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Celco Cellulose Plant to Reopen

by LADB Staff
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Environmental authorities in Chile have allowed a cellulose plant to resume production even though it was implicated in the mass death and emigration of South America's largest population of endangered black-necked swans. After talks with the Comision Regional del Medioambiente (COREMA), Celulosa Arauco y Constitucion SA (Celco) reopened its billion-dollar factory near the city of Valdivia, 790 km south of Santiago, in August. Since then, Celco has drawn up plans to send its effluent waste to the ocean, drawing protests from fishing groups. The plant resumed operations on Aug. 12, after being shut down for more than two months. It produced its first ton of cellulose on Aug. 24.

At an Aug. 10 meeting, the COREMA for Region X, where the plant is located, ordered the company to restrict its production by 20% relative to a May 25, 2004, agreement between the company and the regulatory board. This meant Celco would have a maximum production of 440,000 tons of cellulose per year, compared with the 550,000 tons permitted last year. If the cellulose produced was from pine wood, the daily production could not be greater than 1.35 tons per day, while pulp produced from eucalyptus wood was limited to 1.53 tons per day.

The factory's effluent discharge was linked to the death and mass migration of endangered swans earlier this year (see NotiSur, 2005-05-06, 2005-07-29). Celco was the first corporation that the Chilean government sued over environmental damage after accusations that heavy metals dumped by the plant had contaminated the luchecillo water weed, the primary food source for black-necked swans in the Carlos Anwandter Nature Sanctuary.

Chile's top court decided to allow the plant to continue running in May, but, after it was found that the company's lawyers had presented an in-house environmental study as an independent academic study, the company shut down operations. The cellulose industry has been the source of contamination and tensions between industry and environmental groups throughout the region (see NotiSur, 2005-09-16).

Forestry sector reports economic slowdown during shutdown The closure of the Celco plant had a strong impact on the forestry sector in Chile. The Sociedad de Fomento Fabril (Sofoca) said that the sector saw almost one percentage point less growth than it would have had the Valdivia plant been in operation. Sofoca secretary Andres Concha said the industry would have seen 6.3% growth in June 2005 when compared with June 2004 if the Valdivia factory had been running, but instead it grew 5.6%.

The plant was shut down for 64 days and it made adjustments to prevent the loss of jobs among the factory's 4,500 indirect employees. Contractors said they had lost an estimated US$1.5 million in business during the 2-month paralysis, while the company claimed to lose about US$1 million every
day the plant was shuttered. Minor utilities that also profited from the plant said they lost some US $16 million.

The business press of Chile has claimed that the prosecution of Celco has significantly changed the way in which companies do business in the country, with corporations considering whether environmental enforcement could impact their operations as happened with Celco. Celco executives claimed that the business had entered "a new age" where they could not make any mistakes.

The Grupo Angelini, owner of Celco, made changes in its top management and boasted of a change of "culture" within the business. Company wants to duct three plants' waste to the sea The company has launched an offensive to get approval for a plan to discharge the effluents from three of its plants into the sea. The company presented its Environmental Impact Assessment (EIA) in the first week of October to duct waste to the ocean from its plants in Constitucion, Nueva Aldea, and Valdivia.

The EIA proposed six alternative options for the 12-km duct from Valdivia to the Atlantic, where the waste would emerge between Punta Chan Chan and Punta de la Iglesia. Charles Kimber, newly installed manager of corporate and commercial affairs for Celco, said that the idea was to traverse a zone of roads to the San Luis de Alba bridge and from there cross "properties of our own or of third parties. We are doing a maritime study, with current meters, and the next stage to come is to see which will be the best design." The Nueva Aldea and Valdivia ducts should cost US$60 million to US $70 million each.

Fishing groups protest Community resistance may complicate matters for Celco, particularly in Nueva Aldea and Valdivia. Fishing groups in Valdivia have registered their complaints with the company and the government, while fishers from unions in Arauco and Laraquete protested in front of a Celco plant in Concepcion, midway between Valdivia and Santiago, on Sept. 17. They accused the government of lacking interest in impeding industrial activity that they say has been contaminating the coastal region, wiping out resources like fish and other aquatic life, including the razor clam.

Union representatives of independent workers from nearby Arauco, Laraquete, and Ibacache reported on the investigations being made by special prosecutor Mauricio Lartiba, following a complaint from the region's artisanal fishers. They said that Celco operations in the area were causing damage, but a Celco press release said a study by the Centro Universitario Internacional Europa Latinoamerica de Investigacion y Formacion en Ciencias Ambientales (EULA) of the Universidad de Concepcion found that the industry was not linked to the decrease of aquatic life there.

The study said "the cause of the phenomenon is more probably delineated in the populations of Ensis Macha, located between the shallow, sandy area between Arauco and Laraquete, where there was entry of hypoxic (low-oxygen content) waters of very singular character, product of intense and persistent southwest winds." Celco's earlier citing of EULA studies that were in fact the company's own led to the resignation of its top lawyers earlier this year.