

Swedish OECD National Contact Point Accepts Complaint Against Nordea for Possible Financing of Controversial Botnia Pulp Mill Project in Uruguay

November 17, 2006 – On the day before the World Bank suspended an imminent vote on a controversial multi-million dollar loan to Botnia (the Finnish company constructing a pulp mill on the Argentine-Uruguayan border), the Swedish National Contact Point (answering also on behalf of the Norwegian National Contact Point) of the OECD accepted a complaint filed by CEDHA (of Argentina) and Bellona (of Norway) against Nordea, a leading financial services group of the Nordic and Baltic Sea area, who were set to provide Botnia with a multi-million dollar package to finance the controversial investment in Uruguay.^{1[1]} This sends yet another bad signal for the financial package constructed by Botnia, which already suffered a US\$480 million pullout by ING Group, earlier this year following a similar Equator Principles Compliance Complaint.

In a letter dated November 15th, received by CEDHA's President who is presently in Washington DC meeting Executive Directors of the World Bank to insist on an indefinite suspension of an imminent board vote of the Bank on whether to provide Botnia US\$370 million, the Swedish Ministry of Foreign Affairs informed CEDHA and Bellona, that "The Swedish NCP (National Contact Point), with the support of the Norwegian NCP, has decided to take up the report and consequently it is now formally a Specific Instance". The letter makes reference to CEDHA and Bellona's allegations that "as possible financier of the Finnish company Botnia's construction of a pulp mill in Uruguay, [Nordea] is not following the OECD Guidelines for Multination Enterprises".

The original complaint^{2[2]} was filed jointly by CEDHA and Bellona on June 28th, and submitted simultaneously to the Norwegian and Swedish NCPs, and requests that the NCPs "take active participation in the matter concerning Nordea's role as financier of Botnia, and offer their good offices to help resolve the international conflict that has been caused by this project and the role taken by its key financial supporters such as Nordea."

Botnia confirmed that Nordea would act as one of the main arranging banks to secure external finance for Botnia's project in Uruguay. The complaint filed by CEDHA and Bellona calls attention to a CAO Audit from the World Bank which discovered the project was violating the IFC's Social and Environmental Safeguard Policies. CEDHA has systematically informed Nordea of the many outstanding legal claims, human rights violations, violations of corporate responsibility codes, and alleged violations of national and international law by the pulp mill company and by the World Bank's International Finance Corporation (IFC). Nordea, has however, refused to provide any information to CEDHA or to Bellona, about their actions to verify project information and ensure non-complicity in such violations.

This complaint and the reception of the complaint by the two NCPs, is especially significant, as it sets an important precedent regarding the applicability of the OECD Guidelines for Multinational Enterprises for future complaints involving 'financers' of private enterprise investments, an applicability issue of great debate amongst OECD Member Countries, civil society organizations, businesses and of NCP Offices.

^{1[1]} See: <http://www.botnia.com/en/default.asp?path=204;208;210;211;1097;1261>

^{2[2]} See: http://www.cedha.org.ar/en/initiatives/paper_pulp_mills/nordea-specific-instance.pdf

The complainants state that “by supporting Botnia, or showing any intention to do so, and by virtue of the nature of its role as financial arranger, Nordea is complicit to the accusations made against Botnia. ... By supporting Botnia, Nordea is directly involved in the Botnia Orion Project supply chain, as contemplated by the Guidelines ... [and that] the expressed interest in supporting Botnia has extremely important implications on the ability of Botnia to attract other investors.”

Sweden and Norway, as members of the OECD, and Nordea as a multinational enterprise based in Sweden and Norway and one that is partially owned by the Swedish State, must fulfill its duties to adhere to, uphold and promote the guidelines, which includes in this case, to take action to address Nordea’s support of the irresponsible and illegal behavior of Botnia which results in: the violations of national, regional, and international law, violations of international organization regulations regarding social and environmental protection, diplomatic tension, destabilization of diplomatic, business and social environments in Argentina and Uruguay, and giving rise to economic and diplomatic and social conflict caused by this project”.

The complaint alleges violations of Chapter II on General Policies including detrimental contribution to sustainable development and social and economic progress, violations of human rights, and the promotion of lax environmental controls; Chapter III on Disclosure with no timely information and no information about environmental and social impacts; and Chapter V on Environment ignoring international obligations of the host government (Uruguay), failure to collect and evaluate environmental information; failure to communicate in adequate information and communication with stakeholders; among others.

For more information please contact:

Jorge Daniel Taillant; jdtailant@cedha.org.ar; cell in Washington: 1 (202) 276 8517

David Barden; david@cedha.org.ar ; 54 351 425 6278
