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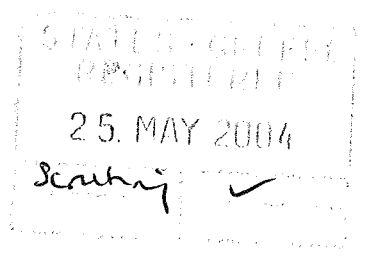


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20th May 2004



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Dear Mr Haden

Our submission to the Scrutiny Panel is very short as we believe the need for protection of the water table from over-extraction should be self-evident.

Our enclosed open letter to the President of Public Services in May 2001 outlines the necessary approach to water resource management generally and we would also refer to the Guthrie report of 1977.

We would mention two 'case studies'.

In India Coca Cola is allegedly over extracting water to the detriment of growers. A newspaper article dated December 19 2003 is attached. As India does have a water law it is in a position to address the problem.

In Jersey Chateau Royal has just sunk a bore-hole initially for irrigation of its gardens but potentially for other uses. We know from the BGS report that this location has a shallow aquifer. Now it could well be that the garden irrigation will have little impact upon the golf course and local grower supplies. However we do strongly believe that some form of control and reasonable limitation on extraction through licensing should be applicable.

Given the additional risks associated with climate change we believe it is imperative that water table protection processes be implemented without further delay. Such protection is for the benefit of all – even those who object to a law because they currently enjoy the freedom to extract whenever, wherever they wish without limit. We have a responsibility to this and future generations that so far we have failed. The law is essential.

Yours sincerely

Chris Perkins
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**OPEN LETTER TO THE PRESIDENT OF PUBLIC SERVICES, AND THE
MANAGING DIRECTOR OF THE WATERWORKS COMPANY.**

As you may recall at the time of the Queens Valley debate, an undertaking was given by your predecessors that the company would in future act as though it was a responsible Water Authority thereby obviating the need to create such an Authority.

We believe that the fixation with expanding supplies to meet increasing demands that was evident at the time of the original debate continues to this day. We have seen little or no evidence to suggest that any form of demand management has been introduced, to such an extent that Jersey now is recognised as a model of how not to manage the water resource.

The continuing anarchical approach to our water resource, is highlighted by the following:

The absence of any controls over the sinking of bore holes and extraction from the water table that is unlike the situation obtaining in virtually any other developed country.

The absence of any charge for sewage output is again unlike any other developed country.

The use of the desalination plant to dilute nitrates flowing from the unprofitable potato industry can only be described as economic lunacy, yet no representations from the company have been made so far as we are aware.

Proper management of the resource would have seen further micro measures such as the extension of metering, tighter equipment regulations, and tariff innovation to serve economic, environmental and social concerns.

The option of a sound management approach to Jerseys' water resource was shirked at the time of Queens Valley. The news that the desalination plant may be extended would represent inexcusable supply fixation and the acceptance of continued anarchy.

We would urge most strongly that proper resource management be introduced without further delay and if the company is unable to implement demand management alternatives that professional consultants be appointed in the public interest.

Coca-Cola: Continuing the Battle in Kerala

by Surendranath C, India Resource Center
July 10th, 2003

Plachimada, (Palakkad district) Kerala: The Coca-Cola story in Plachimada is reminiscent of David versus the mighty Goliath. In the latest twist to the tale, the Kerala Local Self Government Department (LSGD) has stayed the Perumatty Grama Panchayat's decision not to renew the license issued to Hindustan Coca-Cola Beverages Ltd. (HCBL), an Indian arm of Coca-Cola Ltd. The LSGD has ordered a status quo till July 18, 2003 before disposing of the appeal filed by HCBL against the Panchayat's decision.

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Under the Indian Constitution (Article 243 G), the legislature of a State may endow the Panchayat (elected body at the village level) with necessary powers and authority to function as an institution of self-government. However, the Kerala Panchayati Raj Act also allows an entrepreneur to appeal to the Government of Kerala, against the decision of a Panchayat.

Related Articles

[Communities Reject Coca-Cola in India](#)

[Coke in Varanasi: Facing Local Ire](#)

On April 7, the 15-member Panchayat board decided not to renew the industrial license issued to the Coca-Cola factory on the ground of "protecting public interest," as the company was "causing shortage of drinking water in the area through over-exploitation of ground water sources."

"It was a decision that acknowledged the growing resentment against the multinational company," said A. Krishnan, Panchayat President and a member of the Janata Dal, a constituent of the opposition Left Democratic Front (LDF) in Kerala. "The Panchayat's decision was based on

Section 232 of the Kerala Panchayati Raj Act, 1994 giving the local body sufficient authority to notify that no place within its jurisdiction shall be used for purposes offensive or dangerous to human life or health," said Mr. K.N.Unnikrishnan, Special Grade Secretary of the Panchayat.

More than a year after local people started complaining of massive extraction of ground water by the bottling unit of Hindustan Coca-Cola Beverages Ltd. and the consequent depletion and contamination of well water in Plachimada village in Palakkad district, the Kerala State Health Department has come up with data that validate the charges. The medical officer of the Public Health Center in the village recently informed the Perumatty Grama Panchayat that people should not drink water from the three wells neighboring the Coca-Cola plant.

Water samples from these wells analyzed at the Regional Analytical Laboratory at

Kozhikode under the orders of the District Medical Officer have revealed hardness, chlorides and concentration of total dissolved solids (TDS) beyond tolerable levels for drinking water.

The Public Health Center's letter supports the contentions of the people of Plachimada village. For over a year, women in the Vijayanagaram Colony in the village have been walking nearly 5 kilometers up and down every morning and evening to fetch a pot of water. The open wells in the Colony have either dried up or the little water left in them has become unpalatable.

Before Hindustan Coca-Cola started bottling operations in 1999, the wells in the colony used to meet the needs of the neighboring colony too. "Now, all nine wells in the colony have become unusable," said Mylamma, a grandmother from the Malasar tribe. "Water tastes bitter. When used for bathing, it leads to itching and swelling on the body and a burning sensation in the eyes. My grandchild was born retarded. I suspect this has got something to do with the water," Mylamma added. She has remained steadfast at the picket in at the Hindustan Coca-Cola gates for over a year. The agitation is still on, though weakened considerably by internal dissensions and threats from the counter-agitation by factory workers who have organized into an 'employment protection forum.'

Over the past year, the State Ground Water Department, the Central Ground Water Board, the Kerala Legislative Committee on Environment and the Kerala State Pollution Control Board have conducted different studies on depletion and contamination of water in the area. "None of these official institutions acknowledged that there was a problem in the village, leave aside establishing a link between the massive water extraction of water by the Coca-Cola company and the depletion and contamination of well water," says Sunderarajan, an activist associated with the Coca-Cola Virudha Samara Samithi (Anti-Coca-Cola Agitation Council).

After studying water level trends and quality in 20 wells in and around the factory, the State Ground Water Department had concluded in 2002 that only three wells showed quality problems and a drop in water levels. Observing that there has been a reduction in the average annual rainfall in the area -- from 2137 mm in 2000 to 1147 mm in 2001 and just 670 mm in 2002-- the Department's report said the depletion of water in the open wells was due to poor rainfall, the resultant reduced groundwater recharge and the high density of irrigation bore wells.

"Instead of carrying out a comprehensive water balance analysis of the watershed, the State Ground Water Department has come up with a hotchpotch report to justify Coca-Cola and eulogize the company's inadequate water harvesting system," said Vinod Kumar of Maithri, a local NGO implementing the World Bank-aided drinking water and sanitation project in the neighboring Mudalamada Panchayat. "The report is based on insufficient field data (only 8 months' rainfall) collected from too small an area (one square kilometer) and lacking in several important parameters, such as soil type, depth, slope, land use pattern, surface run-offs, etc. required for assessing groundwater recharge. No effort has been made to independently verify either the quantity of water extracted daily by the Coca-Cola factory or the amount of water the company claims to store and recharge through rainwater harvesting," Vinod Kumar said. "The claim of the Ground Water Department that Coca-Cola collected

"3.5 million liters of rainwater" from 35 acres of land area in just 3-4 precipitations contradicts scientific principles of runoff and its own rainfall data," he said.

The Ground Water Department report, nevertheless, had said that it was "necessary to restrict the exploitation of ground water regime" and that the "intake of water by the Coca-Cola company should be regulated to a bare minimum of 0.3 million liters per day (mld)." Hindustan Coca-Cola officials did not clarify whether they have accepted the recommendation. When contacted, Hindustan Coca-Cola spokesperson Vijay Bhaskar Reddy, General Manager, Public Affairs and Communication, said the company officials were "too busy reviewing the business and could not spare time for answering queries from the media."

The quantity of ground water Hindustan Coca-Cola pumps out everyday is a matter of contention. Hindustan Coca-Cola officials have been claiming that the Kerala unit consumed between 0.3 and 0.6 million liters of water per day during off-peak and peak seasons respectively. While the company asserts that only six bore wells and two open wells are being used in the plant, civil society investigations have refuted these claims.

A People's Commission chaired by environmentalist Dr. A. Achuthan and another study team of Jananeethi, a Thrissur-based human rights NGO, found eight bore wells on the premises during their site inspection. "Given the capacity of the water pumps (7.5 HP X 4 and 5 HP X2), the company can extract more than 0.1 million liters of ground water in an hour through the bore wells alone," argues the report of the People's Commission, published in November 2002. "Assuming a minimum pumping of 10 hours per day, the company could be extracting close to 1 million liters of water every day," the report says. "Every day the company is siphoning off a quantity of water equivalent to what is needed to meet the minimum requirements of around 20,000 people."

"Considering the huge difference between the amount of water pumped out and the water recharged into the ground by the Coca-Cola factory, people's fear of long-term adverse impacts on agriculture seems justified," the Commission observed. The team found that nearly 250 hectares of wet paddy fields in the neighborhood of the factory have already dried up.

"As of now, it is difficult to demarcate the effect of bad weather and the resultant shortage of drinking and irrigation water from the lowering of the water table due to excessive pumping by Coca-Cola," the Jananeethi team observed. Located in a rain shadow region, Plachimada village gets very little rainfall. To make matters worse, a large number of irrigation bore wells had already been dug in the area and competitively deepened by the users. Three reservoirs, a canal from the Meenkara dam and the moderate slope of the terrain have all been helping in ensuring some amount of recharge of ground water in the region. But now the Coca-Cola unit has upset the delicate water balance in the village.

This article originally appeared on India Resource Center/CorpWatch India. For more information on corporate globalization in India, check the [India Resource Center](#).