

**WORLD RAINFOREST MOVEMENT  
MOVIMIENTO MUNDIAL POR LOS BOSQUES TROPICALES**

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## OUR VIEWPOINT

### - A message from the Amazon against "environmental services"

The experts at the service of transnational corporations have proved to have an unlimited inventive capacity to better serve those who are paying them. Among their most recent achievements is having managed to put up for sale nature itself under the guise of so-called "environmental services." Expressions such as "oxygen sale" and "sale of carbon sinks" are now common currency, in particular in the countries of the South. Hundreds of government officials, consultants, certifiers, national and international conservation NGOs, United Nations organizations, cooperation agencies, private and multilateral banks, stock brokers and businesspeople – among others – eagerly await their slice of the pie, estimated at billions of dollars. At the same time, they or others buy and sell biodiversity, traditional knowledge and conservation of water resources. Whatever. For money and for power.

The problem they face is that a major part of these "goods" (the services provided by forests) are not their property but are in the hands of the peoples inhabiting the forests. However, this is no obstacle for the sellers and buyers of "environmental services," who resort to two mechanisms to appropriate what is not theirs. On the one hand, large companies –wrongly named environmental NGOs– such as The Nature Conservancy and Conservation International, among others, acquire rights and control over the territories, either by purchasing land or by the management of so-called conservation projects and evict the local inhabitants (usually indigenous or traditional peoples). Ownership of the "services" then lies entirely in their hands, to be promptly sold on the international market.

The second mechanism consists of obtaining, through signature of a contract with community representatives, the right to usufruct the forest and therefore its "services." Such contracts, usually obtained in a fraudulent way from peoples that are uninformed about the real scope of the contracts, grant the purchasers unlimited rights of use over some or all of the forest-provided "services." For a pittance, the misled forest inhabitants lose their sovereignty over their territories, which are then "managed" by the sellers and buyers of "environmental services."

However, while this process advances, these two mechanisms are increasingly being challenged by the affected communities, that are raising their voices in defence of their rights.

This situation became evident a few days ago in Ecuador during an international meeting on "Environmental Services: Nature as a Merchandise", held on 19 and 20 May in Puyo in the Ecuadorian Amazon. The meeting was attended by representatives of all the country's indigenous nationalities, other traditional peoples and national and international NGOs. The participants took part in an informed debate, analysing the issue both on a global and local level and concrete cases of fraudulent contracts imposed on communities were exposed. After a detailed discussion of the issue, the participants unanimously declared:

- "The NULLITY of contracts, agreements and projects that contemplate the sale of environmental services."

Their declaration (available at <http://www.wrm.org.uy/countries/Ecuador/Puyo.html>) included many other aspects, among which the following:

- "We reject all the initiatives that involve the sale of Environmental Services in the territories of indigenous peoples, peasant and Afro-Ecuadorian communities."

- "We reject the use of the Kyoto Protocol's so-called Clean Development Mechanism (CDM) in projects affecting the communities, such as hydroelectric dams, monoculture tree plantations and others."

- "We reject the signing of further contracts in our communities for the sale of Environmental Services with national or international NGOs, municipalities or individuals."

- "We exhort CONAIE and CONFENIAE [confederations of indigenous peoples in Ecuador] to submit the corresponding complaints to the courts, to have punitive measures taken against the notaries, contract promoters and NGOs that participate in these activities."
- "We categorically reject the presence in the territories of the Indigenous Peoples and peasant and Afro-Ecuadorian communities of organizations such as GTZ, Conservation International, the Nature Conservancy, Ecolex, Ecociencia, Fundación Natura, Arco Iris, Antisana and others."
- "We reject bio-prospecting and bio-piracy projects carried out under the disguise of scientific research, in their attempt to take over our natural resources and their associated ancestral knowledge."

In short, this declaration is an important and very timely message from the Amazon to the world, alerting the peoples about the dangers of this trade in "environmental services" and denouncing those who intend to take over the territories of indigenous and traditional communities. The deception of these traders in life has started to become visible, to be denounced and fought against. Peoples' rights and sovereignty are confronting these merchants' theft and deception by declaring that nature is not a merchandise nor is it for sale. The message is that simple... and that profound.

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## LOCAL STRUGGLES AND NEWS

### AFRICA

#### - Democratic Republic of Congo: The World Bank acknowledges failure in EESRSP project

The vast rainforests of the Democratic Republic of Congo --the second largest on Earth after the Amazon-- have been seen by the World Bank as a target area.

In 2002, the Bank provided funding for the government of DRC to develop a new set of laws for the management of DRC's forests. In September 2003, the Board of the Bank also approved a pilot project to 'zone' Congo's forests into areas for industrial logging, conservation, and community use. The project entitled 'Emergency Economic and Social Reunification and Support Project' (EESRSP), included \$4 million to start the process of 'zoning' DRC's forests, potentially opening up tens of millions of hectares for industrial logging.

The Autochtones Pygmies Organizations from DRC, on their own behalf and on behalf of affected local communities living in the Democratic Republic of Congo, representatives of local communities of Kisangani in the Orientale Province, of Béni and Butembo in the Nord-Kivu Province, of Kinshasa/Mbandaka and Lokolama in the Equateur Province, of Inongo in the Bandundu Province, of Kindu in the Maniema Province, and of Bukavu in the Sud-Kivu Province, submitted a formal request to the World Bank Inspection Panel, an official independent watchdog, on the grounds that the World Bank plans threaten to harm the country's rainforests and destroy the livelihoods of people living there, and that the Bank staff failed to 'trigger' the Bank's operational policy on indigenous people (OD 4.20) when developing the project. As a result, the World Bank Inspection Panel, launched a preliminary investigation into the role of the World Bank in Congo's rainforests.

In March 2006, information released by the World Bank revealed that it had failed to ensure proper protection of the environment and local peoples in its programmes in DRC. Though the WB Management reaffirmed that "the Bank made every effort to apply its policies and procedures and to pursue concretely its mission statement in the context of the projects", it recognized "that, with respect to the EESRSP, the Bank was not in full compliance with processing provisions of OP 4.01, and OD 4.20, that should have been triggered during project preparation"(see full report at [http://www.rainforestfoundationuk.org/files/Bank\\_management\\_response\\_to\\_complaint.pdf](http://www.rainforestfoundationuk.org/files/Bank_management_response_to_complaint.pdf))

The revelations came following the preliminary findings of the World Bank Inspection Panel's report (see full report at <http://www.rainforestfoundationuk.org/files/EligibilityReportFinal.pdf>), according to which:

\* the Bank has acknowledged that it did not properly apply its own internal 'safeguard policies', which are designed to ensure that it does not harm the environment and local peoples;

\* the Bank claims it was not "aware of the existence of 'Pygmy' communities" in areas that would be affected by its projects, but that it would now develop a plan to ensure that 'Pygmy' people are not harmed by new developments funded by the Bank;

\* the Bank has acknowledged that it was 'inappropriate' to set targets for the number of new logging concessions that should be allocated by the Congolese government as a result of World Bank projects.

Simon Counsell, Director of the Rainforest Foundation UK, said "The World Bank has finally acknowledged that its activities in the rainforests of the Congo have been flawed and must be improved. This is a major victory for the Pygmy people of the Congo, whose rights and livelihoods could be seriously harmed by inappropriate development of the country's rainforests."

Article based on information from: "World Bank admits to failures in protecting Congo's rainforests - official 'watchdog' to investigate", March 2006, The Rainforest Foundation, <http://www.rainforestfoundationuk.org/s-News>

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### - Nigeria: The Devastating Flames of Abacha Coal-Pots and the People's Forests

The political instabilities in Nigeria during Abacha's regime in 1993/94, which was an aftermath of the annulment of June 12, 1992 presidential election won by the late business mogul -Chief M.K.O. Abiola- created an acute scarcity of kerosene that was seriously felt in different parts of the country. The kerosene scarcity led to the invention of "Abacha Coal-Pot" – a locally made cooking stove that uses charcoal.

Over the years, the cooking technology Abacha Coal-Pot, has been widely accepted, and the use spread rapidly, due to incessant increases in the prices of kerosene and cooking gas. In Nigeria, the official price of kerosene per litre has been increased by more than 200% over the last decade and presently, it is sold at an unofficial price that is almost 100% more than the current official price of about US\$0.5. This ugly trend has given a boost to the charcoal trade in different parts of the country and now, the people's forests are suffering.

The charcoal business, which is about the most thriving business in Oke Ogun area of Oyo State -an area that houses the Old Oyo National Park- has extended to different parts of Kwara, Lagos, and Ogun States.

In Saki --an ancient town and the largest town in Oke Ogun area--, there is no street without a mega dealer who is patronized by wholesalers and retailers even from the neighbouring States. The business is getting so organized that different stakeholders have their associations. Presently, there are strong indications that the dealers have started exporting charcoal as trailers, carrying containers, now come to Saki to convey charcoal to Lagos, which is a coastal state. There is no doubt that this would spell further disaster for the forests of the area.

Unlike the land expropriation cases of the Twa in Rwanda, the Ogiek in Kenya, the Batwa in Uganda, the Amerindians in Guyana and the Suramaka in Suriname, this is a pathetic case where the people, aided by economic hardship orchestrated by insensitive administrations, are destroying their forests at an alarming and unprecedented rate.

The impacts, which traverse economic, social and environmental spheres, are quite enormous and devastating. The old-growth forests are almost gone and now, the attention of producers is shifting to previously less preferred species including exotics. The prices of wood-based products have increased tremendously over the last decade due to scarcity of wood. There is felt reduced food production as people have abandoned farming for the more lucrative charcoal business. The environment is seriously being polluted and there have been some cases of clashes due to illegal encroachment on other people's forests to cut wood for charcoal production.

To make the matter worse, the respective governments have not made and are not making concerted efforts to discourage or stop the trend. There are no serious enlightenment campaigns to educate and sensitize people especially on the environmental consequences of the charcoal business. While there is no deterrent legislation on the charcoal business in the affected States, Kwara State --probably because of its fragile savanna vegetation--, had sometime announced a ban on the use of charcoal, though, this has not been enforced. The people insist that government should show seriousness on their own part by reducing the prices of kerosene and cooking gas.

As a result of the rapidly spreading nature of the cooking technology and the concomitant impacts on the environment, there is an urgent need for governments (Federal, State and Local) and the Non Governmental Organisations (NGOs) to intervene. Governments should come up with appropriate legislation to stop the use of Abacha Coal-Pots and charcoal business. For this legislation to work, governments should make kerosene and cooking gas affordable. NGOs and governments should provide households and other users of Abacha Coal-Pots with kerosene stoves and empower them to use them. Alternative means of livelihoods should also be provided for those that depend on the charcoal business especially the forest dwellers who produce or sell their trees to producers. More importantly, the degraded forests should be restored. The time to act is now! The devastating flames of Abacha Coal-Pots must be quenched to save the people's forests.

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### - South Africa: Impacts of tree plantations on birds

In South Africa, more than 1.5 million hectares of managed alien, monoculture tree plantations have been established, and currently more than 130 square km of new plantations are being established annually. Another 1.65 million hectares of alien invader plants exist, mostly eucalyptus, pine and wattle trees.

South Africa's rural people have felt dramatically the impacts of the plantation industry, ranging from evictions of communities to make way for plantations, to unemployment and less available water resources, less available soils and less free access to local plant and animal resources which provide food, medicine, fodder, fuel, building materials and many other goods.

But not only people suffer from forestry. Also birds do. With more than 80% of South Africa's natural grassland destroyed by tree plantations, John McAllister writes the following:

"South Africa --including the Republic of South Africa and the Kingdoms of Lesotho and Swaziland-- has been blessed with 40 or so endemic bird species. Twelve of these --Rudd's Lark, Southern Bald Ibis, Botha's Lark, Yellowbreasted Pipit, Blue Korhaan, Buffstreaked Chat, Orangebreasted Rockjumper, Mountain Pipit, Drakensberg Siskin, Sentinel Rock Thrush, Eastern Longbilled Lark and Drakensberg Prinia-- are endemic to the Grassland Biome (Harrison, et al, 1997). The first nine of these are listed as globally threatened or near threatened by BirdLife International (Collar, et al, 1994). Rudd's Lark is the only species occurring in South Africa to be listed as Critically Threatened on a global scale.

All the endemic grassland birds listed above occur in the high altitude, moist grassland of the eastern escarpment. These grasslands have been listed as an Endemic Bird Area by BirdLife International, i.e. an area containing at least two species whose global distribution falls within an area smaller than 50 000 km<sup>2</sup> (Stattersfield, et al., 1998). Other threatened birds that occur in this area include Blue Swallow, Blue Crane, Wattled Crane --all listed as globally threatened and Grey Crowned Crane which is now listed as Nationally Threatened.

Most South African tree plantations have been planted in what were formerly high altitude, moist grasslands containing all or many of the species mentioned above. This has had a devastating effect on the bird life of these areas. A glance at the distribution maps in the Southern African Bird Atlas and any field guide to southern African birds for Rudd's Lark, for example, indicates how the range of this species has become fragmented. Blue Swallows,

often cited as proof of the Timber Industry's concern for the environment, is now down to between 40 and 50 pairs left breeding in South Africa -less than 10% of the original population. The near extinction of this species in South Africa has been laid almost solely at the door of the Timber Industry.

A study using Southern African Bird Atlas Data (Allan, *et al*, 1997) illustrated the effect that tree plantations had on these species in particular and bird life in general. The grassland birds themselves became locally extinct in heavily planted areas. Even in relatively lightly planted areas where only 10% of a quarter degree square (an area of roughly 600 km<sup>2</sup>) there was a negative impact on bird diversity in general.

Unpublished data collected in the grasslands of southern Mpumalanga indicates that the diversity of bird species in the near pristine grasslands around Wakkerstroom is around 170 species/km<sup>2</sup>. As one nears the intensely farmed areas around Amersfoort (mainly maize farming) the bird diversity drops to around 120 species/km<sup>2</sup>. In the areas around Panbult which have been heavily planted to trees the density drops to around 90 species/km<sup>2</sup>. Perhaps more significantly the composition of the bird communities changes from one dominated by larks, pipits and cisticolas to one dominated by doves and canaries. Interestingly the drop in species numbers conforms to data collected in natural forests and plantations in western Kenya".

One more impact of monoculture tree plantations that reinforces local NGO SAWAC's claim: No more alien tree plantations in our natural grasslands!

Article based on information from: "Birds and Tree Plantations", John McAllister, <http://www.sawac.co.za/articles/birdsand.htm>; "Tree Plantations and Water in South Africa", Philip Owen, <http://www.dams.org/kbase/submissions/showsub.php?rec=ENV109>

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ASIA

### - China: The usual quiz about eucalyptus plantations and water

Eucalyptus were first introduced into China in about 1890 and were originally planted as ornamentals and roadside shade trees. The primary high tide of Eucalyptus plantations mainly for timber production in China came after the foundation of the People's Republic of China. It was not until the 1950s that extensive areas of plantations were established by state forest farms for the purposes of supplying mining timbers (pitwood), poles for construction and fuel wood. Government-sponsored planting programs during the 1970s and 1980s increased the plantation estate to about 600,000 ha. In 1954, a large area of eucalyptus plantations was set up in Leizhou Peninsula, Guangdong Province. The introduction of eucalyptus began in southern, south eastern harbour and coastal cities, convenient for international traffic.

Current emphasis lies on establishing short term plantations --mainly Eucalyptus-- under intensive management methods, encouraging Departments at each level to manage them, to stimulate export trade, to set up eucalyptus chip production factories and to establish eucalyptus pulp factories. As a result, China has an area of almost 1.5 million hectares of trees planted to date (figure of 2004).

The southern province of Guangdong has an area of more than 677,300 hectares planted with eucalyptus trees. Coincidentally, the province has experienced a worsening drought in recent years. Local deputies to the Guangdong provincial people's congress and members of Guangdong provincial people's political consultative conference put forward their observations about the damage caused by eucalyptus trees to the province's ecological environment.

Even voices from the Academia have sounded an alert. Li Sidong, a professor from Guangdong Ocean University --and also a member of Guangdong provincial people's political consultative conference--, urged the forestry department to further strengthen the management of the planting of eucalyptus trees. Li said he was worried that large-scale eucalyptus planting would reduce soil quality, suck up moisture and create "a green desert."

According to the China Daily newspaper, the city government of Yunfu enforced a ban on planting eucalyptus in March of this year, and Zengcheng, a suburban city of Guangzhou, has decided to follow this move.

But, typically, many forestry experts have refused to believe that eucalyptus have absorbed underground water and contributed to the drought. Forestry expert Xu Daping, for example, rejected the possibility that eucalyptus had damaged local ecological environments and that the trees were harmful to the fauna on the grounds that "In Australia, the eucalyptuses are home to many small kangaroos and possums". The argument of this forestry expert is based on a fully wrong conception: that large scale tree plantations can be equated to forests!

Quite apart from any academic approach, this misconception --replicated all the way round by large-scale monoculture tree plantation promoters, by the way-- do away with any basic consideration of ecosystems and biodiversity. Eucalyptus --originated between 35 and 50 million years ago-- dominates the tree flora of Australian forests. Many eucalyptus trees grow over an understory of banksias (native wildflowers) and grevilleas (small shrubs with beautiful blossoms) and there are almost 600 species that can be found in almost every part of the continent, adapted to all of Australia's climatic conditions. How can this picture be compared to large high-yielding, intensively managed, short rotation plantations of 4 or 5 eucalyptus species?

While Chinese forestry experts launch an investigation to determine whether eucalyptus trees have done damage to the environment on the grounds that there is not enough evidence to prove that eucalyptus trees suck up large amounts of water, the people who suffer the effects on the field have a clear idea about that. They have already experienced and denounced that the increasing number of eucalyptus trees has partly contributed to the worsening drought in the southern Chinese province of Guangdong.

Direct experience has taught people what usually forestry experts are reluctant to accept --that large scale eucalyptus plantations have dire impacts on water. There are already plenty of cases all over the world that prove this. What else do they need?

Article based on information from: "eucalypts blamed for worsening drought", Zheng Caixiong, China Daily, [http://www.chinadaily.com.cn/cndy/2006-04/10/content\\_563658.htm](http://www.chinadaily.com.cn/cndy/2006-04/10/content_563658.htm); Eucalypt tree improvement in China, Martin van Bueren, Centre for International Economics, December 2004, [http://www.aciar.gov.au/web.nsf/att/JFRN-6BN9E8/\\$file/ias30.pdf](http://www.aciar.gov.au/web.nsf/att/JFRN-6BN9E8/$file/ias30.pdf)

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### - India: End of Forest Evictions? New Forest Bill

Since India gained political independence in 1947, Protected Areas and development projects like large dams, mines, industries, roads and army cantonments displaced millions of people in the country. Planning Commission estimates suggest that 21.3 million people were displaced by development projects between 1951 and 1990 alone. Estimates of people evicted by Forest Department—to create new Protected Areas and to clear 'forest encroachments'—are not available. According to various movement groups working among Indian forest communities, about 300,000 families were evicted in last five years! There was no rehabilitation, and people of all ages were driven away from their homes, forests and agricultural land, to make way for plantations and wildlife areas.

For people living in India's forests, this is an old old saga continued -of persecution, repression and eviction. Historically, the concept of forest remained rooted in the social and political 'other', the space that shelters wild animals, the marginal and the vanquished, and hence something destroyed- or waged war on- as alien and evil. Inversely, forests have also been 'valued' as land: to annex, colonise and settle subjects the state can control. It did not matter that autochthons living in forests perished -physically and culturally- in the process, in every recognizable period of Indian History.

The independence of the country brought greater misery to people living in forests. The new State made old colonial forest laws harsher, limiting people's access to forests. Meanwhile, in the name of production forestry, depletion of the natural forests went on. Forests kept on vanishing, and the *raj* of the 'Forest Mafia' started as a new breed of traders and contractors joined hands with an increasingly corrupt forest administration. The official/unofficial loot of forests destroyed the ecology of traditional communities. Poverty, unemployment and starvation forced both migrants and autochthons to become wage labourers under the forest Mafia, thus starting the process of proletarianization of the forest people of the country.

There was also, officially, the 'necessity' of bringing 33 % of India's geographical area under forest, following the new National Forest Policy of 1988, and the new "conservationist" avatar of the Forest Department who till then had hacked and lumbered more than half of Indian forests (between 1951 and 1979, more than 3.33 million hectares of natural forest were felled to make way for "industrial" plantations), took up the 'challenge'. Instead of assessing various socio-economic factors behind deforestation, the department came up with the simplified logic of 'encroachment', as if the forest cover of the country would miraculously increase if communities of landless people occupying and using forest land for subsistence level cultivation could be evicted. The juggernaut of conservation rolled on, evictions started large-scale and neither the Government of India nor conservation NGOs paid any heed to the fact that most of India's forests were taken away from communities by the colonial Government without settling any rights, and the real and biggest encroacher is the Forest Department itself! The Settlement of Rights process, which is mandatory under the Indian Forest act 1927 before declaring any area as Government Forests, never took place in many areas, and in many other, surveys were incomplete.

People with unrecorded rights inhabit a strict 'state space', where they were treated as intruders, encroachers and enemy of the forest and wildlife. The Government does not need to justify any coercive action against them, and even physical abuses, sexual assault and murder are in order. The forest evictions in India are marked for the exemplary brutality which accompanies them. The recent (2005) report by the Tiger Task Force (appointed by the Prime Minister of India to probe into tiger deaths in various Tiger Reserves) describes this situation as *"truly a war within, imploding inside reserves and taking everything in its wake."*

In the central Indian State of Madhya Pradesh a Korku hamlet of ten families was looted and burnt in July 2003. In Khandwa district, an adivasi was shot dead when he confronted the forest officials who picked up his wife after chasing the villagers away from their lands. The Special Reserve Protection Force (SRPF) was deployed in the Adivasi areas of Gujarat to help forest department officials. The villagers are threatened, their houses looted and the menfolk are frequently arrested and beaten up. In places like Bastar in Chattisgarh, villages are surrounded by the CRPF. At the slightest sign of opposition, Adivasis were branded as extremists, arrested or shot at and killed.

A marauding Central Empowered Committee (CEC) constituted by the Supreme Court and staffed with forest officials and hardcore wild-lifers and conservationists added to the muddle. The CEC has been going around the country issuing eviction orders at will. Around ten thousand fisherworkers drying fish on the southern Sunderban island of Jambudwip in the eastern State of West Bengal were evicted by its orders. West Bengal police lathicharged (beat with sticks) fisherworkers who went to the island on October 16, 2003, the World Food Day. Their equipment and food packets were destroyed and thrown into the sea. CEC was also held responsible for the massacre of the innocent, landless Adivasis who took shelter within the Muthanga Wildlife Sanctuary in the Wayanad district of Kerala .

In a co-ordinated move to thwart large scale evictions, the Adivasis and other forest communities in the States of Orissa, Maharashtra, Gujarat, Rajasthan and Tamil Nadu, West Bengal, and Madhya Pradesh started filing thousands of claims towards ownership of their lands in the office of the respective District Collectors. This process of filing claims to their lands took the shape of a mass-movement. Campaign for Survival and Dignity, a platform of mass organizations of Adivasis and forest dwellers from 11 states, launched organized protests, coming out with details of what was happening, the legal position, how these were systematically violated and what should be done.

To diffuse the rising tension in tribal areas of the country, and to make amends, the government issued two new circulars in 2004 that prescribed regularization of lands cultivated by tribals since 1993 and conversion of all forest

villages (plantation workers colonies on forest land) into revenue villages within 6 months. These were stayed by the Supreme Court of India. In December 2004, a further set of guidelines barred eviction of tribals except "ineligible encroachers" (which meant that evictions would continue). On May 12, 2005, yet another guideline barred evictions of any forest dweller without a due process of verification. A final set of guidelines were issued on November 3, 2005, that for the first time provided for a village-level process of recognising rights. However, evictions continue to this day, and in this month, people were evicted from forest land in the tiny Himalayan State of Sikkim.

Political compulsions of the present Government and sustained and effective lobbying by forest movements led to the controversial Forest Rights Bill 2005 which for the first time in India's History talks of tribal stake and rights in forests, and promises to safeguard those. The bill proposes 13 specific rights, heritable but not alienable or transferable like, amongst others, ownership of land up to 2.5 hectares, rights to forest produce and grazing, restoration of illegal cancellation of titles, grants and leases to lands, traditional and customary rights, rights to common community resources, habitat rights for primitive tribal groups, right to access to bio-diversity and community right to intellectual property and traditional knowledge, and right to protect forests.

The Bill had Indian 'Conservation' lobby up in arms, with NGOs and forest officers crying foul. They objected to the bill on the grounds that the law will distribute forest land to tribal families, undermine forest protection, and because wildlife and people cannot co-exist. The Bill was interpreted to mean 'the end of Indian Tiger!' The Bill was also opposed by forest movements because they found it too vague. The Government had to send the Bill to a Joint Parliamentary Committee, which only now has concluded its Report on the Bill, after recording depositions from both forest movements and 'conservationists' for the last three months. The Report is not yet made public, and one has to wait to see what the Government of India decides to do about it. But there is no doubt that the Bill heralds a new beginning of India's forest history, and things are going to change, whether for good or for bad.

With the proposed Forest Rights Bill, the struggle of India's forest communities enters a more decisively 'political phase', where forest movements need to be on constant vigil, to reach possible benefits and relief from the Bill to the downtrodden and the poor among the ethnically and economically diverse groups of people living in and around India's forests. There is a need to ensure that the agenda of establishing social control of forest communities over India's forests do not get eclipsed by the sudden and dubious 'communalization' of this country's strong Paper/Pulp Lobby and the World Bank, and the zeal to see the end of state hegemony over forests, does not mean playing into the hands of these forces who also are seriously advocating 'pro-community' legislative and policy reforms in forestry sector. The struggle for people's rights and the forest bill thus becomes a struggle against the imminent corporatization or privatization of forests. Though physical contours of this struggle are not too defined yet, it is wiser to be on guard, and not get lulled into a sense of false security and euphoria that the Bill might bring.

By Soumitra Ghosh, e-mail: [soumitrag@gmail.com](mailto:soumitrag@gmail.com). Data acknowledgement: Campaign for Survival and Dignity, National Forum of Forest People and Forest Workers.

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### - Indonesia: Expansion of pulpwood plantations including Acacia

In 2004, the Minister of Forestry, through Decree No. 101/Menhut-II/2004, issued a policy on accelerating pulpwood development to supply the pulp and paper industry. The policy received broad acceptance in the province of Jambi by PT Wira Karya Sakti (PT WKS), a forestry company subsidiary of the giant Sinar Mas Group (SMG).

SMG is a leading conglomerate operating in USA, Australia, Singapore, China, Hong Kong and the Netherlands, covering a wide range of businesses: oil palm plantations, property, finance via Bank International Indonesia/BII, and pulp and paper industry. Asia Pulp & Paper (APP) is SMG's business group dealing with pulp and paper (see WRM Bulletin N° 101). This giant group has two pulp factories in Indonesia --PT Lontar Papyrus in Jambi and PT Indah Kiat Pulp & Paper (IKPP) in Riau-- and has been granted two pulpwood concessions: PT Arara Abadi (Riau) and PT Wira Karya Sakti (Jambi).

As a matter of fact, the supply for APP comes not from these two concessions, but also from converted natural forests. APP collapsed throughout 2000, the New York Stock Exchange even suspended its stock sale in January 2001, and its debt rose to US\$13.4 billions. However, it could manage to 'maintain' its business kingdom.

Currently, it is expanding its operation (pulpwood development) by taking over more land. In Jambi and Riau alone, it managed to expand its concessions up to 490,000 hectares. In South Sumatra its new concession encompasses 380,000 hectares. It has also taken over PT Finnantara in West Kalimantan, formerly owned by Finnish company Stora-Enso. More than twelve financiers and Export Credit Agencies are involved in its development, among others Barclays (United Kingdom), Norddeutsche Landesbank (Germany), Dresdner Kleiwort (UK/Germany), ING (the Netherlands), Credit Suisse (Switzerland) and Hermes (Germany).

PT WKS in Jambi is developing Acacia mangium, the raw material for pulp, and is the major supplier for the pulp-paper company PT Lontar Papyrus Pulp and Paper (LPPI) which is currently greatly expanding its area of operations. To date, the area having been and to be turned into 'acacia land' by the company has fetched 500,000 hectares in the province, a dramatic increase since 2004. This Sinar Mas subsidiary's concession lies in 4 districts in Jambi, namely Tanjung Jabung Timur, Tanjung Jabung Barat, Muaro Jambi and Batanghari.

More than 100,000 hectares of forest land which were previously logging concessions will become part of the Sinar Mas Group's industrial timber plantation. Some time ago, PT WKS took over 38,000ha which used to be a logging concession. Apparently this was not enough: PT WKS has also taken over 65,000 ha of concessions which had belonged to PT Sadarnilla and PT Lokarahayu and were then controlled by the state-owned company PT Inhutani V. The company justifies its expansion by saying this is abandoned, neglected, 'critical land' where illegal logging is taking place. In fact, PT WKS already controls a 190,000ha industrial timber concession.

Meanwhile, a Jambi-based activist, Deni Kurnia, denounced the financial 'surprises' delivered by PT. WKS and PT. LPPI, both to the state and all the parties/people involved. Not only the alleged financial gain offered by the companies is by no means comparable to the environmental consequences of the destructive and evil practices, but also the government grants lots of facilities each year for the two companies to achieve their 'production target'. Furthermore, the business expansion of the giant group has come into conflict over boundaries and tenure with the local peoples, indicated by the large number of "claims" and "re-claims".

The industrial plantation scheme came with promises of foreign currency generation for the State, but local reports tell about its outcome of legal digression, bureaucracy complexities, and sociocultural, economic and environmental degradation.

Article based on information from: "Cooking Acacia in Policy Spices. Policy and Social Analysis of PT Rimba Hutani Mas/Sinar Mas Group, Jambi", Helmi Rivani Noor, Community Alliance for Pulp Paper Advocacy (CAPPA), December 2005; "Position Statement for the withdrawal of the permit extending the area of PT WKS", December 2004, presented to the Indonesian Minister of Forestry, MS Kaban in Jakarta, by several organizations and individuals.

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### - Laos: Suez Energy International and the Houay Ho dam

"We want to hold accountable those companies that built or profited from the dam - the Korean company that built it or the Belgian company that owns the dam now. There should be letters sent saying, 'You are making money from this, why don't you take some responsibility and help all those people impacted by this project - allow them to move back?' We need to have enough land for us to be able to farm, which means moving to areas we consider our old territory, and we need to be given the right to live there with self respect and independence."

A Nya Heun man, from Champasak province in the south of Laos, said this to Oxfam Australia's Melanie Scaife in November 2005. The dam he's talking about is the Houay Ho dam built by a consortium of Daewoo (South Korea), Loxley (Thailand) and Electricité du Lao. Electricity from the 150 MW dam is exported to Thailand. In 2001, Belgian

company Tractebel Electricity and Gas International bought up a majority share of the dam. In 2003, after a merger, Tractebel EGI became Suez Energy International, a wholly owned subsidiary of multinational corporation Suez.

Melanie Scaife's interview with a Nya Huen man who she called Boun, to protect his identity, is published in International Rivers Network's April 2006 issue of World Rivers Review.

"Before the dam was built we used to have enough to eat," Boun told Scaife. "We fished the rivers, collected vegetables in the forest and had plenty of rice. We lived on our own without having to depend on aid or support from anyone else. Now in the resettlement areas, we are totally impoverished and dependent on others."

Boun was moved to a resettlement area about 30 kilometers from his home. "We need enough land - this is the basic problem of our people," Boun said. "We don't have access to resources now because we have been moved into an area with no forest or land to call our own. My people used to live in a very big forest and were used to living in an expansive area with a lot of natural resources. Now we've been put in a very concentrated area where all the resources around us are owned by somebody else and it's a huge shock for us, a huge change from what we were used to."

Since being moved to the resettlement area, many villagers are forced to sell their labour to survive, working in nearby villages weeding other people's land. Some villagers have started moving back to areas near their old villages. "We are returning as close as we can to our old territory, to land not flooded by the reservoir," Boun said. "We are not allowed to move back to our old areas, so officially we are living in the resettlement sites but in reality we are hardly there at all. Last year about half of the families abandoned the resettlement sites - this year it's up to two thirds. At this point the government has not actively stopped us from moving back but in the future, who knows?"

In 2004, Proyecto Gato, a Belgian NGO, filed a complaint under the OECD's Guidelines for Multinational Enterprises, arguing that Suez Energy International should be responsible for adequate compensation for the people forced to move to make way for the dam. Proyecto Gato also asked Suez Energy International to make basic health care, education equipment and medicine available to the resettled villagers.

Suez Energy International argued that it was not responsible because the resettlement was carried out before they bought into the project. The OECD supported the company's argument, citing a letter from the Lao Minister of Industry which stated that Energy International had fulfilled its contractual obligations to the Lao government.

In February 2005, as a result of the pressure from Proyecto Gato, Suez Energy International repaired several drinking water wells in the Houay Ho resettlement area. But issues crucial to the Nya Heun's livelihood such as land remain unresolved.

In October 2005, the Vientiane Times reported that the Houay Ho Power Company (of which Suez Energy International owns 70 per cent) planned to invest US\$20 million to expand electricity production from nine hours a day to 24 hours a day. The work would include diverting water from two other rivers into the Houay Ho reservoir.

By coincidence, before I read Melanie Scaife's interview with Boun, I had written three times to Pascal Brancart, Senior Vice-President Sustainable Business Development at Suez Energy International. I asked Brancart for a copy of the environmental impact assessment for the expansion, as well as a full list of all the documents produced on this project. I asked whether the work involved the construction of any new dams (either by Suez Energy International or any other companies). I asked whether the work would result in any new evictions. I asked about studies of the downstream impacts of diverting water into the Houay Ho reservoir. I asked whether Suez Energy International considers that the resettlement problems associated with the Houay Ho dam are now resolved. And I asked for a copy of the environmental assessment report (which Swiss consultants Electrowatt completed while dam construction was underway in the 1990s) and the due diligence report (carried out by the engineering consulting firm Knight Piésold before Tractebel bought a majority share in the dam) - documents that the company has repeatedly declined to release.

Brancart did not reply to my e-mails. So far he has not returned my phone calls. I intend to keep trying. When I do speak to him, I'll pass on Boun's message to Suez Energy International: "One: take responsibility for the dam's impacts. Two: help us return to our home."

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## NORTH AMERICA

### - Mexico: Talking of trees

Bertolt Brecht wrote from exile: "Truly, I live in dark times./ The word ingénue is senseless. An unlined forehead / reveals insensitivity. He who laughs / has not yet heard the terrible news / it has not yet reached him. What times are these when a talk about trees is almost a crime because it implies silence on so many wrongs?"

It was 1938, but it could have been today. While peasants, indigenous peoples and other victims of so-called "progress" protest over their most elemental rights –to their land and their territories, to their seeds, to their resources, to sell their products on a public place– those at the top reply with unusual cynicism and violence, as if those demands were an insult. As if peasants and indigenous peoples were not part of the "public" in those public places. Characters who remind us of a hybrid between rich children and the Southern Cone dictators show themselves off in the mass media, affirming that it is the inhabitants that are exerting "violence" and not the thousands of armed forces they launch against them. Again, as in the time of Brecht, those who talk of peace mean war.

Today to speak of trees –or of flowers– is to name treachery, particularly when the forests and natural resources are coveted by the large timber, oil and mining companies and are located in the territories of indigenous peoples or of local communities that have been caring for them for decades or centuries.

On 29 April, dozens of Taromenane indigenous people of the Huaorani nation were murdered in their own territory in the Yasuni National Park in Ecuador by loggers who exploit their forests. According to the organization Acción Ecológica "intensive and violent forestry exploitation has been going on for years in the Yasuni National Park in full view and with the complicity of the police, environmental officers and the military. Trucks loaded with timber travel across river-ways and overland with impunity and even cross the military camp. Murders and deaths are repetitive. In 2003 dozens of Taromenanes were murdered. Since then nothing has been done to avoid this genocide either in a timely or relevant way." Until May this year, there had only been a response from the logging companies requesting "protection" against the aggression of the indigenous peoples and more incentives for their activities, which they call "sustainable," with the endorsement of the major environmental NGOs.

On 11 May, Juan Patricio Marileo, a Mapuche who is imprisoned in Chile for defending the right to his ancestral territory was taken from Angol prison to a hospital in critical condition following a hunger strike lasting 60 days, together with three other Mapuche fighters. They have been condemned to 10 years prison under the antiterrorist law, installed in the time of Pinochet, but successive governments have made use of it to lash out at indigenous peoples and peasants, to favour the invasion of logging and hydroelectric companies in their territories. Any show of solidarity with the Mapuche political prisoners has been brutally repressed. That same day 14 demonstrators, members of the Mapuche and Peasant Front for Struggle were arrested in Santiago.

Also on 11 May in Colombia, anti-riot police charged against indigenous peoples, Afro-descendants and peasants peacefully protesting in Cali. They arrested eight people and injured many more. Their crime: to protest against their appalling living conditions since they were displaced from their territories because of the construction of the Salvajina dam. The promises made to them were never kept. Now they are criminals because they are requesting that the agreements signed by the authorities should be honoured.

In Brazil, the 37 members of Via Campesina who pulled up plants from the tree nursery of the megapulp Aracruz company continue to be criminalized. For its part the company does not fear accusations for having destroyed with bulldozers two indigenous community villages a month ago, injuring many people. After all, Aracruz was only defending its plantations on ancestral indigenous territories and, for the authorities, this is not violence.

The forests of the entire continent are crying in silence because of such double-crossing. Because of this, the representatives of 26 Mexican indigenous peoples gathered on 5 and 6 May, changed this cry into a proud voice, declaring "From all the corners of the country our heart is beating, and from San Pedro Atlapulco in this Fourth National Indigenous Congress we condemn with all our energy and our rage, the repression, murder and imprisonment of our communities and peoples because of the pure and vile interest of taking our resources, despoiling our territories and converting us into salaried workers far from our communities to become ghosts with no future in the cities. San Salvador Atenco is a mirror. Its problems are our problems. They are also defending their land, they are also peasants, they are also defending their crops, they are also pledged to defend their lives and their rights, their reason and their destiny against the large companies that want to finish us off.

"But we are also strengthening our assemblies, our agrarian and traditional authorities, the struggle in defence of our maize landraces, in defence of our forests and water, the struggle against certification of our lands and environmental services, exercising an increasingly autonomous education. We do this while we struggle against the mining companies, the logging companies, the land monopolizing companies, against the major companies cornering food, such as the Wal-Mart chain, against privatization of our water, against State laws that want to legitimize the 2001 counter-reform."

The map of devastation is wide and belongs to others. But flowers continue to break up the asphalt.

By Silvia Ribeiro, ETC Group, published in "La Jornada" Mexico, 13 May 2006.

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## SOUTH AMERICA

### - Brazil: So, Mr. Liedeker, is Aracruz controversial?

In 2003, Brazil's Aracruz Cellulose paid Klabin US\$610 million to buy its Riocell pulp operations in Rio Grande do Sul. Along with a 400,000 tonnes a year pulp mill and 40,000 hectares of eucalyptus plantations came a certificate from the Forest Stewardship Council (FSC), saying that the plantations were well managed.

This certificate is giving Heiko Liedeker, FSC's Executive Director, a headache. Put simply, the problem is that Aracruz is one of the most controversial pulp companies in the world. The company's plantations in Espírito Santo are on land belonging to the Tupinikim and Guarani Indigenous Peoples. Aracruz is carrying out research into genetically engineered trees. Treatment of workers in Aracruz's plantations is appalling. The plantations have dried up streams and watercourses. And in January 2006, Aracruz was involved in a violent police action to evict people from two villages that the Tupinikim and Guarani had rebuilt on land reclaimed from Aracruz.

In May 2006, Heiko Liedeker met two Brazilians from Espírito Santo at FSC's international secretariat in Bonn. Paulo de Oliveira, a Tupinikim from Caieira Velha village, and Wera Kwaray, a Guarani from Boa Esperança village were in Europe to publicise the impacts of Aracruz on their livelihoods, culture, forests and land. The German NGOs Urgewald and Robin Wood organised and sent representatives to the meeting, Geertje van der Pas from the Brazilian NGO CIMI translated, and I took part in the meeting.

Paulo de Oliveira described how in the 1970s Aracruz cleared the Atlantic forest and then burned it. "The animals disappeared," de Oliveira said. "Before Aracruz came, we could hunt and find food." He explained how FUNAI, the government department for Indigenous issues in Brazil, had produced a series of reports (the most recent published earlier this year) which recognised the Indigenous Peoples' rights to their land in Espírito Santo. He explained how the Tupinikim and Guarani had self-demarcated their land. He described how the police had broken his arm during

the eviction in January 2006, and how he had been imprisoned in Aracruz's Guest House. "Why did the police use this guest house when there is a proper police station?" he asked.

"The first question is about Aracruz being certified," Liedeker responded. "Aracruz is not certified. Just one plantation is certified." Aracruz holds a certificate for its operations in Rio Grande Do Sul, he explained, not for its operations in Espírito Santo.

Wera Kwaray pointed out that two months ago about 2,000 women from Via Campesina had occupied an Aracruz tree nursery in Rio Grande do Sul. The demonstration was to "denounce the social and environmental impact of the growing green desert created by eucalyptus monocultures", according to Via Campesina. "If Aracruz hasn't done anything wrong in the south, why did this happen?" Kwaray asked. "It is a sign that something is wrong."

Hubert de Bonafos, FSC's Accreditation Officer, explained that in December 2004, FSC had carried out its annual audit of SmartWood by looking at the certification at Riocell. "As a result", he said, "FSC identified some shortcomings in a report to SmartWood." FSC gave SmartWood a year to sort out the problems. Even when SmartWood failed to meet this generous deadline, FSC did not take any public action.

Liedeker promised that FSC's report about Aracruz and SmartWood would be "made public very soon". Based on this report, Liedeker will decide whether to recommend that the FSC Board takes any action, such as withdrawing the Aracruz certificate or penalising SmartWood.

According to FSC's rules, in order to be eligible for an FSC certificate, companies have to "demonstrate a long-term commitment to adhere to the FSC Principles and Criteria." That includes recognising and respecting the "legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources." Since it started operations in Espírito Santo in the late 1960s Aracruz has been in breach of this principle. According to FSC's own rules, therefore, the Aracruz certificate should be withdrawn.

In February 2006, I wrote to Liedeker to ask him some questions about Aracruz's FSC certificate. Among my questions was whether FSC considered Aracruz to be controversial. Liedeker evaded the question, by explaining that FSC does not declare companies either controversial or non-controversial. His reply included the following extraordinary statement: "FSC reserves all rights to this document. This document or any part thereof may only be reproduced together with the original questions and only with written permission of FSC."

During the meeting in Bonn, Peter Gerhardt of Robin Wood and Lydia Bartz of Urgewald asked Liedeker several times whether Aracruz was controversial. Again, Liedeker evaded the questions. Clearly, Liedeker could not tell Paulo de Oliveira and Wera Kwaray that Aracruz is not controversial. But if he acknowledged that Aracruz is controversial he would also have to admit that he should have long ago insisted that the certificate be withdrawn.

By partially certifying Aracruz, FSC is encouraging more sales of Aracruz products. "The more you buy products from Aracruz, the bigger this company will become," an inhabitant of Espírito Santo says in a video clip on Robin Wood's website. "The more products that are bought, the more we must suffer." By not withdrawing Aracruz's certificate, FSC is making things worse for local people.

"I promise that we are taking this very seriously. We are already on the road," Liedeker told us. But three years have passed since Aracruz bought its FSC certificate. FSC must withdraw the certificate immediately.

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- Chile: The Mapuche peoples' resistance to the plantation invasion

The commune of Lumaco, with its 11.405 inhabitants, is located in the Ninth Region of Chile. From the standpoint of the ancient Mapuche territoriality and the present Mapuche claim to territorial identities in this Region, Lumaco corresponds to the political centre of the Mapuche-Nalche (also known as "nagche" and "nag-che") territory.

In spite of the fact that the commune presently has very reduced areas of native forest (14,982 hectares representing 13.4% of the area) in a distressing state of conservation and very fragmented, the Lumaco forest is part of one of the planet's last and most extensive Humid Forests in the Cold Temperate Region. Regarding human food resources, although a smaller number of food plant species is to be found than in rainforests, there are many plants that can be used as food (fruit, stems, tubers, fleshy roots and seeds) and a considerable variety and quantity of mushrooms.

During the military dictatorship large scale monoculture tree plantations were violently introduced into this region, imposed from an institutional framework that is still in place. Its main instrument is Decree Law 701, which displaced agriculture and livestock systems and native forests. Ecological fragility and the scant agricultural suitability of this land served to qualify tree plantations as the only feasible activity to fight and curb erosion. However, these considerations did not take into account the existence of alternative forms and techniques for agricultural production suited to these conditions or the development of alternative production to industrial tree plantations, such as some fruit species (cherries, blueberries, olives) among other alternatives.

In a territory where over 70 per cent of the population is Mapuche, only 15 per cent of the 111,900 hectares of the commune's area are occupied by Mapuche communities. For this majority of the population, forestry activities have been nefarious. In the first place they contributed to a sharp reduction in the rural population, breaking up their economic systems and subsistence strategies. Secondly, in spite of the promises of economic welfare advertised by the promoters of this forestry model, the inhabitants of the areas where it is developed do not have access to these so-called benefits. According to a survey carried out in the year 2000, Lumaco has a high poverty index: 60 per cent of the population live under the poverty line and 33 per cent of them live in extreme poverty. Other associated indexes are: 23.7 per cent illiteracy, a 26.3 per cent school drop-out rate and the infant mortality rate is 17.05 per cent. According to UNDP (2000), the Human Development Index for the community of Lumaco stands at 31.9 per cent. This value is considered to be very low and this indicator places Lumaco among the worst rated communes in Chile.

The explosive expansion of areas under pine and eucalyptus plantation in Lumaco is also associated with the commune's process of serious environmental degradation: destruction of the native forest, loss of biodiversity, reduction and contamination of ground and surface sources of water, erosion processes and other soil degradation processes such as soil compaction. Health problems have also been recorded in the communities surrounding the plantations.

While a small group of medium and large timber producers (who mainly reside in the urban zones of Lumaco and neighbouring communes) and pulp-mill industrialists (national and transnational groups) are the beneficiaries, the local rural population receives the negative impacts of the model on their economic, productive, environmental, health (physical and mental) and cultural systems, which as a whole imply severe prejudice to their quality of life.

From the cultural standpoint, the expansion of monoculture tree plantations has led to an impoverishment of Mapuche culture at the level of knowledge and has prevented reproduction of their own way of life. An example of this situation are the socio-cultural impacts of the loss of the native forest: changes in their food patterns, the progressive abandoning of traditional medicine, the collapse of beliefs and relations established with the spiritual world, among others.

Mapuche organizations have launched a struggle against this noxious process, based on ethnic and political arguments in defence of their cultural heritage, thus showing that cultural safeguarding can become an important strategy to face the forestry model.

In December 1997, Mapuche community members from Lumaco occupied the land planted with trees and subsequently burnt two trucks that were taking timber out of the Pidenco Fundo in the commune of Lumaco. This incident marked the beginning of a direct dialogue between industrialists and the State, which took on a defensive and offensive role, invoking the State Internal Security Law. At the same time the complaints of the Mapuche population entered a new stage. Members and leaders of Mapuche organizations have kept up sharp criticism of the presence of plantation companies in the area. This criticism is the only organized manifestation against the presence of these companies in the commune. It is organized around various poles which from the Mapuche cultural perspective are recognized to be inter-related. Among such poles is the relationship between what is environmental and what is cultural, while the loss of resources also implies the loss of knowledge and with it, pauperization of their living conditions. Through their proposals, the Mapuche have sought to find a solution to the problems of loss of land, water shortage and the drop in agricultural production. They identify the plantation companies as being directly responsible and the State as abetting them.

In this way the Mapuche have faced numerous court cases, imprisonment and persecution, raids and permanent surveillance of the communities; beatings, shootings, kidnappings and death-threats by the police, investigators and non-identified civilians and even the murder of three young Mapuche that has remained totally unpunished. Special laws, created during the Military Regime to repress opposition to the dictatorship have also been applied, such as the Antiterrorist Law (law 18,314) in addition to the State Interior Security Law.

Presently there are over 200 Mapuche community members being held for trial and 11 Mapuche political prisoners are being held in the prisons of Concepcion, Angol, Traiguén and Lebu. Among these are Lonkos (a traditional authority), Werken (Lonko assistant) and community leaders in addition to others who are in hiding or who are subject to precautionary measures. There are accusations against them based on witnesses who have no face and false testimonials. The Minister of the Interior of the Bachelet Government even recognized that there have been contradictory sentences and the President's political party has acknowledged that during the Lagos Government there was disproportionate and unjust use of antiterrorist legislation that allows for abhorrent trials, denounced by the United Nations Rapporteur for Indigenous Rights.

It is in this context that Patricia Troncoso, Juan Huenulao, Jaime Marileo and Juan Marileo, Mapuche political prisoners held in Angol prison, accused and sentenced in the criminal case of Terrorist Arson to ten years and a day of imprisonment, in addition to the payment of \$ 424.964,798 in compensation to the MININCO forestry company, launched a hunger strike on 13 March for an indefinite time in order to demand liberation of all the Mapuche political prisoners, non-use of the antiterrorist law and revision of the criminal case for which they have been unjustly condemned.

The hunger strike gave rise to numerous mobilizations in Chile and protests accompanying President Michelle Bachelet's European tour. In Madrid on 10 May she was summonsed by the Nobel prize-winner, José Saramago to "look at the Mapuche."

While repression and arrests continued in the Mapuche communities, tense negotiations were taking place in the midst of which the strikers suspended their hunger strike on 14 May 2006 in view of the commitment by members of parliament of the official party that they would adopt a Bill allowing for a regime of probation. However, this project did not have the political backing of the Government coalition. The president of the main Government party, Senator Soledad Alvear (DC) declared that the project would be unconstitutional as it would violate "equality before the law." At the same time, immediately after the strike was suspended, the Government declared on 16 May through the Minister Paulina Veloso that it was not endorsing the Bill. On 23 May, President Michelle Bachelet declared that these were "delinquents that had been sentenced" and that she could not intervene in court decisions.

Faced by this lack of fulfilment of the agreements by the Chilean political sector, the four Mapuche prisoners have felt themselves to have been cheated and consider themselves victims of a political operation, taking up their hunger strike once again. The situation of the Mapuche strikers is very delicate and they have been hospitalized. For its part, the Chilean political sector has closed its ranks, alleging that the Mapuche are responsible for breaking-off the agreement and of wrecking a legal solution that in fact had no political support.

In Chile the crisis of confidence between indigenous peoples and the State has seriously deepened and only international mediation can resolve it and take it along the path of peace and primacy of Human Rights.

The life of four Mapuche people in prison is in danger. At this time, their hunger strike personifies the resistance of the Mapuche people to a genocidal legislation, made to measure for the large plantation companies. The World Rainforest Movement makes an appeal for you to join their demand to "close the case of the unjust suit known as the 'Poluko Pidenko Terrorist Arson' and the immediate liberation of the Mapuche Political Prisoners" sending your support to: <http://www.nodo50.org/varios/mapuches/index.php#4>

Article based on excerpts from the research paper "The economic and social context of monoculture tree plantations in Chile: the case of the commune of Lumaco, Araucania region", August 2005, by René Montalba Navarro, Noelia Carrasco Henríquez and José Araya Cornejo (the full document can be accessed at <http://www.wrm.org.uy/countries/Chile/BookLumaco.html>); comunicués by the Agrupación De Familiares Y Amigos De Los Presos Políticos Mapuche, (Group of Family Members and Friends of the Mapuche Political Prisoners) [http://www.presospoliticosmapuche.org/index\\_archivos/Noticias.htm](http://www.presospoliticosmapuche.org/index_archivos/Noticias.htm); inputs by Víctor Toledo Llancaqueo, Centro de Políticas Públicas, e-mail: [centro@politicaspublicas.cl](mailto:centro@politicaspublicas.cl), <http://www.politicaspublicas.cl>

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### - Colombia: The Mutilon Bari Indigenous Peoples rise up for their rights against oil interests

The Mutilon Bari Indigenous Peoples have been settled for thousands of years in the basin of the Catatumbo River, in the Department of Northern Santander (Colombia). It is a forest zone, covering an area of approximately 126,600 ha and shares its frontier with Venezuela. Its humid forests, that act as a natural filter for Lake Maracaibo (Venezuela), have considerable potential regarding biodiversity, wood and minerals, hydrocarbons and water resources.

This potential and particularly the presence of oil is the reason why the Mutilon Bari are exposed to continuous incursions by transnational corporations, especially in the Municipalities of Tibu and Tarra. As early as 1904, oil companies such as COLPET (the Colombia Petroleum Company) and SAGO (South American Gulf Oil Company) entered the region and now ECOPETROL has installed itself.

All the companies have followed an extractive pattern, ruthlessly exploiting non-renewable resources, depleting the zone's natural resources and impairing biodiversity. Damage to the environment has been irreparable and has affected the vegetation, the fauna and aquifers, generating or exacerbating erosion processes and contaminating water and soil, just to mention a few of the impacts. On some occasions extractive activities have also implied the displacement and eviction of the Mutilon Bari communities from their territories.

The reduction of the territory ancestrally occupied by these indigenous peoples, with the constant ignoring and violation of their rights has also involved a loss of natural and cultural values placing at risk the survival of the Indigenous communities.

Protected by Environmental License 0624 of 16 May 2005, an attempt is being made to impose a project for oil prospecting and exploitation under the name of ALAMO I in their territories. The process has various irregularities, among them disregard for the indigenous peoples' rights consecrated in international and national conventions, absence of prior consultation by the ECOPETROL extractive company and the presence of the Colombian National Army in the project's area of influence with the aim of "safeguarding" the well, but which implies the prevention of free movement of the Bari people and of carrying out their productive, social and cultural activities.

The Bari People have reacted by launching a process to defend their territories. One of the measures is a legal action known in the national laws as "Action of Guardianship" seeking to protect the Bari Peoples' human rights. This legal action was rejected by the courts at the first and second instance. At this time, the findings of the second instance have been submitted to the Constitutional Court for examination and probable revision.

In this court action, the Motilon Bari Community Association of Colombia requests the Colombian Constitutional Court "to revise the above-mentioned guardianship which seeks to protect the basic rights that are presently being violated with the execution of the Alamo I prospecting and exploitation project in our ancestral and sacred territory and the arbitrary action of the National Army that is located in the zone with the mission of safeguarding the project."

As they denounce in their petition, the Army has invaded their hunting and fishing grounds and the places where they celebrate their cultural rituals and ceremonies –such as the marathons (a cultural and sacred activity in which they carry out an exercise of recognition and contact with their territory)– attacking the free movement of the Bari in their own territory and preventing them from having access to their sacred places. This situation has led to arbitrary arrests, ill-treatment and even attacks against the Bari's personal integrity and their lives.

The Motilon Bari say that "Now our grandparents do not know what to make of this situation. Mother Earth is crying, our culture, our cosmovision and our ethnic group are again in danger. Irremediable prejudice is being caused because the damage done so far and that can be done in the future to our sacred way of life cannot be repaired with money or any other goods."

In the document "Oil exploitation in Catatumbo - Colombia; the Genocide of the Bari People," its author Ashcayra Arabadora Acrora, Delegate of the Autonomous Council of Bari Chiefs, Motilon Bari Community Association of Colombia states that "Mother Earth is a living being, we cannot understand this type of activity and we oppose it, many animals in our region have disappeared, life is the Earth, she maintains life, life is water and sun, for us oil is a problem. It brings us much violence. Together with the oil companies come armed groups".

We exhort you to send your support to the Autonomous Council of Bari Chiefs – ASOCBARI, e-mail: [puebloindigenabari@yahoo.es](mailto:puebloindigenabari@yahoo.es), subscribing the claim presented to the Colombian Constitutional Court, at <http://www.wrm.org.uy/paises/Colombia/Bari.pdf>

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### - Ecuador: Action and proposals against monoculture tree plantations

On 13 May, over 400 young people of both sexes participated in an action against the plantations of the Japanese EUCAPACIFIC Company in the area of Tortuga, located in the Muisne Canton, province of Esmeraldas (see power point presentation of the action at [http://www.wrm.org.uy/paises/Ecuador/Muisne\\_sin\\_eucaliptos.pps](http://www.wrm.org.uy/paises/Ecuador/Muisne_sin_eucaliptos.pps))

This action – publicly announced the previous day in Muisne – is framed in the increasing opposition to the company's large-scale monoculture eucalyptus plantations that have deeply affected the region, depleting the water, flora and fauna that had previously been plentiful and used by the local population and evicting the inhabitants from the area.

Among the numerous testimonials gathered in a research work recently concluded and published by the WRM (Granda, Patricia – Monocultivos de árboles en Ecuador – Monoculture tree plantations in Ecuador) the following one summarises the situation, stating:

"The people feel affected... the rivers are drying up, nature is being depleted, animals are fleeing, with what they are planting they destroy everything. Species that were to be found previously are no longer here... People used to go hunting agoutis, rabbits, all that, but now they can't go because there are no forests left to go hunting. All that is nature is fleeing, the animals at least used to have trees where they could live and build their homes, now there is none of this because they have cut it down. Now there is nothing but eucalyptus."

In the case of the Tortuga, the river that used to run through the village is now just a trickle of stagnant water and people have been obliged to dig a well in the river bed itself to supply themselves with water. This situation is a direct consequence of the plantation of wide stretches of eucalyptus in the area. In this respect, a local inhabitant states:

"This is the Tortuga River, and look at it, it is dry. How long ago did the winter end? Almost no time ago and look at it. Later on there will be no water left. I did not know but now we do know. If from the start we had known that this would cause us damage they would not have planted, we would have stopped them..."

The company has been accused of breaking the law by felling areas of tropical forest to replace them with eucalyptus plantations. An inhabitant of Tortuga tells us how "they cut everything down and only planted that plant [the eucalyptus]. The company felled primary forest and I know because in there, in my land, there was a forest that had been preserved."

EUCAPACIFIC also violated legal regulations by planting at less than 30 metres from the Tortuga River. The action carried out by the young people consisted in felling – with machetes, axes and chainsaws – some 2000 trees along the strip planted illegally by the company close to the water course. Each time a tree was felled the young people's applause and slogans accompanied it.

José Bautista, an inhabitant of the area said that felling the trees was the last option left open to them to make the timber company take the issue of the environment seriously. In this respect he told us "We talked to the Minister of the Environment, she came here and said they were going to suspend the permits to plant trees. Then they called us to a meeting with Eucapacific and they said that such plantations did not exist and the Minister believed them."

That is to say, that the action cannot even be considered as illegal because –according to the company– those trees "did not exist." In spite of this, the machetes and chainsaws effectively showed that they did exist and that, if justice were to be applied, EUCAPAFIC would have to pay, not only the corresponding fines, but also the work of the young people who eliminated the trees that the company itself should have cut down. However the company has already threatened to launch legal action against the individuals and organizations involved.

In this climate of growing opposition to the plantations, on 17 May the Ecuadorian NGO Acción Ecológica made public its "proposal on tree plantations," which states the following:

"Acción Ecológica has just published the results of research in which the serious social and environmental impacts caused by monoculture pine and eucalyptus plantations are documented, both in the Andean zone and in Esmeraldas. We consider that the findings of this research show the inadvisability of promoting pine and eucalyptus, because:

- 1- They displace peasant populations
- 2- They take vital resources away from local populations
- 3- They occupy food-producing land
- 4- They increase poverty in the areas where they are installed
- 5- They generate fewer jobs than those they displace
- 6- They destroy local economies
- 7- They deplete the area's water resources
- 8- They seriously affect flora and fauna biodiversity
- 9- They degrade forest and Paramo ecosystems
- 10- They contaminate sources of water with chemicals and pesticides.

The National Government is presently discussing a forestry strategy. On the basis of what has been set out above, we want to make public our proposal regarding tree plantations, consisting of the following:

- 1- 1.- We demand the State to take all the necessary measures to stop the expansion of monoculture tree plantations
- 2- 2.- The State must not grant direct or indirect incentives to promote plantations nor should it hand over land in concession for this purpose
- 3- 3.- All future plantations must be submitted to prior environmental impact assessment and to other mechanisms for environmental management (audits), and should comply with all the environmental

- standards in force. Prior informed consultation with the communities, including the right to say "NO" should be respected.
- 4- 4.- The State must force plantation companies to remove the trees from all those planted areas that are affecting Natural Resources and the economies of local populations and to provide environmental and social reparations to the affected populations.
  - 5- 5.- The State must oblige the companies to remove all the trees planted illegally, such as those planted at less than 30 metres from water courses."

In short, what Acción Ecológica is asking is acknowledgement of the fact that these monoculture tree plantations have a serious impact on people and on the environment and that therefore the State has the obligation to control existing plantations and prevent their continued expansion.

Article based on information from: Ricardo Carrere's report on his trip to Ecuador, May 2006; Granda, Patricia.- Monocultivos de árboles en Ecuador (shortly also available in English) (<http://www.wrm.org.uy/paises/Ecuador/Libro2.html>); Acción Ecológica: "Nuestra propuesta sobre plantaciones forestales"; El Comercio newspaper, "Una protesta contra la siembra de eucaliptos, 17/5/06" (<http://www.elcomercio.com/noticia.asp?id=42461&seccion=8>)

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### - Ecuador: The Huaorani people of Yasuni Park are attacked by timber and oil groups

To the south of the Yasuni National Park (see WRM Bulletin No. 96), an unequal battle is being fought. Spears against shotguns.

The Yasuni National Park covers an area of 982,000 hectares. It is located in Huaorani territory and is part of the Intangible Zone where peoples of the Tagaeri and Taromenane ethnic groups live in voluntary isolation.

Although extractive activities such as oil exploitation and logging are prohibited in the Intangible Zone, in fact an intensive and violent forestry exploitation has been taking place in full view and with the complicity of the police, environmental officers and the military. Trucks loaded with timber travel across river-ways and overland with impunity and even cross the military camp.

Five oil blocks have been imposed on Huaorani territory and the Petrobras Company has received a license for forestry exploitation. Oil activities require routes of access whereby logging companies enter the territories of Indigenous Peoples in Voluntary Isolation. The prolonged pressure they are undergoing as a result of logging, oil and tourism, have caused genocide and the disappearance of several of these groups in repeatedly violent episodes such as the murder in May 2003 of some 20 women and children of the Tagaeri people in Tigüino. Those responsible for these murders were never identified.

The logging companies organized in the Association of Timber Industrialists (Asociación de Industriales de la Madera - AIMA), Corporation of Sustainable Forestry Management (Corporación de Manejo Forestal Sustentable - COMAFORS) and the Corporation of Forestry and Logging Development (Corporación de Desarrollo Forestal y Maderero - CORMADERA) gave out a public communiqué at the beginning of this month whereby they attempted to delimit the connection between logging exploitation and violation of the human rights of the Tagaeri and Taromenane groups. At the same time they demand greater sinecures for their activities from the State, such as two million hectares for plantations, economic resources and foreign debt swapping for their forestry exploitation activities and monoculture tree plantations, deregulation of their activities and unlinking from the Ministry of the Environment control, the handing over of forestry monitoring to private bodies related with their interests and the promotion of systems of anticipated sale of timber – all this supposedly related with "sustainable forest development."

For their part, the Huaorani have decided to take over control of their ancestral territory. In an assembly held in the Nemopari community at the end of last year, they resolved to prevent exploitation of natural resources. The

Huaorani conclave was held in the presence of 60 wise elders. According to Vicente Enomenga, president of the Huaorani organization, they recommended to the Government Council, the Organization of Huaorani Nationality of the Ecuadorian Amazon (Onhae), that it should take care of their environment and their life.

The Huaorani defined that entry of foreigners to their territory is forbidden, including loggers from Ecuador and Colombia. The Vice-President of the Government Council warned that the indigenous inhabitants were not responsible for foreigners' security.

It is in this context that on 12 April, two loggers from the Cononaco sector in the Province of Orellana were speared and on 27 April, to the south of this Province, on the border with Pastaza, sources of the Vicariate of Orellana and a Huaorani leader reported the murder of various members of the Taromenane community – denouncing a figure of 30 victims.

However now, according to complaints by the Ecuadorian organization Acción Ecológica, a complicit silence has taken over the intangible zone. The spears that were found reveal that something very serious happened although an attempt is being made to ignore the presence of armed people in the area. Those who sounded the alarm and those who have information are gagged by fear. No one dares to speak against the logging companies: their violence and the economic power they wield seem stronger than justice and rights.

Acción Ecológica is demanding that a serious and impartial investigation be made of the facts and that protective measures are taken. Such measures must start by establishing a clear policy of respect for protected areas and the indigenous peoples that inhabit them and the halting of any type of large scale extractive activities in these locations.

The indigenous peoples living in voluntary isolation in the Amazon basin represent true cultural treasures, showing their will to maintain their ethnic identity and protecting –through their culture- wide regions of tropical rainforest. To respect them also implies the protection of forests.

Article based on information from: "[Ecuador: Denuncian genocidio de indígenas Taromenane, en aislamiento, por madereros](#)", 12 May 2006, Ivonne Ramos, Acción Ecológica, [cbosques@accionecologica.org](mailto:cbosques@accionecologica.org), [foresta@accionecologica.org](mailto:foresta@accionecologica.org); "Conflicto en selva deja dos muertos de los Taromenane", El Universo, and "La violencia crece en el Yasuni" El Comercio, both news articles dated 29 April 2006, at <http://www.lacta.org/notic/2006/not0429a.htm>; "Los sabios huao, a favor de la selva", El Comercio, 1/11/2006, <http://www.saveamericasforests.org/Yasuni/News/Articles/2006/1-11-06%20El%20Comercio%20The%20Wise%20Huaorani,%20In%20Favor%20Of%20The%20Forest.htm>

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## GENERAL

### - New IDB Policy on Indigenous Peoples: Was it Worth the Wait?

This August the Inter-American Development Bank (IDB) will finally catch up to the rest of the pack by putting into effect its first Operational Policy on Indigenous Peoples (OP-765). Joining the World Bank, the Asian Development Bank, the United Nations Development Programme, and numerous private banks, the IDB finally takes its place among the other international financial institutions that have adopted policies over the last decade and a half which recognize the undeniable link between indigenous peoples' rights, sustainable development and poverty reduction. Indigenous peoples and their advocates are now asking themselves if the resulting policy was worth the wait.

Taking heavy fire for the devastating impacts on indigenous peoples caused by mega energy projects like the Camisea gas pipeline in Peru, the Caña Brava hydroelectric power plant in the Brazilian Amazon, and the Yacyretá hydroelectric dam project along the border of Argentina and Paraguay, in 2004 the IDB publicly announced that it would draft, in consultation with indigenous peoples, a non-binding "strategy" for development that would address indigenous rights and concerns. In one loud voice, indigenous peoples scoffed at the Bank and insisted that they would only consult on the drafting of a binding policy that would obligate the Bank and its borrowers to respect their rights. In the face of a strong and organized indigenous advocacy, the Bank folded.

From the Spring of 2004 until the Summer of 2005 the Bank reportedly conducted over 40 "consultation meetings" with indigenous peoples. These consultations were largely based on a "profile" of the intended policy (a narrative outline of sorts) and not on the actual policy text. These efforts were widely criticized by indigenous peoples. They claimed that relevant information was not provided sufficiently in advance to permit an informed dialogue. They claimed that their comments were not incorporated into the working documents and that members of the Bank-established "Indigenous Advisory Council" were marginalized from the final drafting process. Notably, when the Bank finally produced an actual policy text it was the subject of only one face-to-face consultation with indigenous peoples that took place in Costa Rica in August of 2005.

Under this cloud of criticism, on February 22 this year the Bank's Executive Directors adopted a text and a new policy was born. In its own words, the policy proposes to usher in a new era of "development with identity of indigenous peoples" and to "safeguard indigenous peoples and their rights against adverse impacts and exclusion in Bank-funded development projects." The policy contains several positive elements that demonstrate the advances that indigenous peoples (and their allies within and outside of the Bank) have made in terms of sensitizing Bank directors and staff about their needs and rights. For instance, the new policy includes a clear recognition of collective rights, a prohibition on forcible resettlement, and a prohibition on the financing of projects that exclude communities on the basis of ethnicity or fail to respect the rights of uncontacted indigenous peoples to live as they choose. The policy also recognizes the relevant jurisprudence of the Inter-American system, applies to all Bank-supported operations and activities (not just specific projects) and requires some form of prior agreement with indigenous peoples in cases of: (i) significant potential adverse impacts, (ii) commercial development of indigenous culture and knowledge resources; (iii) operations specifically targeting indigenous beneficiaries, and (iv) resettlement.

Several problems, however, remain in the Policy and will require close monitoring. These include: the non-applicability of the policy safeguards to land and resources where indigenous claims are still pending or in dispute; the limited recognition of indigenous juridical systems and customary laws; the omission of independent mechanisms to verify Bank and Borrower compliance; the absence of express language providing for indigenous peoples' participation or control over decisions to create or designate protected areas; the failure to more broadly require indigenous free, prior and informed consent whenever a Bank-funded activity affects their lands, territories and resources; and the presence of a loophole (buried in two footnotes) that allows the Borrower to essentially satisfy its consultation and negotiation requirements by simply showing that the indigenous peoples in question are not interested in consultations or have agreed that more negotiations and agreements are needed in the future.

Perhaps the policy's greatest weakness is that it contains so many nuanced terms, qualifications, and standards -- particularly for the consultation, negotiation, and consent processes and the evaluation and assessment phases. These are then coupled with only promises in the policy that the Bank will later provide the guidelines, procedures, monitoring, and verification mechanisms necessary to operationalize and implement the Policy.

Consequently, the effectiveness of the new policy will largely be determined by the manner in which the Bank staff and its Borrowers interpret its provisions and implement the same based on various guidelines, procedures and mechanisms that have still not been developed or drafted. The Bank says that it is engaged in this drafting now and that by the end of August they will produce a source book of best practices, some internal IDB guidelines, and an internal implementation plan. The extent to which these critical documents will be made public during their drafting stage or count with the involvement of indigenous peoples in their elaboration is still unclear.

So, was the policy worth the wait? Unfortunately, we will have to wait and see.

By Vanessa Jiménez, Senior Attorney with the Legal and Human Rights Programme of the UK-based Forest Peoples Programme.

For a copy of the IDB Policy, see: [http://www.iadb.org/sds/ind/site\\_401\\_e.htm](http://www.iadb.org/sds/ind/site_401_e.htm) (English) or [http://www.iadb.org/sds/ind/site\\_401\\_s.htm](http://www.iadb.org/sds/ind/site_401_s.htm) (Spanish).

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### - CIFOR report: How investors ignore serious problems with pulp mills

In the last decade, financial institutions and investment banks have handed out more than US\$40 billion for new pulp projects in the South. Analysts expect another US\$54 billion to be invested in pulp mills in the South by 2015 much of it in Brazil, Uruguay, China, the Mekong Region and the Baltic States.

We might assume that given the large amounts of money involved, the banks would carry out careful analysis before investing. Not so, according to a new report published by the Centre for International Forestry Research (CIFOR) ("Financing Pulp Mills: An Appraisal of Risk Assessment and Safeguard Procedures", available at <http://www.wrm.org.uy/plantations/FinancingPulpMills.pdf>). Inadequate research into proposed pulp projects "may lead to a new wave of ill-advised projects, setting up investors, forest-dependent communities and the environment for a precipitous fall," according to CIFOR.

Asia Pulp and Paper's default on the US\$14 billion that the company and its subsidiaries owed affected financial institutions around the world, but as CIFOR's Chris Barr pointed out to the Financial Times, "the financial sector has been reluctant to look at what the lessons of APP's collapse have been."

CIFOR's report is based on eight years of research, looking at the financing of 67 pulp mills. The author of the report, Machteld Spek, is a financial analyst with more than 20 years' experience.

Spek notes that the importance of raw material supply is often underestimated when pulp mills are financed or in analysts' reports on pulp companies, despite the fact that it accounts for a large percentage of the costs of pulp production. When Indonesia's four major pulp producers started operations in the 1980s and 1990s they all predicted that within eight years they would obtain all their raw material from their own plantations. Today Indonesia's pulp industry "still relies on wood from the natural forest for 70 per cent of their fibre needs," CIFOR's report points out. However, this failure to secure raw material supplies did not affect the companies' abilities to continue raising finance.

Spek's report found that "Most financial institutions and ECAs still lack in-house capacity to assess a project's likely social and environmental impacts." Instead, they rely on information from companies and from multilateral agencies such as the World Bank's International Finance Corporation (IFC).

IFC has given loans to a series of environmentally and socially damaging pulp projects, including Arauco in Chile, Aracruz in Brazil and Advance Agro in Thailand. IFC is currently considering whether to finance two massive pulp mills in Uruguay.

IFC, of course, states that it does not finance projects without an environmental and social impact study. Spek's report explains why this not enough: "A structural weakness in the application of safeguard policies is that they are guided by Environmental Assessments that are typically commissioned by the project sponsor. At present, Environmental Assessments are often of mediocre quality that goes undetected in the absence of review by informed parties."

When IFC's board agreed to lend Aracruz US\$50 million in November 2004, the Bank's environmental and social studies failed to alert the Bank's board to a serious, on-going land dispute between Aracruz and Tupinikim and Guarani Indigenous Peoples in the State of Espírito Santo. In May 2005, six months after IFC's board approved the loan, Tupinikim and Guarani people reclaimed just over 11,000 hectares of their land from Aracruz and built two villages on the land. In January 2006, Aracruz was involved in a violent police action aimed at evicting people from the villages. Aracruz's machinery was used to destroy the villages.

Shortly afterwards, IFC issued a statement saying that Aracruz had "opted to pre-pay the loan it had with the IFC," which "ends the relationship of the IFC with this client". Clearly Aracruz felt that the IFC's loan risked putting the company in the spotlight. But IFC's analysis and safeguards should have prevented the loan in the first place.

In Uruguay, the Spanish company ENCE and the Finnish conglomerate Botnia are separately planning to build two pulp mills with a total capacity of 1.5 million tonnes a year. IFC is considering loans totalling US\$400 million to the two projects. IFC's involvement has helped encourage a series of commercial banks and ECAs to support the projects.

CIFOR's report comments that Botnia's environmental impact assessment produced as part of the process of applying for an IFC loan failed to deal adequately with issues of raw material supply, land use and infrastructure. Major protests in both Uruguay and Argentina have led to project documents receiving more scrutiny than would otherwise have been the case. IFC has recently drawn up an action plan which is supposed to address the weaknesses of the previous studies.

"The conflict over the Uruguayan pulp mills has brought into focus important social and environmental issues," comments CIFOR's director general David Kaimowitz. "One key issue that has largely been ignored, however, is whether the pulp mills will have enough wood. Not having a secure and sustainable wood supply poses huge financial risks."

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