

What you should know about Stora Enso

Fact Sheet: South America

Stora Enso is a Swedish-Finnish company dedicated to the production of wood products and cellulose for paper and cardstock. In addition to its headquarters in Finland and Sweden, the company has operations in Spain, Poland, China, Indonesia, Russia, Argentina, Brazil, Chile, Mexico and Uruguay.

In South America, Stora Enso drives an aggressive expansion strategy, increasing its industrial capacity and the area covered in eucalyptus plantations for cellulose production. The expansion of tree monocultures threatens highly biodiverse ecosystems such as Atlantic Forest, the “Cerrado” savannah and “Pampa” grassland and fundamentally changes the socio-productive structures of the region.

In Brazil, Stora Enso is registered as Stora Enso Florestal RS LTDA in Rio Grande do Sul, and as Veracel Celulose S.A. (joint venture with the Brazilian Fibria) in Bahia. In Uruguay, Stora Enso signed an agreement with Chilean forestry company Arauco for the purchase of the operations of the Spanish ENCE. Stora Enso is today the greatest land owner in Uruguay.

The existing and planned operations are increasingly met with resistance from local communities protesting against the disastrous consequences of the plantations and pulp mills for people and environment.

Country data

In Brazil, Stora Enso has offices in Eunápolis, Bahia and Rosário do Sul, Rio Grande do Sul. The Veracel Celulose plant in Bahia has a production capacity of 900,000 tons/year. Veracel owns 212,000 hectares of land, and has established 91,000 hectares of tree plantation in an area where the main natural ecosystem is Rain Forest. In Rio Grande do Sul, Stora Enso Florestal RS LTDA owns 46,000 hectares, with plans to increase this to 100,000 hectares of tree plantation in the next years. The main ecosystem in the west of Rio Grande do Sul, where the operations are concentrated, is native grasslands “Pampa” with fragile and sandy soils.

In Uruguay, Stora Enso has administrative offices in Tacuarembó, Durazno and Montevideo. The Montes del Plata joint venture with Arauco, which acquired most of Spanish ENCE’s assets in October 2009, owns 237,599 hectares of land, out of which 115,986 are tree plantations. A further 15,643 hectares are rented or administered by Montes del Plata, out of which over six thousand hectares are plantations. Montes del Plata is planning a cellulose plant, a biomass power plant and a port to export cellulose, which together would form the greatest cellulose megaproject in the world. The cellulose plant in Conchillas (Colonia Department) will have a capacity to produce 1.5 billion tons per year, more than a highly controversial plant owned by Botnia in Fray Bentos. Stora Enso and Arauco expect the Uruguayan government to grant them the same favourable treatment already given to Botnia and ENCE, for instance through tax exemptions, and the approval of a free trade zone and an exclusive port terminal.

Impacts and conflicts

The expansions of monoculture tree plantations for cellulose production have already caused severe environmental in the region. Natural ecosystems have been destroyed to establish eucalyptus monocultures, resulting in loss of biodiversity, reduction in water availability, soil

degradation and increased fire risk. The presence of pests in monocultures has impacted small-scale agriculture in the surrounding areas and has increased the use of pesticides with further detrimental impacts for natural ecosystems and human health. In Brazil, there are several court cases related to workers and environmental issues. In 2008 the company received a fine of R\$ 20 million for deforestation of natural forests.

Stora Enso's operations also have detrimental impacts on food sovereignty. The land concentration in the hands of multinational companies for cellulose production endangers the livelihoods of small-scale and subsistence farmers. In Brazil, Stora Enso's land acquisitions are in direct conflict with the planned land reform which is intended to settle Brazilian landless rural workers and give priority to food production. There are currently 2,500 landless families camping in Rio Grande do Sul, but Brazilian authorities claim they have no land to settle them on. In contradiction with Brazilian law, Stora Enso - via a fake company - has bought 45,000 hectares of land near the border to Uruguay to expand its plantations - enough land to settle 2,000 families.

The conflicts generated by the performance of Stora Enso in the region have led to land occupation on several occasions. In Brazil, women of the peasant network Via Campesina occupied the land illegally purchased by Stora Enso, demanding that the contract be annulled and the land be used for agrarian reform. The protest was violently repressed by the military. In Uruguay, workers occupied a field acquired by Stora Enso because the company didn't keep agreements which the previous owner ENCE had made with the workers.

Stora Enso has strong economic and political power in the region. In Brazil, the company puts pressure on the government to change the law on land purchases, achieve favorable conditions regarding environmental licenses and loosen the requirements of environmental zoning. In Uruguay, Stora Enso is protected by Investment Protection Agreement between Uruguay and Finland (2004) and Uruguay and Sweden (1999), which gives the company the power to prevent progressive environmental, labour, public health, productive and social measures where they might damage the investment.

What do we want?

The ecosystems in South America are fragile and Scandinavian forestry models do not fit the soil and climate conditions on the other side of the world. Regional cultures and traditional models of living must be respected and supported rather than replaced by an unsustainable European model of development.

We call for a moratorium on new large-scale tree plantations and cellulose mega-plants. Before new projects are approved, a detailed and objective study of the impacts caused by intensive forestation and cellulose plants on the environment and socio-productive structures of Uruguay and Brazil in the last 15 years should be carried out.

Investment Protection Agreements should be reviewed or repealed in order to ensure that they do not become tools for companies to prevent governments from acting in the public interest.

