

Open Letter to HSBC about Suzano in Brazil

On September 9, 2020, the World Rainforest Movement (WRM) received an e-mail from the investment division of HSBC bank in the USA requesting more information regarding accusations against the Suzano paper and pulp corporation being involved in “*land grabs, [causing] pollution and the displacement of the indigenous population*”. In conjunction with the *Rede Alerta contra o Deserto Verde* (Alert against the Green Desert Network), which fights against the monoculture tree plantations of Suzano and other companies, we have produced this Open Letter in response. For us, it is fundamental that debates about investments in corporations like Suzano take place in an open and transparent manner.

Suzano became one of the largest companies of its sector in 2019, when it acquired Fibria, which in turn had resulted from the merger of Votorantim and Aracruz Celulose in 2009. It currently holds 2.1 million hectares in seven states in Brazil.¹ Suzano also owns 50% of Veracel Celulose in the state of Bahia. Suzano has 1.3 million hectares of eucalyptus plantations and 10 pulp factories.² It is the only company in Latin America authorized to plant GM eucalyptus for commercial purposes, ignoring the major social and ecological risks of this technology.

Because it has incorporated various other companies, Suzano has built up immense social and environmental liabilities and a long-running track record of violations and illegalities, resulting from having promoted a nefarious model of industrial scale eucalyptus monoculture plantations over the course of several decades. For this reason, HSBC should not invest in Suzano, and neither should it invest in any corporation that promotes this model that generated and continues to accumulate such liabilities, generating only the outlandish profits for a few. For example, David Feffer, who chairs the Suzano Board, is a member of the family that controls 46% of the company’s stock and has a fortune estimated at US\$1.5 billion.³

In this letter we only have room for a few elements of Suzano’s immense liabilities, which the corporation constantly omits from its annual reports or when it issues bonds linked to its supposed “sustainability”.⁴ The FSC certification system also omits these liabilities when certifiers accredited by it grant the FSC green seal to Suzano, thus deceiving investors and consumers.

Beginning in 1967, Aracruz — now part of Suzano — invaded indigenous lands of the Tupiniquim and Guarani peoples. A few years later, it also invaded lands belonging to quilombola [descendants of escaped enslaved people] communities in the region of Sapê do Norte, Espírito

¹ Espírito Santo, Bahia, Maranhão, Ceará, Pará, Mato Grosso do Sul and São Paulo.

² https://storage.googleapis.com/stateless-site-suzano-com-br/2020/05/1b3662db-rasuzano2019_destaque.pdf

³ <https://valor.globo.com/eu-e/noticia/2019/11/14/integrante-de-uma-das-familias-mais-ricas-do-pais-propoe-que-milionarios-doem-10percent-de-heranca.ghtml>

⁴ <https://tissueonline.com.br/suzano-pretende-captar-recursos-por-meio-de-bonus-ambiental/>

Santo state. More than 30 indigenous villages and dozens of quilombola communities were wiped off the map. After a long struggle, the indigenous peoples won the demarcation of part of their traditional territory in 2007. However, the federal government has not yet demarcated the territories already identified as belonging to the quilombola communities, hence perpetuating the illegal occupation of this land by Suzano. Over the years, the dwellers of these black communities have been persecuted and criminalized for gathering wood left behind by the company to make charcoal, because Suzano has done away with the minimal conditions for communities to maintain their way of life and well-being.⁵ Tired of waiting for the demarcation of their lands, quilombola communities have taken back small parts of their territory over the course of the last ten years. They have created eucalyptus-free areas where the soil has been rehabilitated, and are producing healthy food and planting native trees. Although those lands are coming back to life, the threat of expulsion by Suzano is constant. Considering the HSBC response⁶ to this year's "Black Lives Matter" mobilization in the USA, we ask the bank: do the black lives of quilombola communities in Brazil matter to HSBC, too?

The crime of seizing public land (known as *terra devoluta*, land without a specified designation), that cannot legally be in the hands of private companies is an essential part of Suzano's liabilities. A 2002 Parliamentary Inquiry Committee (CPI) into Aracruz Celulose by the Espírito Santo state Legislative Assembly showed how the corporation, between 1973 and 1975, forged documents and regularized in an illegal fashion its possession of at least 65 areas of *terras devolutas*, amounting to approximately 13,000 hectares, in order to plant eucalyptus.⁷ The corporation told its employees to make false statements in writing, declaring that they were working those lands, to be able to request title to them. Many of these employees later gave witness statements saying that after the deeds were granted, the lands were passed on to Aracruz. The Espírito Santo State Solicitor's Office was urged in 2004⁸ to request the return of these lands, and sent the request in 2005 to IDAF, the state institute responsible for the land question in Espírito Santo. But they remain illegally in the hands of Suzano. The full extent of the *terras devolutas* seized in the past and controlled to this day by the corporation remains unknown. Equally unknown is the number of dwellers expelled and relegated to extreme poverty because of this crime.

While on the one hand the Tupiniquins and Guaranis did win back part of their lands, on the other it is also a fact that there continue to be enormous liabilities. They never got back the forests, rivers, fauna and flora, and the fertile land that, together, used to create the conditions for their way of life. Suzano was never held accountable for these crimes. We stress another extremely

⁵ <https://wrm.org.uy/pt/artigos-do-boletim-do-wrm/secao1/brasil-violencia-e-destruicao-da-aracruz-no-espírito-santo/>

⁶ <https://www.hsbc.com/who-we-are/hsbc-news/hsbc-sets-out-race-commitments>

⁷ <https://pt.scribd.com/doc/47770986/Aracruz-Credo-40anos-de-Violacao-e-Resistencia-no-ES>

⁸ Protocol 28212827, dated August 17, 2004.

serious element of Suzano's liability vis-à-vis indigenous peoples: at the height of the last stage of the struggle for land against Aracruz Celulose, between 2005 and 2007, the corporation promoted a racist campaign⁹ against the Tupiniquin and the Guarani, producing an anthropological opinion and a pamphlet, racist in content, that was distributed in the state's schools to incite public opinion against the indigenous peoples. The Federal Public Prosecution Service sued the corporation for racism, but the suit was dropped after Aracruz threatened to question in court the demarcation of indigenous lands by the federal government. Indigenous people in Espírito Santo to this day suffer from racism and discrimination on the part of the population of the region, while the company remains unpunished for what it did. Lastly, it is worth underscoring the fact that Suzano continues to plant eucalyptus on indigenous land. Through Veracel Celulose, the corporation plants illegally inside two Pataxó indigenous territories in the far south of the state of Bahia: Barra Velha and Comexatiba, situated around the Monte Pascoal National and Historical Park, one of Brazil's most important conservation sites.

In a country that has not yet carried out an agrarian reform, the Movement of Landless Rural Workers (MST) seeks to help families settle in the countryside. Many people who are landless today were expelled from their land by the expansion of agribusiness, including monoculture eucalyptus plantations. In Espírito Santo, MST maintains six areas owned by Suzano, with a total of 3505 hectares, under occupation by 610 families. These people are recovering not just lands — lands degraded by eucalyptus plantation — but also their dignity and self-esteem, as can be seen from a video¹⁰ shown during the UN's 2020 annual meeting in a plenary on climate change. At present, these families plant healthy food crops and have made donations, supporting other families to overcome the difficulties imposed by the Covid-19 pandemic. They also practise reforestation using native tree species in a diversified fashion, and not as monoculture. Suzano continues threatening to expel the MST families, while continuing to be one of the main obstacles to agrarian reform. For 12 years, the Movement of Struggle for Land (MLT) has battled for the settlement of more than 90 families in an area proven to be public in the state of Bahia. The land was illegally occupied and exploited by Veracel Celulose until 2008, when MLT occupied the area.¹¹

The federal government has always financed and supported Suzano by means of the National Economic and Social Development Bank (BNDES). In fact, BNDES is one of the corporation's shareholders. In 1996, the so-called Kandir Law was passed, exempting exporting companies such as Suzano from paying the Tax on the Circulation of Goods and Services (ICMS), a key source of revenue for states to fund their public policies. In practice, this incentive is accounted by exporters as a credit. On December 31, 2019, the state governments of Espírito Santo, Bahia,

⁹ <https://reporterbrasil.org.br/2006/09/aracruz-tenta-negar-existencia-de-comunidades-indigenas-no-es/>

¹⁰ https://www.youtube.com/watch?v=OCpCJcJafJg&feature=youtu.be&ab_channel=SustainableWonders

¹¹ <https://racismoambiental.net.br/2017/07/19/impactos-da-veracel-celulose-no-extremo-sul-da-bahia/>

Maranhão and Mato Grosso do Sul together owed Suzano R\$1.63 billion [c.US\$300 million]. Given that they claim not to be able to pay the debt, in practice these state governments are the corporation's "hostages". In order to pay part of this supposed debt, the Espírito Santo government is financing new investments by Suzano in the state by taking money from its budget to give to the corporation — money that could be invested in quality public education and health care. The precariousness of the public health system has been one of the causes of the very high number of Covid-19-related deaths in Brazil — so far, more than 143,000 people have died. Ironically, Suzano has appeared in the mainstream media as a "saviour" in these times of Covid-19.¹²

Without minimally solving its liabilities, the company continues to expand. For example, in recent years it has bought thousands of hectares of land in Espírito Santo, in Linhares municipality, a strategic region owing to the presence of water — over 60 freshwater lagoons — and its proximity to the Suzano complex of pulp factories in the municipality of Aracruz. Linhares has the best lands in the state, with major cattle ranches. The relocation of these ranchers to other regions where land is cheaper, such as in northern Brazil, implies an indirect risk of deforestation. Suzano's expansion project in Espírito Santo also affects the municipality with most eucalyptus in the state: Conceição da Barra. There, the corporation, together with the state government, seeks to obtain a license to expand eucalyptus plantation right in the middle of the pandemic, despite strong local resistance from the authorities and civil society. The following data explain the resistance: with 61,000 hectares of eucalyptus planted on 62% of the municipality's arable land, the plantations create, as well as environmental degradation, a mere 71 jobs. In comparison, the municipality's five agrarian reform settlements have 2700 hectares and generate incomes for 240 families that produce healthy food.¹³

Many other impacts tend to be omitted. For example, large areas of monoculture plantation, where nobody lives, mean insecurity and generate fear in neighbouring communities, especially among women. Where monoculture plantations expand, the most silenced and invisible impacts also expand: violence against women, harassment and sexual abuse. Another impact is the use of agro-chemicals, and the main ones are highly toxic: the herbicide Roundup (glyphosate)¹⁴ and the ant-killer sulfloramid.¹⁵ Suzano has already been denounced for aerial spraying of agro-

¹² <https://fase.org.br/wp-content/uploads/2020/07/A-farsa-das-doa%C3%A7%C3%B5es-no-combate-%C3%A0-Covid-19-nos-setores-de-planta%C3%A7%C3%B5es-de-monoculturas-de-%C3%A1rvores-agroneg%C3%B3cio-petr%C3%B3leo-e-minera%C3%A7%C3%A3o-no-Brasil-1.pdf>

¹³ <https://www.seculodiario.com.br/meio-ambiente/suzano-quer-ampliar-eucalipto-em-conceicao-da-barra>

¹⁴ <https://wrm.org.uy/pt/acoes-e-campanhas/nao-a-monsanto-nao-aos-venenos-as-plantacoes-industriais-de-arvores-e-os-agrotoxicos/#:~:text=Seu%20famoso%20produto%20Roundup%2C%20a,ou%20afetar%20a%20%C3%A1rvore%20cultivada,https://outraspalavras.net/outrasaude/agrotoxico-faz-mais-mal-do-que-se-pensava/>

¹⁵ <https://wrm.org.uy/pt/artigos-do-boletim-do-wrm/secao1/o-agrotoxico-usado-nas-monoculturas-de-arvores-que-polui-para-sempre/>

chemicals near agrarian reform settlements in Bahia.¹⁶ The exploitation of workers is another serious impact of this production model operating 24 hours a day, 365 days a year, at the lowest cost. The company has made it difficult for workers to organize, which is illegal. In a recent denouncement, nine unions accused Suzano of not recognizing the legitimate and democratic organization of workers in a union in the state of Maranhão.¹⁷ And finally, it is worth mentioning that the Brazilian courts tend to be negligent when they are faced with Suzano's impacts and illegalities. The courts usually do not decide against the company's interests. The few exceptions¹⁸ are unable to halt the advance of the eucalyptus monoculture plantations in the states where Suzano operates.

Lastly, this month, communities celebrated September 21st, the International Day of Struggle against Monoculture Tree Plantations. It's a day to remember the resistance and courage of all communities that fight against Suzano and its project. As an example we cite the Coceira and Baixão de Coceira communities in the Baixo Parnaíba region of Maranhão state, which in 2009 confronted the machines with which Suzano wanted to clear and destroy an area of *Cerrado* that was important to the community, and plant eucalyptus. More than once, the communities mobilized and stood in front of the machines to prevent this crime. United in defence of life, the *Cerrado* and their way of life, they managed to avoid the destruction and preserve much of the area in question, in spite of facing pressure from Suzano, from repressive state forces and the Judiciary.¹⁹ All our support and respect goes out to these and all other communities and social movements for their legitimate struggles. With great courage, they do battle with Suzano each and every day, and fight for dignity and social and environmental justice.

We look forward to HSBC's decision to terminate its investments in destructive companies, in particular in Suzano.

September 30, 2020.

Rede Alerta contra o Deserto Verde - Brazil

World Rainforest Movement (WRM)

¹⁶ <https://wrm.org.uy/pt/videos/desertos-verdes-plantacoes-de-eucalipto-agrotoxicos-e-agua/>

¹⁷ <https://radiopeaobrasil.com.br/trabalhadores-da-industria-do-papel-repudiam-praticas-antisindicaais-da-suzano/>

¹⁸ Like, for example <http://www.taiadaweb.com.br/justica-proibe-extracao-e-transporte-de-eucalipto-em-sao-luiz-do-paraitinga/> and <https://deolhonosruralistas.com.br/2016/10/24/justica-do-ma-proibe-suzano-de-expandir-plantio-de-eucalipto-no-cerrado/> and <https://deolhonosruralistas.com.br/2016/10/24/justica-do-ma-proibe-suzano-de-expandir-plantio-de-eucalipto-no-cerrado/>

¹⁹ https://wrm.org.uy/wp-content/uploads/2013/11/Plantacoes_de_eucalipto_para_energia_O_Caso_da_Suzano.pdf