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Veracel faces legal battles and risks profitability: logging bans threaten the supply of eucalyptus in the pulp mill; lawsuits mount to a closure risk

Veracel Celulose SA, a joint venture of Stora Enso and Fibria located in the Extreme South of Bahia, with a one million ton pulp mill in operation since 2005, is currently perhaps in its most severe political-legal crisis since its inception. All the state institutions (Attorney General's offices, Federal and State-level Public Prosecutors, State Prosecutors representing the state government, Labor courts, environmental prosecutors, licensing agents and offices, and others) that can regulate or inspect the legality of the company's managerial actions have filed law suits or investigation claims. Besides this, social movements are allying to reclaim lands occupied by eucalyptus plantations, some occupations backed by official documents proving these vast land areas are state land (*terra devoluta*).¹

Based on the publicly available lawsuits in the courts, prosecutor offices' and attorney general's offices in the region, Veracel had almost 900 legal cases against it in the courts in 29 November 2010. And, the number is quickly growing. Most of the cases, almost 800, are different types of labor law violation suits. The rest are criminal and civil suits.² The most severe are corruption and criminal suits, for example accusing the company of money laundering and organized crime (due to corruption schemes with politicians, for example). Also the company directors have personally gathered an impressive list of different types of lawsuits, from many different prosecutors, state offices, and Attorney Generals. The present report is based on a survey of the Veracel lawsuits collected from public authorities offices (named above), and a series of fresh interviews and field observations in the region. It will briefly discuss the lawsuits' political, legal, and economic implications of business risk and managerial practices in Veracel, and the company's current position in the local political-legal setting.

Some of the charges concern procedural matters, which could have been avoided if licenses would have been acquired in legally correct ways; others concern direct infringements such as illicit timber deals and logging.

Procedural charges against Veracel

Special attention is given to the outsourcing scheme of Veracel, called Fomento Florestal, by which the company has made exclusive eucalyptus plantation contracts with private farms. The key issues of the lawsuits discussed here concern the

¹ Terra devoluta-lands have been illicitly appropriated from the state: by the Brazilian law, all non-private land without land official titling is state land, which can be earmarked by law for distribution to family farmers, if evidence is mounted on dubious land titling history.

² For example, in one Formal Correspondence (Oficio No. 433/2010/3.PJMA of the 3rd Environmental Attorney General in Bahia), public prosecutors list two federal legal cases against Veracel, on which the company already received sentences, and 13 state-level cases, as of yet waiting for decision. Among these are three Civil Law Suits (Numbers 1081418-5/2006, 4933/2008 and 2497100-2/2009), a Misconduct (corruption) Suit (Number 0005165-24.2010.805.0079), two Administrative Misconduct Suits (Numbers 1081431-8/2006 and 2287653-9/2008), and seven Criminal Suits.

environmental licensing of eucalypt plantation, both on the company's own land, and on the "lands of outgrowers", i.e. private land owners contracted by the company to grow eucalypt for the company. Plantation, management and cutting is to be done by the company, which has the right to 97% of the timber. The company also arranges the financing of the work, deducting the accumulated costs from the final pay for the timber. The gross price agreed in the contracts I have seen, and also given to me by the outgrowers association, ASPEX, is to be related to the cellulose market price, and in my opinion very favorable, near that of pulpwood in Scandinavia. ASPEX has also informed that there are some 135 contracted growers (the first 33 contracts, signed until 2007, had better terms) with an area of 20 000 ha, to be compared with the company total, near 100 000 ha. A sizeable portion of the outgrower eucalypt have now reached maturity. In the outgrower program, the partner farmers (Fomentos) give their lands for eucalyptus cultivation, strongly directed by the technical instructions by Veracel and plantation companies linked to it. Besides this, the company also rents land for planting eucalyptus. Public documents point out that the company has also planted on state lands. Outgrower contracts and illegal or military-government sponsored grapping of state lands (grilagem) have been common for several decades among both pulp and charcoal producers in Brazil.

The first type, procedural lawsuits, claim, for example, Veracel's partner farmers eucalyptus plantations in the so-called Fomento Florestal program to be "products of crime", as they have been planted without legally competent environmental licenses, and, thus, cannot be issued harvest licenses by the Institute of the Environment (IMA). First, the plantations should be licensed, which the IMA officials cannot do. Or can, but this would be an illicit practice leading easily to prosecution of the official involved and sacking of the license. The public prosecutors or other investigative bodies of the state have now impeded the issuance of many harvest licenses linked to Veracel by referring to the illicit earlier licensing.

Environmental Attorneys of the State have filed petitions to denounce the illegal state of current licensing procedures, and blocked these.³ The company has been found to be breaking several environmental regulations and laws, for example, an inspection signed 13 October 2010 by the Attorney General of the Environmental Ministry in Bahia, on 724 Veracel properties, resulted in the emission of 86 notifications, one warning, and 5 fines solely for irregularities regarding planting too close to Areas of Permanent Protection.⁴

Several of these Veracel partner farmers in the Fomento program are facing lawsuits on environmental crimes themselves,⁵ and a total ban on not only logging but sales and mortgage as well. The area amounts now to 5.000 hectares of 8-year old eucalyptus, ready to be cut. According to the official IMA documents, the eucalyptus from Veracel's partner properties "are in a situation of complete illicitness, with illegal eucalyptus plantations, due to lack of licenses, corrupt licenses, lack of environmental authorizations, or due to other severe environmental violations, already described by

³ For example, by Oficio number 433/2010/3rd PJMA

⁴ Oficio DIREG MM No 03035/2010

⁵ Based on the article 68 of Law 9.605/98. Source: Recomendação no. 01/2011, Ministerio Publico do Estado de Bahia.

investigative bodies” of the state.⁶ For example, environmental licenses were given by municipalities unable to do so, due to the inexistence of an IMA office.

The prosecutors, including the coordinating prosecutor of the region, João Silva Neto, have offered possibilities for the Veracel directors to resolve the problem retroactively on fair terms, taking into account the grave consequences of the present stalemate for partners, who have acted in good faith.⁷ According to the prosecutor, the company has neglected the proposals, continuing on a non-dialogue hard-core line, thus causing much more profitability losses than the readjustment agreement would have caused, besides incurring much greater risks on the whole joint venture continuation.⁸

The Veracel-Scoton-Eunápolis Scheme

Even more seriously, a big chunk of the licenses were given in Eunápolis when Mr. Luiz Carlos Scoton, was simultaneously buying land for Veracel, and was also the municipal Environmental Secretary (the institute that executes environmental licenses) in the municipality, and the president of the Environmental Council (watching over environmental authorities such as the Environmental Secretary, and issuing licenses, in the most typical legislative setting – in some cases local municipalities can change the functions). Public prosecutors Silva Neto and Mendonça Messias of Eunápolis warned Scoton and Almeida, that the municipal environmental council members working in any company could not legally vote on any cases involving their company, without being prosecuted on corruption charges.

On the licensing meeting of the Environmental Council of Eunápolis in 25 November 2003, nevertheless, Veracel’s land buyer Scoton was asking for a “vote of confidence” from the other members of the environmental council, declining to vote on other licenses before the four Veracel partner-program licenses would be issued (declarations by present council-members Barbosa from OAB, the Order of Brazilian Lawyers, and da Silva from STR, the Rural Trade Union of Eunápolis).⁹ As the voting procedure was not handled in the way the Veracel directors in the Environmental Council would had wished, but aroused too many questioning and resistance, Scoton and the ex-Mayor Gediel presented a new law in the City Council (Number 497, 30 December 2003), which was approved. The new law retired the authority of the Environmental Council (with members from the state and the civil society) to concede licenses, moving this authority to the executive body, Secretary of the Environment (SEMEM), whose Secretary and sole decision-making and executing officer was Veracel’s Scoton.

According to the public prosecutor Dinalmari Messias, who filed several lawsuits after hearing from these changes in the municipal licensing infrastructure, the prosecutor’s office, whose function is to defend the legal order, democracy, social interests, and the realization of Justice, also within state institutions (according to the the Magna Carta of 1988) the changes were done “simply to favor the interests of Veracel”.¹⁰ In early 2004, the prosecutor warned the City Council members, that if they would not return the

⁶ IBID

⁷ A Gazeta Bahia, Eunápolis, 24 March 2011.

⁸ IBID

⁹ All information based on the *improbidade administrativa* lawsuit number 1081431-8/2006.

¹⁰ IBID

powers of the Environmental Council, he would make public the new scheme, telling about it to the media and the general public. As this was an electoral year, the council members made a new law that returned the powers of the Environmental Council (Law 520, 20 June 2004).

The Veracel-Scoton-Eunápolis scheme ended in May 2006, when the Public Prosecutor's office in Eunápolis filed several Misconduct Suits against Scoton, the Veracel director Renato Gueron and the forest engineer Danilo Almeida, as well as the ex-mayor of the city, Gediel Pereira.¹¹ The mayor was accused of accepting a kind of bribe in form of early payment of the municipal taxes by the company, in exchange of appointing Scoton as director of the municipal environmental licensing and policy execution positions. Evidence claimed by the prosecutor was that Scoton and Almeida voted on 25 November 2003 in favor of conceding environmental licenses to four Veracel partner eucalyptus farms, a clear conflict of interests. As Scoton and Almeida did not abstain from voting, but conceded and even pushed for the licenses, this led to the *improbidade administrativa* lawsuit number 1081431-8/2006, and sacking of the licenses.¹² After the scheme became public, Scoton left Eunápolis, his present whereabouts being unknown. The prosecutors claim that in 2006 he became the principal Stora Enso land buyer in another pulp investment in the Southern Rio Grande do Sul state, where the Finnish-Swedish company illicitly acquired land in a 150 km national safety area, without required licenses of the local INCRA, the Brazilian Land Institute.

The Scoton-episode has come to the knowledge of the media and the public only afterwards. The dour partner farmers, whose licenses were withdrawn started hearing rumors from the city folks that their name being discussed in relation to serious corruption crime lawsuits. They feel they are the victims, wrongly accused.

Accusing the outgrower partner farmers

I have also looked into the cases of four impacted partner farmers accused by the prosecutor for missing licenses. Their deal with Veracel entailed not only all plantation and management work and a commitment to sell 97% of the timber to the company within 8 years, but also, they claim, all licensing being taken care of by Veracel (interviews with Arnaldo Prado and other partner farmers). As no such licensing was de facto arranged, these farmers are not only facing the public prosecutor's charges, but also a lawsuit that Veracel has opened against them, demanding almost 1 million reals for breaking their contract with the company. IMA de-licensed Arnaldo's 279 hectares of Fomento eucalyptus, which is currently in a state of complete irregularity. Veracel has hired Lobo & Ibeas, one of the most prestigious law firms in Brazil, from Rio de Janeiro, to work for them in these cases, trying to intimidate the outgrower farmers and prove that all the guilt and responsibility lies with them. Veracel accuses that the contracts were violated by these contract farmers', as they did not manage to maintain legal environmental licenses on their plantations. However, the farmers in question say that they became targets of Veracel after they became witnesses in the corruption lawsuit in question, bringing into light other illicit practices of the company. Veracel

¹¹ Corruption Investigations, *improbidade administrativa*, 22 May 2006.

¹² Information obtained from the *improbidade administrativa* lawsuit number 1081431-8/2006, Comarca de Eunápolis.

and the partner farmers association (ASPEX) tried to intimidate several times and by different means for example Arnaldo Prado, to revert his words on another investigation against Veracel.¹³ After Veracel did not manage in the intimidation, where they several times said to Arnaldo that “you should not get into trouble with us”, they filed the lawsuit (interview with Arnaldo and Leonardo Prado, Eunápolis, 28 March 2011). All this confusion dates back to 2003, when Veracel mounted the Scoton-scheme to speed up and ease the environmental licensing in Eunápolis.

The lawsuits have created great divergences within Veracel’s partner farmers, who still in 2008 were 100 per cent members of ASPEX, a front organization created to defend the interests of the partner farmers against the company (interview with Gutenberg de Souza, ASPEX treasurer, July 2008). Nowadays, less than half of the Fomento farmers make part of ASPEX, and those who have left accuse it of representing only the interests of Veracel, as having been captured by it. Many partner farms want to get rid of eucalyptus after the first cycle, even though the price that Veracel has promised to them is almost 80 reais per cubic meter (according to the ASPEX accountant Gutenberg de Souza, interview March 2011), which is a very high price, almost equal to the prices in Sweden and Finland. However, Veracel has not yet paid this price to anyone.

Accusing the public prosecutors, and the consequences of this managerial practice

Arnaldo Prado is himself a lawyer; and the partner farmers now in fight with Veracel are not landless people, but belong to the middle class, with medium-sized farms and professional jobs in the cities. When a growing part of the middle class including business and professional groups turn against a company in an investment area, the possibility of a moratorium on plantation expansion and even closure of mill, turn into not-so-unlikely outcomes. Coordinating prosecutor Silva Neto claims that the authorities have more than enough legal backing and material to ask for the discontinuation of Veracel’s operation.

Currently it is unclear if any of the Fomento farmers can even cut the wood: the issuance of harvest licenses depends on Veracel answering in a proactive manner to the demands made by public prosecutors that would set the basic regulatory framework for eucalyptus cultivation in the region. The company has neglected insofar to do this, and the most recent communications by it show no sign of conciliation, to the contrary, they accuse (in press releases, for example) the public prosecutor Silva Neto as overusing his powers, claiming the lawsuits are based on false proofs. The Veracel management has not negotiated on any deals; in comparison, for example Suzano is proactively looking for resolutions with the public prosecutors, seeing the mess into which Veracel has put itself in by the hard-core line.

Veracel and Stora Enso have several times attempted to persuade the general public and the legislative and executive powers that the accusations would be part of a personal campaign against the company solely by prosecutor Silva Neto. These claims are ill-founded as it is an easily observable empirical fact that there are several public prosecutors, attorney generals, and other state officials, who have filed lawsuits against

¹³ This lawsuit accuses Veracel of the illicit use of outsourced silvicultural companies by Veracel, in this case called Agrominas, which was responsible for planting activities during in the Arnaldo farm (Ato do processo do MPT contra a VERACEL, 6 April 2010).

Veracel, and even judges who have completely independently sentenced the company. Silva Neto is the coordinating prosecutor in the Extreme South of Bahia, through whom almost all investigations pass, making it difficult for the company to find state institutions, land registries or other necessary bodies to expand eucalyptus plantations by illicit ways - which is the reason why he has become personated as the "number one enemy" of Veracel.

The coming months and years will see a heated dispute, where the company will put all its executive alliances in the state and federal levels and legislative votes in the municipal, state and federal levels, to supersede the autonomy of the prosecutor's office. In this, Veracel may attempt to move the determination of economic outcomes of pulp project expansion from the currently increasingly important judicial field to the fields of legislative, executive and private politics. By this, it may attempt to fight against the growing competence and role of institutional autonomy in the Brazilian political system, isolating the struggle into electoral politics.

The Scoton scheme has resulted in a series of criminal, corruption and other lawsuits against Veracel, with company representants possibly having to pay considerable fines and getting their political rights sacked for up to five years, with the possibility in the case of sentence being the prohibition to receive state benefits, fiscal incentives or credits, directly or indirectly, for three years.¹⁴ This would signify significant losses to the company, which is highly financed by the state Development Bank BNDES, and is offered extensive fiscal benefits. The lawsuits are expanding now into federal institutes of higher power, as the prosecutors are asking the Federal Reserve, the BNDES, and other institutions to investigate the financing of Veracel as the financing of organized crime.

Direct infringements of law

Besides the above type of procedural criminal lawsuits, Veracel has been accused also of direct infringements amounting to, for example, money laundering charges. In the already mentioned lawsuit where Arnaldo Prado was called as a witness, Veracel and its outsourced plantation managing company Agrominas were investigated for a possible money laundering scheme, among other illicit practices.¹⁵ Agrominas has filed bankruptcy, leaving huge labor cost liabilities. Veracel has found and bankrupted several companies that have done the plantation, with the clearing of forests and pasture lands for eucalyptus, selection of clones and so on. This and other unclear issues about the Fomento schemes are now investigated by the prosecutors.

The relation of Veracel with its partner farmer Prado demonstrates clearly the unequal power relation between the two, and demonstrates the dubious quality of plantation practices. Prado's farm was producing food before converted into eucalyptus lands, he had no experience of eucalyptus cultivation. He believed in what Veracel said. Everything was taken care by Veracel: the cattle-ranch infrastructure was destroyed by Agrominas that made the land ready for eucalyptus, which came as a surprise to him, as the return to farming would require a heavy cost now. Veracel had the absolute

¹⁴ Prosecutor's charge letter, 22 May 2006.

¹⁵ Ato do processo do MPT contra a VERACEL, 6 April 2010.

technical power in the Fomento scheme. The company wanted to plant all his lands with eucalyptus, but he did not let this happen.

After 4 years, the Prado family started to experience a certain degree of distancing from the part of company directors, who did not receive them anymore or answer to them. Then the civil lawsuits against Prado by the Prosecutors started. Veracel did not take any responsibility but cut all connections, shedding all responsibility on top of the contract farmers.

However, in 2008, Veracel Fomento director Luiz Negrai called Prado. He wanted to fix something in the farm, and put the outsourcing company to cut 9.3 hectares of Prado's eucalyptus, with a value of about 50.000 reales. This 9.3 hectares was an environmental protection area, where Agrominas had cleared native forest, planting eucalyptus: Veracel was in a hurry to hide this act as environmental officers were starting to investigate if eucalyptus farms followed the legal limits. Somebody in the neighborhood saw this cutting taking place, and called the police. IMA confiscated the cut eucalyptus, and Veracel who had cut illegally the wood did not pay Prado. Now the wood is rotting.

Prado has his name and honor under accusation by the lawsuits, patrimony unavailable for use, and no doubt that all that Veracel's promises will be unfulfilled. Even to sell his farmland of four generations, he would need the authorization of Veracel, to whom he would have to present to a possible buyer, whom Veracel could neglect without needing to explain why, in which case the land could not be sold. The same rules apply for the other contract farmers.

Prado maintains Sergio Alippi, the CEO of Veracel, as the responsible, and doubts if Fibria or Stora Enso are completely aware of his managerial practices. Prado says that the company owners are incurring enormous losses due to the current management practices, and that the management should be changed. "Today Veracel fights with almost everybody, even with their partners. They have only two allies: lazy latifundiaros and corrupt politicians, and those it has co-opted". The last category includes, according to Prado and many others, ASPEX, where even the association sign is patronized by Veracel, and salaries of representatives paid by Veracel, which is not anymore a class organization.

As a another example of direct infringements, the company director has already twice send false documents, consciously, to the public prosecutor João Silva Neto, alleging the company does not occupy state lands in Eunápolis, while the prosecutor has had official documents from the local land registry offices (cartorios) clearly and officially pointing out the company is on two such land areas. The distribution of false information to public officials constitutes a serious crime.

Existing verdicts of Veracel

Veracel can be sentenced in all these lawsuits. As of now, the State Court in Bahia has forbidden Veracel to plant new eucalyptus in the municipality of Eunápolis (directly, by rent, or via its partner farmers), as the company has already illegally surpassed the municipal 20% legal limit of eucalyptus extension on agricultural lands.

Veracel has also been sentenced, for example, to pay 4 million 576 thousand reais in a labor court case due to illicit outsourcing.¹⁶ This sentence forbids Veracel to use outsourced labor in its end-uses, especially forestry, in all its plantations (own or fomento), and ordered it not to contract companies or persons to substitute the companies that currently serve it, requiring the company to directly hire its workers. This way the judge attempted to stop the illicit practice of disrespecting Brazil's labor legislation and curb the possibilities for all types of illicit circulation of money and services. For example, Veracel was creating "cooperatives", where the workers were not wage workers, but "cooperative members", thus not legible for any labor benefits or protection, but considered as owners. However, the workers were unaware of this, and to their great surprise, were let go by the "cooperatives" after a few months, without any salary paid to them. This direct infringement of labor law led to lawsuits, and the sentence that ordered Veracel to pay 2 million reais to the "cooperative members" whose rights were "severely violated", according to the judge.¹⁷

The mounting investment risk

The legal processes have been initiated by a series of public prosecutors and authorities from all state institutions in the region: we are not dealing with isolated or individual activist prosecutors. The severity of the accusations and the breadth and heterodox quality of the critical front illustrates that Veracel is a very risky investment currently. Shareholders (Stora Enso and Fibria) can incur considerable losses, including the possibility of shutting down operations.

For example, the federal court verdict judged that the company does not have legal rights to plant eucalyptus, that it has rights only to mill construction.¹⁸ The verdict of Federal Judge Márcio Flávio Mafra Leal places all the plantations into a state of illegality. In spite of this, the company has been attempting to double the mill and plantation size, with the help of the state executive sector, particularly Governor Jaques Wagner (PT).¹⁹ The company has complained of the federal judge's sentence, and the case is now on the second federal court. However, even though the sentence would be overruled there, the unattended environmental liabilities of the company would not be resolved.

Now the company faces severe challenges both in the field of land rights struggle and the judicial system. The lawsuits, which have started to live their own life within the judicial system, even though some of them were earlier connected to the landless plight, are a more serious issue, potentially uncontrollable to the companies. Land occupations are part of land conflicts, where giving land and credits solves the problem in most of the cases; lawsuits are part of institutional and structural games, where the autonomous

¹⁶ 22 June 2010, Labor Judge Franklin Rodrigues, Eunápolis, Procuradoria Regional do Trabalho da 5a Região

¹⁷ 29 September 2009, Judge Otaviano Sobrinho, Eunápolis, Civil Law Suit 2497100-2 2009, Tribunal de Justiça do Estado de Bahia.

¹⁸ Diário da Justiça Federal da Bahia, no. 42, page 60

¹⁹ However, even Wagner's public defense of Veracel duplication might be a way to pay back election campaign financing, while he could easily remain neutral in the actual deliberation of duplication, alleging that his other supporters and constituents, such as the landless movements, are making it impossible for him to deliver the fast duplication.

part of the Brazilian legal system in the region has shown to be driven by bureaucratic competence and is eager to impose the rule of law – which is its task.

The lawsuits are now getting more serious, with logging bans that already impact 5,000 hectares of outsourced farmers' 8-year old harvest-ready eucalyptus plantations. Newspapers and eucalyptus planters in the region have voiced in newspapers and interviews that they are incurring severe losses due to the logging bans.²⁰ The eucalyptus should be cut now, as it does not grow anymore efficiently after 8 years without thinning, and because Veracel's input during this time was counted on the partner production. The situation is so severe currently, that the mill operations profitability is put into danger, as a steady supply of raw material cannot be guaranteed. Now, according to local informants knowledgeable of the situation, the company's eucalyptus should be coming from the partner farmers, from the Fomento Florestal program. Due to the inability to legally access eucalyptus from these outgrower areas, the company is eating its own future stock, cutting trees of only 4-5 years old, visible by the thin size of trees transported in the trucks in the region and commented upon by knowledgeable informants.

Besides this, some outsourcers have tried to sell the wood illegally, to gain some income: until now, the outsourcing scheme has been economically highly unbeneficial to the partners. Those who depend on farm income are in the most desperate situation. The local police has captured trucks with illegal wood coming from partner farms, and confiscated the eucalyptus, and the public prosecutors have started legal action against the parties involved.²¹ More criminal cases on illegal logging are going to be opened.

Legislators are also turning more critical on Veracel and eucalyptus expansion. In a growing number of municipalities, such as in Belmonte, where the export port of Veracel is located, members of the city council have embarked on restrictive projects at least returning the eucalyptus to its legal limits. In this, they are following the examples of municipalities in the region such as Itamaraju and Porto Seguro, which have not allowed eucalyptus plantations on their areas, and have experienced much better developmental trajectories, with booming small-scale agriculture sector producing produce for the rest of the area where food has become exceedingly scarce as eucalyptus has occupied the best agricultural lands. In this setting of increased pressure on Veracel land expansion, the Fomento Florestal-program has constituted a principal way for Veracel to expand in areas where they already have exceeded by far the legal maximum size of eucalyptus plantation within municipal agricultural lands (varying between 15-20 per cent).

Also the federal parliament is moving on the Veracel issue: the federal deputy Walmir Assunção (PT) from Bahia has started a public hearing in the parliament on 24 March 2011 to discuss the lawsuits and innumerable rumors and local complaints running against Veracel. This process might have severe consequences on Veracel, as it shows that the criticism is spreading from the civil society not only to the bureaucratic and local legislative systems, but also to the federal legislative level.

²⁰ A Gazeta Bahia, Eunápolis, 24 March 2011.

²¹ For example, case number 110.03.2011, based on which prosecutor Dinalmari Messias opened a criminal case on illegal acquiring, reception and transport of wood in 17 March 2011 in Eunápolis.

Concluding remarks

The pulp companies have most aversion against any attempts to regulate their eucalyptus plantation and land expansion practices, of which Fomento irregularities are an example. They are much more likely to first cede pieces of land to social movements demanding state lands than the companies have irregularly incorporated and planted. But, even if this was done to solve or at least ameliorate the landless families' plight within the heavily pulp-company concentrating land control regime, many unanswered questions would remain. For example, the issue of cutting down an approximate 33.000 hectares of Atlantic Rainforest in 1992-93 by Veracel (in the time going by the name of Veracruz, whose environmental and other liabilities, as well as plantations and other assets, Veracel inherited by the Brazilian law), has not been redeemed, but all efforts are taken to keep the history in the shades.

A business and a society cannot stand on an ethical ground if its historical burden is not redeemed. Even though the company did its best to destroy the evidence of rainforest clearing by bulldozers, by removing the traits of this once the local activists called the federal environmental officers to the area, the proofs are still there (interview with Melquiades Spinola from Cepedes). For example, a video shot from an airplane shows continued recently-cut rainforests on a huge area in 1992. The general public deserves to know about the background of Veracel. It is likely that the investment would never had been finished, if environmental justice would had been fulfilled in 1992-1993, if the company would not had illegally cut 33.000 hectares of Atlantic rainforest. To balance the accounts, the truth should be re-established, and based on this, justice delivered.