

Amazon rain forest is burned to make pig iron for Britain

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By Charles Clover
in Rio de Janeiro

THOUSANDS OF square miles of Amazon rain forest are threatened with destruction by newly-opened charcoal-burning furnaces making pig iron for export to Britain, the EEC and Japan.

A senior executive of the World Bank, which has helped fund regional development, yesterday described the opening of two plants this year as "scandalous".

The plants, in the Carajas region of the eastern Amazon, could lead to one of Brazil's worst environmental disasters because of their reliance on charcoal made from rain-forest trees.

"This is going to mean the end of the Eastern Amazon," warned the official.

Meanwhile, officials at Brazil's Amazon research institute, INPA, estimate that 20 charcoal-burning plants being planned in the Carajas region will require the felling of 450 square miles a year of Amazon forest, rich in species of plants, animals, insects and birds, few of which have been adequately researched.

Pig iron, a crude metal smelted from iron ore, is cheaper than ore to transport.

Ore can also be smelted with coke, but Brazil has little coal. Iron smelted with forest charcoal also has a lower sulphur content.

A big international row is

brewing over the pig-iron plants, which are heavily subsidised by the Brazilian government.

A £1.7 billion iron-ore mine, port and railway complex was built by the Brazilian state mining company, Companhia Vale Do Rio Doce, using £500 million from the World Bank and £313 million from the EEC.

Both loans incorporated strict conditions requiring the protection of the Amazon environment.

The company was required to spend £42 million on environmental protection and £8 million on reserves for Indians. But no such conditions are attached to the pig-iron smelters, which are run by private firms.

Conservationists and World Bank officials now think all the restrictions placed on the state mining company will have been in vain.

The expansion of industry in the Carajas region is known to enjoy the blessing of Senhor Sarney, Brazil's President, who comes from nearby.

The scheme has drawn sharp criticism in Brazil from the influential conservation group, Funatura, a spokesman for which said: "These pig-iron plants are the greatest threat to rain forest anywhere in the world."

The Daily Telegraph visited and photographed one of the newly-opened plants, at Maraba, which is operated by the Cosipar company, part of the Itaminus Group, the largest pig-iron makers in Brazil.

Cosipar's smelter is sited on a



large industrial estate carved from the virgin jungle, and the company is already clearing more forest to accommodate the plant's expansion to a projected 100,000 tons of pig iron a year.

Since opening in March, the company has been producing 10,000 tons of iron a month for export.

The superintendent of the plant, Senhor Nelmo Coelho Liohars, confirmed that the first exports of pig iron made from rain-forest charcoal have been sent to Europe.

His group exports to Britain, the EEC, Japan and China, and is hoping to find new markets in the United States. His company is receiving 40 per cent tax relief.

He insisted that his firm was using 90 per cent sawmill waste to make the charcoal from forest clearance already carried out by ranchers, and he claimed his

company was paying tax to cover reforestation.

But the economics of pig-iron smelting mean that it is only viable to burn timber from the natural forest, and conservationists fear that growing numbers of pig-iron plants and other charcoal-burning processes will lead to vast areas being felled after the current glut of timber from earlier felling has been used.

Dr Philip Fearnside, an American researcher at the Amazon institute, has strongly criticised the government's reforestation programme.

He said: "It really means planting eucalyptus in existing plantations in the South; thousands of miles from the Amazon."

"A few token hardwood species have been planted near the Maraba-Belem road, but these are not properly maintained."

World Bank officials say it would be cheaper for Brazil to buy up the pig-iron plants than to suffer the likely environmental consequences — erosion, forest depletion and agricultural ruin.

They are trying to persuade Brazil to look at ways of adding value to iron ore that do not depend on charcoal.

The Carajas iron-ore smelters are likely to be the subject of fierce lobbying at the World Bank's annual meeting in Berlin in September. Environmental groups are trying to stop other loans to Brazil until the Carajas smelters have been abandoned.



Smoking ruin: Officials of a private smelter and Brazil's state mining company survey charcoal burning