
Uruguay: World Bank Ombudsman confirms pulp mill risks

The project for the installation of two pulp-mills in Uruguay on the river of the same name, has given rise to firm opposition, both in the country and among civil society in the neighbouring Argentine province of Entre Rios, across the river a few kilometres from the location where the pulp mills are to be installed by the Spanish company Ence and the Finnish company, Botnia.

Sectors of the Uruguayan population are very concerned over the social and environmental impacts caused by the production of what will become one of the largest pulp mill complexes in the world in one of the smallest countries (see WRM bulletins 83 and 94). For their part, the Argentine neighbours would also be harmed insofar as the environment knows no frontiers and both the atmosphere and the shared river run serious danger of contamination, as demonstrated by the neighbouring Chilean and Brazilian experiences (see WRM bulletins 83 and 91).

As the Botnia and Ence companies requested credits from the World Bank to carry out their projects, the Uruguayan Guayubira Group, in the framework of a campaign to resist the installation of these mills, promoted the dispatch of a letter to this entity. The International Financial Corporation, the branch of the Bank responsible for granting credit to private projects, received the letter that had circulated and been signed by hundreds of organizations in Uruguay, Argentina and throughout the world, appealing to the World Bank to avoid getting involved in the Metsa Botnia and Ence projects and not to grant them credit because the installation of the pulp mills will generate serious environmental and social impacts that will not solve, but only worsen the problems of the country and its people.

In reply, the World Bank sent an assessment team from the Office of the Ombudsman and Compliance Advisor of the International Financial Corporation – responding directly to the president of the World Bank – to gather information on the conflict as set out.

Recently, the Office of the Ombudsman of the World Bank confirmed many of the concerns brought up by the Guayubira Group.

In a communiqué dated 16 November 2005, the group announced:

“The World Bank’s Ombudsman’s Office has just confirmed the relevance of many of the concerns that the Guayubira Group has been bringing up for some time now. In the meanwhile the previous government and the present one affirm that all is well, that all the studies have been done, that all is under control, but now it is this Office of Compliance Advisor (OCA) to the World Bank that says that it is not so.

At the time, Guayubira seriously questioned the Environmental Impact Assessments made by the Ence and Botnia companies. However, DINAMA (National Environmental Office) ended up by rapidly approving them. What does the report by the World Bank’s Office of Compliance Adviser say? It textually says that “based on its own revisions, OCA has found that the EIAs for the pulp mills do not adequately address the concerns of the potentially affected persons. In particular:

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- The EIAs do not provide sufficient evidence that the concerns related with potential impacts on tourism and agriculture have been addressed;
 - There is very little evidence in the EIAs that potentially impacted companies or individuals have been consulted (such as tourism operators, fisher-people, particularly in Argentina);
 - The EIAs do not consider broader accumulative impacts, added to environmental emissions, such as social and environmental consequences on land tenure and social equity as a result of the two mills promoting the development of large-scale eucalyptus plantations in Uruguay."

It is sad to see that OCA is able to perceive the social and environmental impacts of large scale tree plantations and to link its expansion with the pulp mill projects but that these major issues have never been assessed or recognized by our governments. What is more, the OCA report adds the need to study the "potential impacts of eucalyptus plantations...on water availability," thus joining the concerns voiced by Guayubira on the impacts of plantations.

On the basis of all the omissions observed by OCA, the report sets out the need to:

- a. "Assess these projects' technology and projected emissions" and that "It should be demonstrated that the Best Available Technology is being applied to both projects;
- b. Assess the potential receptors of the impacts, both in Argentina and in Uruguay. Specifically, it should identify:
 - i. Potential impacts of water emission on the water quality and on the local communities as well as on the tourist fishing communities;
 - ii. Potential impacts on agricultural productivity of emissions into the air;
 - iii. Potential impacts of eucalyptus plantations on land tenure equity and on water availability;
- c. Definitively address the issue of whether tourism and the pulp mills are compatible, given the on-going proposals;
- d. Assess whether it is possible or not to design appropriate mitigation measures, taking into account adaptation of existing regulatory processes to manage possible trans-boundary impacts".

Summing up, what the World Bank's Office of Compliance Advisor is saying is that the Environmental Impact Assessments were totally insufficient and that therefore the State's controlling mechanisms have failed even before the pulp mills have entered into operation. At the same time, the report also points out a series of social and environmental impacts that will occur, both due to the expansion of monoculture tree plantations and to the industrial process involved in pulp production. These points coincide with the position of the Guayubira Group on both issues. Will it still be insisted that these pulp mills will not contaminate?

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