



SINDICATO NACIONAL DOS PAPELEIROS



Brief analysis of the Pulp and Paper Sector and the Work Relations in Brazil

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1 – SINAP: Organizing the Brazilian Paper Workers

The SINAP – The National Union of the Brazilian Paper Workers is young institution, which was born as a response to an unfavorable economic, work and social conjuncture.

In 1990, a group of unions of the State of São Paulo started to develop group works about related subjects. This arrangement was called Unique Group of Paper Workers (Frente Única dos Papeleiros FUP) and for several years it coordinated all the syndical action of the paper workers in the State of São Paulo.

At the end of the Salary Campaign of 1998, it was pointed for the need of enlarging the syndical action of FUP and then in April 1999, it was held in the city of Serra Negra (in the state of Sao Paulo) the 1st National Seminar of the Paper Workers that had the participation of 80 workers of 13 entities, from 07 States.

Also in 1999, in November, there was the 2nd National Seminar with the participation of 90 workers from 07 states and 13 entities united in the city of Atibaia, in the State of Sao Paulo. In this event our friends from Sweden became our partners in the construction of our National Entity.

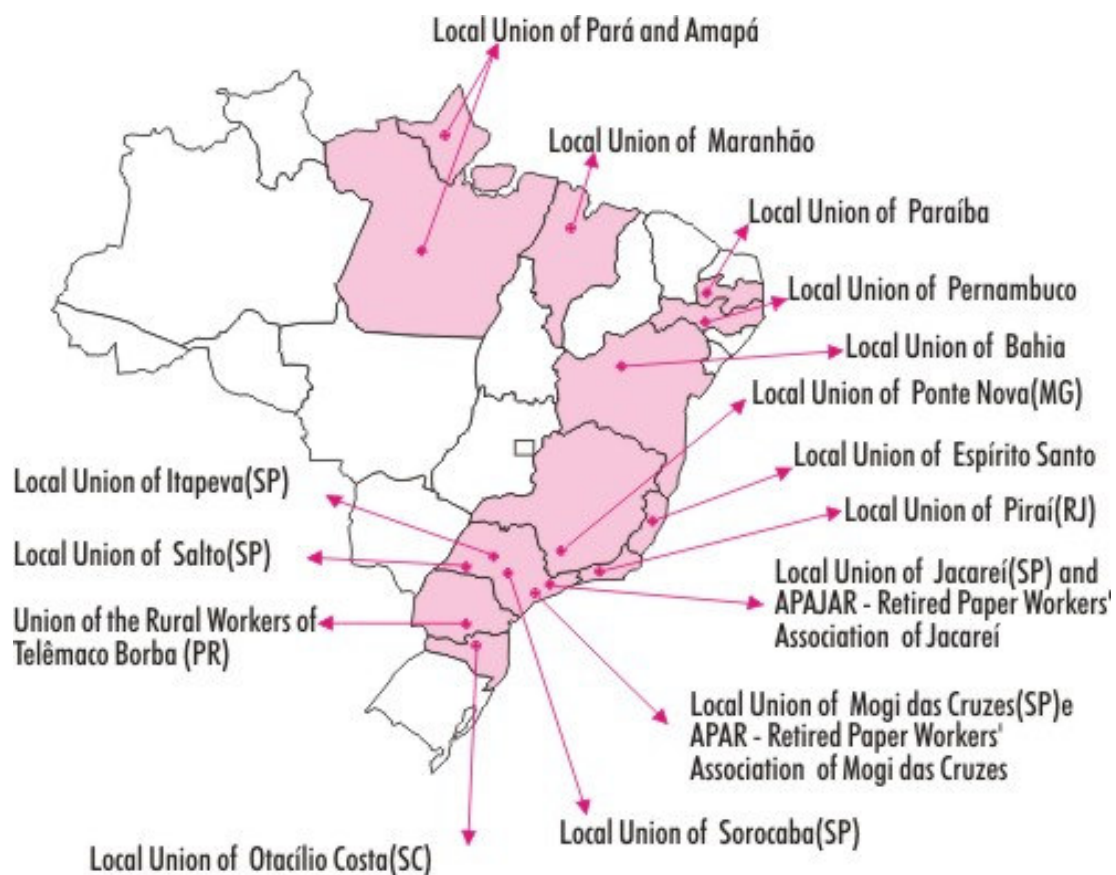
In March of 2001, the 3rd National Seminar with 180 participants from 20 entities and 11 representative states from the paper workers, deliberated the new denomination of our entity as SINAP – The National Union of the Paper Workers, also being elected a provisory National Direction for representatives of all the unions, beyond an executive direction with representatives from all the states.

After an intense debate in all the Local Unions, a statute proposal was made and in December of 2001, in the city of Atibaia-SP, The 1st National Congress of the SINAP happened. The biggest and the most important event of the history of the paper workers in Brazil.

The 200 local participants from 16 states and 20 local unions had congregated for the first time in the history of the category to approve a statute, to

choose a national direction and to deliberate for a national plan of national fights of the paper workers.

Currently, the SINAP is present in 12 States: Santa Catarina, Paraná, São Paulo, Rio de Janeiro, Espírito Santo, Minas Gerais, Bahia, Pernambuco, Maranhão, Pará and Amapá, through 15 Local Unions, 02 Associations of Pensioners (as the map below). It represents about 20 thousand workers, who produce about 50% of the Pulp production, 62% of the production of market Pulp and 40% of the paper production.



We are now going to our II National Congress, that will happen from December 5th to the 8th, in the city of São Sebastião, in São Paulo, that expects expectation 200 participants.

We have a solid structure of communication between the Sinap, the local unions and the workers, with our printed periodical and with our website (www.sinap.org.br) that counts on the monthly access an average of 1.600 only

visitors, and we have our email (fale@sinap.org.br) that receives about 300 requests and monthly denunciations from workers around the country.

We participate actively of several fights against alterations in the labor laws; we fight for a worthy minimum wage, against the Moral Siege and police abuses and repressions.

2 - Economic aspects of the Brazilian Industries of Pulp and Paper.

According to data from the Annual/2004 Report of the Brazilian Association of Pulp and Paper (BRACELPA) the Brazilian sector of Pulp and paper, is composed by 220 companies located in 450 cities, in 16 States, being 35 companies' habitual exporters.

Brazil, according to this report appears in the 7th position in the rank of Pulp of all types, 1st position in Pulp of Short Fiber of Market and 11th position in the Paper sector and in the last 10 years, the paper companies from Brazil had applied US\$ 12 billion in the enlargement of its productive capacity.

In 2002, the Aracruz Pulp inaugurated the plant of its new mill in Espírito Santo, increasing its annual production of 1.2 for 2.0 million tons, with estimative to arrive at 2.4 million tons.

In 2004, the Brazilian production of Pulp reached 9.6 million tons and of paper 8.5 million tons with a perspective that in 2005 the production reaches the marks of 10.0 million tons for Pulp and 8.6 million tons.

The Veracel Pulp, property of the Aracruz and the Swedish-Finnish Company Stora Enso, inaugurated in 2005 its plant with a capacity for 900 thousand tons per year.

The Suzano Bahia Sul Pulp Group is in the search to triple its productive capacity and to arrive to 1.7 million tons/year. The Cenibra – Japanese-Brazilian Pulp, of Japanese capital will duplicate its annual production to 1.7 million tons.

The companies had gotten public financings from the Brazilian Development Bank (BNDES): R\$ 4.2 billion of Bahia Sul, R\$ 3.4 billion of Veracel, almost R\$ 4 billion of the Bahia Pulp from the group Norske-Skog (Source: Agência Estado, Irany Tereza and Alberto Komatsu, de May/31/2005)

On the other hand, comparing the investments against the number of jobs created, the number of jobs is small mainly because of the modern techniques of industrial automation. In the Aracruz, for example, only 99 new jobs had been

created, in the implantation of Plant C, 80 in June of 2001 and other 19 workers in December of 2001. (Information given by the Local Union based in the annual company report).

The construction of the Veracel, for example, used almost 12 thousand workers in the implantation stage, however, now with the plant operating, this number passed to about 750 direct jobs and all the structure created to support the great mass of workers (investments in small businesses and civil construction, for example) had generated structures that can't survive due to the reduction of workers.

According to the British newspaper, Financial Times, Brazil is a paper and Pulp producer with the lowest costs of production in the world, the cost of production of a ton of Pulp in a Brazilian plant is around US\$ 100.

2.1 - Future Investments

According to the Reuters agency, the Brazilian Development Bank (BNDES), will offer to financings in the value of 10 billion Reais to the paper sector and Pulp up to 2010.

The Votorantim Pulp and Paper (VCP) started the process of environmental licensing to the implantation of an industry of whitened Pulp of eucalyptus in the region of Rio Grande-Pelotas-Arroio Grande, in Rio Grande do Sul.

The unit will occupy an area of 400 to 500 hectares and with an investment for the implementation of the plant and the forest base around US\$ 1.3 billion. The foreseen production is about 1 million tons of Pulp per year.

Another company who intends to invest in the south of the country is the Swedish-Finnish Stora-Enso, announced in the last October its intention of acquisition of areas for implantation of forests by the company in the region. The decision of the company is to invest US\$ 50 million in the purchase of 50 thousand

hectares, in the Rio Grande do Sul, to the plantation of eucalyptus. The project includes the cultivation, infrastructure and nursery.

The International Paper of Brazil, leader in the national market of papers to print and to write, will send the study about the investment of US\$ 1.3 billion in a new unit in Três Lagoas (MS) to the company's global council until the end of the year, so that there is a decision on the effectiveness of the project in the first trimester of 2006.

This project includes the installation of a plant with productive capacity of 500 thousand tons of market Pulp and 500 thousand tons of papers to print and write, mainly destined to Latin America, Europe and The United States. (Source: Newspaper DCI October 10th, 2005).

The Aracruz and Stora Enso had also announced at the end of October great investments for the next six years, including the duplication of the plant of the Veracel, manufacturer of Pulp, installed in Bahia that results of one joint venture between the two companies, what would increase a little more than the double the volume produced today.

The Aracruz, states that the company is finishing studies to invest about US\$ 500 million in the acquisition of lands and the formation of the forest base destined to the new lines of Pulp production. According to it, the resources will be distributed in five years and the wood will give support to the enlargements that the Aracruz plans to make in its unit in Barra do Riacho (ES), in the plant of Guaíba (RS) and in the Veracel. Today, the production of the three plants adds, a total of 3 million ton/year of Pulp. The perspective of the company up to 2011 is the duplication of the Veracel and the unit of Aracruz-Guaíba and an enlargement of 200 thousand annual tons in the productive capacity of Aracruz-Espírito Santo.

Another project under study is the BrancoCel, a company of the Swiss group Urbano Ltd., that searches partners for the construction of its plant of Pulp, in Boa Vista, Roraima, for the project, calculated in US\$ 330 million the plan is to start the construction in 2006 and after two years the unit starts to operate producing 300 thousand tons of Pulp per year.

3. Environment and Eucalyptus

According to information¹ from the National Confederation of the Industries (CNI) Brazil is today the world-wide leader in technology for the production of eucalyptus paste and paper, due to the the high investments in the sector and in the Genolyptus Project - that it congregates 50 researchers of the 12 biggest producers in the country, seven universities and three centers of research of the Embrapa.

In last the 30 years, the innovations had allowed the industry of Pulp and paper to advance in the reduction of costs and in the improvement of the product quality, to have an idea in the 70's the Suzano company got three tons of Pulp by hectare/year and the Aracruz, six tons, today both obtain 11, with the possibility to reach the mark of 16 tons hectare/year up to 2017.

The Aracruz was the first one to invest heavily in technological development with the system of eucalyptus cloning that awarded them company with the "forest Nobel" - produced 100 to 150 sprouts by square meter per year; the current one provides 40 thousand sprouts by square/meter per year, with the reduction of growth of the sprouts from four years to less than a month.

The trees in Brazil grow up to four times faster than the ones in the other countries – in six years it is ready to be cut - and the costs of production had fallen between 30% and 40% in the sector since 1983, on the other hand, with the increase in the product quality the international price of the Brazilian Pulp of eucalyptus went up more than 90% in last 30 years.

3.1 – Impacts in the Environment

In the cultures of eucalyptus and pinus the main species used by the Pulp industries, the impacts are reflected immediately: other trees don't survive; the

¹ Information of September of 2004, In: Paper of Protagonist, by Simone Bienhler Mateos

existence of birds is small; the streams dry gradually and the small farmers lose space.

In wide scale in the Rio Grande do Sul, north of the Espirito Santo, Rio de Janeiro, south of the Bahia, Minas Gerais and São Paulo the eucalyptus plantation has a history of disrespect to the environmental laws and the human rights.

It is necessary to remember that in Brazil the culture of eucalyptus was born under the “blessing” of the military regimen, such fact contributed for the land taking of communities in Minas Gerais and Aborigines in the Espirito Santo and the south of Bahia, it was through the brutal dispossession or of the agricultural impoverishment stimulated by the lack of public politics capable to assist the small producer.

In Brazil, the sector of planted forests has 5 million hectares cultivated with eucalyptus and pynus and keeping only 1.6 million of hectares of native forests.

Starting in 2002, in the North of Espirito Santo, in the extreme South of Bahia and Northeast of Minas Gerais the expansion of the Pulp and paper company, aiming to increase the productive capacity of the companies.

High water consumption: The three plants of Aracruz use 248.000 m³ per day. This means the water consumption of a city with 2.5 million inhabitants, while considering an average consumption of 100 liters for a person per day. As we all know water is not a renewable good and we are living a process of scarcity of world-wide drinking water.

Chemical use and other toxics for the production of eucalyptus and Pulp contaminate ground, water and generate damages for the neighboring communities.

3.2 - Damages to the Atlantic Forest and endemic species.

Nowadays in Brazil there is less than 8% of the original Atlantic Forests. In the Brazilian northeast the deforestation rates are much more serious, because it

remains only of 1 to 2% of the original covering, the majority in the south of Bahia. (Document Atlantic Forest - Biodiversity, p 7, 12/2001).

The Atlantic Forest shelters an extremely rich biodiversity, with a great amount of Brazilian species (mammals, amphibians, birds and trees) many of them endemic, or either, only existing in that region of the planet.

The called Central Running, which extends from Sergipe to Espirito Santo, and is an important area of endemism for diverse groups of animals and plants.

All the territory of the Espirito Santo is located in the Atlantic Forest and is the state that presents the biggest concentration of devastation, only 8.4% of the original forest still exists, the remain was replaced by pastures, coffee plantations and mainly eucalyptus and only 3% of the state is officially protected, being the remain – 300.000 hectares consisting of private properties.

The culture of eucalyptus in the Espirito Santo was initiated in the decade of 60, already in 1995, about 173.000 hectares; almost 4% of the state was busy with the plantation of eucalyptus.

From the decade of 80 in Bahia began the plantation of eucalyptus, the conditions presented in the region are extremely favorable: wooden cut tradition, good land for the culture, satiated man power, and energy and taxes at low cost. In only 20 years the eucalyptus culture occupied 313.000 hectares in Bahia.

From 1992 to 1993 there was a great deforestation in the region of the south of Bahia made by Veracruz, at the time belonging to the Odebrecht Group, which culminated with two embargoes to the activities of the Company, occurred in May and October of 1993.

4 – The problematic of the Union Relations

The union relations with the paper companies in Brazil are difficult and present marks of the truculence and the abuse of power, also in the use of police force, mainly because of the influence of the twenty years of Brazilian military dictatorship, that weakened the unions, it infused ideas of submission and fear in the population and, mainly fortified the employers abuses and the use of the police force, mainly in the most distant states of the country as Pará, Amapá and Pernambuco in which the deaths of union leaders and people connected to the social movement almost never present punishment to the guilty ones.

In this scene, the Local Unions still suffer with the employers' truculence that tries to impose low wages and poor work conditions.

In the strike at the Veracel, for example, in November of 2004, when 9 thousand workers had crossed their arms against terrible work conditions, the company hired policemen who had invaded the encampments.

In the same company, in March of 2005, a police group was placed inside the plant during the assemblies for a collective agreement negotiation.

The Suzano Bahia Sul has used the Special Cia. of Atlantic Forest - CAEMA that remains in the company during the negotiation process stuck since May of 2005 due to the intransigence in equalizing the agreement of the Bahia unit with the one of the unit of São Paulo. Moreover the company put buses with stream beds to keep the workers inside the plant.

The ArjoWinggs – currency paper plant of French capital - kept about 40 imprisoned workers inside of the plant, for more than 80 hours, in the strike occurred in October of 2005.

It is common in Brazil the military police to act against the union leaders when they are in front of the companies in manifestations for better conditions of work occurs, and, the accumulation of processes in the Brazilian justice practically guarantees impunity for the companies.

Besides other things such as arbitrary dismissals of union leaders and retaliation for workers who associate with the union.

5 - Conclusion: Brazil today is a true paradise for the Pulp industries

Concluding, we from the SINAP have a great concern, since about 9.5% of the Brazilian population is unemployed we defend the creation of jobs and new investments in Brazil, however we have a critical vision on the form of implantation of these new paper industries in the country.

These companies install in the country and create few jobs, and with lower wages and benefits than the ones paid in other countries. The average wage in the Brazilian paper industries is R\$ 800.00 (about US\$ 368.00).

Many of these companies buy thousand of hectares of land, and besides the ecological devastation, they promote the high cost of the extinguishing of our proper cultural identity, the removal of the communities from their places of origin contribute to cause a big damage to our history and culture.

We still know that the environmental vigilance made by the federal government is limited due to the lack of support staff to work in the inspections, what guarantees flexibility for the advance of the forests of eucalyptus.

We do not have a contrary position to the installation of new projects, however, we know that the union organization in the country still is very fragile, and we notice that bigger investments in underdeveloped countries can cause impositions of the paper companies in the developed countries, that with certainty will go to testify the reduction of jobs and the consequently loss of conquests, what also affects us, since it will be more difficult to advance in our conquests.

Over all, we want industries in Brazil since that they have Social and Environment Responsibility, worthy conditions of life and wage at work, we cannot admit is that this process of expansion is only based in the effort to make a bigger profit, in the detriment of our history, culture and wealth. The industrial evolution is necessary, but it is much more necessary the guarantee of worthy conditions of work and income.