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FEATURED Q&A

Will the Belo Monte Dam's Benefits Outweigh the Costs?

Q In January, the Brazilian government issued a partial license, a deviation from typical procedure, to begin clearing land around the 11,200 MW Belo Monte dam, set to be the world's third largest. The consortium cannot begin construction on the dam itself, however, until it proves it has met 40 socio-environmental conditions. Indigenous groups and environmentalists have petitioned the government with more than half a million signatures in opposition to the project, claiming the dam threatens both native peoples and the area's biodiversity. Will the protestors be successful in slowing or stopping the dam's construction? What would be the dam's impacts? Do the project's economic and energy generation benefits outweigh its costs?

A Philip M. Fearnside, research professor at the National Institute for Research in the Amazon (INPA) in Manaus:

"One would be naïve not to recognize the power of the Brazilian federal government to do whatever it wants, regardless of whether it is illegal, unjust or simply foolish from the standpoint of the country's interests. Nevertheless, it is an error to be fatalistic. The 'partial' license for the construction site is clearly illegal, as detailed in the Brazilian Public Ministry's recommendation to IBAMA and in its civil public suit. No separate environmental impact statement was prepared for the construction site. Rather, it is an integral part of the licensing for the overall project, for which 40 conditions are still pending. After over a year, virtually nothing has been done to meet those conditions. More important than the legal questions are the project's understated impacts, overstated benefits and a decision-making process that is blind to both. The official scenario, known as the 'institutionalized lie' by opponents, is that there will be only one dam on the Xingu River. However, Belo Monte by itself is economically unviable because the highly seasonal water flow in the river would leave the 11,000 MW main powerhouse completely idle during 3-4 months out of the year. An economic analysis estimates only a 28 percent chance of breaking even. This was based on a June 2001 official cost estimate of 9.6 billion reais. Since then the official cost estimate has risen to 19 billion reais, and the estimates of private construction companies exceed 30 billion reais. Since no one would invest these sums with the intention of losing money, it suggests that the government and the investors are, in fact, counting on the upstream dams that would flood vast areas of indigenous land and tropical rainforest. Much of the electricity is for export in the form of aluminum ingots with minimal benefit for Brazil."

The Energy Advisor welcomes responses to this Q&A. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.

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References cut by editors in the published version:

Brazilian Public Ministry's recommendation to IBAMA (the environmental authority) on 9 Nov. 2010 and in its Civil Public Suit of 27 Jan. 2011 (both available at <http://www.xinguvivo.org.br/>)

An economic analysis estimates only a 28% chance of breaking even (Cabral & Sousa Júnior, *Water Alternatives* 3(2): 249-268. 2010).

Upstream dams that would flood vast areas of indigenous land and tropical rainforest (Fearnside, *Environmental Management* 38(1): 16-27. 2006).

See extensive material on Belo Monte at <http://philip.inpa.gov.br>