
Argentina: investors' paradise for forestry projects

After the attempt of the Argentinian authorities during the recent COP4 on Climate Change in Buenos Aires to gain the favour of Annex I countries putting forward the polemic issue of voluntary reductions of greenhouse gases by developing countries, the Argentinian government continues its efforts to pave the way for the entry of the country into the globalized economy. Last September the Lower House passed a forestry promotion bill that offers tax breaks and subsidies for foreign investors interested in establishing tree plantations in that country. The government hopes that an average of 200,000 hectares a year will be planted between the year 2000 and 2009. Tree plantations averaged 23,000 hectares during the year 1992 but the annual plantation rate reached 126,000 hectares in 1998 as a result of promotional policies by some provincial governments. Spokespersons of the Secretary of Agriculture, stated that the guarantees offered to private investors in the forestry sector can be considered a model for the whole of Latin America, and expressed that as a result of this law a large influx of foreign investment is expected. To their eyes, Argentina is an investors' paradise for forestry projects, since growth rates in several species –as yellow pines and eucalyptus- is very high and land prices are even cheaper than in Brazil.

However, it is not hard to realize that there is actually nothing new in the Argentinian Forestry Law. It is the same scheme repeated in the neighbour countries Chile, Uruguay and Paraguay: neoliberal oriented economies, that deny resources for social security and education or to promote other productive sectors, but devote large sums of money not only for directly supporting private investors in the forestry sector, but also for creating the required infrastructure such as roads, ports, etc. Obviously a very good deal for investors. A number of foreign companies have quickly perceived this. The Chilean firms Arauco and Compania Manufacturera de Papeles y Cartones (CMPP) are keen to occupy vast grassland areas with tree monocultures. While giant Arauco already owns the second largest plantation in the country, CMPP is expanding its plantations to feed a large pulp mill to be installed in the near future. Other newcomers include New Zealand's Fletcher Challenge, US' Inland Container and Germany's Danzer. In a workshop held in Rosario this November, organized by the forestry industry, Mr Erik Kivimaki, Ambassador of Finland to Argentina, promoted the import of Finnish machinery and know-how for promoting the development of the forestry sector in Argentina. Finland is a strong stakeholder in the sector worldwide and its forestry model for export has been severely criticised by environmental organizations in the host countries and in Finland itself.

Of course the Anglo-Dutch oil company Shell –that also owns big eucalypts plantations in Uruguay, Chile, Brazil and Paraguay- could not be absent in this process. Shell's move looks still more worrying for the environment, since the company aims to obtain environmental credits on greenhouse gas emissions -under the Clean Development Mechanisms established by the Kyoto Protocol- for the 24,200 hectares of plantations it has installed in Buenos Aires Province. Another plantation project with ponderosa and oregon pine in Chubut Province, in the Patagonia region, is also seeking to obtain carbon credits. Such project, in charge of CIEFAP and supported by the German Agency GTZ, already occupies 55,000 hectares and 10,000 additional hectares are to be planted by the end of this year. According to its promoters, exotic trees would act as pioneer species in this southern savanna ecosystem, to be later replaced by native species, but such reasoning does not seem to make much sense.

Having faced severe criticism over the development of monoculture tree plantations in tropical areas --that imply the destruction of natural forests-- now foresters and governmental agencies are seeing with good eyes projects related to LUCF (Land use Change and Forestry) in temperate regions, under the Clean Development Mechanisms. They are claiming that tree plantations in grasslands would contribute to recover degraded soils, as well as to counteract the greenhouse effect, which are seemingly good arguments to obtain public support. However a capital issue is being put to side: grasslands are not only the natural and physical basis for production in those regions, but also the major source of biodiversity in their ecosystems. Large scale plantations are definitively not a positive factor to this regard. Therefore promotion of large-scale tree monocrops in Argentina must be seen as a different type of environmental destruction under the guise of a "green" activity.

Sources: Financial Times, 24/9/98; La Capital, 5/11/98; Buenos Ayres Issue # 6 9/11/98.