

# The Amazon's silent crisis

CASE STUDY 1

# ASSOCIAÇÃO VIROLA-JATOBÁ



<b>Logging Authorisation (AUTEF)</b>	633/2009	Expiry date	31/08/2010
<b>Rural Environmental Licence (LAR)</b>	177/2007	Type of Ipê	Yellow Ipê
<b>Total area of property</b>	29,334.66ha	Number of Ipê trees declared in Annual Production Unit (UPA)	Not specified
<b>Sustainable Forest Management Plan (PMFS) area</b>	23,467.73ha	Total volume and density of Ipê trees declared in UPA	4.22m <sup>3</sup>  (0.01m <sup>3</sup> /ha)
<b>Net area authorised for harvesting under AUTEF</b>	462.06ha		
<b>Specialist (forest engineer) responsible for PMFS proposal</b>	Marlon Costa de Menezes		
<b>Property owner</b>	Public land managed by INCRA		

<b>Logging Authorisation (AUTEF)</b>	2018/2010	Expiry date	5/10/2011
<b>Rural Environmental Licence (LAR)</b>	177/2007	Type of Ipê	Yellow Ipê
<b>Total area</b>	29,393.50ha	Number of Ipê trees declared in Annual Production Unit (UPA)	Not specified
<b>Area of Sustainable Forest Management Plan (PMFS)</b>	26,578.80ha	Total volume and density of Ipê trees declared in UPA	170.53m <sup>3</sup>  (0.179m <sup>3</sup> /ha)
<b>Net area authorised for harvesting under AUTEF</b>	952.53ha		
<b>Specialist (forest engineer) responsible for PMFS proposal</b>	Marlon Costa de Menezes		
<b>Property owner</b>	Public land managed by INCRA		



Virola Jatobá Sustainable Development Project in the municipality of Anapu, Pará State. Approved 'Sustainable Forest Management Plans' for Amazon forest can be misused to launder illegal timber.

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## A pioneering project

The Virola-Jatobá Sustainable Development Project (PDS) was created in 2002<sup>1</sup> out of an earlier government-sponsored agricultural settlement project. Its land is located near the city of Anapu, 25km from the Trans-Amazonian Highway. Together with the Esperança PDS, it was the first such project in Pará,<sup>2</sup> the result of the activist nun Sister Dorothy Stang's<sup>3</sup> work to develop a new model of settlement intended to ensure settlers a secure additional source of income based on managed harvesting of timber, without destroying the forest. Land conflicts between the settlers and loggers led to Sister Dorothy's murder in 2005, inside the Esperança PDS.

According to the Brazilian National Institute for Colonisation and Land Reform (INCRA), 236 families live on the Virola-Jatobá PDS's land.<sup>4</sup> Some of them make up the Associação Virola-Jatobá (AVJ), a community association set up to carry out forestry activities via a Sustainable Forest Management Plan (PMFS) on the bulk of the

PDS land (principally the Legal Reserve – the 80% of the estate that is not permitted to be cleared for agriculture).

It was only in 2007 that AVJ received approval for its first management plan, together with the logging authorisation (AUTEF) for its first Annual Production Unit (UPA) out of 15.<sup>5</sup> In order to manage its forestry project, AVJ established a partnership with a private company, Vitória Régia Exportadora,<sup>6</sup> whose responsibilities were to include implementing the management plan, producing the forest inventory for the next UPAs and ensuring that forestry activity met Forest Stewardship Council (FSC) standards. The relationship between AVJ and Vitória Régia was formalised through a contract validated by the Sustainable Forest Management Support Project in the Amazon (ProManejo – set up by the Institute for the Environment and Renewable Natural Resources (IBAMA)), as well as by INCRA and the Federal Public Prosecutor in Pará.

# Social and environmental disaster

By the time Greenpeace visited the area in 2013, however, this model had resulted in a veritable social and environmental disaster. Vitória Régia Exportadora, which had been sold to the timber products company Arbor Native, was no longer operating the Virola-Jatobá FMP directly: management had been passed to another company, Bortolanza. Nevertheless, Vitória Régia remained the contract holder, and had failed to fulfil its agreements with the community to use low-impact management methods meeting FSC requirements and to provide subsidised farming implements and supplies to the families living within the PDS area.

Community members who worked in the Forest Management Area (AMF) claimed to have discovered that online printable Sisflora forestry documents for transportation of timber (GFs) had been printed from a computer somewhere outside the Virola-Jatobá PDS area, indicating that operations were being concealed from the community. They also claimed that the same documents were used repeatedly for different truckloads of timber, though they are supposed to be used once only.

According to community members, the company operating the plan had abandoned felled timber in the stockyards, telling the community that there was no need to cut more because the yards were full and because it (the company) was not actively pursuing sales at that time. It thereby avoided paying the community for their timber, while using the credits from the abandoned logs to launder timber from elsewhere. Greenpeace found a large number of logs (including some hollow trunks, which a competent forestry operation would not have felled) lying in the PDS's stockyards and forest.

On the few logs that had identification plates, the Greenpeace inspection team found that identification consisted of only the number of the log and in some cases the Work Unit (UT), but not the UPA, in violation of the law and the traceability arrangements agreed between AVJ and Vitória Régia.

In addition, the Greenpeace inspection team identified harvesting of inventoried trees outside the boundary of the AMF.

The team also found many trees within the UPAs that had been designated for felling in the AUTEFs but had not been logged. Along with the abandoning of felled trees, this strongly suggests that AVJ's credits were being used to launder illegal timber from elsewhere. We have reason to believe that significant percentages of these credits have already been traded.



Virola Jatobá Sustainable Development Project in Anapu, Pará State. Approved 'Sustainable Forest Management Plans' for Amazon forest can be misused to launder illegal timber. 04/01/2014 © Marizilda Cruppe / Greenpeace



Sawmill in Para State A sawmill in the municipality of Uruará, Pará State. 03/28/2014 © Marizilda Cruppe / Greenpeace

## Processing

93% of the credits issued in respect of AUTEF 633/2009, and 52% of the credits issued in respect of AUTEF 2018/2010<sup>7</sup>, are known to have been used in transactions with four sawmills in the region (though much of the timber concerned may be assumed not to have come from the AMF):

- **Bortolanza Indústria e Comércio de Madeiras Ltda (the same company that has been managing the forestry operation in the AMF)**

- **Itapuranga Indústria e Comércio de Madeiras Ltda**

- **R E A Indústria e Comércio de Madeiras Ltda**

- **Madeball Indústria e Comércio Ltda.**

Madeball Indústria e Comércio Ltda has a track record of illegality. Between 2005 and 2008, IBAMA charged the company with nine infractions, of which seven are still making their way through the courts. The offences of which the company

was accused included the sale of sawn timber without authorisation for shipping or sale, and the storage of timber without a licence or proof of origin.<sup>8</sup>

In June 2013 a district court judge ordered the Madeball mill to shut down for 16 months, in the culmination of a court case instigated by IBAMA, which had caught the company in possession of 170m<sup>3</sup> of illegal timber in 2007.<sup>9</sup> Days before the June 2013 ban, Madeball had been fined R\$100,000 (US\$45,000) for falsifying information on Sisflora.<sup>10</sup>

# International customers for suspect timber

Greenpeace knows of 13 companies that have exported timber purchased from the four sawmills associated with the Virola-Jatobá PDS; between them they have exported to Canada, the USA, Belgium, France, Germany, Italy, the Netherlands, Portugal, Spain, the UK and Israel. These export companies include Vitória Régia Exportadora itself, which despite withdrawing from management of the PDS continues to purchase timber from two sawmills linked with it.

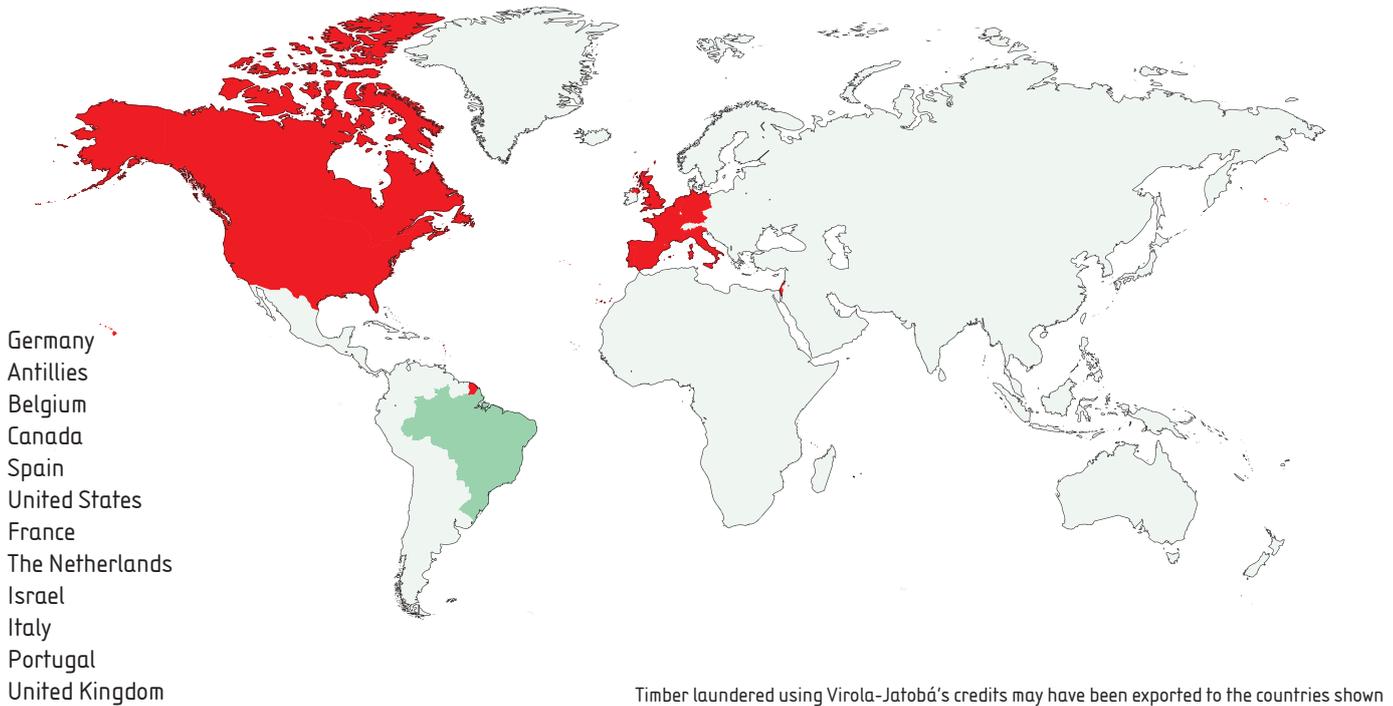
Vitória Régia Exportadora is an important client of the Madeball mill and also exports timber from Bortolanza's mill. Founded in 2001, Vitória Régia exported to 11 countries in the year to February 2014, including the USA, France, Germany, Canada, Portugal, Italy and Sweden.

Vitória Régia emphasises sustainability in its advertising. It is FSC-certified, and its successful products include Ecoflooring,

a plywood flooring made partly of recycled wood.<sup>11</sup> In contrast to its public image, however, in April 2013 the company was fined over R\$600,000.00 (US\$270,000) for stocking and selling wood with no valid documentation.<sup>12</sup>

Export companies that have sourced from Vitória Régia have sold timber to well-known retailers including Lumber Liquidators, A relatively young American company, Lumber Liquidators is featured in US TV programmes such as Extreme Makeover, This Old House and Dream Home,<sup>13</sup> broadcast on cable TV in many countries. The Lumber Liquidators website reports that its flooring can be found in the homes of Donald Trump, Angelina Jolie, Kim Basinger and other celebrities<sup>14</sup> These customers are probably unaware that Lumber Liquidators purchases Brazilian timber from companies associated with forest industry illegality.

## Virola-Jatobá's tainted markets



## Endnotes

- 1 Instituto Internacional de Educação do Brasil (2011) Análise de acordos entre empresas e comunidades para a exploração de madeira em assentamentos rurais na região da BR163 e entorno, no Estado de Pará. [www.iieb.org.br/files/1613/5215/3899/public\\_ieb\\_Empresas\\_Comunidades.pdf](http://www.iieb.org.br/files/1613/5215/3899/public_ieb_Empresas_Comunidades.pdf)
- 2 Mendes, J., Porro, N. and Shiraishi Neto, J. (2012) A 'ambientalização' dos conflitos sociais no PDS Virola Jatobá no município de Anapu, Estado do Pará. 36º Encontro Anual da Associação Nacional de Pós-Graduação e Pesquisa em Ciências Sociais (ANPOCS),

- 3 Grupo de Trabalho 03, Conflitos ambientais, terra e território: estratégias de resistência e construção de direitos (GT03). [http://portal.anpocs.org/portal/index.php?option=com\\_docman&task=doc\\_view&gid=78618&Itemid=217](http://portal.anpocs.org/portal/index.php?option=com_docman&task=doc_view&gid=78618&Itemid=217)
- 4 INCRA (2010) Projetos de reforma agrária conforme fases de implementação, p153. [http://pdfc.pgr.mpf.mp.br/atuaacao-e-conteudos-de-apoio/publicacoes/reforma-agraria/questao-fundaria/assentamentos\\_2001\\_a\\_2010.pdf](http://pdfc.pgr.mpf.mp.br/atuaacao-e-conteudos-de-apoio/publicacoes/reforma-agraria/questao-fundaria/assentamentos_2001_a_2010.pdf)
- 5 Instituto Internacional de Educação do Brasil (2011) Análise de acordos entre empresas e comunidades para a exploração de madeira

- 6 em assentamentos rurais na região da BR163 e entorno, no Estado de Pará. [www.iieb.org.br/files/1613/5215/3899/public\\_ieb\\_Empresas\\_Comunidades.pdf](http://www.iieb.org.br/files/1613/5215/3899/public_ieb_Empresas_Comunidades.pdf)
- 7 Vitória Régia Exportadora website: [www.vrexpo.com.br/subMenuResponsabilidadeManejo.php](http://www.vrexpo.com.br/subMenuResponsabilidadeManejo.php)
- 8 MPF Para, Investigation Procedure number 1.23.000.001187/2013-31
- 9 IBAMA cases 02048.001645/2006-42, 02047.000782/2006-70, 02069.000002/2008-03 and 02069.000003/2008-40
- 10 IBAMA (2013) Madeireira multada pelo Ibama é condenada a 1,4 ano de interdição por crime ambiental no Pará, 18 June. [www.ibama.gov.br/noticias-ambientais/madeireira-multada](http://www.ibama.gov.br/noticias-ambientais/madeireira-multada)

- 11 Vitória Régia Exportadora website: [www.vrexpo.com.br/subMenuProdutosEcoflooring.php](http://www.vrexpo.com.br/subMenuProdutosEcoflooring.php)
- 12 IBAMA documents 206216/2013-DITEC and 206217/2013-DITEC.
- 13 Lumber Liquidators website: <http://investors.lumberliquidators.com/2014-01-09-Lumber-Liquidators-Announces-Management-Promotions>
- 14 Lumber Liquidators blog: <http://blog.lumberliquidators.com/lumber-liquidators/about-us.html>