

**PERMANENT PEOPLES TRIBUNAL**  
Hearing on  
**Neo-liberal Politics and European Transnational Corporations in  
Latin America and the Caribbean**  
*10-12 May 2006 - Vienna, Austria*

**Case:** Andritz AG – Pulping South America with Austrian Technology

**Sector(s) in which it works:** Pulp mills and pulpwood plantations in South America

**Name(s) of the Association(s) presenting the case:** GLOBAL 2000/Friends of the Earth Austria

**Synthesis**

Andritz AG of Graz/Austria is a technology supplier and world leader in the market for pulp machinery and wood processing machinery. In recent years Andritz played a leading role in the construction of new or in the expansion of existing pulp mills in South America and Asia. All current pulp mill projects in countries like Brazil, Chile or Uruguay, where Andritz belongs to the main machinery suppliers, are highly contested by the local civil society, including environmental and social NGOs as well as farmer's organizations. Not only the pollution caused by the pulp mills (mainly chlorine compounds) are in the center of criticism, but also the vast areas used up for monoculture pulpwood plantations like eucalyptus, acacia or pine. Existing pulp mills like Aracruz in Brazil have contributed to the destruction of precious ecosystems like the coastal Atlantic Rainforest. The proposed pulp mill of Metsa Botnia in Uruguay is expected to destroy previously intact river systems.

But the booming pulp industry in South America does not only draw ecological problems of enormous dimensions but also contributes to social disruptions, conflicts over landrights and the further suppression of indigenous communities (like the Guaraní and Tupinikim peoples around Aracruz) and their traditional livelihoods. The monoculture tree plantations are widely seen as „Green Deserts“ by the people affected by them and are proven to make no contribution to the employment situation in the affected areas. Pulpwood plantations are vast and empty and do not allow for different land uses. People living in plantation areas are fully dependent on the few jobs created by the plantation industry or are coerced to migrate to the cities. Pulpwood plantations require the massive use of pesticides and fertilizers. They have a catastrophic effect on the groundwater levels as they suck up all water and dry out the soils.

GLOBAL 2000 does not accuse Andritz of selling bad technology to South American countries or to break national or international environmental or labour laws. What we accuse, however, is the gross negligence with which Andritz happily serves all customers in South America (and Asia) without investigating the social and environmental circumstances of the project in question. Since the year 2000, Andritz has supplied pulp machinery to Aracruz (Brazil), CMPC (Chile), Suzano (Brazil) and Veracel (Brazil) and has won a contract to supply the projected pulp mill of Metsa Botnia in Uruguay. All of these projects are known to be detrimental to a sustainable development of their respective countries and contribute only to the concentration of power and capital in the hands of a few industrialist cliques.

## **The pulp mills:**

**Aracruz (Brazil):** When Aracruz started operations in 1967 in Espírito Santo, it also started to seize land from indigenous Tupinikim and Guaraní and from African-Brazilian Quilombolas communities. The conflict still goes on and had another peak in 2005, when Tupinikim people invaded the eucalyptus plantations that used to be theirs and demarked 11.000 hectares of land as their property. They also started to rebuild an old village that was wiped out by Aracruz some 30 years ago. These activities of land-reclaiming are still ongoing. Aracruz is also responsible for the destruction of pristine coastal rainforests and of severe pollution associated with the use of agrochemicals. *In 2000, Andritz AG supplied Aracruz with machinery worth more than 105 million US\$.*

**Metsä Botnia (Uruguay):** This projected pulp mill by the Finnish pulp giant Metsä Botnia is under construction near Fray Bentos, at the banks of the Uruguay river in the west of the country. Another pulp mill is being built not far away from the first one by the Spanish ENCE corporation. The Metsä Botnia mill will have an annual production capacity of well over one million tonnes of pulp. The ENCE mill will produce just over half that amount. The Metsä Botnia mill alone will consume an area of approximately 170.000 hectares of land for the establishment of eucalyptus plantations. In total, some 600.000 hectares of pulpwood plantations are planned to be established in Uruguay in the years to come. The mill is highly contested and an impressive movement of more than 40.000 activists from both, Uruguay and Argentina is actively protesting the projects by blocking bridges and streets and by organizing demonstrations. The issue has become a first class political dispute between Argentina and Uruguay as Argentina is strictly opposed to the mills that will also pollute the Argentinian side of the Uruguay river, which constitutes the border between the two countries. Meanwhile, even the International Court in Den Haag (NL) and the Council of Mercosur are involved in the conflict. *Andritz AG won the contract to supply the Metsä Botnia mill with a turnkey pulp line worth over 250 million US\$.*

**Veracel (Brazil):** Veracel is a joint venture between Swedish-Finnish Stora Enso and Brazilian-Norwegian Aracruz. When Veracel arrived in southern Bahia to set up eucalyptus plantations and a pulp mill in 1992, it started to devastate the „Mata Atlantica“ forest, one of the most biodiverse ecosystems in the world. Land conflicts similar to those of Aracruz are associated with Veracel's operation of 70.000 hectares of eucalyptus plantations. Veracel eventually started operations in 2005 and as the largest single line pulp mill in the world it produces 900.000 tonnes of pulp per year. *Andritz was contracted to supply the pulp line for about 300 million US\$.*

**Suzano/Bahia Sul Celulose (Brazil):** In 2005, Andritz AG was awarded a contract to supply a pulp line and associated machinery to Suzano for probably around 250 million US\$. Suzano is subject to similar social and environmental issues as Veracel.

**CMPC (Chile):** In 2004, Andritz AG was awarded a contract to supply CMPC with a pulp line and associated machinery for about 380 million US\$. CMPC operates some 415.000 hectares of pine plantations. Pinewood plantations are associated with similar environmental and social problems as eucalyptus or acacia plantations.