

**The Sugar Belt:  
Redefining “Extractive” Industry  
In the Era of Biofuel Development**

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This paper sets forth the proposal that by definition, industrial activity and market participation, a sugar cane plantation or bateye be designated as an extractive industry and thereby require increased levels of scrutiny and transparency such as the standards set forth by EITI and the proposed ISO 26000. The economic importance of sugar cane is already high and can be a unique opportunity for positive developmental growth in the Third World as energy markets look to alternative resources in the biofuel marketplace. An extractive industry designation can provide the means necessary for guidance directed at growth and progress in a plantation contrasted with continued sustenance and suppression exercised by the bateye.

The common application of the definition of the extractive industry is traditionally limited by traditional usage and falls only on those companies involved in the mining of minerals, oil, gas and chemicals. This common definition acknowledges exploitation of a non-renewable natural resource as the business activity of an extractive industry. However, it was the resultant profound negative impact of this industry upon the political, social, economic and environmental spheres of the community that former Prime Minister Tony Blair recognized and sought to address with the EITI initiative and subsequently, the goals of the ISO 26000 standard. Most simply stated, it is the breadth and depth of the impact and not necessarily the final product that gives rise to the need for higher standards of scrutiny and transparency. The concerns arising out of an absence of transparency - from failures to disclose and voids where corporate social responsibility should be found – are the fundamental guideline principles of both the EITI and the proposed ISO 26000. Consistent with these principles, an extractive industry label is properly assessed by the nature of the impact on the community; where the impact lacks trace indicators of positive contribution to the social class structure and development of a community, then deductively the industrial activity associated with the impact is extractive - of the potential of the people and their future. This proposed broader perspective is more accurate in that it is a holistic approach to impact assessment and activity definition. In such a field of view, an activity is extractive where any benefit associated with the activity is exclusive to the business entity and to the severe detriment of the individual and community; vertical integration of the benefit is denied and the activity is self perpetuating.

A parallel analysis of traditional extractive industries with the bateye reveals their long list of impact similarities – leaving only a single distinguishing factor; whether the natural resource that is processed is renewable. The impacts of the bateye are identical to the mine and the oil rig but for the re-growth of the cane, enabling the extraction to continue for tens of generations and beyond. Although the bateye is not confounded by the ultimate challenge of

an extractive industry's business plan – a finite limit of production – the experience and adaptation to regulation of impact is the path of progress that the extractive industry can potentially share with the bateye.

A multipart test or series of markers examining the nature of an extractive industry's activities overall is useful to understand the complexity and totality of the impact on the community. This serves as a more complete approach because it does not limit the assessment to the single factor of whether or not a resource is renewable. The indicia of extractive activity impact are: an exploitation of a natural resource, reliance on the labor of a population isolated either by their own history or by geography, the labor force is often low skilled, uneducated and not mobile, a high environmental impact, the area lacks development in economic, educational and business growth, a high degree of political involvement by the company, a relatively long history of exploitation with few advances in technological methods, disparate profit/pay ratio, and community-wide devastation would ensue with the cessation of company activity.

The significance and timeliness of applying the label of extractive industry to the bateye is the impending and unprecedented demand for sugarcane as a primary biofuel product. The climate zone for the production of sugarcane coincides with the zones of greatest poverty, political unrest and underdeveloped nations in the world, inviting exploitation in the absence of awareness, scrutiny and transparency. Failing to address the development of future bateyes as biofuel providers in the context of an extractive industry may yield political, economic, human rights, and environmental disasters of a magnitude never seen in modern history.

The most appropriate case study available in furtherance of the argument that sugarcane production be labeled an extractive industry is the three hundred year history of the bateye. Cast in the light of its successful history, the bateye production of sugar cane as a primary biofuel is the brass ring that any country, tribe or business entity can and will grab and exploit. The context of the development of the bateye model of sugarcane production in Haiti and the Dominican Republic lends credibility to the argument predicting twenty-first century biofuel bateyes in the absence of international transparency and scrutiny. Present day reality descends on this prediction with reports in Brazil in 2007 documenting biofuel bateye activity with the enslavement of people for the production of sugar cane.

The final portion of the paper is a call for action. The long history of sugar cane plantations in the Dominican Republic offers a classic case study perspective because it is a near perfect model of one of the oldest extractive industries in the world with more than three centuries of history as hard evidence of the bateye's continued success as a business entity. The history is also predictive as to the potential development and replication as a low capital investment where profit and return thrive in the social, political, and environmental climate that exists between the 30th degree north and 30th degree south latitudes – the Sugar Belt.

The activities of the traditional extractive industry and their resultant pervasive impact has continued at times unabated in those countries considered to be developed or of the first world – endowed with the luxury of law protecting the individual, society and the land. Even there,

they required an imposition of higher levels of scrutiny and standards of operation to address the voids left on the land and the people – the society as a whole. It was the depth and breadth of their impact that finally generated the need for the EITI and proposed CSR standards like the ISO 26000. An understanding that the target and focus of these standards and initiatives is the industry's impact reveals the more complete and accurate definition of an extractive industry rather than a simplistic reliance on a categorization of the final shipped product.

Beyond standards of impact, the standard of fairness calls for the imposition of the extractive industry label on the production of sugar cane. There exist little or no legal, constitutional or environmental protections in the under developed countries of the Sugar Belt where regulation and enforcement is necessary for corrective action on what now takes place in and around the zone of the bateye. The designation and supportive enforcement via international entities can serve as the method; deployed now it can be pre-emptive protection from intense biofuel demand pressure as well as providing a program for positive economic growth.

The demand for primary biofuel products is heightened by the diminishing carbon based fuel supply, resultant economic impact, political ramifications of using potentially non-friendly suppliers and carbon footprints. This demand is matched in intensity by the need for growth and development of those countries that happen to fall in the zone of the Sugar Belt. But it is the classification as a supplier of fuel that assimilates the sugarcane field with the mine and oil and gas rigs on a third and predictably more visible level where fuel production is considered by traditional definition to an extractive activity.

The historical overview of this paper serves as a proven equation showing that where similar demand is created alongside a pattern of behavior, the likelihood of exploitation and conflict increases exponentially. Therefore, a call for a new factor in the equation – sugar production is an extractive industry and regulated as such – will yield a new byproduct or impact in the production of sugar – sustained economic, social, and political growth with careful consideration for the environment. Corporate Social Responsibility is one control necessary for the reconfiguration of traditionally disparate interests - corporate versus social – into mutually supportive and growth oriented interests.

The paper establishes a sound basis for the updating of the extractive label across a triplex of reasoning and evidence. First as a mechanical process, second as an impact and lastly as an energy sector participant. In the last category, The Energy Sector Management Assistance Program, as a function and mission of the World Bank since 1983, has produced compelling analysis of the various energy sectors as they relate to the development of rural and poverty stricken areas. The analysis considers the complexities of scientific development, energy trade policy and the economic and social response to the newest energy strategies and commitments.

Finally, the paper also hopes to establish a platform onto which other adversely affected industries, where patterns of abuse are pervasive, to assimilate and seek guidance for development and basic protections through imposition of other industry suspect classifications,

increased scrutiny, calls for transparency and adherence to Corporate Social Responsibility Standards. The extractive industry can provide some of the guidance and cooperation necessary to these mandates by way of their own histories, business model adjustments and plans for compliance into the future.