

Reconciling the needs of local people and the pulp industry:

A case study from Espírito Santo, Brazil

WWF commissioned a researcher, Mandy Haggith, former coordinator of the European NGO Environmental Paper Network, to assemble a case study examining social and environmental conflicts associated with pulp mills and plantations established by Aracruz Celulose, in the State of Espírito Santo, in Brazil. The company was acquired and is now called Fibria. WWF also invited Fibria to present its perspective on these issues.

The case study paints a picture of how complex land tenure controversies related to plantations are, and how different stakeholders view the issue. The study voices concerns of indigenous groups, local community representatives and fishermen.

Disclaimer: WWF does not guarantee the accuracy or completeness of the information presented in this case study or in Fibria's responses. WWF accepts no responsibility for any errors or omissions or results of any actions based upon this information.

Land rights of the indigenous community

The following is based on research by Mandy Haggith, former coordinator of the European NGO Environmental Paper Network

In 1967, in the municipality of Aracruz, in the Brazilian state of Espírito Santo, the company Aracruz Celulose bought a large tract of land for eucalyptus production and was granted official permission to build a new pulp mill at the mouth of the Riacho River. But this land was already inhabited by descendants of indigenous Tupinikim people, of Quilombolas and by mixed fishing communities. A number of these people sold their lands to the new paper pulp enterprise.

To establish plantations, villages were displaced, and as many as 7,000 families were allegedly removed without compensation. Throughout the 1980s and 1990s, the

Tupinikim and Guarani people (who arrived in the region in the late 1960s, coming from the south of Brazil), who were affected by the displacement, carried out direct actions and ran an international campaign to achieve legal recognition of their land rights. By 2007 Tarso Genro, the Minister of Justice, granted the indigenous peoples their rights to the 18,027 hectares they claimed.

Emerson Pajehú, President of the Tupinikim-Guarani Indigenous Association at Aracruz, says: *“I think one of the company’s main challenges is the relationship with the indigenous community, due to the former disputes over territory”*.

The following is information WWF received from Fibria

The rights granted in 2007 were consolidated in an Agreement signed by the Minister of Justice, the Federal Prosecutor Office, the National Indian Foundation (FUNAI), the indigenous leaders and Fibria.

This agreement mentions that the land occupied by the former Aracruz company and granted to the indigenous peoples was acquired by Aracruz in good faith, and that the company acted in the ambit of **legality** and in accordance with **current** legislation.

In 2009 Aracruz Celulose S.A. merged with Votorantim Celulose e Papel S.A. (VCP), creating Fibria Celulose S.A. Since then the company has completed the transfer of R\$3 million determined under the Agreement signed in 2007.

Under this Agreement, Fibria committed to finance an ethno-environmental study by an entity chosen by the National Indian Foundation (FUNAI) and the Indians, aimed at identifying the best alternatives for land use and community development.

*This is an important step in the process of dialogue with the Indian communities. This is substantially different from the relationships of the past, where polarization and paternalism prevailed. In the ongoing dialogue, Fibria seeks to involve other actors who are able to contribute to the effective and sustainable development of these communities.*¹

¹ http://www.fibria.com.br/rs2010/en/template?go=social/social_comunidades_especificas_indigenas.html

It is important to mention that the Quilombolas have lived, not in or around the municipality of Aracruz, but in the North of the state of Espírito Santo, and in the South of Bahia.

Aracruz legacy impacting the Quilombola Community

The following is based on research by Mandy Haggith, former coordinator of the European NGO Environmental Paper Network

In 2010 a Human Rights Impact Assessment (HRIA)² found that the Quilombola communities in Sapê do Norte, home to about 6,000 people, suffered drastic changes to their way of life after the establishment of monoculture eucalyptus plantations on their lands, mainly by Fibria.

According to this report, the main complaints of the Indigenous Quilombola in Espírito Santo are centred on ...”*the loss of forest, which has deprived them of the chance to hunt and fish, to cut wood to build their homes and for fuel, to gather plants for medicines and food, to plant fruit trees, keep bees and collect the materials they need for ‘traditional crafts. In addition eucalyptus plantations have taken over land which could have been used for food production, and this has led to food insecurity. Where people do have land for growing food, they suffer from water shortages because the eucalyptus has dried up water supplies”.*

Benedita, a Quilombola from São Domingos, said, “*For me, everything has changed, because I knew Sapê do Norte in my mother’s day, when I was a little girl, we had so much land over there where the eucalyptus plantations are. Now I have children who can’t make a house of their own, we have to live like this, in other people’s houses,*

² "Relatório de Impactos em Direitos Humanos de Grandes Projetos (EIDH/RIDH): O caso do monocultivo de eucalipto em larga escala no Norte do ES – o projeto agroindustrial da Aracruz Celulose/Fibria e as comunidades quilombolas do Sapê do Norte" (Report on the Human Rights Impact Assessment of Mega-Projects (HRIA): The case of large-scale monoculture eucalyptus plantations in the northern region of the state of Espírito Santo – the Aracruz Celulose/Fibria agroindustrial project and Afro-Brazilian communities in Sapê do Norte). The National Movement for Human Rights in Espírito Santo (MNDH/ES) and the Centre for the Defence of Human Rights (CDDH) of Serra presented the study to the Legislative Assembly of the State of Espírito Santo on 27 May 2010.

*because everything is squeezed in by the eucalyptus, it took over everything. That's how we feel.*³ As a result, she said, *“What we want is our lands back.”*

Past plantation establishment has also hindered communities access to sites of special significance such as a cemetery of the Linharinho community:

“Black people were brought here as slaves to work for rich people. Right here they made this cemetery. This is important to us, to our culture, to the reconstruction of our lives.”

“...we have to think of the current generations, our children and grandchildren, who need to know that there used to be a slave's graveyard right on this spot, but if it is covered by eucalyptus they will never get to know about it. History will be erased.” (Miúda, Quilombola leader from the Linharinho community 2005)

The following is information WWF received from Fibria

Fibria contests the abovementioned report. (Human Rights Impact Assessment (HRIA) 2010)⁴ When the first plantations were established in the region, in the early 1970s , the landscape had already been changed by an acute illegal logging process which eliminated nearly all the native forests. At that time the region was suffering an economic stagnation process, and because of this many farmers were keen to sell their lands to the company. All the land purchases were legal.

In 2003, the federal government issued a decree (no. 4887) which gave new meaning to the word quilombola, extending the rights of descendants of runaway slaves (known as quilombolas) beyond the land on which they lived. The legal provision further clarified that areas delimited as quilombola land, going beyond the rights established by the 1988 Constitution, which allows for expropriation by the government at market prices. Other

3 Women and Eucalyptus, Stories of Life and Resistance: Impacts of Eucalyptus monocultures on indigenous and quilombola women in the state of Espírito Santo, Gilsa Helena Barcellos & Simone Batista Ferreira, World Rainforest Movement, February 2008.

4 "Relatório de Impactos em Direitos Humanos de Grandes Projetos (EIDH/RIDH): O caso do monocultivo de eucalipto em larga escala no Norte do ES – o projeto agroindustrial da Aracruz Celulose/Fibria e as comunidades quilombolas do Sapê do Norte" (Report on the Human Rights Impact Assessment of Mega-Projects (HRIA): The case of large-scale monoculture eucalyptus plantations in the northern region of the state of Espírito Santo – the Aracruz Celulose/Fibria agroindustrial project and Afro-Brazilian communities in Sapê do Norte). The National Movement for Human Rights in Espírito Santo (MNDH/ES) and the Centre for the Defence of Human Rights (CDDH) of Serra presented the study to the Legislative Assembly of the State of Espírito Santo on 27 May 2010.

stakeholders claim that this decree contravenes constitutional rights and have taken the issue to the Federal Supreme Court (STF), which has yet to take a decision on the matter.

Since the decree was introduced, the Palmares Cultural Foundation has registered 1,408 communities throughout the country as quilombos (former slave territories).

36 of these communities are located in municipalities where Fibria owns property - Espírito Santo (28), Bahia (7) and Minas Gerais (1) States - while 15 communities occupy areas adjacent to company plantations.⁵

Some extracts from Fibria's 2010 Sustainability Report: *"In Espírito Santo State, the National Institute of Colonization and Agrarian Reform (INCRA) initiated processes to identify and delineate four of the quilombo territories that could affect Fibria in the north of the State. Two of these cases were reversed by court decisions (Linharinho and São Jorge), one process has not yet been filed (Angelim) and another was recently published (São Domingos). In the latter two cases, the area belonging to the company that INCRA intends to expropriate consists of 15,732 hectares, in addition to another 9,606 hectares belonging to local farmers, including blacks who do not consider themselves to be quilombola."*

... *"Fibria has always recognized the right of these communities over the lands they effectively occupy, as guaranteed by the Constitution, and seeks to maintain good neighborly relations with these families and contribute to their prosperity."* However, it adds that the company *"has a legal responsibility to seek legal redress of the expropriation procedures laid down by Decree 4,887, safeguarding the company's interests and assets."* *"While the legal issue is taking its due course, Fibria seeks to strengthen the relationship and contribute to the development of these communities through engagement and social investment, with results in a number of communities in Bahia State."*

Fausto Camargo, Sustainability Manager states that *"the company is currently engaging with a number of communities in the region as is the case of Helvécia, whose population participated in courses to train seedling nursery employees for the Helvécia Seedling*

5 http://www.fibria.com.br/rs2010/en/template?go=social/social_comunidades_especificas_negras.html

Production Unit. This project will generate 250 jobs.” Another example of this is “the Rural Territory Development Program (PDRT) is a production initiative conducted in 22 black communities in the south of Bahia State. The goal is to improve the conditions for the production and marketing of traditional local products in order to improve the quality of life of the residents who make use of facilities belonging both to local people and to Fibria.”

Aracruz legacy impacting the Fisher Community

The following is based on research by Mandy Haggith, former coordinator of the European NGO Environmental Paper Network

Since Aracruz Cellulose began creating eucalyptus plantations in the 1960s, a report states that 156 streams have disappeared in Espírito Santo, and wells are drying up in a number of areas.⁶

To supply the Aracruz pulp mill at Barra do Riacho district with water, major hydrological engineering works have been required. The daily water consumption of the plant is 219,000 m³ (almost three times the size of an Olympic swimming pool) of water per day⁷, enough to supply a city with a population of 2.5 million. To achieve this, the waters of the Doce River have been diverted via a huge reservoir, to feed the pulp mill complex of Fibria. As a result, the water volumes in the Riacho River, which flows out into the sea at Barra do Riacho, have drastically reduced.

Part of the population of this area has traditionally made a living from fishing but representatives of the community report it has suffered greatly since it gained the company’s industrial port facilities as its next-door neighbour.

Adenar Miranda, the president of the Fishermen’s Association of Barra do Riacho said *“fisheries have been damaged as a result of the reduced water flow in the Riacho River, leading to sedimentation which blocks fishermen’s access to the sea, and waste dumped into the sea is causing contamination of the fishing area.”*

⁶ The Environmental and Social Effects of Corporate Environmentalism in the Brazilian Pulp Industry. Ricardo Carrere, in: Utting, Peter (ed.).- The Greening of Business in Developing Countries. Rhetoric, Reality and Prospects. London, UNRISD/Zed Books, 2002. Chapter 11: The Environmental and Social Effects of Corporate Environmentalism in the Brazilian Market Pulp Industry

⁷ Fibria’s own figure, from their sustainability report, *ibid*

*“In the past there was a large quantity of different types of freshwater fish species here, but once the Aracruz factory was established and the reservoir was built, it killed the river, the fish disappeared and everything was over. You can’t find anything in this river anymore, just a very few fish.”*⁸

Local fishermen report that before the construction of the reservoir the fishermen caught 100 kg of fish in five hours, but today they can spend 10 hours and only catch 30 kg.

Adenar Miranda, the president of the Fishermen’s Association of Barra do Riacho, says *“The whole population of Barra do Riacho was involved in fishing. We depend completely on the estuary. If we lose this, how will we work?”*

Benilda, a resident of the Tupinikim village of Caieiras Velha, said, *“Before, the land was good. Now, it’s been destroyed by the eucalyptus plantation. The river has no more water and the land is all dried out.”*⁹

Doralim Serafim dos Santos, a Quilombola woman, said, *“Nobody here washes clothes in this stream, since the clothes become yellow and filthy. When I was growing up we used to clean fish in the stream and the water was crystal clear”.*¹⁰

The following is information WWF received from Fibria

The diversion of water from Rio Doce happened recently, as a means to secure an extra water supply to the Aracruz mill and surrounding communities, since at that time the

⁸ http://www.youtube.com/watch?v=Xvui3SNzk1c&feature=player_embedded

⁹ Women and Eucalyptus, Stories of Life and Resistance: Impacts of Eucalyptus monocultures on indigenous and quilombola women in the state of Espírito Santo, Gilsa Helena Barcellos & Simone Batista Ferreira, World Rainforest Movement, February 2008

¹⁰ From: “Eucalyptus Plantations and Pulp Production. Promises of Jobs and Destruction of Work. The case of Aracruz Celulose in Brazil”, by Alacir De Nadai, Winfridus Overbeek, and Luiz Alberto Soares, commissioned by WRM and The Network Alert against the Green Desert, May 2005, <http://www.wrm.org.uy/countries/Brazil/fase.html>

region was experiencing a severe drought. Since the diversion was of 10 m³/s, and the company only uses 5 m³/s, there has been in fact an increase in the flow of the river. The sedimentation that in fact sometimes blocks the access to the sea is a natural phenomenon in the region which has affected many rivers along the coast of Espírito Santo.

João Augusti, Fibria's Forest Environment Manager, states that, as relates to the aspects of its forestry operations, the company is *"constantly monitoring the situation in the watersheds where it operates in order to be able to take appropriate measures regarding any changes in water quantity or quality that might be related to the company's current forest management. Even though the most recent results of this monitoring indicate that the forestry operations have not had any significant impact on the local water reserves, Fibria has been engaging with the local community in order to better discuss possible inquiries."*

In relation to water usage by the industrial operations, according to Umberto Cinque , Fibria's Industry Environment General Manager, *"the company monitors the water use according to best practices and has not seen an impact that has resulted in damage to the marine environment. Fibria treats its effluents adequately, according to environmental legislation, with marine outfall."*

"The capture of water in the Doce River to the Caboclo Bernardo Canal is a source of water supply for Fibria's Aracruz Unit that also benefits the entire catchment area, enabling higher water availability and regulation of water flow. The sedimentation in Barra do Riacho is a natural process, but in order to guarantee constant access to the sea, Fibria has supported the local government in operating dredging equipment, allowing for the free movement of fishing boats" he says. Furthermore, he adds that the company *"is interested in better understanding the needs and aspirations of the Barra do Riacho community neighboring the Aracruz Unit and discussing any inquiries that the community might have."*

"We have developed a multi-stakeholder initiative, an Engagement project involving community representatives, local government and other companies, attended by 60 community representatives. This led to the creation of the Participatory Social and Environmental Program and a Social Dialogue which identified strategies actions for the region. Strengthening the fisher community is one of the challenges identified in this process", Fibria states. *"The company aims to work with fishermen and participants in*

the multistakeholder dialogue to jointly develop activities to address the needs of the Barra do Riacho community.”

Proactive dialogue between Fibria and the landless workers movement

The following is information WWF received from Fibria

In Brazil, social movements struggle for agrarian reform based on a family agriculture model. At the forefront of these social movements is the Landless Workers' Movement, known as the MST which carries out land occupations to place pressure on the Government to accelerate agrarian reform.

From 2003 to 2010 five farms on land belonging to Fibria were occupied in the State of Bahia, totaling 11,000 hectares. Instead of appealing to the Courts, which is the usual procedure and has happened in the past, Fibria has established an engagement process with the MST. This engagement included initially only Fibria and MST, but as the discussions progressed the company says they have also included the participation of the Federal Government, through the Agrarian Reform Agency (INCRA) and the Government of the State of Bahia.

After more than a year of discussions, an innovative solution is being framed based on the following main points:

- The company's cooperation for a friendly expropriation of all farms at a market value price - the process is very advanced and is expected to be completed by the middle of 2012.
- Development of agro-forestry with a biodiversity project by the communities with the support of universities and NGOs, funded by Fibria. The initial study was completed in 2011.
- Based on the findings of this study, more than a thousand families will be settled in the five farms, with the financial support of the Federal and State Governments, which may provide the needed infrastructure.
- An agreement between Fibria, ESALQ of the University of São Paulo, local NGOs, MST, INCRA and the Government of Bahia is expected to be signed early next year.

"Fibria is optimistic with these developments and believes that this solution will have a cascading effect all over the region, helping it while reducing its conflicts and hopes that this could serve as a reference to other regions" says Aires Galhardo, Fibria's Forestry Director.