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Two Corporations Fighting Over Forests

by Guest

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[The following article by Pablo Waisberg is reprinted with the permission of Noticias Aliadas in Lima, Peru. It appeared in the June 18, 2003, edition of Latinamerica Press.]

As always, in the lush, populated Yungas forest in the northern province of Salta, where a corporate battle for control rages, the losers are the local community and the environment. The legal slugfest between Pan American Energy (a combination of British Petroleum and the Argentine oil company Bidas) and Santa Barbara Forestry (a local subsidiary of the US Candlewood Timber Group) has escalated from complex communications to filing lawsuits with courts in Delaware, in the US. Both corporations ignored the recommendations of environmental organizations to abandon litigation and work together for the area's economic development and the protection of the biosphere.

The dispute began three years ago when Santa Barbara Forestry purchased 100,000 hectares of diverse properties in Tartagal, northern Salta, to harvest fine timber (oak, cedar, walnut, etc.) according to an agreement made with the Forest Stewardship Council (FSC).

The project has Greenpeace approval. "Through controlled logging, which takes into account annual vegetation regrowth, forests can in the long run be used as profitable resources, instead of considering them as mines, and create stable employment for residents," said Greenpeace.

But Pan American Energy happens to have government- conceded drilling rights to the subsoil of the lands acquired by the logging company. Argentine law stipulates that corporations, whether government-owned or concession holders, that exploit underground resources can enter private property to drill for gas or oil. Taking advantage of this law, Pan American Energy, which operates oil and gas wells, built an infrastructure that includes five km of gas lines that cross lands in San Pedro (16,000 ha) and North San Pedro (4,800 ha) belonging to Santa Barbara Forestry.

The corporation says that this prevents them from complying with the FSC agreement which demands adherence to strict environmental standards for the extraction of timber and seriously affects production. Based on these arguments, Santa Barbara Forestry initiated a lawsuit in US courts. Northern Salta is one of Argentina's poorest regions, with high rates of unemployment and social unrest. Despite Tartagal's rich gas and oil reserves, inhabitants still rely on firewood for cooking and heating.

The manager of Santa Barbara Forestry, Miguel Alfaro Romero, said the case "is going forward in the United States," and, while he does not know the details of the litigation, he said that ever since the case landed in the Delaware court "all logging has come to a halt" in the area where the oil company is drilling. "We continue trying to get certification, but for other places," Alfaro Romero added.

The public affairs vice president of Pan American Energy, Mario Calafell, claimed that the oil company has been drilling in the area "for the last 60 years, while the logging company began working only three years ago." He added that drilling for oil does not harm the forests. "We built a few roads and cleared some vegetation, but it was limited to areas required to connect the wells. We followed a plan agreed upon by Santa Barbara Forestry and even paid them for that service," said Calafell, questioning the logging company's accusations and calling their demands "exaggerated."

Calafell said that Pan American Energy "operates under strict environmental safety measures" and emphasized that the drilling complies "with international norm ISO 14.001 of environmental management. Logging company executives cannot prove that we damaged anything, but they want to use our work as an excuse to secure certification," said the oil company representative. "The Argentine crisis made it impossible to get international loans for logging backed by FSC certificates."

The coordinator of the Greenpeace Biodiversity Campaign, Emiliano Ezcurra, who visited the disputed area, said that "the damage [caused by Pan American Energy] is undeniable," but said he did not know "whether that kind of damage prevents the logging company from being certified according to FSC norms." "Santa Barbara Forestry is in the midst of the certification process and will soon get the FSC seal of approval, but it faces serious problems with its investors. They have a contract with Smart Wood, a recognized firm that certifies under FSC regulations various logging operations around the world," said Ezcurra.

The Greenpeace representative pointed out that the environmental organization "is keeping the channels of communication open with both firms" and lamented that, "while the two big giants slug it out, the forest is being degraded." "It is urgently necessary to establish what was the degree of damage and, on the basis of that, have Pan American Energy compensate Santa Barbara Forestry, and have both companies redouble their efforts to save the forest in a variety of ways," said Ezcurra. "Greenpeace considers that the success of logging projects according to FSC norms is urgent, even though their efforts are directed towards certification and not to help any company in particular."

Ezcurra emphasized that "logging is considered a more viable and urgent alternative to clear cutting, which is the real cancer affecting forests in northern Argentina, because clear cutting ends up replacing forests with a single crop of either soy or sugarcane."

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