

**SOCIAL MONITORING PROGRAM  
OF TRANSNATIONAL CORPORATIONS**

**INVESTIGATION REPORT  
ON CARGILL'S OPERATIONS IN ARGENTINA**



**Foro Ciudadano de Participación por  
la Justicia y los Derechos Humanos**



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# **SOCIAL MONITORING PROGRAM OF TRANSNATIONAL CORPORATIONS**

## **REPORT N°: 06**

### **INVESTIGATION REPORT ON CARGILL'S OPERATIONS IN ARGENTINA<sup>1</sup>**

#### **Facts about the company in Argentina**

Country of Origin: United States

Presence in the Country: Buenos Aires, Córdoba, Entre Ríos, Santa Fe

Capital Composition: Transnational Company

Investment Level: In 2006 invested 330 millions of dollars

Number of Employees: In 2006 had 3600 employees

## **1. The company's profile**

### **1.1. History**

Cargill is a company from the United States, international provider of food, agricultural and risk management products and services. It was created in 1865 by William Wallace Cargill. During the 1950's decade, it became one of the main transnational companies in the oleaginous grain and seeds exports and the development of transport and system of grains elevators.

Cargill also diversifies its activities with new operations in the meat sector, pork, poultries, citrus, petroleum and commerce. Trade, international metals, fibers and tropical basic products and also the fertilizer production; finally, at the end of the 20<sup>th</sup> century, Cargill was very different than at its beginnings as a grain retailer.

It had acquired its fundamental competitiveness in commerce, processing and risk management and in the logistic chain of provision, and applied them to several new companies in the world, including commerce.

The company then evolved in the soybean commerce, the transformation of soybean into flour and oil, the production of high natural value of vitamin E as a sub-product of the soybean. It aimed at the corn commerce, the transformation of corn into ethanol and fructose, and the creation of renewable products, plastic fabric, made with corn.

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<sup>1</sup> Note: this is a not official translation.

## 1.2. Products

Currently, Cargill is an international provider of food, agricultural and risk management products and services. The company develops processing, commercial, export, import (fertilizers) and customer service activities.

Its current products and services are concentrated in:

- Grains
- Special products: white wheat, Flint corn, brewer barley (generally based on sowing contracts)
- Stock
- Oils
- Beef
- Flours
- Malts
- Fertilizers
- Financial services
- Special products generated by Cargill:
- Bio Based Polyols

## 1.3. Presence in the World

The company can be found in the following countries: Argentina, France, Holland, Spain, Australia, Germany, Surinam, Austria, Ghana, New Zealand, Sweden, Belgium, Greece, Nicaragua, Switzerland, Bolivia, Guatemala, Nigeria, Taiwan, Bulgaria, Honduras, Pakistan, Tanzania, Brazil, Hungary, New Guinea, Thailand, Canada, India, Paraguay, Turkey, Chile, Indonesia, Peru, Ukraine, China, Ireland, Philippines, United Arab Emirates, Colombia, Italy, United Kingdom, Costa Rica, Japan, Portugal, the USA, Kenya, Romania, Uruguay, Luxembourg, Russia, Venezuela, Dominican Republic, Malawi, Singapore, Vietnam, Egypt, Malaysia, South Africa, Zambia, Finland, Mexico, South Korea, Zimbabwe, and Morocco.

## 1.4. Presence in Latin America

As previously mentioned, Cargill is present in Argentina, Surinam, Nicaragua, Bolivia, Guatemala, Honduras, Brazil, Paraguay, Chile, Peru, Colombia, Costa Rica, Uruguay, Venezuela, Dominican Republic, and Mexico.

### 1.4.1. Two examples of Cargill's activities in Latin America

#### a) The Paraguay case

One of the most obvious cases of the violation of environmental rights is occurring in Paraguay. This company entered the country in 1978. Cargill set up the oil industry and Puerto Zeballo S.A.'s Grain Terminal project. This is located in the Zevallos Cué District, in the Asunción Municipality, on Cnel. Bóveda and Hermann Gmeinner streets, Manzana C. This project, called Puerto Unión, is a fusion of Cargill and Puerto Zeballos S.A.

This project is hoping for the construction and operation of a factory to process soybean, in three by-products: pelletized soybean flour, soybean oil and pelletized husk and the construction and operation of a Grain Terminal on the Paraguay River with capacity for grain storage and preparation. The oil industry would process 3 thousand tons of soybeans per day. The terminal would be able to receive 16,000 tons of soybeans per day. It has a storage capacity of 64,000 tons of soybeans. The grain terminal would employ 20 people. The port's loading capacity is 17,000 tons per day of grains in a single line to hulls, although it can load soybean oil in a direct form, without storage, from a hull truck.

Once operational, the activities at the factory will generate liquid effluents, solid residues, gaseous emissions and security risks, which is why appropriate measures of mitigation of the environmental impacts caused by the activity are needed. The environmental impact study recommended the creation of an effluents treatment station, E.T.S., an aerobic lagoon of liquid effluents treatment. The industrial waste is estimated to be approximately 10 m<sup>3</sup> per hour. The study realized by the company didn't clarify where the waste would ultimately be transported.

Another zone affected by the project is Bañados. The population of both zones (Zevallos Cué and Bañados) is vulnerable, with high levels of poverty (39% and 50%). Moreover, the area sits between the Paraguay River and the Botanical Garden. For the same reasons the municipal ordinance 15/02 stipulates that the installation of pollutant activities is forbidden as the area is of a residential type with a high landscaping and environmental value.

The Sanitary Services Company of Paraguay (ESSAP) Union, lawyers and members of the consumers' organization ASUCOOP, presented a protective solution against the construction of the project. They could not obtain access to the Environmental Impact Assessment which has been approved, despite having asked for it from various governmental actors. Thanks to their pressure public assemblies were summoned. These asked that the arguments presented be considered and that the recommendations of international organisms like the World Health Organization, which maintain strict criteria for this type of cases, be taken into account. They also demanded the suspension of the port construction and the realization of a monitoring plan in order to measure the environmental degradation level of the area. While the monitoring is carried out, the active industrial ventures will have to be slowed until the necessary measures are taken for the recovery of the state of the river and its ecosystems. The potential dangers of the work were expressed during the assemblies.

Firstly, the projected port is situated only five hundred meters from the two water sources that supply the capital and bordering cities. According to the same study's findings, five hundred meters is the distance which comprises the Indirect Incidence Area. In addition, it is located on higher ground than the river, which is why the hydrocarbon remainders of the hulls, the rise of sediments and the drift of fine dust and agrottoxins of the grains will inevitably affect the region's whole potable water supply. For the moment ESSAP does not have the technical capacity to purify the water of chemical waste, such as hydrocarbons or pesticide residues. Furthermore, even if it had the necessary technology to purify the water, it would not mean that the residues disappear, but only that it would move contamination away from the radiant body.

The work of Cargill risks the health of 1,100,000 people, 95% of the population of the Asunción Municipality, the Mariano Roque Alonso, Luque, Fernando de la Mora, San Lorenzo, Lambaré and a part of Limpio and Villa Elisa Municipalities. The concentration of agrottoxins and hydrocarbons in the urban potable water will increase the probability of the emergence of diseases such as cancer, leukaemia, allergies, respiratory and intestinal problems, spontaneous abortions and congenital malformations.

Secondly, the issue is the environmental impact of the port. The area has a very important biodiversity value with representation of many fish species and migratory birds. The successive fluctuations of the water level of the Paraguay River affect the continuous change of the shores due to the dynamic soil-erosion processes. Thus this zone is also qualified by hydrologists as a difficult point for the riverbed geomorphology. The lower aquatic flow speed and the levels of oscillation favour the formation of marshland such as Bañado Cara Cará, create an optimal habitat for migratory birds and fish species and consequently greater biodiversity levels. Nevertheless, the environmental impact study worked out by Cargill doesn't mention how the problem of the river level oscillation will be solved in order to allow entrance and exit of hulls throughout the year. In other previous cases, the construction of a port caused the river base's overthrow, which destroys the aquatic habitat and totally deregulates the hydraulic balance. The impact on the aquatic area caused by the ships parking that develops from the dockage line (50 m width and 250 m length) was not studied either. This infrastructure will affect the aquatic habitat, as well as other boat traffic and especially the traditional artisan fishing of the zone.

The danger of the chemical components which are used in the grains production and its transport was also not considered. The soybean processing implies that the problem is transferred to the populated zones around the industry and also, in the long run, to the whole population which consumes potable water. In addition the transport and storage, the process itself implies specific uses of agrottoxins that are not mentioned in the environmental study provided by the company. The milling and transfer of the grains to the hulls will generate aerial contamination with the fine dust of grains which also contains toxic particles.

Moreover, the company will often have to fumigate their warehouse. The predominant direction of the wind that would determine where the chemicals used for this fumigation would be blown, is also ignored. The aerial pollution would generate critical conditions of risks of health damages to the Viñas Cue and Bañados districts' neighbours, being surrounded by the industrial complex. This is added to the precarious nutritional state of their inhabitants and their houses' precarious conditions, which demonstrates a great social vulnerability characterized by unstable employment.

Near the port, in a 3 km radius around the project, are the Zeballos Cué, Viñas Cué, San Jorge de la Residenta, and Las Lomas districts, the IPVU and the Botanical Garden. These areas have an approximate population of 100.000 inhabitants. The nearest populated zone is situated approximately at 250 meters from the company's site, which demonstrates even more the danger of the project, also increased by the massive traffic of trucks (calculated as 700 daily) during all hours of the day and night. The harbour complex itself closes the transit towards the coastal zone and prevents the population from accessing the green areas. It is also necessary to talk about the impact level in

urban transport generated by the circulation of these trucks, beginning with congestion occurring at some times of the year when the silos' capacity is exceeded. Other consequences are related to gaseous emission that increases the greenhouse effect in addition to noise and vibrations.

The zone that borders the port is marked by labour precariousness. It's said that the project will generate jobs. However, only 120 positions are mentioned, which will certainly come from other Cargill industries. In addition, the construction work will only last 6 months.

The port installation aims to favour deforestation and rural expulsion since it is meant to receive the products of the Paraguayan northeastern zone, as the areas of San Pedro, Amambay or Concepción, where native forms of agriculture are practiced. For a long time these have been undergoing the process of mechanized monocultures causing deforestation, expulsion of the countryside population and often consequences of pesticides.

Finally, the licences delivered by the municipality and the SEAM (the Environment Secretariat) for the installation of the Oil Industry and Grain Terminal of Puerto Zeballos S.A. are not clear. These were granted in January and February of 2007 without resorting to any type of audience or public consulting process, besides other irregularities (following resignation of the person responsible for the Environmental Impact Evaluation department who was suspected of corruption, etc.)

Cargill rejected all of these denunciations and even received support from many media outlets, especially from the newspaper ABC Color. At the end of 2007 it was revealed that the Cargill port will be installed in an estate owned by Javier Zucolillo, one of the newspaper's owners.

## **b) The Brazil case**

Cargill has been present in Brazil since 1965. Although it still operates in the agribusiness sector, it is also one of the biggest food companies. Its central offices are situated in San Pablo and 23,000 people are employed in 180 cities.

The firm was the subject of a scandal linked to the environment with the illegal construction of the Santarem port in the Brazilian Amazon. A tribunal ordered the immediate closing of the plant until the environmental impact evaluation is presented and approved. The port had been constructed in 2003 taking advantage of the State legislation but without federal permit and caused the increase of the soybean production in the area due to the transport proximity. As a result, deforestation accelerated in the tropical forest. In February 2006, the Brazilian federal courts gave Cargill six months to complete an environmental impact study different from the one presented previously.

Although Cargill had initially had villager support due to the work promised, then their opinion changed.

In June 2006, the Star Tribune of Minneapolis revealed that Cargill had arranged other businesses linked to soy in Brazil over the next two years creating the danger of a major deforestation.

## **1. 5. Cargill in Argentina**

This company has been present in Argentina since 1947 when it initiated a fitogenetic research program in Pergamino, intended to produce maize hybrid seeds.

Its central offices are at Av. L.N. Alem 928, Buenos Aires, Argentina.

### **1.5.1. Organization - Infrastructure**

Cargill is situated in 40 localities in the whole country with 45 storages, five cereal ports, four oilseeds milling plants, seven wheat mills and two maltings. The Cargill companies group is made up of companies such as Finexcor (frigorific), Mosaic (fertilizers) or Renessen (a joint venture with Monsanto to commercialize special maizes). It has 3,600 employees in Argentina. Cargill SACEI, the company that operates agricultural commodities trading in Argentina, has a growing income thanks to the increase of the Argentina agricultural production reaching \$8.141 million (including retentions for \$1.169 million), in the exercise closed on the 31<sup>st</sup> of May 2006.

#### **1.5.1.1. Ports**

- *Quebracho Port*, north of Rosario (province of Buenos Aires). It has a wharf for hulls and fertilizer cells operated by Mosaic.
- *Punta Alvear Port*, situated south of Rosario, previously owned by Productos Sudamericanos (South American Products).
- *Villa Gobernador Gálvez Port*, also south of Rosario. It's the newest one.
- *Bahía Blanca Port* (region of Buenos Aires).
- *DiamantePort* (Entre Ríos), handled by a controlled society (Puerto Diamante SA).

According to the operators, having ports south and north of Rosario is a competitive advantage when obtaining grain, because they can offer a small advantage in the load compared to the competitors who have a single port. In fact, Bunge, as well as Noble and Dreyfus, seem to be adopting this strategy, as they are currently opening second ports.

#### **1.5.1.2. Milling**

Regarding milling, Cargill is one of the companies that has grown more in the country, with its factories in the Quebracho (soybean) and Gobernador Gálvez (soybean) ports, in addition to its facilities in Quequén (sunflower and soybean) and Bahía Blanca (sunflower and soybean). They also operate a factory owned by Buyatti north of Rosario. There is a malt factory in Punta Alvear. Right there is a barley factory with capacity for 140,000 tons, with the idea of supplying the internal market and then exporting the balance to Brazil. In order to obtain it, Cargill accessed the benefits of the Law 25.924 that allows the accelerated amortization for the purpose of gains calculation and the VAT anticipated return.

During the year 2006 Cargill imported 450,000 tons of soybean, mainly from Paraguay, relegated to Dreyfus. In 2007 this number increased.

The Punta Alvear barley factory, situated in Bahía Blanca, adds 90,000 tons of product per year.

### **1.5.1.3. Storages**

- *Arias Elevator*: situated on route 8, Km 412, Arias locality, province of Córdoba
- *Río Primero Elevator*: located on route 19, Km 282, Río Primero, Province of Córdoba
- *Lincoln Elevator*: situated on route 188, Km 228. Lincoln, Province of Buenos Aires
- *Inrville Elevator*: located on the crossing of the routes 6 and 12, in the province of Córdoba.
- *América Elevator*: situated on the route 33 (Km 386) in América, Province of Buenos Aires.
- *Bragado Elevator*: located on Santa Rosa 1155, in the Santa Rosa locality, Province of Buenos Aires.

### **1.5.2. The company's numbers in Argentina**

Regarding Cargill's numbers in the country, in the exercise closed on the 31<sup>st</sup> of May 2006, it obtained a gain after taxes of \$ 137 million, with \$180 million in the previous exercise, in spite of greater benefits. The main contributors to the company's positive result are the controlled societies, as the Uruguay branch that contributed a \$302.5 million positive result. In the same period Cargill SACEI achieved sales of \$6.303 million.

Cargill also stands out in the wheat flour business. In 1999, it bought half of the flour operation with Molinos Río de la Plata after the emptying of Bunge & Born. The resulting company was called Trigalia, and consisted of seven mills in Argentina and two in Brazil. Finally, in 2002 Cargill bought the share of its partner Molinos and went on to hold the 100% of Trigalia, to which it also changed the name to Harinas Mercosur. Cargill is Argentina's main flour exporter next to Molinos Cañuelas.

During the last few years, the Argentinean branch of the North American multinational has been at the top of the export companies ranking. According to statistics from the National Agriculture Secretary, regarding the first eleven months of 2006, Cargill exported 22% of the grains, 20% of the oils and 18% of the protein flours that come from the oily milling, outstripping Bunge, Dreyfus, AGD and Vicentín. Of almost 58 million tons, Cargill exported 11.38. The company exports 90% of its production to China, Spain, Peru, Egypt, Brazil, Holland, India, Korea, Malaysia and Chile.

## **2. Cargill's infringement of the United Nations Norms on Corporate Social Responsibility**

### **2.1 What are the UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights?**

Also known as the UN Norms, they were adopted by the Sub-Commission for the Promotion and Protection of Human Rights in August 2003. They were written in consultation with unions, companies and NGOs. Although they recognize the States' fundamental role in the guarantee of human rights, the UN Norms identify the companies' main responsibilities on this matter, as indicated in Article 1. Thus an important tool is created for the NGOs. It helps governments to establish compatible and socially beneficial regulatory regimes beyond national frontiers, and can be used as a parameter for the companies' conduct, helping them to improve their performance on the human rights topic. The norms allow the creation of equitable conditions for all the companies, giving at the same time a large opportunity for the most visionary and progressive companies to adopt higher standards.

The UN Norms refer to the companies' responsibilities in regard to human rights within their 'activity and influence sphere'. The responsibilities include:

- To guarantee non-discrimination and equality of opportunities;
- Not to violate nor to benefit from violation of people's security;
- To protect the workers' rights, that include the right not to be subjected to forced labor nor the exploitation of children, the right to a secure and healthful working environment, an adequate wage, and the freedom to form unions;
- To avoid corruption by maintaining transparency;
- To respect economic, social and cultural rights; and
- To guarantee the consumer's protection, public security, and environmental protection in its business activities and commercialization practices, including the respect of the precautionary principle.

The UN Norms also complete a description of the possible mechanisms of application and guarantee.

## **2. 2. Problems generated by Cargill**

### **2. 2. 1. Environmental problems generated by the company**

#### **2. 2. 1. 1. The Bahía Blanca case – Ingeniero White**

The petrochemical hub of Ingeniero White is the third most important in Argentina. It was built in the 1970's. Situated in Bahía Blanca, in the southern part of the Province of Buenos Aires, it was conceptualised to fill in the spaces left open by the grain elevators in this shipping hub. In actuality, 12,000 people live there.

Cargill Corporation came to Bahía Blanca in 1958, when it started its commercial office to take charge of the grain export necessities through this port in Buenos Aires.

In 1986, after the explosion and fire that affected the facilities and silo of the ex-National Grain Meeting, in March 1985, the company started to evaluate the possibility of building an elevator in this marine terminal. After an 18-month-construction, in January 1994, Cargill inaugurated the new terminal elevator. This is an elevator able to store 50,000 tons and with a boarding speed of 2,000 tons per hour.



Cargill storage plant in Bahía Blanca

After the first plants became operational from the beginning of the '80s to the end of the '90s, they acquired their present aspect: a harbour city with occupied coasts and a toxic river that expels its fishermen. The corporations (including Cargill) emphasize that in the last years they invested US\$ 2 billion in the zone and announced new works.

The zone's neighbours complain of respiratory and skin problems, as well as eye allergies. The contamination level is such that since the beginning of the 21<sup>st</sup> century they have started to mobilize for a better quality of life.

The Yearbook 2004 of environmental activities, edited by the Government and Infrastructure Secretary of Bahía Blanca, consider the realization of a monitoring of peripheral emissions of sedimentary material particles in the Cargill S.A.C.I complex plants.

On the 10<sup>th</sup> of August 2007, a Technical Commission gathered to work out the Seventh Annual Audit of the Monitoring Integral Program (PIM), related to the tasks realized during the year 2006, for the Petrochemical Pole and Harbour Area of the Bahía Blanca Municipality. In this emissions and waste monitoring and control it was established that Cargill directly spills waste into the sewer network exceeding the limit for the SS 10 minutes. The company was notified, and asked to right the situation. As no solution came up, an act was worked out and turned over to the Water Authority. The report doesn't specify if the act's objective has been fulfilled. The auditor commission suggested that it be evaluated if the analysed parameters were really the correct ones or if there are others that affect the environment that should be incorporated into the analysis. It also suggested the transferring of each industry's data into a single data base so that the results can be visually compared between the different monitoring dates and schedules, in order to facilitate interpretation and fast conclusions. Furthermore, it was asked that there be criteria unification in the displayed tables and in the effective legislation. Additionally, the commission hoped for an update of the data base on the CTE webpage. Finally the commission demanded the realization of nocturnal monitoring already requested in the previous audit.

Regarding gas emissions, the emission levels of NH<sub>3</sub>, Hg, Chlorinated HC, VCM, C1 and HC1 from Cargill (and other companies of the Pole) were measured and then crossreferenced with those values reported in the companies' Sworn Declarations of

Gaseous Effluents and with the regulations of levels of recommended emissions (Dec. 3395/96 of the Law 5.965). It was established that the values measured by the CTE are below the corresponding norm; however it is still not clear if they exceed the values briefed in the Sworn Declarations.

For this particular case the audit suggested the evaluation of the type of faults produced by the equipment with an SO<sub>2</sub> electrochemical sensor, to consign how the calibration will be done, to constantly update the inventory once it's made.

Further along in these studies of the Neighbouring Organizations, it is denounced that the Technical Committee or the Municipality have difficulties gaining access to Cargill's and other grain companies' properties.

### **2. 2. 1. 2. The Gobernador Gálvez case**

Cargill built an industrial complex where soybean derivatives are processed in the Villa Gobernador Gálvez. It is comprised of storage capacity, a parking and unloading bay and a dock whose port work will be introduced about 300 meters into the Paraná river.

In August 2003, rumours of the future construction of this complex in this locality's Ibai Ondo district began to spread. The mayor at that time, Pedro González, stated that he was not of this information. However, in 2005, he boasted in front of the media that he himself showed the lands to Cargill, acting as a real estate agent for the company.



*View of the oil plant in Villa Gobernador Gálvez.*

The Council of Villa Gobernador Gálvez modified its Urban Code on the 6<sup>th</sup> of November 2003, turning the “residential area” claimed by Cargill into an “industrial zone”.

Luis Sánchez, socialist councillor, reminded that the Council turned this residential zone into an industrial one without having an environmental impact study, which is required by the Environment Law (11.717). A municipal ordinance even establishes the coastal

zone as an ecological reserve. Moreover, a provincial norm on urbanization minimums establishes that industries and ports must be settled two kilometres away from where people reside.

Finally Cargill presented an environmental study at the time of its completion. Marcelo Terencio, Environment Secretary, accepted this environmental study that was displayed by the company in May 2004. The social organizations rejected this document for deficiency.

It is necessary to consider that the construction of the industrial complex began in January 2004.



*Another view of the oil plant in Villa Gobernador Gálvez*

On the 27<sup>th</sup> of May 2004, the Santa Fe government, through the Environment and Sustainable Development Secretary, passed Resolution 0034. It warned that before the beginning of the operations, the road from the Rosario-Buenos Aires Freeway to the industrial complex had to be fixed. Moreover, it declared that it would not contribute with public funds to the construction of the proposed works.

However, six months after (on the 12<sup>th</sup> of November 2004) the governor Jorge Obeid signed the decree 2327 in which he committed to contribute 8 million pesos to prepare access to the company, which shows the cooperation of the governments with Cargill as exposed by Brewster Kneen, author of *The Invisible Giant*, a book that denounces Cargill's irregularities. The works consist in the preparation of the road section from the route 21 to the freeway, but in addition the company was allowed to use an alternative road if the work was not completed.

As if that wasn't enough, on the 17<sup>th</sup> of December 2004 the Council of Villa Gobernador Gálvez approved the zoning extension project, which includes the public

streets' sale to Cargill. The firm acquired sections of six public streets and cut Ibai Ondo's communication with the South zone of the city.

The aerial view of the district modification shows an L shape, coexisting residential houses with the industrial area that, according to the previously mentioned norms, should not be less than two kilometres from the urbanized zone.

The neighbors of the area resisted the project because of the demand to coexist with the complex that receives 2,500 trucks per day during the harvest peak times.

The grain industry bought the neighbours' houses and bulldozed them in order to avoid squatters. To make matters worse, they did not clear the rubble and have not built the arboreal screen to protect those who decided not to abandon their properties.

Many inhabitants of the district sold their properties for fear of contamination. According to the neighbours' testimonies, insecurity also increased because there are sackings in the houses whose owners left the area without selling them.

Moreover, parts of the public installations were destroyed, such as the street lighting. The Public Street Lighting Cooperative had to take out the wiring from the fronts acquired by Cargill since the company didn't need the district to be illuminated.

In order to avoid the district's complete dismantling, various actions were initiated. For example on the 30<sup>th</sup> of April 2004 the Ecologist Workshop Organization presented to the Environment and Sustainable Development State Secretary of the Santa Fe Province the first Observations on the Preliminary Technical Report on the Cargill S.A.C.I Environmental Impact Study Evaluation. In these observations, the lack of diffusion and citizen participation, and the investment type, framed in the present Argentinean agricultural model based on the soybean monoculture, are emphasized. Beyond the economic reactivation produced by the soybean monoculture, thanks to its high market value, it also leaves enormous environmental and social impacts, and an ecological debt to the future.

Another aspect observed is the location. The Cargill report only says that the plant is situated in the Industrial Use District I6, according to the ordinance of the 6<sup>th</sup> of November 2003. However, the actions taken for the Council of Villa Gobernador Gálvez to modify the Land Nomenclature of the lots in question, which previously belonged to a residential area, are well known. As it was said above the process went ahead without any participation by or consultation of the neighbours, whose properties and quality of life were affected. A fourth element analyzed is the bordering lands. According to Cargill, basing it on information given by the municipality of Villa Gobernador Gálvez, only 16 houses with signs of occupation exist. However, those who know the zone say that there are about 40 houses, in addition to many families that live on the river's border and which subsistence source is fishing, that have been harmed. A last aspect to consider was the environmental factors, as noise, vibrations, aerial contamination, and presence of chemical and agrochemical substances, caused by the port's operation.

Months later, on the 28<sup>th</sup> of June 2004, the same Organization filed an appeal against the Resolution 0034 of the 27<sup>th</sup> of May of this year that was issued by the Environment

Secretary of Santa Fe and by which the Environmental Impact Study presented by Cargill to build this industrial complex was approved. In the same way a precautionary measure was declared, causing the immediate suspension of this resolution's effects, according to the law 10.000.

The fact that the Environment Secretary didn't carry out a real evaluation but only a transcription and ratification of the one presented by Cargill is emphasized in the presentation. In the same way, the lawyers Mariana Sánchez Herrero and Corina Elisio (who carried out the lawsuit) maintained that the Secretary approved the environmental impact study without having delivered on the lands' rezoning done by the Municipality of Villa Gobernador Gálvez, and without evaluating if Cargill could be located on these lands according to the Urban Code of this locality. They also did this without having delivered on the port being compliant with the provincial laws, merely approving it on the basis of the Declaration of Navigable Routes of the Nation, which only related to the commercial navigation and hydraulic regime.

It is clear that there has not been a serious analysis of the environmental impact regarding the road accesses that the Secretary understands as positive environmental impact, ignoring the technical and environmental arguments on how to control the noise and vibrations of the circulation of the 2,500 trucks per day on peak periods, in addition to the permanent transit and the normal activity operations of the plant. The Cargill study also does not refer to how to avoid the deterioration of the air quality and especially the houses surrounding the plant. It also ignores the question of the high toxicity substances treatment, leaving this detail for a later step. The causes of the denials of a public audience many times requested are not mentioned.

The appeal was rejected by the provincial government in July 2004 establishing the initial and provisional viability of the construction, which means the admission of the civil work construction and not its operation, without noticing if the plant's operation is damaging to the environment

On the 11<sup>th</sup> of October 2005, the Ecologist Workshop and the La Comuna Civil Association denounced again the incoherence of the Environment Secretary for approving the initial and provisional viability of the cereal port. The complaint was enclosed by Brewster Kneen in the book "The Invisible Giant: Cargill and its transnational strategies".

However, between 2004 and 2006, the Justice only called the Ecologist Workshop to two audiences.

A strategy chosen by Cargill is to give money to schools and to Fonavi house plans as well as to raise a job generation discourse. However, the councillor Silvia Bernal assures that the staff is outsourced and that they hire people from the North or from Bolivia, not from the area near the plant.

### **2. 2. 1. 3. The carcinogenic substances case**

During the year 2007 an operator of the plant owned by Cargill in the Rojas area of Buenos Aires, acting on an order by the plant's manager to reduce costs, mixed seeds that contained chlorinated organics, a dangerous substance. These seeds were supposed to be sowed, with soybean grains that were sent to the Rosario port to the Buyatti SA company, in Santa Fe for the preparation of food products.

Buyatti is a company operated by Cargill which detected the seeds' contamination with the carcinogenic substance. However, the company simply sent the whole nineteen railcar shipment back to its source, without taking it seriously or giving it any public importance.

When some media outlets consulted Hugo Kranj, one of Cargill's directors, he recognized the use of the pesticide. Moreover, he recognized that a group of employees in the Rojas plant separates the contaminated seeds grain per grain, supervised by a notary contracted by the company.

The situation is dangerous in two ways. Firstly, Cargill's employees' health is not guaranteed while they are exposed to carcinogenic substances without any type of protection, not even gloves. Moreover there isn't any guarantee that the population is not consuming food products with chlorinated organics.

#### **2. 2. 1. 4. The San Lorenzo case**

The 2 de Abril district of this locality is one of the most damaged areas as a result of the progress of grain and oil industries, most of them linked to the soybean business, like Cargill, ACA and Molinos.

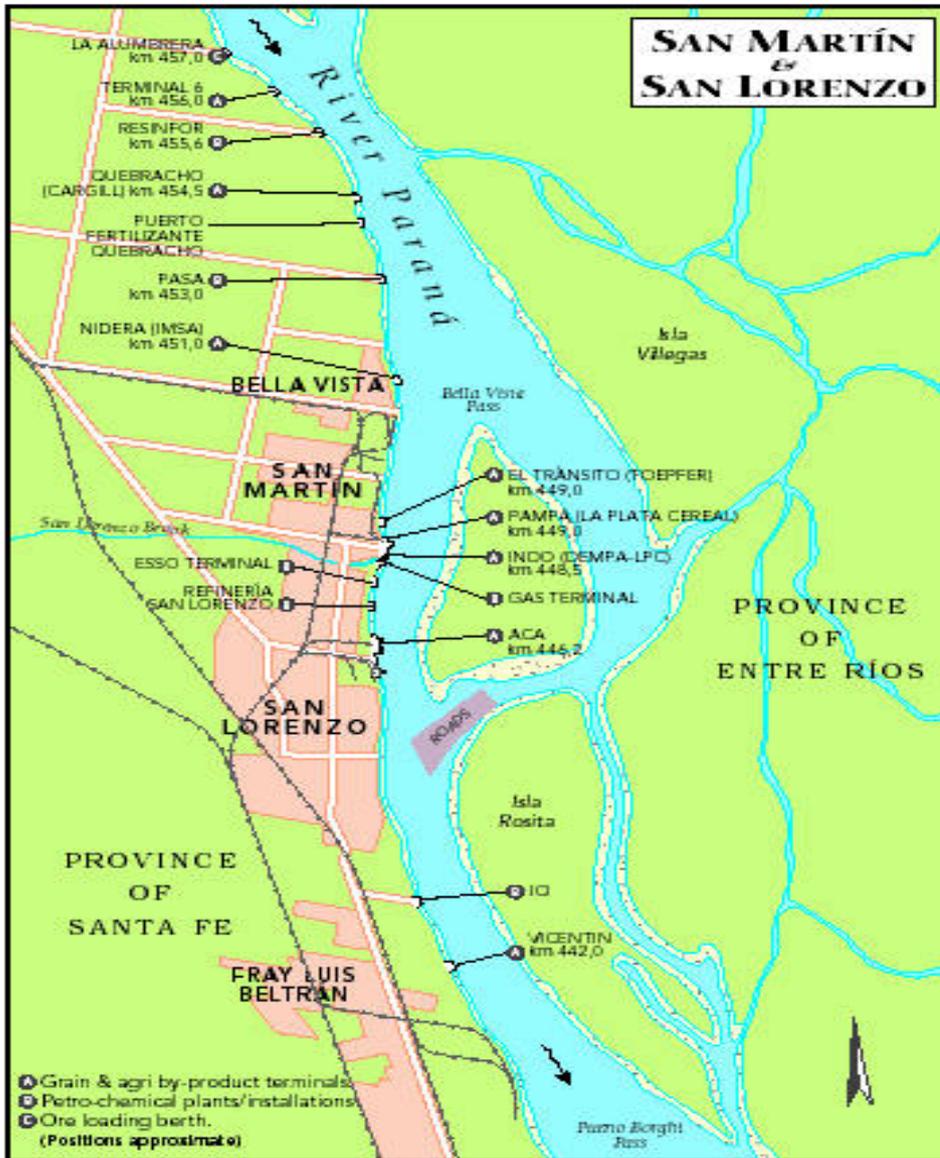
On the other side, Campo de la Gloria, one of the few places where the city meets the Paraná river, has been progressively appropriated by the grain industries to install their private ports, leaving only 30% of the area free of these developments today.

There, the neighbours endure noise louder than allowed, risking their auditory and nervous health. Moreover, they breathe a dust loaded air, which, according to many specialists, contains chlorine and phosphorus that cause ailments ranging from allergies to cancer.

At the end of 2007 Cargill proposed an enlargement of the San Lorenzo port. Although the environmental impact study yielded a negative result, the project has been approved anyway.

### 2. 2. 2. Territorial sovereignty problems generated by the company

Puerto San Martín is a village located in the Santa Fe province, on the bank of the Paraná River. At the beginning of the seventies, its population grew by sixty percent.



*Location of the San Martín port, Santa Fe province*

**Source:** [www.chrysan.com.ar/ptos/pto%20sanlorenzo.htm](http://www.chrysan.com.ar/ptos/pto%20sanlorenzo.htm)

In this area, Cargill ordered the movement of a national historical monument, where the battle of Punta Quebracho, Santa Fe occurred in 1846, which signified the beginning of the end of the Anglo-French blockade, two kilometers away from the original site after having bought the surrounding estate. Cargill's order was featured on an episode of Telenoche Investiga and was commented upon by the journalist Miriam Molero in the newspaper La Nación, on the 20<sup>th</sup> of September 2002.

The monument was inaugurated in 1939 and was a reminder to the public of the 4<sup>th</sup> of June 1846 when the Punta Quebracho battle occurred. On this day, the troops, commanded by the general Lucio Mansilla, waited for the Anglo-French squad that was coming down the Paraná river after the Vuelta de Obligado battle, in November 1845.

Two Anglo-French merchant ships were sunk, four others burned so that they wouldn't fall into Argentinean hands, while the war steamships Harpy and Gorgon were seriously damaged. While the Argentinean troops had only one casualty, the enemies had 60.

When Cargill imposed its wire fences, the historical site was leveled, removing the cross that commemorated the victory to enlarge Cargill's plant. No flag or plaque that had been placed in memory of the battle was left. On the 20<sup>th</sup> of November 2002, the Mujeres en Lucha de la Federación Agraria Argentina held a ceremony in honor of this historic occurrence. Nowadays, this place is merely a rubbish dump for Cargill's plant.

In 2006 Cargill invested 200 million dollars in Gran Rosario. It enlarged its milling capacity in Puerto San Martín, built an industrial complex with its own port in Villa Gobernador Gálvez and built a Malta factory in Alvear.

### **2. 2. 3. Labor problems generated by the company**

Cargill is famous for being one of the companies that pay the least respect to unions. The company does not improve the work and health conditions of the workers. In Brazil there are serious works that show the unbearable labor conditions while the working speed increases. It is assumed that the same is happening in Argentina. Indeed, there are many reports that denounce outsourcing and illegal labor used by the company. Furthermore, the laborers' wages don't cover their basic food needs.

#### **2. 2. 3. 1. The truck drivers case**

In June 2006 the company maintained a hard conflict with the Truck Drivers Union. This one raised a strong fence against 14 Cargill plants situated in the Buenos Aires localities of Bragado, Chivilcoy, Lobos and Colón after the regularization of about 3,000 drivers indirectly linked to company and the effectiveness of a wages increase. On Friday the 28<sup>th</sup> of July a compromise was signed between both parties in the Work Ministry, after a hard confrontation that included two intermediate breaks. If they did not find a compromise, the union had threatened a national strike of all of the company's plants.

However, the union claimed that none of Cargill's companies fulfilled the minimum security and hygiene conditions for the workers. The truck drivers' leader Pablo Moyano complained that there is no bathroom nor changing room.

#### **2. 2. 3. 2. The millers case**

In August 2007 another conflict occurred, this time with the Argentinean Miller Working Union (UOMA) for additional payment, food tickets, security and hygiene and union activity. This one was solved after an agreement in the Chancellery through OCDE directives, becoming the first case solved under this guide which establishes voluntary and standard principles raised for the achievement of responsible behaviour of

the companies in every ethical and business area including labor, environment, corruption, consumers' interests, science and technology, competition and tax questions. Although Argentina is not a full member of the OCDE, it has adhered to its principles since 1997.

In the Villa Gobernador Gálvez Cargill plant 12,000 tons of soybeans are processed daily. The profits gained by the plant are estimated to be about US\$ 250,000 per day, US\$ 7.5 million per month, and US\$ 90 million per year. About 200 people work there, permanent and outsourced, and their wages represent less than 1% of the profits.

### **2.2.3.3. The Gobernador Gálvez y Quequén plants' workers case**

On Wednesday, December 12, 2007 the Oil Industry Federation, which unites unions from all over the country, picketed in front of two Cargill plants, one in Villa Gobernador Gálvez in the industrial area of Rosario and another in Quequén, in the Province of Buenos Aires. The day after, at the beginning of the evening, it came out that Cargill agreed to increase the workers' wages. It must be recognized that the present workers' basic salary of the oil industry is \$1,115 to which \$200 of a non-remunerative nature is added. The Oil Industry Federation demanded the basic salary increase to \$2,000.



*Demonstrations in Villa Gobernador Gálvez*

In Villa Gobernador Gálvez the picketing blocked the routes accessing Cargill's plant and port, delaying entry to an important column of trucks. At night the blockades were removed to avoid stealing, returning the day after in the morning. When they began to resume the blockades, they received notice that Cargill had opened the possibility of an agreement. From there the workers waited beside the road without blocking it, until it came out, hours later, that the firm had accepted to increase the workers' basic salary to \$1,550 plus \$450 no-remunerative, with which a total salary of \$2,000 is reached, previously stipulated by the Oil Industry Federation.

On the other side, the general secretary of the Oil Industry Workers and Employees Union of Rosario (SOEAR), Adrián Dálavos, announced that within the agreement the acceptance of the union activity from Cargill was included. The multinational corporation has systematically denied entrance to the union to the plant since its inauguration.



*Graffiti made during the protest of December 2007*

#### **2. 2. 4. Economic problems generated by the company**

Cargill is one of the many companies that have agreed to provide producers with seed delivery and in exchange receive the harvest at a price prefixed by contract (in Alvear, province of Santa Fe, the firm made agreements with the barley producers for its malting). They even give credits to the producers so that they invest in the buying of Cargill's own supplies.

The company acts as much in grain commerce as in the sub-products of processing, as a result of which, it becomes a competitor for itself in a way, as is thought by the market. This is a clear indicator of monopolistic action.

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