

## 17.60 CARAJAS PIG IRON PLANTS, BRAZIL

AWARE that the World Bank in the past has provided US\$304 million and the European Community US\$600 million in loans to the Companhia Vale do Rio Doce (CVRD), Brazil, a government-controlled mining company, to construct the Carajas iron ore mine and an 890 kilometre railroad to transport the ore from Carajas to Ponta de Madeira, and that some of this ore is now scheduled to be delivered to pig iron smelters that will be located along the path of the railroad but outside the area of the World Bank and European Community project;

CONCERNED that a large area of pristine Brazilian Amazon tropical forest around the mine and railroad may be converted into charcoal to fire these smelters over a period of just three years and that the traditional livelihood of more than 10,000 Amazonian Indians in the region is immediately threatened;

CONCERNED FURTHER that 11 charcoal-fired smelters approved by the Brazilian Government, and an additional 20 proposed pig iron projects, will severely undermine established World Bank and Brazilian loan contract provisions to protect the environment and indigenous peoples;

NOTING that, according to some feasibility studies, the smelters along the railroad will only be financially viable if pristine forest is cut to make charcoal, but not if plantation forests are used;

NOTING further that Indians living in 23 reserves in the area around the World Bank project are particularly vulnerable to the effects of these iron smelters, since their forest resources are likely to be quickly destroyed for charcoal production by migrants and squatters desperate for income;

RECOGNIZING that the environmental effects of the smelters, their economic viability, and their location have been the subject of vigorous protest from the Brazilian scientific community;

The General Assembly of IUCN, at its 17th Session in San Jose, Costa Rica, 1-10 February 1988:

- 1 CALLS UPON the Brazilian Government to prevent the deforestation of the pristine forest of the eastern Amazon, and to seek alternatives that will promote the long-term, sustainable development of natural resources and the environment throughout the region and simultaneously ensure the protection of the lifestyles, livelihood, and property rights of the indigenous peoples in the region.
- 2 CALLS UPON the World Bank to use its good offices to continue to intervene more vigorously to halt all industrial projects using charcoal derived from pristine forests; with reference specifically to those projects not financed by the World Bank, to assist the Brazilian authorities in evaluating alternative development options that will not cause massive deforestation and loss of outstanding biological diversity; and to ensure that the CVRD complies with its contractual obligations to protect both the natural resources and indigenous populations in the region.
- 3 CALLS UPON the European Community to use its influence in favour of protecting the forests and indigenous peoples of the Amazon and not to finance any iron ore projects that do not ensure the protection of those forests and peoples.

