

## **Why Vale deserves the award for *Worst Corporation* in the world?**

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Vale is a candidate for the Public Eye's World Worst Multinational prize. You can vote here (<http://www.publiceye.ch/en/vote/vale/>) to show your indignation against their human rights and environmental violations. The following text presents the reasons for why they deserve this award. Amongst these are: environmental impacts, social impacts, conflicts with local peoples, labor and economic impacts, international violations.

### **1. Environmental Impacts**

#### **1.1 Environmental Controversies**

Vale has a portfolio with 37 investment projects that have unresolved environmental controversies.

#### **1.2 Mining in Conservation Areas**

Vale has three mining projects in national forest areas (National Forests and Protected Areas): Carajás Serra Sul, the main one in terms of investment (US\$ 8 billion), is located in the Carajás National Forest in Pará, where Vale wants to extract 90 million tons / year of iron ore.

The Sierra Norte project, also located in the national forest, has a production of over 100 million tons / year of iron ore. The location of the Salobo project in the National Tapirapé-Aquiri Forest in the state of Pará creates a series of issues:

1. The headwaters of the Salobo River will be obstructed because of the construction of a dam and reservoir storage, as well as the containment unit for ore.
2. The watershed consists of a plateau delimited by 300-400 meters that separates the Igarape Salobo basin from the Cinzento River. This natural division will be affected by the construction of the hydroelectric plant that will power the complex.
3. The slope of the basin will also be affected by the construction of the dam and the reservoir storage.

Some impacts are already visible: the pollution of the Salobo River in the Itacaiúnas basin, pollution of groundwater due to the establishment of camps, the disruption of streams because of the construction of roads, and deforestation. Over 300 chestnut trees have been cut down for the construction of the project's road and there is visible destruction in the Nacional Tapirapé-Aquiri Forest.

#### **1.3 Impacts on communities along the Carajás Railway**

In 16 communities along the Carajás Railway in Marabá (Santa Rosa dos Pretos, Monge Belo, Bom Jesus das Selvas, Nova Vida, Novo Oriente, Francisco Romão, João do Vale, Planalto I, Planalto II, Agro Planalto, VilaDiamante/P.A, Jutay, Alto Alegre do Pindaré, Vila Labote, Vila Pindaré, Vila Concórdia e Vila União, totaling more than 6500 families), monitored by the Rede Justiça nos Trilhos, the most visible environmental impacts are: air pollution with iron ore particles; running over of wild animals (armadillo,

deer, agouti, etc.), cargo animals (donkey, horse) and livestock (oxen, cows). Other impacts are: disruption of rivers due to new roads, pollution of water due to iron ore particles, and further sedimentation in dams.

#### **1.4 Water impacts in Minas Gerais**

In Minas Gerais, Vale's Capon Xavier Mine is located on top of a large aquifer that serves more than 300,000 people from Ribeirões de Fechos, Catarina, Mutuca and Barreiro. The natural flow of river has been reduced by 40%, while supply in Catarina and Barreiro have been reduced by 20%. Additionally, irreversible damage has taken place in preservation areas. In the Fechos Ecological Station water streams are diminishing every year.

In the metropolitan area of Belo Horizonte in Minas Gerais, Vale wants to build the Apolo Mine (second largest project in Brazil) in the Serra do Gandarela. This represents the destruction of the forthcoming Serra do Gandarela National Park, where an important aquifer is located that represents the future water supply for 5 million people.

In Itabira, Minas Gerais, Vale's place of origin, the company was sued by the municipality for environmental and social damages caused by iron ore operations in the region. The municipality called for the restoration of the affected ecosystems, which are valued at R\$868 million.

#### **1.5 Atlantic Steel Company, Sepetiba Bay, RJ**

In the Sepetiba Bay, in Rio de Janeiro, the Atlantic Steel Company (TKCSA), a joint venture of Vale and ThyssenKrupp, has caused many harmful impacts on the health, the environment and the income of about 8,000 families and hundreds of artisanal fishermen living in Santa Cruz.

In March 2008, TKCSA was embargoed by IBAMA/Rio de Janeiro and was fined R\$ 200,000 for illegally destroying mangrove areas and for the obstruction of a river without authorization. In August 2010, INEA fined TKCSA R\$ 1.3 million for air pollution due to particulate matter from the deposition of pig iron in open pits. In January of 2011, INEA fined TKCSA R\$ 2.8 million for air pollution and was asked to pay R\$14 million in environmental and social compensation. Since December 2010, the Attorney General of the State of Rio de Janeiro, through action filed by the Grupo de Atuação Especial de Combate ao Crime Organizado (GAECO), accused TKCSA of committing environmental crimes. The Group blamed the company's director and its environmental manager for the illegal actions.

Additionally, scientific studies have shown that the company will be responsible for a 76% increase in the CO<sub>2</sub> emissions of Rio de Janeiro. In Fiocruz, a 1000% increment of iron concentration in the air was found as a result of TKCSA operations. However, the company is suing the three researchers from UERJ and FIOCRUZ that produced these studies for moral damages.

## **1.6 Emission of pollutants**

In 2008, Vale was responsible for emitting about 16.8 million tons of carbon dioxide (CO<sub>2</sub>). In 2010, total emissions of particulate matter were 66,000 tons, an increment of 29% compared to 2009. Regarding nitrogen oxides (NO<sub>x</sub>), total emissions were 110,000 tons in 2010, an increase of about 30% over the previous year. Total emissions of sulfur dioxide in 2010 were 403,000 tons, an increment of 25% from the previous year.

## **2. Social impacts**

### **2.1 Fatalities, accidents and other impacts of the Carajás Railroad**

The 892 km of the Vale's Carajás Railroad divides 25 counties in the states of Marabá and Pará. There are 94 communities, between villages, towns and cities, within 1000m of the railroad. The intense movement of people and the lack of protection mechanisms and signaling are responsible for the death of one person every month by Vale's trains. In 2007, there were 23 recorded deaths, and nine fatal 'hit and run' victims. According to ANTT, that same year 2860 accidents were recorded across the length of the railroad.

A new project is seeking to double Carajas' capacity. According to IBAMA's records, Vale is willing to eliminate more than 1,168 geographical 'interferences' for the construction of the project. Amongst the interferences are: houses, farms, crops and villages. The legality of the licensing process has been called into question. The Federal Attorney General recently filed a public civil action and a federal court injunction was emitted in Maranhão to suspend the works in the railroad.

### **2.2 Collapsed houses and compulsory removal**

In 16 communities (Santa Rosa dos Pretos, Monge Belo, Bom Jesus das Selvas, Nova Vida, Novo Oriente, Francisco Romão, João do Vale, Planalto I, Planalto II, Agro Planalto, VilaDiamante/P.A, Jutay, Alto Alegre do Pindaré, Vila Labote, Vila Pindaré, Vila Concórdia and Vila União, which totals 6,500 families), monitored by the Rede Justiça nos Trilhos, the most visible impacts are: killings, damages to the structure of the houses, forced removal of families by Vale, noise pollution, damage to local roads caused by large vehicles, the banning of subsistence crops in the vicinities of the railroad, and an increase in the population of male workers which increases social vulnerability.

### **2.3 Respiratory and skin diseases in Açailândia, Marabá**

In Açailândia, Marabá, Vale's production unit of charcoal (which was sold in 2011) is located next to a settlement of rural workers that suffer deeply from the impacts of the smoke generated in the furnace. 70 of them were diagnosed with serious respiratory diseases.

Similar diagnostics were seen in Piqua due to the operations of five steel mills associated to Vale. The iron ore and all the pig iron production is transported via railroad. This area produces over 500,000 tons of pig iron. Surveys conducted by the Center on Infectious Diseases and the Federal Univeristy of Maranhão revealed that

41.1% of the population complains of some sort of skin and respiratory illness. The diseases were credited to high levels of pollution caused by the smoke and debris from the steel mills, and pollution of water resources.

In May 2011, the International Federation for Human Rights released the report "Brazil: How Much are Human Rights Worth? Regarding Vale's Impacts in Açailândia, Maranhão." The report indicates that "the incessant air pollution, the ongoing pollution to water resources, and poor sanitation systems have a negative impact on people living in extreme poverty conditions. Not only they are affected, but also their crops, which intensifies their poverty and undermines their standard of living."

The mobilization of communities that seek mitigation and compensation for damages has been characterized by difficulties due to: poor information access, irregularities in the process of approval of environmental impact studies and attacks to their character. Moreover, judicial petitions presented by the communities were ignored and no measures have been taken so far. This represents a violation of the right to due process and effective remedy.

#### **2.4 Child Prostitution**

In Bom Jesus das Selvas, a city of 25,000 inhabitants, the arrival of 2000 men for the Carajas railway works increased the cases of child prostitution and sexual exploitation according to the Centro de Defesa da Vida e dos Direitos Humanos. Low-income adolescents exchange sex for clothes, shoes or amounts from \$ 30 to \$ 50.

#### **2.5 Death threats in Rio de Janeiro**

Due to their resistance to the TKCS in Sepetiba Bay, fishermen and other community leaders suffered from death threats and intimidation. For example, the house of the president of APESCARI, Luiz Carlos, was vandalized. Negotiations were started to include him in the federal program for human right protection. A petition was also sent to the UN Special Representative for Human Rights and Transnational Corporations because of the violations committed by the TKCSA.

### **3. Traditional populations**

#### **3.1 Conviction for damages to Quilombolas communities in Pará**

In April 2011, a federal court ordered Vale to pay an amount close to three times the minimum salary, to 788 Quilombolas families living in Jambuaçu, Mojo. The community is located 82 miles from Belém, in the region of Pará. A 244 kilometers pipeline that transports bauxite from Paragominas crosses the village and other municipalities until reaching the city of Barcarena. In this city, Alumina do Norte Brazil (Alunorte), a subsidiary of Vale, has its operations. Among the negative impacts from the pipeline are: rock removal, sedimentation of the Jambuaçu river streams, and the clearing of more than 150 chestnut trees.

#### **3.2 Tampering of Quilombolas communities' land rights Marabá**

In Maranhão, through administrative appeals, Vale is preventing traditional communities in Santa Rosa dos Pretos and Monge Belo to have collective ownership of their lands.

These lands have been demarcated by the Brazilian State. With these actions, Vale is seeking to facilitate the removal of these communities and the movement of heavy construction machinery for new works in the Carajas Railroad.

### **3.3 Invasion of indigenous lands in Espiritu Santo**

In Espiritu Santo, a project by the Ubu Steel Company of Archieta will invade lands occupied by the indigenous community of Chapada do A. Despite the fact that the environmental license forced the company to respect the right of the residents to remain in their lands, Vale has strongly pressured them to sell their properties by offering an average of R\$7,000 per household. In February 2011, the communities were informed by FUNAI of their status as the indigenous community of Tupinikim. FUNAI recognized their status as traditional peoples, but many issues remain with the demarcation of their land.

### **3.4 Federal Courts ask Vale to compensate the Xikrin tribe in Pará**

In 2008, the court condemned Vale to allocate more than R\$ 650,000 per month to indigenous peoples that live close to the Carajas mineral province. After performing mineral activities for over ten years in indigenous lands in the southeast of Pará, Vale was forced to compensate the two affected communities. According to a Federal Court ruling Vale is set to pay R\$ 268,054.62 to the Cateté Xikrin tribe and R \$ 388,843.27 to the Xikrin Djudjekô, totaling a payment of more than R\$ 650,000.

## **4. Labor and economic impacts**

### **4.1 Exhaustive workloads**

In March 2010, the Labour Court of Parauapebas in Pará ordered Vale to pay R\$100 million in damages and more than R\$200 million in labor violations. According to the ruling, Vale was forced to pay for the commuting hours of workers. The lengthy commute increased workload to 13 hours, a clear violation of the constitution, and it reduces by 15 hours their leisure time. Vale was convicted of collective moral damage, since workers' free time is also absorbed by work duties. Such labor imprisonment conditions can transform worker's weekly rest into an exhaust valve that can trigger increases in local rates of violence, alcoholism and prostitution.

### **4.2 Overflowing labor lawsuits in Parauapebas, PA**

There are thousands of labor lawsuits - about to be overturned – in the Federal Court. There has been an exploding amount of cases in the Judiciary of Labour in Parauapebas (where the Carajas project is located) in recent years. There were 1878 cases in 1997. The amount of cases increased to 3,752 in 2006 and 6,761 in 2009. Most of the cases are related to violations of the right to compensation.

### **4.3 Earnings versus wages**

The court also said that Vale arbitrarily increased their profits at the expense of wages, affecting not only workers, but their own contractors, as well as mining competitors through workforce dumping.

### **4.4 Forced labor and child labor**

According to investigations by the Public Ministry and IBAMA, Vale has maintained trade relations with pig iron companies that are involved in child labor cases by providing them with iron ore and the necessary infrastructure for their production.

#### **4.5 Billion dollar royalties and tax evasion**

Although they operate in one of the countries with the lowest mining royalties in the world, Vale does not pay what the law requires. The company has accumulated a debt of R\$4 billion with the CFEM (Compensação Financeira pela Exploração de Recursos Minerais). For that reason their name is included in the registry of individuals and corporations that are indebted to the national state (Cadastro Informativo de Créditos Não Quitados do Setor Público Federal) and exploration operations in the Carajas mines was forbidden until they fulfill their debt. According to the Attorney General, Vale also sells its ore below market prices in European and Asian markets. In December 2011, the Federal Court ordered to pay the millions of dollars in taxes that they owe to Brazilian state and to CFEM.

### **5. International impacts**

#### **5.1 Mozambique: eviction of communities**

The mega-mining projects of Moma and Moatize, in the north and center of the country, have displaced 760 farming families from their communities due to the opening of new coal mines, according to reports from the Mozambique's Center for Public Integrity. The company has divided the displaced families in rural and semi-urban areas using speculative criteria for their resettlement. Rural families are those that were resettled 45 km from their home community and 75km from the city of Tete. We are suffering," says one displaced resident. "Vale has exacerbated our poverty. In our communities we sold firewood and charcoal. We sold our food. Here in the resettlement, we are the unemployed and the poor without access to the market and without other sources of income." More resettlements are underway.

#### **5.2 Canada: longest strike in history and illegal dumping of waste**

Vale used the recent global crisis as an excuse to reduce wages, increase working hours, massive layoffs, and cut benefits and other workers' rights. This led to the longest strike in Canadian history against Inco (a subsidiary of Vale). In Sudbury and Colborne, Ontario, the strike lasted 12 months, while in Voisey's Bay, Newfoundland and Labrador, it lasted 18 months. The strike involved more than 3000 workers.

The company is also being sued for destroying the lake Sandy Pond to create a waste storage of 400,000 tons, according to complaints from local organizations. Even in Canada, Vale is the center of the largest civil action for environmental problems in the country's history. In 2010 Vale was sentenced to pay more than 36 million Canadian dollars in damages to more than 7,000 residents of the province where Vale operates a nickel refinery. The decision was reversed recently, but the case will be heard by the Supreme Court of Canada.

#### **5.3 Peru: private militias**

A subsidiary of Vale "Miski Mayo" ("Rio Doce" in Quechua, an indigenous language)

started their operations in 2003 in Cajamarca. Three years later, the Commission on Sustainable Environmental Management found evidence of militia activities within the facility. There are several reports of persecution of leaders who have opposed the project.

#### **5.4 Indonesia: land dispute and refugees**

In 2000, after the civil war, the Karonsi'e refugee of the Sorowako community earned the right to return to their lands, where the company Inco had exploited the nickel resources, in agreement with the previous dictatorship. Crops and houses were destroyed for the development of mines. Currently, 30 families are still fighting for their lands and live in extreme poverty. They are unemployed and suffered from constant threats.

#### **5.5 Argentina: impacts on water**

In Mendoza, in South of Malargue, the increasing demand for fertilizers has boosted Vale's performance due to their potassium project in the Colorado River. The company's practices have impacted the watershed, which serves 25,000 inhabitants. It has also destroyed native flora and fauna. Furthermore, the Colorado River, one of Argentina's main sources of water, is at risk of salinization.

#### **5.6 New Caledonia: pipeline to dump nickel production' wastes in the sea**

Since 2006, Vale Inco seeks to implement mining projects in Goro, in New Caledonia, but it has faced strong opposition from the local indigenous population, the Kanak. A major focus of the protests has been Vale's intention to build a pipeline to dump mining residues in the sea. This action will inevitably damage the coral reef that surrounds the country - which is largest one in the world - and the country's lagoons system.