

Gualeguaychú, August 5, 2009.

Mrs. Meg Taylor
Compliance advisor and Ombudsman
2121 Pennsylvania Avenue, NW
Room FSK-292
Washington DC 20433
USA

Dear Mrs. Taylor:

We are submitting the following complaint on behalf of the Gualeguaychú Citizens' Environmental Assembly, a Civil Association or NGO representing the interests of our city's community, concerning the impacts caused by the cellulose production plant installed in the city of Fray Bentos by BOTNIA, a Finnish firm. Your office had the opportunity to intervene at a stage prior to the granting of credits on the part of IFC and MIGA, so we are again requesting your participation at this operative stage of the plant, known in IFC as the ORION project N° 23817.

This complaint is based on the persistence of violations of IFC's operational policies, which you pointed out in your audit reports during the former intervention; they have not been corrected but, on the contrary, have been intensified.

This is all in a context of grave events that have occurred in the BOTNIA plant since the start of operations, with repercussions in Argentine soil that have been deliberately ignored by IFC.

In the Annexes attached to the present document we shall mention them. All this has generated an increase of the social protest by the people of Gualeguaychú, represented by our Assembly, that has been strongly manifested in the succession of marches to the San Martín bridge, the latest on April 26, 2009 with over 100,000 people according to press estimations.

Yours faithfully,

ANNEX I

1. BASIS FOR THE COMPLAINT

The complaint is based on the violation of IFC's operational policies, especially CFI OP 7.50 "Projects related with international rivers".

It is also based on the violation of the very resolution adopted when approving the Orion project.

We should remember that CAO itself, upon participating in this process, held that *"Very little emphasis has been placed in the transborder nature of the impacts of these undertakings and there has not been enough recognition of the legitimacy of worries and fears of communities located in the project area"*, also pointing out the importance of weighting the impact on the touristic activity developed in the area.

IFC decided, upon granting said credit, notwithstanding the well-founded legal and environmental objections to the project, that the operative stage would be monitored by independent experts. For this purpose they rehired Ecometrix, whose previous intervention was severely questioned by the public and independent experts. An additional aggravating factor was that said reports have been based on information supplied by the same company. This combination is a real mockery of the announced independence.

These reports, to which we shall refer further on, have totally overlooked the serious events occurred since the start-up of the plant. They have eluded the evaluation of the transborder impacts of a mega-undertaking, located on the banks of an international river (waterway), with eminently touristic use and in an area devoted to food production on the Argentine side. In addition, they are grave contradictions with what they and Hatfield asseverated during the process that ended up in the granting of the credit by IFC.

2. PERCEPTION OF NAUSEATING ODOUR CAUSED BY THE EMISSION OF TOXIC GASES

Practically from the start of Botnia's operations, there have been numerous verified incidents with fumes, that were widely reported by the press in both countries, with an impact on Argentine territory, at the Nandubaysal resort, down the river from the plant, even in downtown Gualeguaychú, something that the wood-pulp plant always denied that could happen.

These events have been frequent. We shall refer only to a few which, according to their importance and media repercussion, we understand deserve to be pointed out, using to that effect mostly the information published in the newspaper in El País of Montevideo, a newspaper that cannot be accused of

attacking Botnia, but quite the contrary, and the concrete accusations that have been formulated.

21/11/07. Botnia apologized for the bad odours coming from their cellulose plant at Fray Bentos, where six children and a teacher felt sick owing to the fumes.

According to a spokesman of the group, the leak of “sulphur reduced compounds” on 21/11/07 was caused by failure in one of the plant systems designed to reduce odours.

The strong smell, denounced by the local press media, reached Fray Bentos and caused sickness in six children and one teacher of School N° 53.

The spokesman admitted that those odours may be perceived four or five times a year, but without impinging on the health of the population in the area of the plant, on the Uruguayan shore of the Uruguay river, which separates that country from Argentina.

However, a few days later the odour invaded the Argentine side.

In statements to the press, the Uruguayan Director General of Health, Jorge Basso, also underlined that children feeling dizzy due to the smell were not at any risk and that the symptoms quickly disappeared.

He added, however, that the Ministry of Public Health will evaluate the manner in which Botnia’s operations may affect the health of the local inhabitants.

According to the Inspector of Elementary Education in the Department of Río Negro (where the plant is located), Edgardo Andino, in statements recorded by the digital paper Observa, the children did not receive medical attention because they recovered quickly.

Nevertheless, he pointed out that the population of Fray Bentos is “constantly” surprised by odours and noises, ever since the start-up of the plant.

On her part, the Environmental Director of Uruguay, Alicia Torres, explained today that these odours, “depending on each person’s sensitivity, may cause dizziness, but are not a health hazard.”. It is strange, at least, that in the same phrase it is held that they cause dizziness but do not imply any risk for health.

27/11/07. Failure in boilers/furnace leaves odour in Fray Bentos

The city of Fray Bentos again perceived the smell of fumes, caused by an incident at Botnia's cellulose plant.

An involuntary error of a plant technician, as reported by the company, caused an unexpected power cut and the plant also lost the connection with Radio Nacional.

Therefore the auxiliary boilers stopped, giving off a bad smell. In the communiqué issued by Botnia it says that "in the first analysis of the causes of the event it was determined that an instrument in the control system of the boiler went off, so that the safety system of the boiler stopped it. This provoked the interruption in the plant-produced power generation, triggering a sudden demand on the National Network that they use as back-up, thus causing their safety systems to also interrupt the supply. This is why the plant and the auxiliary boilers stopped working and generated odour in the air".

Differently from the week before, when the odours were restricted to the surroundings of the plant, the smell was perceived throughout the city. Several persons called the local radios to report the situation.

One week ago, an episode of odour originated in the plant caused dizziness to six school children of Fray Bentos. Then the company said that the 15-minute event was due to adjustment processes at the plant.

29/11/07. El Potrero area (Argentina)

Two teen-agers were treated last Thursday at the Centenario Hospital in Galeguaychú, after perceiving a strong smell in the zone El Potrero, near the Botnia plant in Fray Bentos. The Director of the hospital, Hugo Gorla, said that the youths showed similar symptoms: sore eyes and throat and nausea; he attributed them to the fumes from the Botnia plant at Fray Bentos.

30/01/08 Fray Bentos – Nandubaysal (República Argentina)

This event deserves special attention, since in this opportunity the odour fumes from the plant reached Nandubaysal, in the midst of the touristic season and affected it during two days. Let us see how events came to pass by referring to the article in El País de Montevideo and the reports made by those affected in said resort.

The Uruguayan daily reports that on January 29, the Botnia plant was paralyzed by a sequence of mechanic episodes, causing a stoppage of activities during 48 hours. Meanwhile, a Finnish workman sustained burns by accident, though there was no connection between both events.

A failure in a measuring instrument triggered the safety system, that in turn shut off the main boiler of the plant. The episode caused the plant to cease functioning.

Botnia's Communications Manager, Florencia Herrera, informed El País that "upon resuming production, there was a failure in the fiberline pipe."

Around 2 am in Fray Bentos there was a strong smell from the plant, which is produced when they start-up operations.

So far the journalistic information published by El País, but what should be stressed in this case is that the strong odours perceived in the city of Fray Bentos had an impact also on the Nandubaysal resort.

This repeated the following morning for a shorter period.

To describe what happened we shall refer to the reports made to the of Environmental Alert Office of Gualaguaychú's Municipality by those present at the time.

Barrere, Christian Ariel, Argentinian, ID 21924972, reported: *that on Tuesday 20/01/08 at 1.30 hs. the employees of the Confitería Nandubaysal Resort told him that they and the tourists that were on the terrace perceived nauseating odours. He went to the place and certified that the odours mentioned by the staff were true: a smell of sewage. He commented that during the half hour he had stayed there the odour was constant; then added that in the early morning today, around 3.30 am there was a similar case, for 15 to 20 minutes.*

Costa, Nicolás Lorenzo, Argentinian, ID 24596463, said: *that while he was working in the kitchen of the Confitería at Nandubaysal Resort he perceived an unpleasant smell; thinking it could come from the bathrooms and after verifying that they were in good conditions, he went out on the terrace. There he realizes, also through comments of tourists and friends who were holding their noses, that it came from Botnia. The smell lasted for 45-60 minutes; he compared it to the smell of sewage or rotten eggs, as in the morning of 29/01/08 at 1.30 am; it repeated on 30/01/08 for a shorter time.*

Rojas, Gisela Vanesa, Argentinian, ID 33854948, declared; *that in the early morning of January 29, 2008, while on her job at Confitería of the Nandubaysal Resort, she suddenly began to perceive a smell (she said the smell of a tannery), getting stronger by the minute and lasting 45 to 60 minutes. The smell was changing and was then like rotten eggs. A workmate felt the same and they began to feel irritation in their noses; there was also smoke hovering around Botnia and that repeated this morning.*

Oroná, María Gisela, Argentinian, ID 35040934, said: *that in the morning (1.15 am) of Monday, January 29, 2008, while at the bar of the Confitería of Nandubaysal Resort, she felt a strong smell of tanning and burnt leather. Some tourists who entered the room had to leave because of the smell, that lasted around 50 minutes; after the first 15' she felt nauseated and saw a low cloud of grey smoke over Botnia and white smoke coming out of the chimney. She reported that this morning, 30/01/08 at 3.30 am the phenomenon repeated, with tourists as witnesses.*

Espósito Lisandra, Argentinian, ID 29466194, said: *that in the morning of 30/01/08, at around 3.30 am she was working at the Nandubaysal Resort she began to perceive a strong smell (mud in bad condition), similar to some chemical substance, for around 15'; she saw white smoke from Botnia and the wind changed. Where she was there were tourists who perceived the same that she described.*

Guidoni, Carlos María, Argentinian, ID 20361313, reported: *that while at his shop, renting small carts and bicycles in Nandubaysal, in the early hours of 20/01/08 at 1.20 am, after dining with a group of tourists and friends that were camping at the resort, they perceived a bad smell, like rotten eggs. Trying to find the origin of the smell they went to the riverbank and from there they saw a mist over Botnia; the wind was blowing from there, bringing the smell, for about 50 to 60 minutes. In the morning of 30/01/08, while at the Scorpio tea-house, between 3 and 3.15 they again perceived the same smell, coming from the mill.*

The statements gathered give full proof of the unpleasant smells suffered at the resort and their impact on both tourists and employees there. As was said in the lawsuit, even the report by the Argentine Delegation appointed by our Foreign Office in the GTAN pointed out that episodes of bad odours were expected, mainly metilmercaptane, at the Nandubaysal Resort and in the city of Gualeguaychú.

However, the report published by Botnia, even admitting the existence of odours, gave *false* information on the prevailing winds, thus underrating their impact on our shores, particularly on the resort.

We have always maintained that the winds especially in Summer, would carry that *pestilence* to the shores of the resort, so, as could be expected, the tourists would abandon the place, never to return, and transmit their bad experience with the obvious repercussions on this touristic undertaking. We asserted, also, that this would happen simultaneously with the productive activity of this plant. Well, it is already happening. The company that was sued deliberately concealed this information. The damage we sought to avert has already been caused.

It should also be emphasized that contrary to what the defendant firm has been saying, these odours are not just that. The substances originating and accompanying them are health-damaging, as shall be proved by evidence during the process.

Suffice it to say for now that said odours are connected with the so-called reduced sulphur or TRS compounds. Most TRS contain sulphidric acid and, to a lesser degree, a compound called mercaptane. When a smell is perceived, typical from Kraft plants, these mercaptanes are present, with less effects on health due to their scarce concentration, and sulphidric acid, which is considered one of the most dangerous acids and is under the strictest control in developed countries. On this point, what the chemical engineer Elías Matta stated is particularly relevant, in the lawsuit N°56204: “BUSTI, JORGE PEDRO Y OTROS/DENUNCIA ART.55, LEY 24051 EN GRADO DE TENTATIVA”, before the Federal Court, Secretaría N°1 Criminal y Correccional. These penal actions we offer as evidence owing to their relevance.

January 26, 2009. Nandubaysal – Gualeguaychú City (República Argentina)

Closer to the present, on January 26, 2009, strong smells coming from Botnia were perceived, during approximately 2 hours, first at the Nandubaysal Resort and later in Gualeguaychú city. Repercussions of the event came instantly. So much so that it must be considered as “of public knowledge”.

A notarized act written that day at the Resort, herein enclosed, describes what happened. We submit some of those statements below:

Cristian José QUIROZ, ID N° 23710080, born on 13/01/-74, married, domiciled in Concordia N°873, Gualeguaychú, Argentinian, adult and sane, declares that he is a police officer in charge of the resort and was patrolling the area with another officer; in the area close to the beach where there is a recreational center, around 10.30 hs., they perceived a strong smell, similar to gas. He asked the local persons whether they perceived the same, as he feared there could be a gas leak, and the people there were perceiving the smell; he says it lasted for about thirty minutes and upon his return to the police station the smell was a little less intense; while he perceived the smell he felt some irritation in his eyes.

Rubén Florencio ROA, ID N° 11057954, born on 16/05/1954, married, domiciled in Roffo N° 409, Gualeguaychú city, Argentinian, adult, sane, states that he started to perceive the smell around 9.30 hs. today; he works in the control office of the camping site, he felt a mixed smell of gas and rotten onions, he closed all the windows; some people arrived from the camping site complaining about the bad smell outside, an unpleasant odour; they said that they had planned to stay the rest of the day, but they decided to leave, as they did not know if the smell was dangerous or how long it would last; comments were repeated and many people left for the same reason; this unusual exit was

recorded in the computerized technical support of the office, so after closing of the cash register today it will print a copy to be added to the protocol.

Andrés Filiberto COCERES, ID Nº 20343042, born on 04/11/1968, married, domiciled in Angeleri Nº 1966 in Gualeguaychú city, Argentinian, adult, sane, declares that he is a police officer and was on his round with QUIROZ in the area of the recreation center, when they began to perceive a strong, unpleasant odour; at first they thought it was gas and started to ask the people who were there, but later they found out that the smell did not come from the camping site; it was so strong that he had difficulty to breathe; the wind blew from the other side of the river to the resort store; everyone there said they felt the same, it was not something isolated but a stifling smell, so they returned to the police station, where it was less intense.

Agustín Melchor Barrere, ID Nº 25559043, born on 6/11/1976, single, domiciled in Nandubaysal Resort, department of Gualeguaychú, province of Entre Ríos, Argentinian, adult, sane, declares that he was in the Confitería “Scorpio”, located on the beach, where he works, and around 10.00 hs he began to perceive a smell of rotten onions, that there were people having breakfast who left because they were feeling sick, that he went to the cabin where he lives and found his three-year-old daughter sick, vomiting because of the smell; the wind then was decidedly southeast, coming from Botnia, the smell was very disagreeable and his throat itched.

Patricia Inés ROJAS, ID Nº 31689548, born on 12/6.1985, single, domiciled in Calle del Inmigrante Nº 51 of Gualeguaychú city, Argentinian, adult, sane, declares that around 10.30 am, as she was on the beach having “mate” with her boyfriend, began to perceive a smell like a gas leak, then like rotten onions; then they moved away but the smell continued, and the wind came from there, that her nose was irritated and she found the “mate” revolting, so they went to the exit but the smell was unbearable there too.

Sergio Daniel CUELLO, ID Nº 29958362, born on 10/12/1982, domiciled in Ameghino N° 1652 of Florencio Varela, Partido de Sarmiento, Provincia de Buenos Aires, Argentinian, adult, sane, says that he is a tourist, left Gualeguaychú around 9.30, when he was driving to Nandubaysal they started to perceive the smell, so they closed the car windows; upon arriving to the resort they perceived a strong smell, very unpleasant, like rotten onions.

In addition to these statements there are those made at the office of Environmental Surveillance of the Gualeguaychú Municipality, of which there are hundreds, also hereto attached.

The great public repercussion of this event brought about many press articles among which we attached one with a photo of the resort, published in La Nación, with the caption “*The Nandubaysal Resort, near Gualeguaychú, lost tourists owing to bad odours,*”.

As we said before, the damage is now consolidating. Your intervention admits no delay.

In this case, facing the undeniable “faits accomplis”, Botnia admitted to the incident. *“In the morning of today, Monday, January 26, some maintenance work was performed on one of the condensation pumps at the Fray Bentos plant. Upon restarting the pump, between 10.10 and 10.47 am this caused an emission of smelly gases. We inform the community, to ease their minds, that these gases do not affect people’s health or the environment.”*

Clearly this admission lacks information of any kind. It does not contain any detail about the gases that were let out without control and were detected tens of kilometers away; simply, a message supposedly appeasing as to health and the environment. At this point, this is a typical reaction of this company. Without technical information and without even apologizing for what happened, they attempted to minimize the event, knowing that it was not the first, nor, unfortunately, will it be the last.

The notarized act enclosed included the records of tourists leaving, made by the Office of Access Control at the resort, which showed an unusual number of departures, particularly for a Monday. The damage would have been greater if this had happened during a week-end.

These are just a few cases registered. The gas emissions from the plant are constant. We may say that we are at the mercy of the wind.

3. REPORT ON DIOXINES

Together with the public repercussions of the smells endured in the city and in the Nandubaysal Resort, the Instituto Nacional de Tecnología Industrial of Argentina (INTI) published in the press a report of the utmost gravity.

That report remarked that although the dioxine levels in the river sediments near the plant were below the OMS limits of inevitable damage, the differences with the samples taken upstream, near Concepción del Uruguay, were very important. There, the dioxines recorded were barely 0.06 thousandths of milligram per ton, while near Nandubaysal they were 0.32 thousandths of milligram. The president of INTI estimated that the difference between values (over 500%) was due to the presence of the Botnia plant. The study was made on samples taken in August 2008. The fact is that the increase of these highly contaminating substances has been exponential, especially if we take into account that dioxines are biocumulative and not biodegradable, so that they accumulate both in the riverbed and in the food chain. The president of INTI himself declared that if these values continue to increase the situation will be a cause of great concern.

We should point out that contrary to all the authorized bibliography and the historical experience, the EIA of Botnia held that the technology applied in the Fray Bentos plant would not emit dioxines or furanes.

They used for that purpose an ambiguous word: “*undetectable*”. Well the fact is that it does emit them and they are absolutely detectable. Here also the IFC was deceived by fallacious reports, made to measure for Botnia’s interests.

4. STAIN ON THE URUGUAY RIVER

A few days after the latest episodes of odours described and the publication of the INTI report referred to in the above section, there appeared on the Uruguay river, beginning from Botnia, an impressive chemical white stain, mixed with a large concentration of algae.

Even without knowing the complete composition of that white crust, basic analyses made by the Gualeguaychú Municipality clearly show an organic chemistry base, similar to products used by industries like Botnia. The magnitude of the spill is also unconcealable, for it covered the whole river from Fray Bentos to 10 Km upstream. In view of this evidence, the public statements of the company and the Uruguayan government seem surprising: they attributed the phenomenon to an accumulation of algae.

On this point there is room for certain considerations. In the first place, the algae referred to are not innocuous, which both of them know perfectly well and they have maliciously concealed it in this case.

In the second place, the magnification of this phenomenon in the river owing to Botnia is not unknown by either of them.

Finally, besides algae the stain contained chemical products that are harmful for the river life, the composition of which was duly studied by the authorities of our country and submitted as evidence before the International Court of Justice at The Hague. Once the court declassifies said documents – which will occur in a few weeks – we shall access that information and confirm the gravity of the spill that was concealed both by Botnia and the IFC, through their appointed consultants (Ecometrix).

Back to the algae phenomenon, we remember that the report on eutrophication made by DINAMA already anticipated it. We quote some essential paragraphs below:

DINAMA remarked that “The data on water quality submitted in the Study on Environmental Impact reveal that most of the parameters analyzed are within the limits established by Decree 253/79 and the Digest on uses of the Uruguay River by CARU, for Class I water (destined to public supply with conventional treatment). However, on the basis of information submitted in the Study on Environmental Impact, it is concluded that there exist various parameters that

exceed these standards. In some cases, the recorded values exceed even the limits for less demanding uses.”

“Analysis of the present situation and the potential effects of the plant The processes of eutrophication of aquatic systems are produced by the increase of nutrients, fundamentally phosphorus and nitrogen...”

“Eutrophication is usually manifested by a proliferation and accumulation of microalgae or superior plants. The great development of microalgae provokes a series of interferences in the uses of the systems affected, fundamentally when florescences of toxic algae are generated, as in the case of many cyanobacteriae found in the Uruguay River. These florescences constitute a sanitary risk for consumers and swimmers **and generate important economic losses, as they interfere with certain uses of water such as recreational or touristic activities** or for potabilization. They may cause bad smell, unpleasant taste and changes in colour, which increases considerably the potabilization costs.”

“According to Environment Canada, **although the quality of effluents from wood-pulp and paper plants have substantially improved in the last few years, the effects on aquatic biota remain evident.** There are several examples in which the discharge of effluents from kraft pulp plants, subjected to secondary treatment as in the case of the projected plant, **have favoured eutrophication processes in great rivers. ... In Canada, various recent studies on bentonic communities in rivers have revealed patterns of response to eutrophication, as a result of exposure to effluents from wood-pulp plants, given their content of nutrients and organic matter.**”

“Periods of low speed current and high temperatures (higher than 20°C) increase the probabilities of florescences of potentially toxic cyanobacteriae. Among the most important factors that determine algae florescences in the Uruguay river are precisely the high temperature and the low speed of the water; in periods of low level do not surpass 0.018 m/s in the sector of the river where the plant is to be located. Additionally to these conditions are the high concentrations of nutrients and scarce activity of zooplancton. This combination of characteristics, at present shown by the river, is thus favourable for the development of dense florescences of cyanobacteriae.”

“To this existing situation we must add that in the future, the effluent of the Botnia plant will discharge a total of 200 tons per year of nitrogen and 20 tons per year of posphorus, similar values to untreated sewage effluents, generated by a city of approximately 65,000 inhabitants.” (bold type ours).

“The inorganic fractions of nitrogen and phosphorus in biologically treated effluents from a wood-pulp and paper plant are easily available for algae growth.

(Priha M. & A. Langi, 2000 The impact of nutrient loading of pulp and paper mill effluents on eutrophication of receiving waters. Proceedings of the 4th international conference on environmental impacts of pulp and paper industry. The Finnish environment, 417 p.). Lab tests have demonstrated that there exists a clear stimulation in the growth of algae with diluted inorganic substances of nitrogen and phosphorus. (Balode M., M Pfeifere, I. Purina & S. Bekere, 2002). The role of nutrients and their behaviour in the development of phytoplankton cenoses of the Plavina reservoir. Report from LUBI, Riga). Therefore, these fractions might favour the processes of eutrophication in the areas of discharge close to the plant.”

*Therefore along the period of operations of the plant, it is quite probable that dilution situations will be generated but to a lower degree than estimated. **This causes an underestimation of the impacts evaluated, mainly insofar as the critical periods. Since these minimum flows are recorded in Summer, normally January and February, when the use of beaches and the river in general is greater, the impacts on the recreational and touristic uses in the zone of influence could be more important than those forecast in the Study of Environmental Impact.*** (bold type ours).

Botnia’s responsibility in the worsening of these phenomena was known by Uruguayan authorities and grossly concealed from public opinion.

What did reach the general public was the regrettable condition of the Uruguay River in the influence zone of the plant. The repercussion throughout the main press media, the photograph in the first page of La Nación, one of the most important in our country (attached) is sound proof and confirms our fears. The aggression suffered by the environment close to the plant, especially the river along our coast, is making a very negative impact on the touristic attraction of the area and its future viability. Should this process of environmental degradation continue, the consequence will be no other than the ruin of any touristic undertaking in the area, a concern that your office has always expressed.

To this date we have the first results of the analyses made in the laboratory of the Municipality Waterworks in Gualeduaychú. A copy of the report is attached. These studies prove that the diluted oxygen “is zero”, which implies that in the stain that appeared in the Uruguay river “life does not exist”, because if there is no oxygen, all living beings (biota) cannot exist.

As we have already pointed out, the results are still unknown of the analyses made by those who develop the studies corresponding to environmental

surveillance of the Uruguay river, on the part of our country, which your office will surely obtain.

5. None of these events has deserved any evaluation on the part of IFC or MIGA, even though during their first intervention in this process, the CAO emphasized as important issues and concerns the following, submitted by the claimants:
 - **How to address in a credible, comprehensive way the question of what could be the impacts of the projects proposed, who they will affect and how to face the issue of compatibility between touristic development and a large-scale industry on the Uruguay River.**
 - **How to ensure that the process of approval of IFC projects will respect and secure the interests of local people, and**
 - **How to ensure that the legal and administrative arrangements for the planning, monitoring and compliance of the transborder aspects of these projects shall be effective, responsible, account for their actions and have resources.**

IFC did not study them nor are they willing to verify them now. CAO's intervention is again urgent.

6. Ecometrix Reports

As part of the process of authorization of this credit, IFC ordered the monitoring of the undertaking by independent experts. However, that has been degraded. In the first place, the task was assigned to Ecometrix, whose previous studies were severely questioned, even by the Argentine Foreign Office and the CAO. To add further gravity, these reports are being based on the data supplied by Botnia itself on their operation.

Really independent experts have seriously questioned these reports. We shall quote below the considerations made by chemical engineer Elías Matta, in articles sent to the scientific journal Int. J. Environment and Health, the force of which warns about the growing cover-up to conceal the real consequences of Botnia's operation in our region.

Although the first of the studies is attached (Int.J. Environment and Health, vol.3, N°2, 2009), corresponding to the first 180 days of Botnia's operation, we shall quote some of the conclusions of the second article, which analyzes the Ecometrix report of March, 2009, corresponding to all the operative year 2008.

5.1 The EcoMetrix – World Bank report of March 2009 confirms what had been announced in the previous work of the consultants: THE HIGH (excessive) level of the pollution load to which Botnia is subjecting all the area of the low Uruguay River. According to all the background data, this pollution load will cause, in a few years, a serious, irreversible damage to the flora and fauna of the zone, as well as to the health of the population.

5.2 From the figures of the report one can deduce toxic emissions of 8,500 tons for the year 2008. However, owing to the insufficient supply of information and serious omissions, a more realistic estimation shows continuous toxic emission of 15,000 tons and 50 million equivalent toxic units (ngTEQ) of dioxines and furanes. All dumped into the river and the atmosphere in only one year.

5.3 For the second time, EcoMetrix leaves us without any information on relevant parameters to illustrate “environmental conditions” in its “Revision of environmental performance of monitored year 2008.”

5.4 The EcoMetrix report is far from achieving the technical quality and clarity that should be expected from an international expert. Omissions, repetition of mistakes and a confused presentation of vital information discredit their assertions and cast doubts on their role as “independent consultant” of the World Bank.

The reports entrusted to EcoMetrix by IFC lack the minimum seriousness and impartiality required. Also, they have not been prepared according to the OP 750, applicable to the case of undertakings on international waterways, since they neglect once more the transborder impacts of the pulp mill. Because of all this, we deem as necessary and unpostponable a new intervention of your office, aiming at an independent control at this stage in Botnia’s operation, that would take into account the guidelines of the above mentioned OP and address the grave incidents that have been occurring, on both sides of the border, which have been systematically ignored by the IFC. Your intervention should evaluate adequately the grave damages that are produced daily in environmental aspects, whether as toxic leaks/spills (gases like sulphidric acid), water pollutants (dioxines, furanes and heavy metals in the sediments of the Uruguay river across Botnia’s port, generation of toxic algae), bad odours persisting in all the area and Gualeguaychú city and so many other damaging consequences for the ecosystem, health and socio-economic activities of the inhabitants on both sides.

To this end we request:

- 1) That you initiate a new audit on the terms herein exposed.
- 2) That you verify past and present compliance with what you indicated upon your previous intervention in this process.
- 3) That you visit the region again to verify “in situ” the environmental and social reality of Botnia’s real impacts.

ANNEX II – DOCUMENTARY EVIDENCE

The following is attached as documentary evidence: