
Argentina: tree monoculture expansion supported by World Bank

The Argentinian government is definitely aimed at transforming the country in an investors paradise for forestry projects, adopting the same scheme already operational in the Southern Cone of South America -Chile, Uruguay and Paraguay- based on large scale tree monocultures. This position was made clear at the COP IV on climate Change held in November 1998 in Buenos Aires. Plantations as carbon sinks under the Clean Development Mechanisms of the Kyoto Protocol are regarded as an excellent opportunity for the development of this model. Environmental impacts on grasslands, that have already been proven in other regions in which the prairie is the major ecosystem, are ignored (see WRM Bulletin 17).

The new Forestry Law has increased the interest of foreign investors in undertaking forestry projects in Argentina, especially considering the tax exemptions offered and the resulting high profitability rates expected. Plantations are expanding especially in the Provinces of Misiones, Corrientes and Entre Rios, in the Eastern region. Significant areas are also being planted in southern Buenos Aires Province, as well as in Córdoba, Cuyo, Chaco and Patagonia, to the hands of American, New Zealand, Dutch and Chilean companies. The present rate of investments of U\$S 1600 million a year is expected to increase with the new legal framework.

Manuel Climent, President of the Argentinian Forestry Association (Asociación Forestal Argentina - AFOA), has recently remarked the advantages that his country offers for the development of the sector: abundant available areas, adequate climate and soil conditions, and short rotation periods. He added that the international conditions are favourable since by 2010 a deficit of 900 million cubic metres of roundwood is expected at the global level. According to Daniel Maradei -Executive Director of the Advisory Committee for the Forestry Development Plan- some points are still pending, among them the adaptation of provincial legal frameworks to the national law.

According to its promoters, plantations do not only create wealth but are also good for the environment. That is why some entrepreneurs have got on the bandwagon of climate change issues. For example, Gustavo Kozak, representative of Forestal Andina SA, considers that plantations are a good instrument to combat the greenhouse effect.

The World Bank is -as elsewhere- a major actor in this plantation initiative. Total costs for the forestry development project are estimated at about US\$26.2 million, U\$S 10.6 of which will be financed by a Bank loan. According to the text of the "Argentina-Forestry Development Project" (ARPA6040), initiated in 1994, "Argentina's forest plantations have clear natural advantages compared with those in many countries... (a) the fast growth rates of trees in Argentina resulting from relatively rich soils and favourable temperatures and rainfall; and (b) an abundance of land with few alternative uses." Nevertheless, according to the Bank's view, "forest plantations in earlier decades were not developed in line with the potential, principally because of unfavorable macroeconomic, trade, and other policies." But nowadays "these policies have been adjusted appropriately, and the improved economic and policy environment encourages investment."

The World Bank's document mentions the Chilean case as an example to be followed: "The forestry

sector in Argentina contributes just under 2 percent of GDP and had a positive trade balance of US\$132.1 million in 1989. While it now contributes positively to the trade balance, this was achieved only by 1988. The contrast between the performance of the forestry sectors in Argentina and Chile could hardly be more striking. . . In comparing Argentina with Chile in particular, it becomes clear that a substantial gap exists in Argentina between the actual and potential levels of forest plantation production. . . Furthermore, much of the past growth in forest plantations in Argentina has not been efficient". Strange as it may seem, the expansion of the forestry sector seems to be related to the country's size: "While Argentina is about 3.7 times the size of Chile in area, and about 3 times its size in terms of GDP, Chile's exports of forest products, at about US\$1.0 billion annually, are 4 times greater than Argentina's."

The Bank considers that the "proposed project would have no adverse environmental impact". On the contrary, "the small farmer component is specifically designed to have a positive impact on the environment". These conclusions are not only groundless but totally false. The forestry plan is not aimed at small farmers but at large transnational and national companies -following the Chilean model which the Bank seems to estimate so highly. However, vast evidence exists in Chile about the negative impacts which this forestry model is having on people and the environment. Not to speak about India, Thailand, Indonesia, South Africa, Brazil and so many other countries where local people are having to defend their rights against the spread of large-scale tree plantations. The Bank's reasons for supporting plantation development in Argentina are neither social nor environmental; they are strictly macroeconomic. It would seem that the Bank needs to be reminded that its mandate is to alleviate poverty and the Chilean case shows that this model has proven to increase the wealth of the wealthy and to increase the poverty of the poor, while at the same time having strong negative impacts on the environment.

Sources: CLAES, Comercio y Ambiente;