

From:
To:
Subject: Sonae Loan in White River, South Africa

Dear EIB,

Our names are _____ and we _____, from the Sonae Novabord factory in White River, South Africa making MDF. We are very concerned about the factories' attitude to the surrounding community, they are arrogant and ignore the environmental laws of the country in order to meet their expansion goals, and we are very concerned to see that the EIB is assisting them in meeting these goals to the health detriment of thousands of people (many of them poor, many of them children) living close to the plant:

EIB approves R235m loan for Mpumalanga panel-board factory

Published: 11 Jul 07 - 11:13 Martin Creamers' Mining and Engineering news

The European Investment Bank (EIB), the European Union's development bank, has made a €25 -million (around R235-million) loan to wood-based panels manufacturer Sonae Novobord, a 100%-owned subsidiary of the Sonae Industria SGPS multinational group.

The EIB loan has been signed within the framework of a co-operation agreement between the European Union and South Africa whereby the EIB provides long-term finance for public and private investment supporting economic development in South Africa.

The Bank recently announced that it was starting a new programme of lending €900-million (R8,5-billion) in the country.

Sonae Novobord will use the EIB funds to cover almost half of a R475-million investment to expand its panel board factory in White River, Mpumalanga province.

The company will double the plant's capacity to manufacture wood-based particle-board for kitchens, furniture and the building industry. The loan has been signed for a 10 year term.

Significant development benefits were expected from the project, including consolidation of 130 jobs and creation of 40 more in a disadvantaged area, skills enhancement, technology transfer, replacement of imports by home production and export potential in the region, the EIB said in a statement.

This plant called a public meeting two years ago to announce their expansion. They were hoping to just do a scoping report, but the public outrage at this meeting resulted in the authorities telling them to do a full EIA. They commenced with the EIA, but before the EIA was completed, we saw that construction at the plant had commenced. We contacted the local authorities who eventually informed us that Sonae had informed them that they were only doing "maintenance" and that all was in order. It later transpired that they had in fact completed the expansion (illegally), and the local authorities gave them a "still to be disclosed" fine and refused to allow them to commission the new drier. Sonae have now applied for a section 24G rectification EIA to try and get retroactive permission to operate the new drier that will allow them to more than double their capacity of their entire plant.

As it is, the formaldehyde discharged from this plant is a SERIOUS concern for public health. The EIA produced by Sonae (withdrawn after the public pointed out flaws in the EIA) measured ambient levels as high as 299 ppb outside the plant in July 2007. (formaldehyde is a carcinogen, and levels as low as 77 ppb were enough to have trailer homes given to Hurricane Katrina victims evacuated). If the plant commissions the new drier, they will more than double their production and correspondingly increase the formaldehyde discharge into the atmosphere around the plant. There is strong and growing community outrage about this. I personally have two small children in a school that is directly downwind of the plant. Formaldehyde has been linked to learning disorders, and one of my kids really battles to focus at school, I can't but help wonder if there isn't a connection. The school has contacted Sonae regarding the high instance of respiratory disorders within the student population. These are children who are voiceless victims of an international corporate who repatriates

its profits out of the country, is highly mechanized and employs relatively few South Africans.

Other highly toxic substances (isocyanates, nitrous oxide, sulphur, carbon dioxide) are being released by Sonae as well as dust which effects thousands of workers, residents and children in the vicinity of the plant. These need to be fully investigated and controlled. We have reason to believe that the plant is operating without a valid Air Emissions License. Repeated requests for a full health study to be one of the specialist health studies have been ignored by Sonae.

As a community we will continue to fight to have the pollution levels handled responsibly, but after two years of engaging with Sonae and receiving no responsible or satisfactory attempts to reduce the pollution, we believe we must now begin public protests and an international media campaign. We think the EIB might find that their giving of the loan to Sonae was irresponsible and that their reputation will be affected. By studying the material from the Draft EIA you will also note that Sonae are in contravention of a variety of the IFC regulations regarding MDF and particle board production. We believe that such a plant would not be allowed to operate in Europe, and that by funding the plant in South Africa the EIB therefore has racial and geographical double standards.

We urge the responsible people in the bank for the Sonae loan to investigate carefully, and to make sure that they deal with this in a pro-active way to have the pollution stopped before it becomes a public health outrage. Technical solutions do exist that can mitigate the pollution, we demand that they be investigated and the most effective possible solutions be installed.

Please acknowledge receipt of this email.

Yours Sincerely,