

# Argentina-Uruguay: The Militarization of the Pulp Mill Conflict

By Raúl Zibechi | January 5, 2007

On November 29, the conflict between Argentina and Uruguay over the construction of cellulose mills on the shore of the shared Río Uruguay took a spectacular turn. The media reported that the Uruguayan government had decided to send armed forces to guard the mill, owned by the Finnish multinational Botnia, opening the door for the militarization of the binational conflict. Although three weeks later the Uruguayan government retired its guards, the conflict continues at a standstill and bilateral relations are tense.

“With the military, NO,” read the headline of the Argentine daily *Página 12* on Dec. 1, underscoring that the path taken by Uruguayan president Tabaré Vázquez could lead the tense situation to a dead end, the only possible outcome of which would be a deterioration in the relations between the two countries. In Uruguay, the weekly *Brecha* recalled that when it was in the opposition the left harshly criticized any attempt to use the armed forces in internal security issues. The ministers of the left-leaning government as well as the leaders of the Frente Amplio (Broad Front), the main constituency of Vázquez’s government, preferred to turn a blind eye rather than dissenting with the president’s militaristic action.

The decision to send armed forces to protect the 550 hectares owned by Botnia represents not only a turn in the countries’ bilateral relationship but also a profound change in the politics of Uruguay’s left. The pro-secretary of the presidency, Jorge Vázquez, who is also the president’s brother and a former guerrilla, told the media that defending the multinational is “a national issue.”<sup>1</sup>

The Argentine government called the mobilization of Uruguayan troops “excessive,” while President Néstor Kirchner said, “We did not deserve such an affront. We ask him to rectify his mistake.” The situation will likely get worse with the approaching summer tourist season, since all the bridges between the two countries might be blocked. The point of greatest friction is the General San Martín bridge, which joins Fray Bentos on the Uruguayan side (where Botnia is building its mill) with Gualeguaychú, on the Argentine side. Residents of Gualeguaychú have staged the most important road closings in recent years. For several years ecotourism has

flourished in this Argentine city, and this source of income for many of its residents would be seriously harmed by pollution from the cellulose plant. The conflict threatens to have a negative affect on all of Mercosur. The only light is the role played by an envoy sent by the King of Spain to act as a mediator.

## Escalating Tension

In recent months a series of contradictory events have occurred. Uruguay scored three diplomatic victories on the international stage: The International Court of the Hague dismissed a request from Argentina to order the work at Botnia halted; in November the World Bank approved a loan and stated that the plant was unlikely to cause long-term harm to the environment; and Mercosur’s tribunal said that the Argentine government must prevent the closing of its international bridges. But Argentina also won an important victory: the Spanish company ENCE, which had begun work on a plant near Botnia’s, also on the Río Uruguay, backed down and is now studying the possible relocation of its project.

But the conflict, which for months was played out through diplomatic channels and without bridge closings, escalated in November, especially following the announcement of the World Bank loan extended to Botnia. As noted by one Argentine commentator, starting then, “Gualeguaychú residents suspected, in the light of the World Bank’s [actions], that the Argentine government did make a sufficiently strong effort.”<sup>2</sup>

On the Uruguayan side, environmentalists who criticize the construction of the cellulose plants and the government’s forest policy feel isolated. A member of Grupo



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Guayubira complained of the Uruguayan government's change of direction: "It is incredible that people have forgotten that these plans that today are being carried out were the plans of the right-wing governments of the past."<sup>3</sup> However, the vast majority of the population considers the defense of the cellulose plants a "national" issue and even the union movement supports the steps taken by the government.

Importantly, left-wing politicians have failed to notice that the Uruguayan government's decision to send in troops to the border to guard the Botnia plant is based on a 1974 decree issued by the military dictatorship. This decree enables the military to ensure internal order, something that the Frente Amplio had always categorically rejected. What is clear is that tension between the populations on both sides of the Río Uruguay has continued to mount; in fact, a few months ago, Argentine fishermen accused the Uruguayan Coast Guard of firing shots at them.

The reasons given by one side are ignored by the other. Uruguayans see this as an issue of sovereignty and the cellulose plants as a way out of the unemployment crisis. Uruguayans cannot understand why Kirchner's government will not use force to remove the picketers who block the bridges. Conservative analyst Rosendo Fraga offers a compelling explanation of Kirchner's limits: "From the Argentine standpoint, since the deaths of two picketers on the Avellaneda bridge [in Buenos Aires] in June 2002, which precipitated [interim president] Eduardo Duhalde's early resignation from office, it has been considered politically risky to use law enforcement personnel to contain protests."<sup>4</sup> Fraga also points out that for more than 18 months, the University of Buenos Aires has been unable to elect its administrators due to an internal dispute, and that in Patagonia armed workers recently occupied an oil plant; in both cases, the government preferred to back down rather than take the unacceptable risk of confrontations and possible deaths.

Indeed, after the insurrection in 2001, Argentine authorities understand that the country's fragile governability leaves no room for repression. These limits have been imposed by a civil society that is unwilling to tolerate repression, given the country's recent history, stained with disappearances, torture, and deaths. In sum, social sensitivity in Argentina means that the government is forced to negotiate. In this context, any appearance of using force could turn against the authorities and force them to step down.

## **The Internationalization of the Conflict**

For nearly a year, Argentine protesters have blocked the passage of Chilean trucks transporting raw material for the construction of Botnia's paper mill. This has strained ties between Argentina and Chile, leading the Finnish company to send its raw material by ship to Uruguay. But the main problem is now facing Mercosur, which has been unable to address and solve a conflict between member countries.

For some time, Uruguay has been asking Brazil to intervene. Luiz Inacio Lula da Silva's government hopes to strengthen its position as a regional leader and to promote integration. Hence, the Second Summit of the South American Community of Nations, held in Cochabamba, Bolivia, on Dec. 9, is seen as one of the most important pieces of Brazil's plans for integration. However, Lula, fearing that any action that he takes could backfire, has refused to intervene in the binational conflict over the cellulose mills.

Argentina's position is that the problem should be resolved by the two countries without the intervention of other players in the region. Brazil sees its alliance with Argentina as one having the utmost importance, and in recent years it has taken great strides to defuse and resolve a longstanding trade dispute that affects industry in both countries. Accordingly, Lula does not want to endanger his alliance with Argentina, but failing to intervene could also have serious implications and undermine Mercosur and Brazil's plans for regional integration.

Uruguay's reasoning can be seen in its tendency toward establishing closer ties with Washington. Until now, the opponents of a proposed Free Trade Agreement (FTA) between Uruguay and the United States have succeeded in delaying the signing of the agreement. But a prolongation and deepening of the cellulose conflict might favor those such as Uruguay's Minister of Economy, Danilo Astori, who seek to jumpstart a broad trade agreement with the United States. Such a trade agreement would deal a serious setback to regional unity, since it would give U.S. multinationals an important base to export their products to the two largest Mercosur markets, Brazil and Argentina.

During the recent Ibero-American Summit in Montevideo, a proposal was made for the Spanish Crown to mediate the dispute. King Juan Carlos de Borbón

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named Juan Antonio Yáñez Barnuevo as the “facilitator” of dialogue between the two countries. Barnuevo immediately met with authorities from both countries. However, not even the political affinity between the presidents of the region was sufficient for Kirchner and Vázquez to come to the negotiating table. After two rounds of talks, the only possibility is for the two presidents to meet in Spain, but Vázquez gave notice that he will not negotiate as long as the bridges continue to be blocked.

What is being negotiated? Months ago, the Argentine government succeeded, thanks to its contacts in the Spanish government, in having the ENCE relocate, although the company has not yet clarified if it will remain in Uruguay or go elsewhere. What is clear is that ENCE’s decision could lead Botnia to follow suit. Two possible solutions are being discussed: using Mercosur funds to move the Botnia plant, or constructing an interceptor that would dump polluting waste downriver, far from Gualeguaychú. But Botnia has made it clear that it does not plan to move its plant, nor does it want to interrupt the construction work. Hence, the Spanish government has been holding talks with the Finnish government, to encourage Botnia to be more flexible.

## Predatory Multinationals

This is not, in fact, the only case in which the actions of multinational companies have serious consequences for the local population. Investments by mining companies have been denounced in Peru and Argentina, among other countries, because of their consequences for the environment and local residents. Soybean and palm oil monoculture destroys campesino crops and forces growers to migrate to the cities. The case of the cellulose plants is keeping with this global trend. The search for alternative energies to oil and gas is leading many countries to turn to biofuels, which, inevitably, entail greater monoculture and dispossession of indigenous and campesinos from their lands. (The former chairman of the Federal Reserve, Alan Greenspan, stated that cellulose could be one of several candidates to replace hydrocarbons).

The case of Colombia speaks volumes. President Alvaro Uribe wants to see palm cultivation increase to one million hectares by 2010, compared with only 118,000 in 2003. “This type of megaproject increases concentration of land in a few hands and favors the continuance of

territorial dispossession suffered by indigenous communities during every period since the Spanish conquest,” says Darío Mejía of the Organization of Indigenous Nationalities of Colombia.<sup>5</sup> Tatiana Roa, of the organization Censat-Agua Viva, says that the first step is for large areas of land to be purchased quietly, after which Indian and campesinos communities begin to be driven away. “This is the story of the forests that have disappeared to be transformed into plantations. It is the story of ancestral cultures transformed into palm-growing proletariats. These are the voices that ask for an end to the destruction proposed by the defenders of biodiesel.”

Throughout Latin America it is becoming clear that we are living through the third stage of the recent dispossession. In the 1970s and 80s, it was the foreign debt, often incurred by military dictatorships, that brought about a phenomenal transfer of resources toward the North. The 1990s, thanks to the Washington Consensus, saw the privatization of state-owned enterprises, benefiting multinationals in services, communications, water, and oil. Now, we are in the time of biodiversity and the search for “alternatives” to solve the hydrocarbon crisis. As in the preceding cases, local and global elites are seeking more profits and more power. At the heart of the matter, the Argentine-Uruguayan conflict is part of a vast escalation by the large multinationals of the North to continue dominating the planet.

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## End Notes

- <sup>1</sup> *Brecha*, Dec. 1, 2006.
- <sup>2</sup> Mario Wainfeld in *Página 12*, Nov. 22, 2006.
- <sup>3</sup> *Brecha*, Dec. 1, 2006.
- <sup>4</sup> Rosendo Fraga, “¿Se militariza el conflicto entre Argentina y Uruguay?,” *Nueva Mayoría*.
- <sup>5</sup> Helda Martínez, “Colombia. Biodiesel se mezcla con guerra,” IPS, at [www.ipsnoticias.com](http://www.ipsnoticias.com).

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## Resources:

Fabián Werner, "Verde que te quiero verde," 1 Dec. 2006, [www.brecha.com.uy](http://www.brecha.com.uy).

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