

---

## Stora Enso's propaganda campaign in Laos

Since the Laos government adopted, in 1990, the World Bank's Tropical Forestry Action Plan, it started with support from International Financial Institutions to convert forest areas in the country to large-scale industrial tree plantations, encroaching into people's lands, forests and livelihoods. When this process started, about 80% of the Laos people relied directly on forests for their physical and cultural survival. This figure alone is an indicator of how heavily the Laos people got affected by the expansion of tree plantations, especially in their right to use and access land and forest, as well as in their food sovereignty.

Rubber plantations have been one of the main monocultures that were introduced. By 2007, 40 companies, mainly from China, Vietnam and Thailand were growing rubber over an area of 182,900 hectares (1). Also eucalyptus has been promoted, both by the Oji company, with 22,000 hectares planted and the Stora Enso company with about 700 hectares. The Laos government intends to expand the tree plantation area to 500,000 hectares by 2020. (2)

The Finnish-Swedish Stora Enso corporation, one of the biggest pulp and paper companies in the world, has come to Asia several years ago. As so many transnationals, Stora-Enso got attracted by the opportunities to make huge profits from the low labor costs in countries like China and the increasing domestic consumer market in some of the countries in the region. Stora Enso was especially keen on the increasing demand for packaging board of the Chinese economy, by far the biggest exporting economy in the world demanding a lot of packaging board to export products promoting 'western style' consumption (3). According to Stora Enso's website, "Here in Beihai, more than 2,000 kilometers southwest of Shanghai in Guangxi province will soon be an ultramodern pulp and consumer packaging board mill". (4)

Stora Enso has caused many negative impacts in countries in the global South where it has been promoting its industrial tree plantations until now. During the Stora Enso general assembly in 2011 in Helsinki, a group of civil society organizations from Finland and Latin America launched a press release declaring that "Stora Enso's profit comes on the back of violations of environmental and labor laws and the criminal code in Latin America." (5) And in 2013, a group of eleven Finnish and international NGOs has filed a complaint to the UN Human Rights Council about human rights violations in connection to Stora Enso's eucalyptus plantations and planned cardboard factory in China. (6)

But who tries to get publicly available information about the company's activities in Laos comes across with a 7 minutes propaganda video where Stora Enso explains the success of its apparently unconventional tree plantation project in a forest-rich upland area in Northern Laos, where the country's "poorest districts" are located. Under the logo "rethink: our plantations grow more than trees, they also grow food", the video shows how eucalyptus in Laos is planted, not as a mere monoculture, but together with rice in an "agroforestry" system. (7)

However, some remarks about this video and this apparent success story should be made:

---

The Chief Operations Officer of Stora Enso declares that because the area was filled with bombs from the Vietnam war, no “efficient agriculture” was possible in the area, only “traditional shifting agriculture” and “that does not give enough food for them”, referring to the villagers. Firstly, this affirmation suggests that Stora Enso neglects the importance of traditional and shifting agricultural practices that worldwide have proven above all their efficiency in terms of, for example, the inputs required to maintain these systems, as well as the huge diversity of food obtained through these practices guaranteeing food sovereignty of millions of forest-dependent people. Secondly, it shows how Stora Enso’s position fits well into the official Laos government one that, with support from German and Swedish development agencies, has been implementing for more than a decade a policy of land use planning and allocation (LUPLA) aiming at eliminating the shifting cultivation practices in upland Lao with the argument that it is a practice that leads to deforestation and forest degradation.

Meanwhile, it has facilitated the entrance in these areas for plantation companies, where monoculture tree plantations are then considered as a “reforestation” practice. Stora Enso claims in the video it is through its “agroforestry system” that it offers to the villagers a “safe place to plant rice”, in reference to the presence of bombs from the Vietnam war in the region. However, many local people in other areas of Laos have second thoughts about and protested against such digging up of bombs fearing they will end up in top-down commercial development projects. (8)

It is important to have in mind that planting rice in between eucalyptus rows is only possible during the first year. After this initial period, the fast-growing eucalyptus results in so much shade that makes growing agricultural crops gradually impossible. On the one hand, this fact will lead Stora Enso expanding its plantations to new areas in order to continue creating areas for rice production for community people, while this overall process would then result in a steady increase in plantation areas, and a consequent reduction of the forest areas available for other uses by communities. On the other hand, the system introduced by Stora Enso has created other difficulties, for example, it has been reported that Stora Enso has introduced new rice varieties that leads to doubts among villagers about its suitability. There also have been problems with different company and farmer schedules of planting (9), raising questions about the overall sustainability of the by Stora Enso introduced alternative “shifting cultivation” system intercropped with eucalyptus.

The Stora Enso people claim they hire local people to work for them, both in the plantations as well as for growing seedlings. However, although any plantation that start will need relatively a lot of labor inputs, it is also well known that in the “efficient” way Stora Enso manages its plantations elsewhere, it will reduce labor as much as possible in future, so a reduction in the demand of work can be expected too. Nevertheless, it might be true that in Laos and in this particular small project, Stora Enso employs more village people than usual, but then it should also be mentioned that labor costs in this country are relatively very low. At some point in the video, a villager tells: “if it says 25,000 Kip, it pays 25,000 Kip, no deduction”, in reference to the loan paid by Stora Enso, where 25,000 Kip is equivalent to about US\$ 3. This amount probably refers then to the daily income people receive from Stora Enso for working on the plantations, not indicating any further social benefits that workers should be receiving, while the amount itself shows the strong contrast between this tiny amount and the millions of profits a transnational company like Stora Enso makes annually.

Until 2012, Stora Enso had only planted 700 hectares but the aim is to establish 35,000 hectares (10). This raises the question what is the ultimate goal of this plantation project for the company? While Stora Enso aims, like any company, to make profits, and they have naturally done this by going to the global South and purchasing cheaply hundreds of thousands of hectares while also getting cheap labor, it is also clear that the 700 hectares in Laos, planted until now, will not contribute to the

---

company's overall goal of increasing production, considering the small size of the area and the difficulties in terms of efficient production, harvesting and transportation in upland Laos. Moreover, the company seems to present itself more as a "development NGO" even active in the activity of digging up part of the 2 million tons of bombs thrown on Laos during the Vietnam war.

Maybe it is the exaggerated success story of this experience, transmitted in the PR video, that brings us back to the point why this project can be in the interest of a company like Stora Enso. While not directly pursuing productivity records in this plantation area in Laos with large-scale monoculture plantations against the lowest possible costs, a company like Stora Enso with its so much affected image in the past years might be in need of such a project going against all the "efficiency" rules, just to improve again, against a low cost, its image and by doing so helping further to improve its sales and profits records.

But this article aims to show also that short and wonderful propaganda videos from transnational corporations definitely need to be better understood by putting such projects in a broader context of the strategies of such corporations to know what is kept hidden behind such "success stories". Such information is relevant, not in the last place for those communities involved in such "success projects", as well as for others already negatively affected by Stora Enso's operations.

By Winnie Overbeek, WRM, email [winnie@wrm.org.uy](mailto:winnie@wrm.org.uy)

(1) <http://wrm.org.uy/articles-from-the-wrm-bulletin/section1/laos-expansion-of-rubber-plantations-more-conflicts-with-communities/>

(2) Zhou, When, 2012. Transnational paper and pulp: the production of eucalyptus plantations in China and Laos; <http://www.eci.ox.ac.uk/research/ecodynamics/downloads/2012Zhou.pdf>

(3) <http://wrm.org.uy/wp-content/uploads/2013/01/EJOLTplantations.pdf>

(4) <http://www.storaenso.com/rethink/investing-in-china>

(5) <http://wrm.org.uy/articles-from-the-wrm-bulletin/section2/stora-enso-makes-money-out-of-environmental-crimes/>

(6) <http://wrm.org.uy/articles-from-the-wrm-bulletin/section2/ngos-filed-a-complaint-to-united-nations-against-stora-ensos-human-rights-violations-in-china/>

(7) target="\_blank">v=PeGqGLcOV6E

(8) *Ibíd.* Zhou, When, 2012.

(9) *Ibíd.*

(10) *Ibíd.*