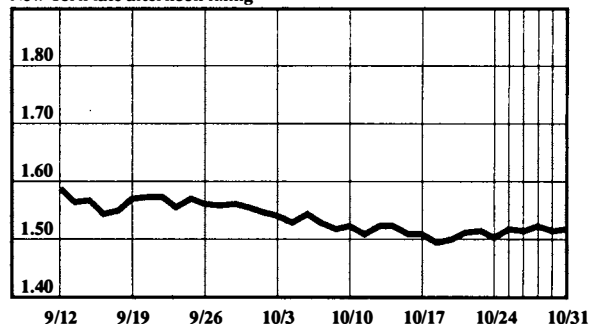
Winthrop gives a prescription for overcoming the nationalist obstacle: "Faster and larger-scale solutions to the problems of debt and environmental degradation must be sought. And the natural place to look is in the public sector." He recommends that non-governmental conservationist organizations like the World Wide Fund for Nature, Conservation International, and the Nature Conservancy focus more intensely on "their traditional lobbyist role, encouraging governments and Congress to implement large-scale plans." He suggests that bankrupt countries with poor credit ratings be given access to "U.S. bonds [which] could be used to guarantee the local bonds employed to buy or to preserve parks all over the Third World."

Winthrop points to a U.S. congressional resolution asking the World Bank to make loans to Third World countries to facilitate debt reduction schemes, in exchange for those "countries giving up highly valued lands with tropical forests and wetlands" as guarantees for the loans.

Currency Rates

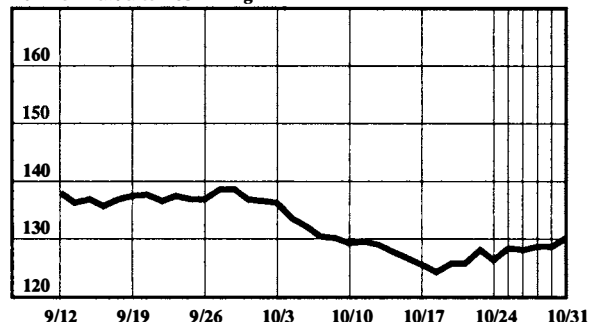
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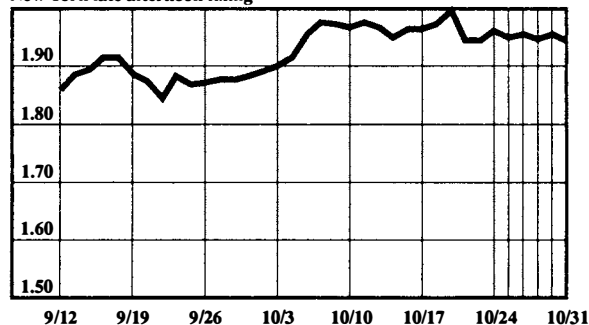
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