
Thailand: the strong muscle of the pulp industry

Phoenix Pulp and Paper Company in Khon Kaen province in northeastern Thailand is the recipient of a large credit extended by the Finnish DIDC (Department of International Development Cooperation of the Ministry for Foreign Affairs), former FINNIDA. Between 1990 and 1994 Scandinavian companies including Ahlstrom, Sunds Defibrator, Valmet and Jaakko Poyry delivered most of the machinery, equipment and services for the Phoenix P&P's second pulp line and waste water treatment plant. The second pulp line increased the mill's production capacity to some 200,000 tonnes per year, using kenaf (sister plant to jute), bamboo and eucalyptus as raw materials. This second pulp line is the first mill in South East Asia producing Elemental Chlorine Free pulp. One of the main arguments for Finnida's concessional credit was that by supporting the construction of the waste water treatment plant, the effluents of the pulp mills discharged into the Phong river would be reduced despite the increase in production. As part of the solution, Phoenix P&P Co decided to establish a scheme where the treated effluents would be discharged as irrigation water to the nearby eucalyptus plantations. This scheme, begun in 1995, received the name of "Project Green".

Although Phoenix Pulp and Paper Co argues that the effluent-treatment plant was built to world-class standards and that the effluent quality even exceeds many Western countries' standards, serious problems have been reported since Project Green was launched. The waste water discharged to the eucalyptus fields spreads to the adjoining rice fields, wetlands and groundwater, harming the agriculture and causing health hazards to the people. The company has also regularly been accused by local villagers of the death of a large number of fish in the Phong River.

The Industry Ministry of Thailand on July 20 ordered Phoenix Pulp and Paper Co to close the first pulp line of the plant for 180 days. "The closure will last until the company fixes the treatment facility and prevents untreated water discharged into the plantations from spilling into Huay Chote, a tributary of Nam (River) Phong", said the decree. Earlier in July, thousands of fish raised by riverside villagers were found dead after heavy rain flushed the waste from the ponds and Project Green areas into the river. The order was based on the company's poor performance in handling its waste, since the quality of treated water was below standard.

Phoenix executives rejected the decision and argued that the closure was politically motivated and would mean the ruin of the company and that of 60,000 farmers who supply it with raw material. The company also considers this will lead to a total closure of the company, affecting exports and disrupting the lives of about 4,000 workers and farmers. Surprising as it may seem, even the Science Minister Yingpan Manasikarn warned that the closure would cause serious economic damage to the country and thousands of workers would lose their jobs. He said verification of the cause of pollution was needed before such drastic action was taken against the company.

Local environmental activists have a different view. They say that the closure order was a temporary measure when what was needed was a long-term solution to a problem that has persisted for more than a decade. Saneh Wichaiwong, manager of Ecological and Development Project of Watershed Phong River, said the problem would persist without a total overhaul of the plant and the introduction of environmentally-sound technology. Activists consider that since a large number of villagers depend

on the plant, the government should come up with long-term solutions and the company should compensate villagers who lost their fish.

The decision was implemented on July 29. Two days later the company, giving no reasons, informed that the second pulp line would also be shut down. Later the same day, Industry Minister Somsak Thepsuthin visited the firm to check the situation, and later declared the water in the Phong River was clean and that it wasn't Phoenix that was creating its pollution. Such "environmental assessment" was carried out --according to George Davidson, the chairman of the company-- in the following manner: "The minister took a glass of water from the canal and said that it was very clean and good quality water." Local sources said the closure of the firm's second pulp line was a pressure tactic to force the ministry to allow the company to open its first line, considering that the new closure would mean the loss of a source of income for more than 1,200 employees and some 60,000 northeastern farmers.

At last the company's pressure on the government had the desired effect and the plant was reopened on August 11, with the main problem still remaining unsolved.

Source: Based on a summary of press articles performed by PER (Project for Ecological Recovery), August 1998.