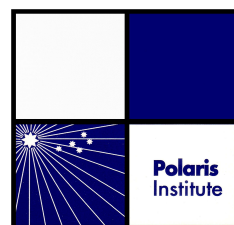


Smith Falls Bottled Water: Local Concerns and Outstanding Questions



By: Polaris Institute
June 2009



ACKNOWLEDGEMENTS

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THE POLARIS INSTITUTE would like to thank the researchers and people who reviewed the report and provided feedback.

Polaris Institute

The Polaris Institute is a public interest research and advocacy organization based in Canada. Since 2004 Polaris has researched the impacts of the bottled water industry and actively campaigned for municipal, provincial, federal and local bottled water restrictions. The www.insidethebottle.org campaign is a national program of the Institute. The following information is part of a forthcoming broader piece of research on provincial water takings legislation in Canada.

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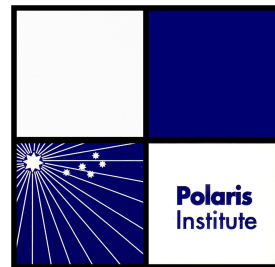
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1. Context

Since 2004 the Polaris Institute has researched the impacts of the bottled water industry and actively campaigned for municipal, provincial, and federal bottled water restrictions. The following information is part of a forthcoming broader piece of research on provincial water takings legislation in Canada.

On June 1, 2009 it was announced that Aquablue Spring Water International Inc. had agreed to terms with Hershey Canada Inc. to purchase the former Hershey facility and equipment in the Town of Smiths Falls, Ontario. Aquablue Spring Water International has stated that it will use the plant to bottle water and other beverages destined for domestic and foreign clients.

Over the last five years the Town of Smiths Falls has experienced a number of painful job losses. In 2007 Hershey's closed down their Smiths Falls plant, eliminating 500 jobs from a community of 10,000, and in 2004 another 850 jobs were lost when the Rideau Regional Centre was shut down by the province. The Town of Smiths Falls is clearly in need of good new jobs. However, it is worth asking the question as to whether jobs in the bottled water sector are the *right* jobs for Smiths Falls.

2. Key Questions

Jobs?

The spokesperson for Aquablue Inc. was quoted in an Ottawa Citizen article saying that bottled water "will be a major industry in Smiths Falls." It is natural that the company will put forward a very positive image of this industry as a high quality employer. However, serious questions still remain about the number of jobs that will be created at the Smiths Falls plant and the ability of a declining North American bottled water industry to keep people employed in the long term.

Environment?

What will be the source of Aquablue's water?

Will Aquablue be taking water from the shallow Tay River or the adjacent Rideau River?

Will Aquablue be bottling Smiths Falls' municipal tap water?

Will Aquablue Inc. be taking water from other sources in Ontario or Quebec and transporting the water to the plant?

Has Aquablue applied for a Permit to Take Water from the Ontario Government and if so, under what name?

Domestic use or for export?

Will the products produced in Smiths Falls be primarily for export or domestic markets? If Aquablue Inc. is producing products strictly for export, the company will be involved in international bulk water transfers from Canadian sources, a practice that has been vigorously opposed by many Provincial and Federal politicians.

3. What's wrong with bottled water?

3.1 A Product with Diminishing Value:

In rising numbers, Canadians are turning away from bottled water and going back to the tap. Across the country municipalities, school boards, universities, faith-based organizations, restaurants and private enterprises have decided to stand up for Canada's public water services by phasing out the provision and sale of bottled water.

The trend is particularly strong at the municipal level where thus far 56 municipalities from 8 provinces and 1 territory have implemented restrictions on bottled water.

In March 2009, the Federation of Canadian Municipalities (FCM), which represents 90% of Canada's population and more than 1,775 municipal members, passed a resolution urging their members to "phase out the sale and purchase of bottled water at their own facilities where appropriate and where potable tap water is available".

In fact, in 2008 the four largest bottled water manufacturers (Coca-Cola, Pepsi-Cola, Nestle Waters, and Group Danone) experienced decreases in sales in North America.

Clearly Canadians are turning away from bottled water in increasing numbers. Given that the trend is against bottled water, the question worth consideration by Smith Falls residents is why open a bottled water factory when the product is increasingly showing little domestic growth potential.

3.2 Bottled Water – A Harmful Product

In Canada municipal water systems are among the safest and strongest in the world. By comparison, bottled water is far less regulated and is significantly more harmful for the environment.

Health Impacts:

Under provincial regulations, put forward through Canada's Drinking Water Guidelines, Canadian municipalities are required to test drinking water multiple times daily. On the other hand, bottled water is regulated under the Canadian Food and Drugs Act as a low-risk product and bottled water plants are rarely inspected by Government monitors. In fact, since April 2008 the Canadian Food and Inspection Agency (CFIA), which is responsible for the monitoring of bottled water in Canada, has inspected only 6% of all bottling plants in Canada.

Bottled water industry representatives claim that they have a strong voluntary testing regime; however, the Canadian Government has documented 29 cases of 49 bottled water product recalls in Canada since 2000 due to various forms of contamination.

A number of independent tests on health risks related to bottled water have also been conducted. Tests have shown that plastic bottles leach certain elements into the water that could potentially be harmful to human health. Because of these findings, there is a growing public perception that bottled water is not as healthy, pure and safe as the industry claims.

Environmental Impacts:

Bottled water is an environmentally harmful product. Every single plastic bottle has to be manufactured using crude oil, transported to its retail location, and finally disposed of (either through recycling, or worse off, in a landfill).

According to a recent journal article by the Pacific Institute, 96 – 162 million barrels of oil is consumed annually to produce, transport and dispose of bottled water. For the point of comparison, the entire country of Portugal consumes 112 million barrels of oil annually.

Already in Canada more than 1 billion bottles of water are consumed each year, with hundreds of millions of those bottles ending up in the landfill each year. These bottles are not only made up of oil, but they also contain toxic chemicals and combined they have an enormous environmental impact.

The buying public is taking notice of the environmental costs of these bottles and their contribution to global warming. Because of these concerns people are turning back to tap water and are increasingly using refillable bottles. Given these major health and environmental concerns, the long term viability of the bottled water industry is not guaranteed.

3.3 Bottled Water – Impact on Smiths Falls Local Watersheds

Bottled water plants require access to large amounts of water for production. For Smiths Falls this raises a number of important questions related to the source and quantity of water to be bottled, the rate to be paid for water, and the impacts on local watersheds.

The impacts of mass water extraction can be very harmful for local communities. A quarter of Canadian municipalities have faced water shortages in recent years and there are numerous examples from across North America (see below) of communities that have resisted bottled water companies attempts take water from local sources.

In order for Aquablue Inc. to get permission to take large amounts of water, it is required by law to obtain a permit to take water (PTTW) from the Ontario Ministry of the Environment (MoE). Any business or individual who is taking 50,000 litres of water a day must apply to the province to acquire a PTTW. The fee for this type of PTTW, regardless of length, costs \$3,000.

If Aquablue takes water from a ground source (i.e. well or spring) it will only be required to pay the \$3,000 permit application fee to potentially gain right to extract and bottle millions of litres of Ontario groundwater per day.

Another source for Aquablue's bottling plant could be the Smiths Falls municipal water system. In this case, the public will have no access to data regarding how much water the company takes daily, or how much they are charged to take this water.

Either way, it will be difficult for concerned residents to independently assess the environmental impacts of Aquablue's water takings.

4. Aquablue Inc: Corporate Profile

4.1 Who are they?

According to aquablueinternational.com, Aquablue Spring Water International Inc. is the Canadian-based subsidiary of Aquablue International, Inc. Even with the information provided on the company's website, very little is known about Aquablue Spring Water International. After extensive internet and media searches, no information on the history of the Aquablue company names has surfaced.

It appears that Aquablue International Inc. is a privately held company whose strategic partner is Natural Glacier Springs, a Fanny Bay B.C. bottled water company on Vancouver Island. The financial nature of this partnership is not clear.

Aquablue's strategic partner, Natural Glacier Springs was founded 10 years ago by Springfield Lai, a senior partner at the accounting giant PricewaterhouseCoopers in Taiwan. Natural Glacier Springs has two provincial water licences that allow it to draw up to four million litres of water a day from Rosewall Creek and Adam River and the Schoen Glacier watersheds. Three of company's primary markets for their brands, Névé and Canada Icefield are Japan, Taiwan and China. In August 2008, the company was awarded a contract to supply bottled water to China's National Swimming centre, the WaterCube.

It is unclear what percentage of Natural Glacier Springs' products is sold in North America, however, given the focus on Asian markets and the recent Olympic contract in China, the company is undoubtedly involved in the bulk transfer of Canadian water in the form of single serve bottles.

Aquablue Spring Water Inc. has announced that it will be bottling water for sale in a number of different markets around the world. Given the primary markets for their business partner's products, there is no doubt that Aquablue will be producing water products for sale outside of Canada. Other possible markets are Eastern Canada and the North Eastern United States.

4.2 Aquablue's management team

Both Aquablue's CEO and President have been involved in the bottled water industry for many years. By looking at the nature of their former activities in this industry, we can speculate what the nature of Aquablue's operations and business plans might be.

Manuel Da Silva – CEO and Chair of the Board, of Aquablue International Inc

- Da Silva is the co-founder and former CEO of Aquagold International, a Canadian bottled water company whose primary market is China. He left the company in March 2008.
- Aquagold International at one time had a contract to bottle its products at the Akwesasne based water bottler Iroquois Water. It is unclear if Aquagold continues to bottle its products at this facility.
- In May of this year Aquagold International signed a one-year agreement with Chinese company Orient International Holding Shanghai Foreign Trade Co., Ltd. to sell 4.32 million 500 ml bottles of water to China. This amounts to a huge bulk water transfer of 2.16 million litres of Canadian water to China.
- <http://www.aquagoldinternational.com>

Dan Villeneuve – President of Aquablue International

- Villeneuve is the former president and CEO of Akwesasne Ontario based Iroquois Water Inc.
- In the past, Aquagold International produced its bottled beverages at this plant.
- Iroquois supplies Walmart and other chains in the US.

4.3 Where?

In June, Aquablue announced that it had purchased the 472,430 square foot former Hershey chocolate factory in Smiths Falls. This location is listed as the company's head office.

4.4 Water Source?

No water source has been made public by either the company, the Town of Smiths Falls or Ontario's Ministry of the Environment. No application for an Ontario Permit to Take Water has been filed with the Ontario Ministry. A permit to take water would give the company the right to take a certain amount of water from the ground for bottling purposes.

Other possible sources could be from Smiths Falls Municipal water system or from remote wells where the water is extracted and then trucked to the Smiths Falls facility.

4.5 Aquablue, Aquagold, Natural Glacier Springs, Iroquois Water Inc.: What's the connection?

Aside from the personnel overlaps between these four companies, the main thing they have in common is a focus on extracting and packaging Canadian water for export overseas.

5. Case Studies

Community Resistance to water bottling plants

There is a growing list of communities across North America reacting very negatively to bottled water operators setting up or expanding production facilities. This resistance is usually centred on the issue of water takings and the fact that bottled water companies take large amounts of water from these communities virtually for free, bottle the water and then sell it at a large profit.

Details regarding Aquablue's water taking plans are not yet known, however, given the company's plans it can be predicted large amounts of water will be taken from either the local municipal water system or a nearby well site for bottling in Smiths Falls.

Here are just a few examples of local resistance to water bottling operations in North America:

Aberfoyle, Ontario – In 2006 a group of residents in Guelph Ontario, mobilized a campaign to resist the renewal Nestlé Waters Canada's Permit to Take Water for the company's water bottling facility in Aberfoyle. See Wellington Water Watchers for more information: <http://wellingtonwaterwatchers.ca>

Maine – Community groups across Maine have been resisting numerous attempts by Nestlé to gain more access to the State's water resources for its Poland Springs bottled water brand. For more information visit Save Our Water: <http://soh2o.org/>

Feversham, Ontario – Ice River Springs, one of Canada's largest bottled water companies (PC spring water, Walmart) met with resistance from community members when it applied to renew its Permit to Take Water in 2006. For more information go to the Polaris Institute's website: www.polarisinstitute.org/files/iceriversprings.aquafarms93exposed_0.pdf

Mt. Shasta, California – Nestlé Waters North America met with fierce resistance from the local community after pushing through a water takings agreement with the local government. This resistance resulted in Nestlé significantly altering its original plans. For more information: www.mccloudwatershedcouncil.org/

6. Conclusion

Like many communities across Canada, the Town of Smith Falls needs sustainable and well paying permanent jobs. On the heels of the recent job losses in the region, the announcement of a new bottled water plant and the possible jobs that will come with it, on the surface may come as a welcome relief.

However, as outlined in this report, the future prospects and serious health and environmental impacts of the bottled water industry should raise alarm bells for the Town of Smiths Falls. Moreover, the possible negative impacts on the local community vis-à-vis large water takings from the region's river and municipal sources cannot be taken lightly.

This report has highlighted a number of outstanding questions that need to be addressed as Aquablue Spring Water International Inc. moves forward with its plan to start a new water bottling plant. Smiths Falls needs good jobs, but it is increasingly clear that the bottled water industry will not be able to provide the sustainable jobs necessary to build a strong community.