

Common Questions and Misconceptions about the Pulp Mill Conflict in Uruguay



Q1: Why should Argentine stakeholders oppose an important development project in Uruguay that is creating jobs and promoting development.

A: First of all, there are both Argentine and Uruguayan stakeholders that oppose this investment. Uruguay certainly has the sovereign right to decide on how to develop, however, these mills are situated on the Argentine/Uruguayan border, on the Uruguay River which is governed by an international treaty. Uruguay failed to consult and seek consensus with Argentina on the use and risk implied by a contaminating industry, which it must according to International Law. Further, the Pulp Mill sponsors have secured a 30 year TAX FREE haven, will import ALL machinery, technology and high paid labor force, will produce for the European and Asian markets, and leave nearly NO benefit for Uruguay, except for 300 low paying wage labor once the mill are operating.

Q2: Aren't the mills using the Best Available Technology? Haven't reports suggested the mills will not contaminate?

A: First of all, Pulp Mills Contaminate. This is an indisputable fact. They can contaminate more or less, but they do contaminate. The World Bank established that Pulp Mills are Category A industries, which means that they are "the most" contaminating type of industry. The question one should ask is if they contaminate within legally tolerable limits, and one should be ESPECIALLY careful about site location, since even though the mills may be "tolerable" in one location, they may still be incompatible with local livelihoods, the environment or residential areas. In the case of these mills, they are not using BAT, since they are using ECF, which is the best you can do and still produce very white grade paper. They are also dumping their waste water into the VERY clean Uruguay River. They could use TCF (Total Chlorine Free), closed circuit oxygenized systems which are much less contaminating. The reports that have been completed by the International Finance Corporation and its hired pulp mill industry consultants have produced incomplete information about the issues they chose to examine (failing to consult local stakeholders even in the design of their studies-which they should have done by IFC regulations). The reports published by IFC suggest that the mills will produce within industry standards. They fail to mention however, that even if the mills maintain within industry standards, a pulp mill industry (with smoke, foul odor and visible contamination), is incompatible with the way of life and livelihoods of local communities in the region, which live off of tourism, beautiful beaches and leisure and recreational activities on the river. Would you take a vacation to a beach with a pulp mill on it if you had the choice?

Q3: I heard that Argentina has 10 papermills that each contaminate much more these proposed mills? Why doesn't Argentina do something about these mills instead of complaining about these mills?

A: Yes. Argentina has at least 10 contaminating mills, all of old technology, outdated and in need of closure or transformation. One of them uses the same type of technology that the Botnia mill proposes, but even this one has serious contamination problems for local communities. First and most importantly, the Botnia mill alone will produce more than ALL of the Argentine mills combined. Second, the opposition to the mill was not originally from Argentina, but from the stakeholder community that is very clear in their resolve to not have their environment contaminated by these mills, irrespective of whether they are in Uruguay or in Argentina. Third, this case, and the call to attention of the local stakeholders in Guleguaychú has helped Argentina address its own problems with the pulp mill industry. All 10 mill operators have met already with the Environment Ministry in Argentina, and have voluntarily entered into a clean up program that will bring the mills up to standards in a medium to long term scenario, with government technical and financial assistance. Finally, it is illogical an irrational to assume that because contaminating mills exist in one place, built long ago when society had little knowhow about pulp contamination, that we should allow a new mega mill built that does not comply with the law and with basic conditions necessary for the installation of a contaminating industry.

Q4: Is Guleguaychú a political movement, have they been co-opted by NGOs or Government interests?

A: The Citizen's Environmental Assembly of Guleguaychú is a Social Movement with NO centralized coordination or decision makers. The Assembly is comprised of common residents with a common objective. They have NO institutional form, and NO political or other agenda, besides their opposition to the installation of the two pulp mills on the Uruguay River. The Assembly has met twice weekly for over two years in opposition to the mills and follows NO political line, has never supported a political party, has never allied with the government on any position it has taken, has never been driven by an NGO, or allowed individuals, institutions, or government officials to decide its policy. Decisions are made on a democratic majority basis based on the number of members that show up to bi-weekly meetings. In some cases, several dozen community members show up to discuss current agenda issues. At other times several hundred or even several thousand can show up to meetings.

Q5: Didn't International Court of Justice rule Against Argentina on the Contamination of the mills?

A: NO. The International Court of Justice has STILL NOT ruled on the merits of the case, as to whether or not Uruguay complied with its obligations to inform and seek consent with Argentina on the decision to install a contaminating industry

on the Uruguay River. It may not reach a before end of 2007 or maybe even 2008. The ICJ Ruling against Argentina, was solely on the request by Argentina to oblige Uruguay to have the mills cease construction. In this aspect, the Court ruled that since there was still no contamination (since the mills were not yet producing), they could not intervene. The ICJ DID rule, however, that it could, in the future, oblige Uruguay to have the mills dismantled.

Q6: Hasn't IFC complied with its due diligence? Didn't the CAO do an Audit on this project? What is the current procedural situation of the projects at the World Bank?

A: IFC has repeatedly and systematically violated its due diligence and Environmental and Social Safeguards. IFC failed to investigate missing information on site studies; it failed to require Cumulative Impact Study (CIS) despite that the two proposed mills were only 5 kilometers from each other and that neither sponsor consulted Argentine stakeholders; IFC still chose to elevate a recommendation to the Board of Directors as early as June of 2005; IFC systematically ignored warnings by civil society, by the government, by the Compliance Advisory Ombudsman (CAO) and by the Presidents; IFC failed to publish terms of reference of Cumulative Impact Study, in violation of own Safeguard Policy 4.01 paragraph 12; they later contracted consulting groups with ties to the project sponsors (conflict of interest) to do their review studies; they failed to establish rules of engagement in the review methodology to look at the CIS, failing to convince Argentina and Uruguay to participate in the supposed tripartite panel to review the studies; they ignored the international legal dispute at the ICJ (in violation of its own International Waterways Safeguard Policy); the IFC has systematically ignored all reason and warnings that their negligence and irresponsible attitude was driving this conflict into an irreparable state.

Q7: Didn't a Large Financial Bank pull out of this investment not too long ago? Why?

A: YES. ING Group of Netherlands, an Equator Principles bank, pulled US\$480 million of pledges support to Botnia due to concerns over the investment, which clearly stem from eventual incompatibility of the investment with the Equator Principles (which are grounded on IFC Safeguards). With an Audit from the CAO against the project, indicating that IFC policy was not followed, and due diligence was violated, ING understood that it could not support this controversial investment.

Q8: Have local stakeholders been properly consulted?

A: NO. Stakeholder have not been properly consulted and this is one of the main reasons this project has received SUCH LARGE opposition. More than 120,000 marched to the international bridge uniting Argentina and Uruguay because they oppose the mills. IFC has failed to conduct real, informed and proper consultations. They did not even require that the sponsors properly address local stakeholders in Argentina that are entirely within the area of influence of the project. IFC even organized one failed consultation between Christmas and New Years, failing to offer, against CAO recommendations, clear terms of engagement. The CAO warned the IFC early on that it was key to gain the confidence of stakeholders who had lost faith in the IFC in the failed process and do to IFC's "rushed" and "fait accompli" attitude. IFC ignored these recommendations, and caused the largest environmental march in global history, against this investment.

Q9: Are protestors that have blocked the bridge and international traffic in protest of the mills, violent, politically mobilized or are they really stakeholders?

A: The local residents and stakeholders that have protested against the mills are common citizens. They include thousands of primary school children, retirees, merchants, teachers, hotel owners, and persons from all walks of life in Guleguaychú, Fray Bentos (in Uruguay) and other surrounding localities. They have NEVER resorted to violence, but have in turn have been attacked by angry anti-protest persons and groups. There are children who have spent their birthdays, learned to walk and even play sports at the protests and roadblocks. The protesting community is a true Social Movement representing the entire region and will of an entire population.

Q: Is the Organization CEDHA promoting roadblocks, does it drive Assembly Decisions, does it participate in protests or does it maintain any relations with the government?

A: CEDHA is a non-profit organization from Córdoba Argentina (about a 10 hour drive from Guleguacyhú). CEDHA only advises the Assembly in its case before the CAO, in relation to the Private and Multilateral Investment Banks that have expressed interest financing Botnia and ENCE, and IS NOT a member of the Assembly. CEDHA does not vote in Assemblies or even participate in them unless we have been called to explain some specific aspect of the case. We have NEVER incited the Assembly to block a road or support roadblocks. We maintain NO relationship whatsoever with the National government concerning this case or any related activity. We did in the past, represent the Governor of Entre Rios, acting as a common citizen, when he along with 40,000 stakeholders, filed a complaint against the IFC at the CAO.