

## An independent view on Veracel

In July a co-operation agreement was signed with the United Nations Development Programme (UNDP), who will independently assess the socio-economic impacts of Veracel's operations on local communities.



More than 9 000 people have worked on the construction of the Veracel Pulp Mill in Brazil, which will start operating in mid-2005.

When the decision to build the Veracel Pulp Mill was announced in 2003, some NGOs started to raise concerns related to the likely social and environmental impacts of Veracel's plantations and the pulp mill. The views of Veracel and its owners on some critical issues differed from the stances of the NGOs, and there was little progress in resolving the debate. Veracel and its owners therefore started to look for a credible, independent third party who could conduct a study examining these critical issues, and produce reliable and balanced information on the impacts of Veracel.

### Veracel and UNDP – natural partners

The United Nations Development Programme (UNDP) was identified as an ideal partner for such co-operation, and an agreement was signed by Veracel and UNDP Brazil in July 2004.

The UNDP sees co-operation with the private sector as a potential way to fight poverty and reduce environmental and social inequalities. The Global Compact forms the basis for the common values of Stora Enso and UNDP.

The objectives of the co-operation project are to identify and analyse the effects of Veracel on the well-being of local populations and communities, and to provide recommendations for future

actions. The results of the study will be made public.

The project consists of four phases:

1. A baseline study, involving mapping and establishing relationships with Veracel's stakeholders, and identifying the main positive and negative socio-economic issues related to Veracel's operations, such as income distribution, alternative sources of income, land access and ownership, demographics and the quality of life in the region. This first phase will be completed in early 2005.
2. Impact analyses based on the issues identified and the information collected during the baseline study.
3. The development of a model capable of generating accurate estimates of the future social and economic impacts of Veracel.
4. The drafting of a development plan for the region, in conjunction with plans for the long-term monitoring of the socio-economic impacts of Veracel, and recommendations for future actions.

### Working with the sustainability agenda

Where sustainability is concerned, priority areas at this stage include: responsible reductions in the workforce as the con-

### Key facts

#### Ownership:

Stora Enso 50% and Aracruz 50%

#### Area:

164 575 ha, including 70 762 ha of plantations

#### Main species:

Eucalyptus hybrids

#### Pulp mill start up:

Summer 2005

#### Capacity per year:

900 000 tonnes

#### Employees:

Approx. 2 000 direct and indirect employees when the mill is running; over 9 000 during construction

#### Markets:

Europe, USA and Asia

struction project is completed; responsible outsourcing of operations; employee well-being, with an emphasis on health and safety; land use issues; environmental management in the plantations and at the mill; communication and dialogue with stakeholders; and social investments.

### Highlights

- 411 ha of rainforest restored in 2004
- Forest certification
  - CERFLOR certification expected mid-2005
  - Preparation for FSC starting after CERFLOR certification.
- Health and safety on the construction site above Stora Enso Group and Brazilian averages
- Participation in research programmes in partnership with universities, focusing on issues including:
  - minimising soil compaction;
  - optimal use of fertilisers;
  - monitoring of water quality.
- Social investments programme
  - Social investment planned for the period of 2004–2005 total BRL 21 million, partly financed by BNDES (The Brazilian Development Bank)
  - Focus areas: education and health.

## 2004 in focus

### The landless people's movement MST and Veracel

In April 2004, the landless people's movement MST occupied 25 ha of Veracel's land. During this occupation four hectares of plantations, planted in 2003, were destroyed. The occupation was part of a series of occupations that took place in different parts of Brazil during the spring. The occupation of Veracel's land lasted five days. The MST left Veracel's properties after negotiations with the local authorities. Veracel was not involved in the negotiations.

### Indigenous people's land claims

In autumn 2004 a demonstration by members of indigenous communities halted traffic, including trucks transporting wood, on a federal highway near the municipality of Itabela in Bahia. The demonstrators wished to speed up the demarcation by the authorities (FUNAI) of an area of approximately 70 000 ha north of the Monte Pascoal National Park, which is claimed by the indigenous communities. Of this area 2 651 hectares belong to Veracel, of which 1 019 hectares have been planted with eucalyptus, under the authorisation of the Environmental Resources Center (CRA), the government agency responsible for forest licensing in the state of Bahia.

When Veracel acquired the land in question in 1997, the local indigenous people had not expressed any claims on this area – and their claims were only made after 2000. The history of the ownership of the land concerned is clear and well documented.

The demarcation process also affects about three hundred farmers and their livelihoods, which makes the process very complex. Research is being carried out to establish whether there are remnants of ancient indigenous habitation in the area. Veracel will respect the outcome of the administrative process. ●



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