

**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:** Aracruz Celulose S.A.

**Sector(s) in which it works:** Agricultural production of eucalyptus, the production of cellulose.

**Name(s) of the Association(s) presenting the case:** FASE (Brazil), REBRIP (Brazil), Terra e Direitos (Brazil) and MST (Brazil)

**Synthesis**

***The implications of this firm's activities for Latin America and the Caribbean:***

***In so far as the Case presented illustrates the systemic dimension of corporate power,*** Aracruz Celulose is the global leader in the production of bleached cellulose from eucalyptus plantations. It is responsible for around 30% of the global supply of the product, which is principally destined for the manufacture of writing paper as well as sanitary paper products.

***What international instruments and/or United Nations declarations, conventions, norms, procedures, national constitutions, are being passed to stop the violations by this TNC?***

Among others:

No repair of rights of those workers who have been victims of poisoning by agrottoxins or chainsaw mutilations, and those who were dismissed but who should have been retired due to disability. Persecution by the police and by the armed private police of the Aracruz company of landless workers in neighboring communities of the Aracruz plantations; these workers try to survive from collecting the rests of eucalyptus trees after harvesting.

Environmental Licensing of the National Council of the Environment.

The Federal Constitution of Brazil (Article 231, the paragraph regarding the right to land traditionally occupied by indigenous communities; Article 68 of the transitional constitutional dispositions concerning the right to land traditionally occupied by quilombola communities – On January 20<sup>th</sup>, 2006, the Federal Police in collusion with the firm Aracruz Celulose in Espírito Santo, and with a preliminary verdict to reinstate possessions in favor of Aracruz that was stopped the same day, expelled in a violent and illegal way 50 Indians from two Tupinikim/Guarani villages. The Federal Police wounded, at least, 13 Indians and, at the same time, Aracruz destroyed with tractors the two indigenous villages.

Those interested can be directed to a complete dossier on the matter.

***Country(ies) of intervention:*** Brazil, Europe and the United States through the sale of cellulose products.

***Argument:***

Brazil possesses around 6 million hectares of land occupied by pine and eucalyptus plantations. In the state of Minas Gerais alone there are 2 million hectares of eucalyptus planted. The Lula government, as well as the forestry sector, are expanding tree plantations in Brazil from 5 million hectares in 2003 to 7 million hectares in 2007. In Brazil, the expansion of eucalyptus monoculture and cellulose industry has been destroying traditional peasant farming and food production, impeding the realization of agrarian reform, as well as the demarcation and return of quilombola (descendants of escaped slaves) and indigenous lands. The occupation of 375,000 hectares of lands over more than 35 years by Aracruz has implicated them in the expulsion of thousands of rural families, among those Tupinikim and Guarani Indians, quilombolas, smallholders, sharecropper, leaseholders and farm

labourers. The deforestation and subsequent large-scale planting of eucalyptus, without concern for the preservation of water resources, diminishes the availability of water in streams and rivers due to the vast consumption of water of these short cycles of cultivation. The quality of surface water is also deteriorating in keeping with the systematic use of agrottoxins and due to erosion.

A large part of eucalyptus grown is destined for the production of cellulose, which in turn is exported to Europe and North America above all. Officially, the firm Aracruz Cellulose S.A., for example, is owner of 375,000 hectares of land in the states of Espírito Santo, Bahia, Minas Gerais and Rio Grande do Sul, of which 247,000 hectares are used to plant eucalyptus. The firm produces 2.4 tons of bleached cellulose annually, 97% of which is exported, and a further 55% of which is destined for the production of disposable paper, sanitary and tissue paper. The firms Procter&Gamble and Kimberly-Clark are major buyers of Aracruz Celulose products in Europe, and produce, with this raw material, products like Tempo or Kleenex tissue and Charmin and Hakle toilet paper. One of the primary shareholders in the firm is the Norwegian group Lorentzen, and a large part of the financing of Aracruz Celulose S.A. is guaranteed by European banks and by the World Bank. Besides, the main machinery and technology are also imported from European companies such as Andritz-Ahlström, Jaakko Poyry, Metso, Kvaerner, ABB, Voith Paper and Siemens.