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## Brazil: the paradigmatic case of Aracruz

Up to the decade of the '50s the Brazilian government provided subsidies for the import of pulp. With the military government, beginning in 1964, a forestry policy was set up trying to promote tree plantations and large export-oriented pulp companies by means of subsidies and loans. Eucalyptus for pulp is grown in Brazil with rotation periods of only 7 or even 5 to 6 years.

Nowadays there are more than 250 pulp and paper companies all over the country, with a total planted area of about 3 million hectares of eucalyptus. According to estimates, the total area of tree plantations reaches 7 million hectares, 30% of which are for pulp and paper production. Its main objective is the international market and 90% of pulp exports are concentrated in 5 major companies, mostly integrated with foreign capital: Aracruz Cellulose in Espirito Santo, CENIBRA, Bahia Sul Cellulose, Riocell and Monte Dourado in northern Brazil. The present total planted area of these companies comprises 350,000 hectares, but new projects are under way.

The tendency of the companies is to expand more and more and to establish alliances in order to maintain their competitiveness in the world market. Being land availability a crucial issue in this strategy, companies forcefully extend their land holdings.

Some people gain and some others lose with plantations. Pulp companies, which receive strong support from the government, are obviously the main winners. Consulting companies for the modernization of mills and plantations, as well as a restricted number of industrial workers have also profited of this process. In front of these few winners, there are many losers; as a matter of fact, most of the Brazilian people.

The case of Aracruz Cellulose is paradigmatic of the social and environmental impacts produced by a plantation and pulp production megacompany that acts under a "green cover". Being the biggest producer of bleached eucalyptus pulp in the world, it earned 3 billion dollars between 1989 and 1995. Due to tax breaks, Aracruz saves annually US\$ 88 million at the expense of the state government of Espirito Santo. Water supply problems originated in the region are similar to those reported in other parts of the world. Water analysis performed at the laboratories of the company are not reliable and agrochemicals are producing a negative environmental impact on waters.

The area chosen by Aracruz to establish its plantations and pulp mill was not empty; it was part of the Tupinikim indigenous peoples' ancestral lands. The Tupinikim already occupied a vast territory -currently part of the states of Sao Paulo, Rio de Janeiro, Espirito Santo, Minas Gerais and Bahia- when the Portuguese arrived in the sixteenth century. The presence of the Tupinikim in the area was also recorded in reports of 1912 and 1919 by the Indian Protection Service. Since 1934 the Brazilian Constitution guarantees the rights of indigenous peoples to the possession of their traditional lands, which cannot be handed over to third parties. In 1967 -the same year when Aracruz began its operations in the area- a group of Guarani joined their Tupinikim brothers and sisters and stayed there, considering it "the land without evil". Aracruz Cellulose chose to ignore history as well as the Brazilian Constitution when in 1967 it began to occupy the indigenous lands, advocating that it was a degraded and empty territory.

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A long struggle began since then. Due to the expansion of eucalyptus plantations following deforestation by Aracruz Cellulose, the indigenous peoples have been forced to abandon part of their ancestral territories. They claimed during four years for a further 13,579 hectares, situated next to their present reserves. In March 1998 the Brazilian Ministry of Justice decided to demarcate only 2,571 additional hectares for the Tupinikim and Guarani, ignoring all the studies previously done by FUNAI, which supported the indigenous peoples' claims. "Coincidentally", this was the same proposal that Aracruz Cellulose had put forward in February 1998. It is thus clear that the authorities acted defending the interests of the company. The indigenous people, supported by social and human rights organizations, reacted against the judicial decision and began the demarcation of their lands by themselves. But they and their supporters were intimidated and repressed by the military and the police, in an action similar to those common during the dictatorship period. Driven to a no way out situation, they were forced to accept an "agreement" according to which they exchange the limits of their traditional lands -occupied by Aracruz Cellulose- for a 20-year financial assistance. Concern for the consequences of such an agreement is growing.

For the time being, Aracruz seems to have eliminated one of its main problems. However, in the long run this may become a boomerang, because all the efforts that the company has invested in creating an image of a socially and environmentally responsible corporation may have been thrown down the drains through this dictatorial-type of forced agreement.