Plantar project- eucalyptus plantations & pig iron production  Brazil

About Plantar project- eucalyptus plantations & pig iron production

The Plantar Project was one of the first Clean Development Mechanism projects to be supported by the World Bank Prototype Carbon Fund (PCF). Plantar SA, located in Minas Gerais, Brazil, is a pig-iron and plantation company with three projects in total registered under the CDM. The World Bank and Plantar organized the PCF Minas Gerais Plantar Project with the anticipation to sell over 1.5 million CERs (around $25 million, assuming credits are sold at $15) in "emissions reductions" by 2012. Read more.

They also promote the project as a model operation. The claimed objective is to "reduce greenhouse gases emissions by establishing sustainable eucalyptus plantations to supply pig iron production with renewable charcoal, instead of coal coke or non-renewable biomass." However, the project has been characterized by various issues. The way they have explained the project and the realities surrounding it do not coincide. In fact, as stated in "Carbon Trading: a critical conversation on climate change, privatisation and power", many people have been illegally dispossessed of their land due to the activities, jobs have been destroyed as well as livelihoods, local water supplies have dried up and polluted, the surrounding soil and the biodiversity of the native cerrado biome have been depleted, the health of local people has been threatened, and labour is being exploited under appalling conditions.

Latest developments

Latest update

Jun 8 2011

What must happen

Wilmars financiers should use their influence to resolve current land grabbing cases or cut their financial ties with Wilmar until the company has resolved its ongoing problems in practice - not merely on paper. Since Wilmar is violating its own code of conduct, we call on financiers to divest from the company and withhold any new financial services until the problems have been resolved.

Impacts

Social and human rights impacts

For the Plantar project the environmental and the social impacts are closely intertwined. Many local communities have strongly opposed the project since the start of the project. Plantar is responsible for various environmental impacts that have affected their livelihoods.
members heard that the project was being supported by the World Bank and that Plantar is securing extra financing for falling under the rubric of "environment" or "development" they were shocked. Many see the company as being supported to legally dispossess communities of their land, destroying their jobs and livelihoods, affecting their surrounding environment by polluting and depleting water and soil, influencing local species, threatening the local communities’ health, and more.

Take the words of one local farmer:

"Plantar has planted all over, even up to the Seu Zé do Buritim river spring. Thirty-five thousand hectares of land . . . they sprayed pesticides with a plane. There used to be deer and other animals in the area. The native fauna lived together with the cattle. But since they applied the pesticide, every one of them got killed. . . . The eucalyptus planted over here is meant for charcoal. It is a disaster for us. They say it provides jobs, but the maximum is six hundred work places in a plantation of 35,000 hectares. And, whenever everything has been planted, one has to wait for six years. So, what work does it generate? . . . We used to produce coffee - the Vera coffee - and pasta and cotton. Several different little factories in their suitable regions. Nowadays, there is only the eucalyptus. It has destroyed everything else. . . . Why do they come to plant in the land suited for agriculture instead of more suitable areas? Because there it takes ten to twenty years and over here only seven. All the best pieces of land went to the eucalyptus plantations, pushing the small producers away and destroying the municipalities. . . . These companies don’t want unions. They immediately co-opt the union leaders and they begin to make part of their inner circle of managers and directors. . . . The eucalyptus gives the water back to the earth after some years. But when it is time to give it back, they plant a new one that will absorb the water returned by the old one. This new plantation will develop really quickly, because, besides the rainwater, it will receive the water from the old eucalyptus. . . . they are using the carbon credits to plant these eucalyptus that will grow very quickly.”

Note: Quote taken from "Carbon Trade: a critical conversation on climate change, privatisation and power", on Page 308

**Environmental and climate impacts**

The environmental concerns attached to the Plantar Project are both global in nature and local. To start, regardless of the World Bank rhetoric, Plantar’s projects, like all CDM projects, do not result in emissions reductions. Rather, the project that is developed in the South in fact legitimises pollution from fossil-fuelled power stations or heavy industry in the global North. These projects are not designed to deal with the realities of the communities and their livelihoods, in fact the Plantar project requires enormous quantities of land, water, machinery and are not set up to benefit the local communities or ecology. They generally take place in regions where people have little power, deepening the North-South gap while continuing to reinforce an unsustainable development paradigm and transforming the surrounding environment.

The scale and nature of the Plantar project is what causes the biggest local environmental impacts. As stated above, the operations of Plantar are polluting and degrading the surrounding soil and water, threatening local wildlife and fauna, causing deforestation, and much more.

Another key issue attached to the project is how the company plants one species of non-native tree in an industrial plantation model for the sole purpose of burning them, thus releasing CO2 and other pollutants. The trees are burned in small ovens to make charcoal that is then used for the company’s pig iron operations, yet a considerable amount of destruction was required to clear a path for this industry.

**Governance**

**Applicable norms and standards**

**Clean Development Mechanism (CDM)**

**Updates**
There have been numerous and continuous efforts to debunk the myths that Plantar SA and the World Bank continue to declare. After the latest registration request, civil society organisations sent a letter to the CDM Executive Board (EB) in February 2010 urging the EB to reject the latest project Plantar was applying to be accepted.

There were also issues with access to information regarding the Project Design Document (PDD). For example, the validation company, TÜV SÜD, only made the PDD available on the UNFCCC website for the period of 30 days from May 28 to June 26, 2008 and received no comments. Later, due to pressure, TÜV SÜD created “an additional period of 45 days (from March 01, 2010 to April 14, 2010)... provided for stakeholders to submit comments on the project, which will be considered by the Design Operational Entities (DOE).”

In July 2010, the contested Afforestation/Reforestation project was accepted and Plantar was granted status to sell offset credits from this A/R methodology.

More on Rabobank's involvement:

As stated in the Rabobank annual report,

Rabobank International Brazil finances the ‘Plantar’ project in Minas Gerais province in Brazil. Here, crude iron is produced with sustainable methods, using charcoal as a fuel instead of coal. Rabobank International and the Sustainability and Social Innovation Directorate conceived the combination of CO2 and green financing that enabled the start-up of this project. In order to produce charcoal from timber, Plantar plants and manages forests. This reduces the CO2 emissions from the iron production operations. That is the aim of the Kyoto international climate treaty, which the Netherlands has ratified.

In other words, Rabobank is painting this investment as environmental in order to justify their involvement in the project. To find out more about Rabobank’s involvement in the project as presented by them please refer to their 2002 annual report (page 36).

Related companies

Plantar SA Brazil