



## SOCIAL IMPACTS OF THE PAPER INDUSTRY

**G**lobal paper consumption is currently running at more than 350 million tons per year and fast approaching an unsustainable one million tons per day. Some pulp and paper companies already demonstrate leadership and commitment to principles of corporate social and environmental responsibility. It is important that such commitments become the norm for the industry. There are, unfortunately, companies that are less attentive to their social impacts. The grave negative consequences of their activities must be highlighted and responded to by customers and investors. Everyone involved in the production and supply of pulp and paper products needs to be sensitive to the social impacts of their activities.

This factsheet highlights some of the ways in which the pulp and paper industry can cause social impacts, giving both good and bad examples in two areas: land rights and livelihoods. These impacts can be on indigenous peoples and on forest communities in areas where the industry sources fiber, communities neighboring and downstream from pulp and paper mills, and employees and contractors of the industry. It concludes with recommendations for paper buyers/financiers.

### WHOSE LAND IS USED TO MAKE PAPER?

The land rights of indigenous peoples and rural communities must be respected, but in some regions they are violated in the course of activities by pulp and paper corporations. When paper companies are granted concessions to log forests and/or establish fiber plantations without gaining the full and informed prior consent of local communities or indigenous peoples with customary rights on that land, this is an abuse of the land rights of those people and communities. Unfortunately these abuses are far too widespread. Indigenous people are struggling for their rights in many paper producing regions, from the Sami in Finland to the Maori in New Zealand, from the Haida in Western Canada to the Udege in the Russian Far East. Only some examples are given here.<sup>1</sup>

#### — Worst practice

1. In Brazil there is bitter conflict in the state of Espírito Santo, Brazil, surrounding the acquisition by Aracruz Cellulose, the world's biggest producer of eucalyptus pulp, of land claimed by indigenous peoples. In Brazil, there is now more than 5 million hectares (11 million acres) of eucalyptus plantation growing in vast monocultures, termed 'green deserts' by their opponents, who complain that the plantations consume vast quantities of water, causing rivers to dry up and leading to erosion, deterioration of water quality and loss of fishing and water resources to local communities. Aracruz has land holdings in Brazil of more than 825,000 acres (375,000 hectares). In Espírito Santo, it uses land which has been the subject of a long-standing



Indigenous Guarani people occupy their traditional land, used by Aracruz Celulose for a pulp plantation. Photo credit: FASE, Espírito Santo, Brazil

land rights dispute and is claimed by indigenous Tupinikins and Guarani as part of their 40,000 acre (18,000 hectare) traditional lands.

In 2005, indigenous activists moved onto land used by Aracruz Cellulose and demarcated their traditional territory, felling eucalyptus trees that they claim to have been planted illegally and in breach of their human rights. In January 2006 the Guarani and Tupinikins were violently evicted by the company, to international condemnation. There are ongoing protests by a growing movement of Brazilians and supporters around the world, who want the Brazilian state and companies to recognize

the land rights of indigenous peoples and ensure non-violent resolution of land disputes. There are similar complaints in other parts of the world, including Uruguay, Thailand, India and South Africa, where eucalyptus is grown for pulp, lowering water tables and causing droughts and water shortages for rural people.<sup>2</sup>

2. Land rights conflicts are not restricted to the tropics. The indigenous Grassy Narrows community is located in the most northerly part of the industrial logging zone in Ontario, Canada. The provincial government has granted forestry permits to paper industry giants Abitibi and Weyerhaeuser on the traditional lands of the people of Asubpeeschoewagong (Grassy Narrows First Nation), without their consent. Industrial forestry has devastated the First Nation's territory, with more than 50% of the land having been clear cut, destroying the habitats of the plants and animals that form the basis of traditional livelihoods: hunting, trapping, fishing, and gathering of plants for food, fiber and medicine. Replanting by Abitibi has been with tree plantations that are heavily sprayed with chemicals that have negative impacts on berries and other plants.

According to an Amnesty International briefing to the United Nations, Grassy Narrows falls within the territory covered by the 1873 treaty between the Canadian state and the Chiefs of the Salteaux Tribe of the Ojibway Indians. This treaty establishes that indigenous peoples have the "right to pursue their avocations of hunting and fishing throughout the tract". The Grassy Narrows First Nation claims that these treaty rights have been violated by the damage caused to their natural resources by forestry. In 2002, the First Nation took direct action, establishing a blockade on logging roads into their land that has successfully halted logging in the area. It is now the longest running forest blockade in Canada. It has drawn international condemnation for the Ontario provincial government, Abitibi and Weyerhaeuser and there are ongoing calls for a moratorium on logging on any First Nation land where there is not free, prior and informed consent of the local community.<sup>3</sup>

3. The paper industry is the biggest industrial water user, consuming 11% of all freshwater in industrial nations. Not surprisingly, this leads to disputes about water resources and its effect on water quality. Plans by Finnish company Botnia to build a new pulp mill in Uruguay, which will take water from and discharge into the Uruguay River, has led to cross-border conflict with Argentina.

In June 2006, the Argentina government took the Uruguay government to the International Court of Justice in The Hague, for failure to notify them about potential pollution from the mill. They also accuse Botnia of breaching Organisation for Economic Co-operation and Development guidelines, the 1975 Statute of the River Uruguay and the Equator Principles,



Grassy Narrows First Nations Youth protest paper industry clear cutting on their traditional lands, Ontario, Canada." Photo credit: FreeGrassy.org

a system of guidelines for assessing social and environmental risk based on standards set by the World Bank's private sector lending arm. In addition to the legal conflict there have been massive protests by local people in Uruguay alarmed at the prospect of water pollution and the loss of farm land to eucalyptus plantations to provide the pulp mill with fiber.<sup>4</sup>

#### + Best practice:

In some parts of Canada where First Nations have more secure land rights as a result of treaty arrangements that give them more power, there are some inspiring examples of the paper industry working with the native people to plan how the forest resources can be used to maximize benefits and reduce negative impacts. For example, in Nitassinan, in Eastern Quebec and Labrador, Canada, the Innu First Nation has led a collaborative ecosystem-based planning process that has guaranteed that traditional livelihoods are not threatened by forestry operations. This was achieved after a long history of conflict, when in 2001 the Government of Labrador and Newfoundland reached a Forest Process Agreement with the Innu Nation, empowering them to have full participation in forest planning. The resulting Forest Guardians process involved scientists, Innu elders, local communities and forestry technicians working together to develop a long-term ecosystem-based forest management plan. This kind of process avoids conflict, builds trust and ensures that fiber supplies will be truly sustainable. It demonstrates that collaboration and co-operation between the state, forestry and paper industry and indigenous and forest communities is the best way forward to resolve land use conflicts.<sup>5</sup>

## LOCAL ECONOMIC IMPACTS

There are bound to be economic and social impacts to local



Innu community members participating in the forest management planning process

communities when pulp and paper companies begin operations in their area. There is thus a profound responsibility on these companies to work to ensure that these impacts are beneficial rather than detrimental. Governments can play an important role in ensuring that logging licenses do not conflict with local resource use. Progressive paper companies embrace the opportunity to work with local communities as allies and beneficiaries without making them dependent on the company and supporting economic diversification. The worst companies ride roughshod over local community livelihoods.

### — Worst practice:

1. In Riau, Sumatra, concessions were granted by the Indonesian government to Asia Pulp and Paper (APP) and Asia Pacific Resources International Holdings Ltd (APRIL) to log and establish fiber plantations on forest land that is inhabited by indigenous communities. The loss of community forest leads to losses in livelihoods including hunting, fishing, honey gathering, medicinal herbs and lumber for housing, furniture, firewood and much more, as well as cash crops such as rubber.

For example, in Kuntu village, the community only found out that their traditional lands had been signed away when APRIL's bulldozers and logging equipment arrived. Now they must fight for their land rights in court. Meanwhile their community forest has been logged and replaced by a monoculture of acacia trees. The company offers financial inducements and a profit share in the harvest, but the local community wants their forest land back or a fair rent for the use of that land.

Kuntu is just one of many such villages in Riau where there are complaints of heavy-handed and aggressive tactics by the 'security' firms hired by the paper corporations. These have led to violent clashes, in which property has been damaged, protesters have been injured and in which there have even been some fatalities. Activists in Riau say they have suffered intimidation by the security firms and they urge paper buyers to boycott APP and APRIL's products and pressure the Indonesian government to put

an end to the conversion of natural forest to fiber plantations.<sup>6</sup>

2. China is the second biggest producer of paper in the world after the USA, and a great deal of its paper has agricultural residues as the basic ingredient. All over China, when farmers harvest rice, maize and sugar cane, they sell the straw to pulp mills – an important aspect of rural economies. Unfortunately, many of the thousands of small pulp mills are old and polluting and the Chinese state is closing many of them down, whilst encouraging paper corporations to invest in new modern pulp mills: 40 new pulp mills are predicted to be built in China by 2010. However, modern technology exclusively uses wood as its input, not straw, and a shift on this scale from agricultural waste fiber to wood will remove an important income stream from millions of farmers as well as causing the loss of up to a million jobs. There is an alternative: China could retrofit existing mills with effluent treatment facilities, ensure all new mills can use agricultural residues and exploit its role as the world leader in 'ag fiber', showing paper makers in Europe and North America how to make sustainable papers from the waste products of arable farming, which are mostly burned.<sup>7</sup>

3. Researchers in the south-eastern states of the USA have established that the paper industry is threatening local economies. This is because although the paper industry brings some economic benefits to land owners, small land owners tend to be paid less for their wood and the consolidation of forest land holdings has concentrated the economic gain among fewer and fewer people. Research

Indigenous Indonesia villager next to logs being taken from traditional land-use area.



shows a down-turn in the well-being of rural communities where the paper industry is concentrated, which are economically worse off than other rural communities, experiencing higher levels of poverty and unemployment and lower expenditures on public education.<sup>8</sup>

#### • Best practice:

Klabin is the largest forest products and paper producer in Brazil with activities in paper, forestry, and recycling. All of the company's own forests and plantations are FSC certified. The company has recently initiated a program they call 'Legal Woods,' (that has a second meaning in Portuguese of '/excellent/ or /cool/ woods') in collaboration with a local NGO to promote planting and conservation among small farmers and landholders in Paraná state, where Klabin has a major mill.

Klabin is helping these farmers to diversify their economic activities, increase sales of their products, protect waterways and other ecologically sensitive areas as well as protect and rehabilitate forests for conservation. The program is perhaps unique because Klabin is helping these landowners even when the wood from these projects may go to competing companies, which helps the small landowners compete for better prices for their wood,

but ultimately strengthens the community's ability to have a strong economic base, raise wages and rural income and protect ecological values.

## IMPACTS ON HEALTH

The use of toxic chemicals for pulping and bleaching paper and dangerous chemical pesticides and herbicides on fiber plantations can lead to pollution that causes negative impacts on the health of paper company workers and communities downstream from mills. The paper industry is responsible for the release of persistent toxic pollutants like chlorine, mercury, lead and phosphorus into the environment, resulting in a legacy of health problems including cancers, nerve disorders and fertility problems.

Chlorine bleaching is particularly widespread and although there has been some progress in shifting away from the use of elemental chlorine for bleaching, the use of any chlorine-based chemicals at all can still result in dangerous pollution, because they are the building blocks of organo-chlorines, which include some of the most toxic compounds on earth, such as dioxins and furans. In the USA, in order to meet Environmental Protection Agency rules, most paper is now 'elemental chlorine free' (ECF), which has led to a 94% reduction in dioxins, however the EPA's own

## RECOMMENDATIONS TO THE PAPER INDUSTRY

- Companies must respect and comply with the following international conventions for the protection of human rights: the International Labor Organization Convention 169 for the Protection of the Rights of Indigenous Peoples, the General Declaration of Human Rights (1948), the United Nations Convention for the Elimination of all Forms of Racial Discrimination (1966), the International Agreement on Economics, Social and Cultural Rights (1966) and the International Agreement on Civil and Political Rights (1966).
- Free and prior-informed consent of local people must be ensured, through meaningful and culturally appropriate consultation methods, in the areas from which raw materials originate and where production takes place. Companies and governments must recognize and respect indigenous peoples' legal and customary rights to control their traditional lands and protect their cultural identity, and also respect local communities' rights to a healthy environment, and their rights to participation as a primary stakeholder in land-use planning.
- Companies must respect the rights of workers, including subcontractors' workers, to beneficial employment and a safe working environment. These include the ILO Fundamental Work Rights: freedom of association, the right to organize and to collective bargaining; the abolition of forced labor; the elimination of child labor; and the prohibition of discrimination in employment and occupation (equality of opportunity and treatment).
- The industry should respect and support local economies and businesses, reversing the trend towards ever-larger industrial units and promoting community-ownership and a diversity of small- and medium-sized enterprises in the paper sector. Production systems must not hinder local food production or jeopardize environmental services or ecosystem assets, such as water quality, and their equitable use.
- The paper industry should use the best available technology to minimize the use of water, energy, chemicals and other raw materials and minimize emissions to air and water, solid waste and thermal pollution, to eliminate toxic waste and mill discharges, reduce brightness of products to reduce levels of bleaching and eliminate the use of chlorine and chlorine compounds for bleaching.
- Any new pulp mill developers must demonstrate environmentally and socially sustainable sources of fiber.
- Companies should recognize that they are part of a larger land use system and should take into account the indirect effects of their land use, such as displacement of pressure for land.

rules state that there is no safe level of dioxin. Dioxin is known to cause reproductive problems, including low sperm counts and endometriosis and is implicated in a range of other health problems including diabetes, hyperactivity, allergies, immune and endocrine system problems.

There are alternatives to chlorine for bleaching, such as hydrogen peroxide, which are much safer and are the basis of ‘processed chlorine free’ (PCF) processes and they should be chosen every time. Recycling paper causes far less air and water pollution than virgin manufacture and thus can help to reduce negative health impacts of the paper industry. For more information related to this topic, go to: <http://www.rfu.org>.

## RECOMMENDATIONS TO PAPER BUYERS

- Buyers of paper have powerful leverage over paper companies, and should insist that their source companies are following the recommendations above. If not, take the business elsewhere.
- The most effective way to reduce the negative impacts of the paper industry is to use it more efficiently, thus helping to reduce demand and at the same time reducing waste and saving money. Explore paperless alternatives such as electronic communication and encourage innovation to cut packaging.
- Paper buyers should seek to use as high a level of *recycled content* wherever possible, because this is the best way to avoid negative social impacts, particularly in forests.
- It is important for buyers to be able to *track and analyze* where the paper they use comes from and be satisfied that the paper source is sustainable. Where virgin fiber is necessary, seek to ensure that negative social impacts are minimized by sourcing only *Forest Stewardship Council (FSC) certified paper* and using its chain of custody information to verify that its origins meet the recommendations above. The FSC's principles and criteria include complying with laws and international rights agreements, respecting legal and customary land tenure, managing disputes and conflicts appropriately, respecting indigenous peoples rights, giving opportunities to local communities, ensuring health and safety and taking due account of social impacts of forest management. No other forest certification system comes close to adequately addressing all of these issues.<sup>9</sup>
- Ask paper suppliers for *corporate social responsibility reports*, but beware that some corporations attempt merely to pay lip-service to social impacts, so it is important to read these reports with a discerning eye and beware of greenwash.

## References

- <sup>1</sup> Barry, J. and Kalman, J. *Our Land Our Life*. Taiga Rescue Network. 2005. This is a good overview of forest land rights issues.
- <sup>2</sup> See [www.braziljusticenet.org](http://www.braziljusticenet.org) for more about the Aracruz conflict and [www.wrm.org.uy](http://www.wrm.org.uy) for links to campaigns globally against damaging fiber plantations.
- <sup>3</sup> [www.envirowatch.org/gfnindex.htm](http://www.envirowatch.org/gfnindex.htm)
- <sup>4</sup> Chris Lang, Yes to Life, No to Pulp Mills, Robin Wood Magazine, August 2006.
- <sup>5</sup> [www.innu.ca/forest/sec1overview.htm](http://www.innu.ca/forest/sec1overview.htm)
- <sup>6</sup> More about APP and APRIL's impacts in Indonesia can be found on [www.eyesontheforest.or.id](http://www.eyesontheforest.or.id)
- <sup>7</sup> The Expanding Chinese Paper and Forest Products Industry, Don Roberts, CIBC World Markets. 2004.
- <sup>8</sup> USDA Forest Service Southern Forest Resource Assessment 2001. Also John Bliss and Conner Bailey. 2005. Pulp, Paper, and Poverty: Forest-based Rural Development in Alabama, 1950-2000. Pp. 138-158 in, Robert Lee and Don Field (eds.), *Communities and Forests: Where People Meet the Land*. Corvallis: Oregon State University Press.
- <sup>9</sup> The Forest Stewardship Council ([www.fsc.org](http://www.fsc.org)) sets out principles and criteria for sustainable forest management including social and economic criteria.
- <sup>10</sup> Christian Cossalter and Charlie Pye-Smith (2003) “Fast-Wood Forestry: Myths and Realities”, CIFOR, Bogor,
- <sup>11</sup> WWF, The Ideal Pulp and Paper Corporate Responsibility Report, 2006. [www.panda.org/forests4life](http://www.panda.org/forests4life)

## RECOMMENDATIONS TO INVESTORS

- Pulp and paper companies should be required to carry out independent *social impact assessments* of all new developments, including comprehensive assessments of the impacts of their fiber sourcing policies and procedures, and then to take into account the results of these assessments. Ethical investors should withhold support unless this can be demonstrated to have taken place and refuse to subsidize unsustainable developments.<sup>10</sup>
- Pulp and paper companies should meet international standards for *corporate social responsibility reporting*. They should report against all the criteria recommended by the Global Reporting Initiative. Analysis of paper industry reporting has concluded that across the industry there is ‘a lack of detail in independent verification and evidence which leads to a lack of transparency in reporting.’<sup>11</sup>
- Financers of and investors who want to invest ethically in the global pulp and paper industry should not enter into partnerships with companies that have bad social and environmental records and should implement binding social and environmental standards, requiring *independent social audits*, not only relying on company information.



The Environmental Paper Network (EPN) links environmental organizations that collaborate to support the conversion of the pulp and paper industry to socially and environmentally sustainable processes. The EPN's Common Vision outlines four key criteria for environmental paper purchasing policies:

- 1) Reduce paper consumption,
- 2) Clean production,
- 3) Responsible fiber sourcing, and
- 4) Maximize recycled content.

For more information please see [www.environmentalpaper.org](http://www.environmentalpaper.org).