



The Jari Project Managed By The Orsa Group: Corporate Social Responsibility Applied To The Amazon Context

Anna Greissing¹

¹Doctor in Geography IHEAL (Institut des Hautes Etudes de l'Amérique Latine)
/ CREDA (Centre de Recherche et de Documentation sur les Amériques) -
UMR 7227 du CNRS, Paris, France and the Institute of Geography of the
University of Innsbruck, Austria.

Recebido em 15.04.2012

Aceito em 15.06.2012

ABSTRACT

The development of the Jari region, in the Northeastern part of Brazil's Amazon region, since the middle of the 20th century, has been intrinsically linked to the evolution of the Jari project, a huge private agro-industrial enterprise aiming at the large-scale production of cellulose. Harshly criticized during the 1970s and 1980s for its ecological impact and waste of human resources, but also due to the lack of economic viability, the project was eventually taken over by a new firm (the Orsa group) after coming close to bankruptcy in 1997. Under Orsa's management, centered on the concept of corporate social and environmental responsibility (CSR), the Jari project of the XXI century resurrects as an innovative, lucrative and certified firm, pioneer in the application of CSR policies in the Amazon context. This article discusses the manifold strategies developed by the Orsa group and its conveniences and shortcomings for both the firm and the local populations of the Jari region today.

KEYWORDS: Brazilian Amazon, Jari Project, corporate social responsibility (CSR), agro-extractivism, agro-business, land conflict

RESUMO

O desenvolvimento da região do Jari está sendo, desde a metade do século XX, indissociavelmente ligado à evolução do Projeto Jari, um grande empreendimento agroindustrial privado, cujo objetivo é a produção de celulose em larga escala. Fortemente polêmico nas décadas de 1970 e 1980 devido ao impacto ambiental e ao desperdício de recursos humanos em suas atividades de agronegócio, e também por não ser economicamente rentável, o projeto foi enfim retomado por uma nova empresa (o grupo Orsa), após uma quase bancarota em 1997. Sob uma nova gestão, centrada no conceito de responsabilidade social e ambiental de empresas, o Projeto Jari do século XXI emerge como um empreendimento moderno, viável, certificado e pioneiro em matéria de responsabilidade de empresas no contexto amazônico. Esse artigo discute as diferentes estratégias desenvolvidas pelo grupo Orsa, assim como os proveitos e os inconvenientes, tanto para a empresa como para as populações locais da região do Jari, nos dias de hoje.

PALAVRAS CHAVES: Amazônia brasileira; Projeto Jari; populações tradicionais; agro-extrativismo agronegócio; conflito de terra; socioambientalismo; responsabilidade social e ambiental de empresas

1. Introduction

Corporate Social Responsibility (CSR) is currently a widespread concept that indicates a special relationship between private businesses and society. It exists since the 1950s, when the first definitions of its meaning and the models of its possible applications emerged in both industrialized and the developing countries (CARROL, 1999). However, the concept has gained considerable weight since the late 1980s, especially with the rise and dissemination of the idea of sustainable development as a new directional model that first sought to seriously include environmental protection and social equity issues in the public policy agenda.

Recent global evolution in the economic landscape, characterized by the dissociation of firms from their own national territories and the formation of conglomerates whose power transcends national boundaries in the sense of Castell's notion "space of Flows" (CASTELL, 1996), increasingly requires a reevaluation of the role of businesses within our society. There is a vast body of literature on the role of companies in the context of sustainability, written by academics, politicians, and actors from the business world itself about the exact meaning of CSR and arguing why businesses throughout the world should adopt it. Some authors show how the idea of CSR evolved over the last two decades from a perceived burden to businesses and its shareholders¹ to a powerful marketing strategy offering multiple economic benefits to companies, especially in the long run, such as the maximization of gains through a minimization of risks, or gains in terms of reputation (MC WILLIAMS ET AL., 2005; BRANCO ET RODRIGUES, 2007).

Since the 1990, more companies, both in industrialized and developing countries, have adop-

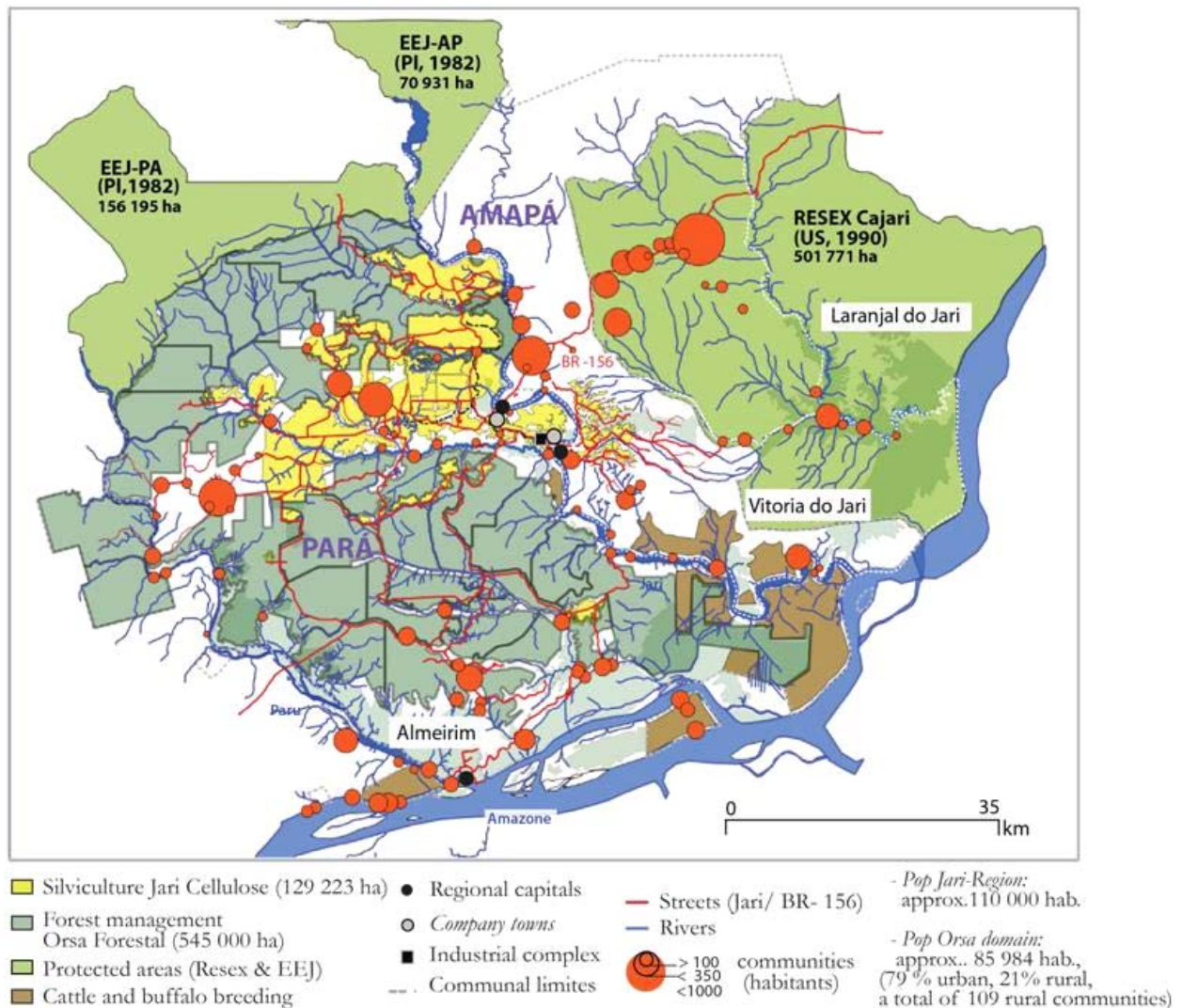
ted CSR policies. However, if today rarely anybody questions the necessity of such policies, over the last decade there has been a discussion about *how* the concept could be and should be best put into practice, and about what kind of institutional frameworks are deemed necessary for its successful application. One of the most problematic points is the voluntary character of CSR, which is in fact self-imposed by companies, and thus lack encompassing national or global regulations. As a result, the kind and extent of measures undertaken are left entirely to the firms themselves. Thus, they often vary with their size (big holdings generally have more capital for investments) and business sector (WALDMAN ET AL., 2006).

Lastly, the fact that CSR policies are difficult to measure makes it hard to determine if a company has or has not, and with what success, put into practice CSR objectives announced in its discourse. Several authors thus point out the "double discourse" that the adoption of CSR policies might allow to some companies. Firms could comfortably hide behind their CSR policies other measures that only benefit themselves, such as salary or labor adjustments. According to STIGLITZ (1989), the ambiguity of the objectives to follow in the framework of CSR policies offers more discretion for the managers to act for their own interests.

In Brazil, numerous firms adopted CSR measures since the 1980s, encouraged and supported primarily by professional networks of the business world itself (such as AMCHAM, FIDES, Instituto ETHOS, or GIFE)², and by international institutions and state agencies. The CSR policies discussed and elaborated by these institutions have been targeting above all export-oriented companies of the extractive sectors, mainly those based in the Amazon region, in order to make them transform their operations (traditionally associated with heavy impacts on local populations

and the environment) to less predatory production methods (MILANO, 2002). More than mere moral calls to encourage philanthropic behavior in a sense of a “humanization of business”, these institutions advocating CSR measures state that CSR could allow companies to regain political legitimacy as well as the confidence of their clients, who are ever more concerned with the origins and production methods of the commodities they buy. The long-term gains of CSR in terms of competitiveness would therefore largely exceed the costs of investments in social and environmental responsibility projects.

This article aims to analyze the strategies and consequences of the adoption of CSR policies by the Brazilian holding ‘grupo Orsa’, involved in the wood and paper sector³ in the Amazon region since its takeover of the dilapidated Jari project, in 2000 (See Map 1, below). We will see how the development of CSR policies by the Orsa group as one of the first companies in the Brazilian Amazon has effectively allowed the latter to transform the longtime negative image of the Jari project into a pioneer firm for the exploitation and management of the Amazon rainforest, and to become at the same time a Brazilian leader of



Map 1: The Orsa territory, distributed into two Brazilian states and separated by the Jari river: 40 % of the land is on the Amapá state side, 60 % in the Pará state (data 2009).

Source: AG, 2012

cellulose production today. Our study, which is based on an extended fieldwork⁴, aims at understanding to which extent the new regional management proposed by the Orsa group has allowed to advance the process of territorial and social integration of the Jari region, pointing out, at the same time, some of the contradictions still existing between the CSR policies of the firm and the region's reality.

2. The Jari project: from a resource swallowing company to a pioneer model of CSR

The CSR policies conceived by the Orsa group are a pioneer experience in the context of the Amazon region. In order to understand the dimensions of the changes initiated by these new policies both on the Jari project itself and the development of the Jari region, it is necessary to retrace the most important phases of the region's and the Jari project's history. The context of the region's history and the unusual dimensions of the Jari project in terms of territorial size and agro-industrial activities make this case study a very specific but also a highly expressive example of the implications of CSR in tropical forests areas.

2.1. The imbrication of two economies: from extractivism to agro-business

Largely excluded from colonial occupation until the end of the 19th century, the Jari river was occupied by white settlers much later than most other parts of the Brazilian Amazon. Only in the late 19th century do numerous families, mainly from the Brazilian Northeast, migrate to the region in order to become rubber tappers and Brazil-nut collectors. They came under the control of Jose Júlio de Andrade, a *seringalista* (rubber boss) native from Ceará, who successfully declared hi-

mself the owner of an area of almost 2 million hectares, located between the Jari, Paru and Cajari river basins (later almost equally divided between the current states of Amapá and Pará). Joining economic and political power, Andrade controlled the exploitation and export of natural resources (above all, rubber and Brazil-nuts) for over 50 years, until 1946.

The occupation of the region was determined spatially by the extractive economy, following a structure of small settlements along the region's major rivers. In 1946, the area was taken over by a group of Portuguese and Brazilian merchants (locally known as "the Portuguese"), who continued to exploit natural resources until 1967, employing the traditional *aviamento* system.⁵

In that year there was an irreversible change in the region's economic standards is marked. The extractive area was taken over by the American businessman and multi-millionaire Daniel K. Ludwig (1897-1992). Politically and economically supported by the Brazilian military government, Ludwig started a huge agro-industrial enterprise, the Jari Project, based on several large-scale and associated production ventures of pulp, rice, cattle, and mining. Ludwig invested more than 1 billion dollars in infrastructure and urbanization during the twelve years during which he commanded the project. His decision to place the project's facilities exclusively on the Pará side of the area led to a strong socioeconomic division between the two parts of the region, still visible today in the contrasting physiognomy of its urban areas (see Images 1 & 2, and Map 1). The municipality of Almeirim (Pará) hosts almost all of the project's activities and infrastructure (two company-towns, Monte Dourado and Munguba⁶; an industrial complex, a port, a railway, and a road network). The Amapá side was left without economic activity, but hosted the rise and growth of two shanty towns,

each forming the informal double of the two company towns built on the other side of the Jari river.

These so-called “beiras”⁷, spontaneous settlements of hastily constructed, precarious wooden huts nested along the Jari river edge, absorbed, during the 1970ies, a massive amount of migrants coming from the Brazilian Northeast, but also from bordering regions, attracted by the possibilities of landing jobs in the project. As a consequence, the region’s population exploded, going from barely 10,000 habitants in 1960 to more than 46,000 in 1980 (GREISSING, 2012). The project employed more than 15,000 persons at its

peak, in the late 1970s, but many migrants did not find employment and gathered together in the two « beiras », later transformed into the municipal capitals of Laranjal do Jari (1987) and Vitória do Jari (1994). In the 1990s, both cities concentrated more than 60% of the total population of the Jari region.

The Pará side of the project’s area, instead, experienced a significant transformation in land-use, through the installation of large-scale tree plantations (preceded by massive logging), rice plantations, cattle farms, and mining. These new activities led to the spatial marginalization of parts

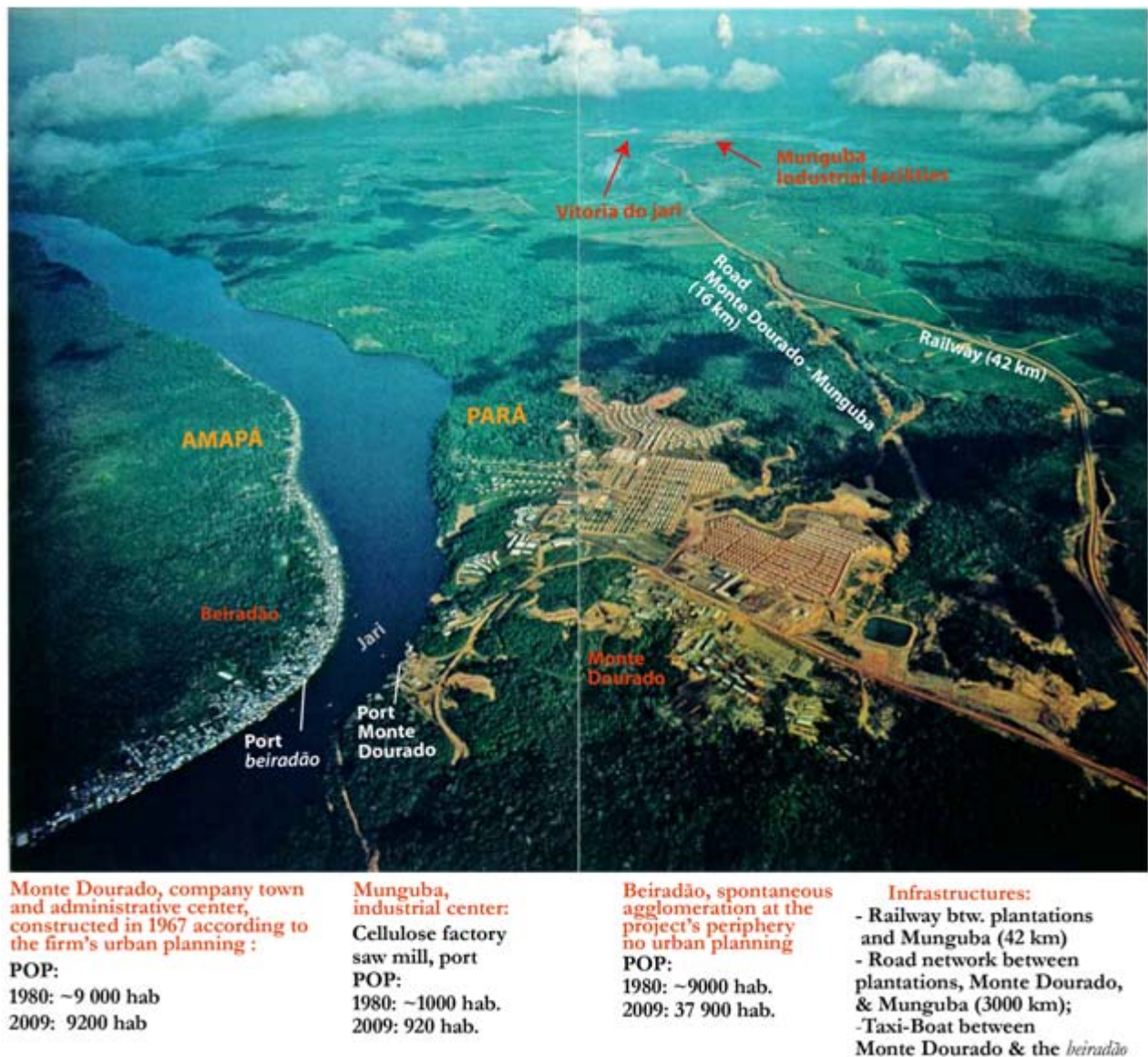


Image 1. Overview of the company town Monte Dourado, in Pará, versus the spontaneous agglomeration of Beiradão, in Amapá. Photo: Loren McIntyre, 1970.

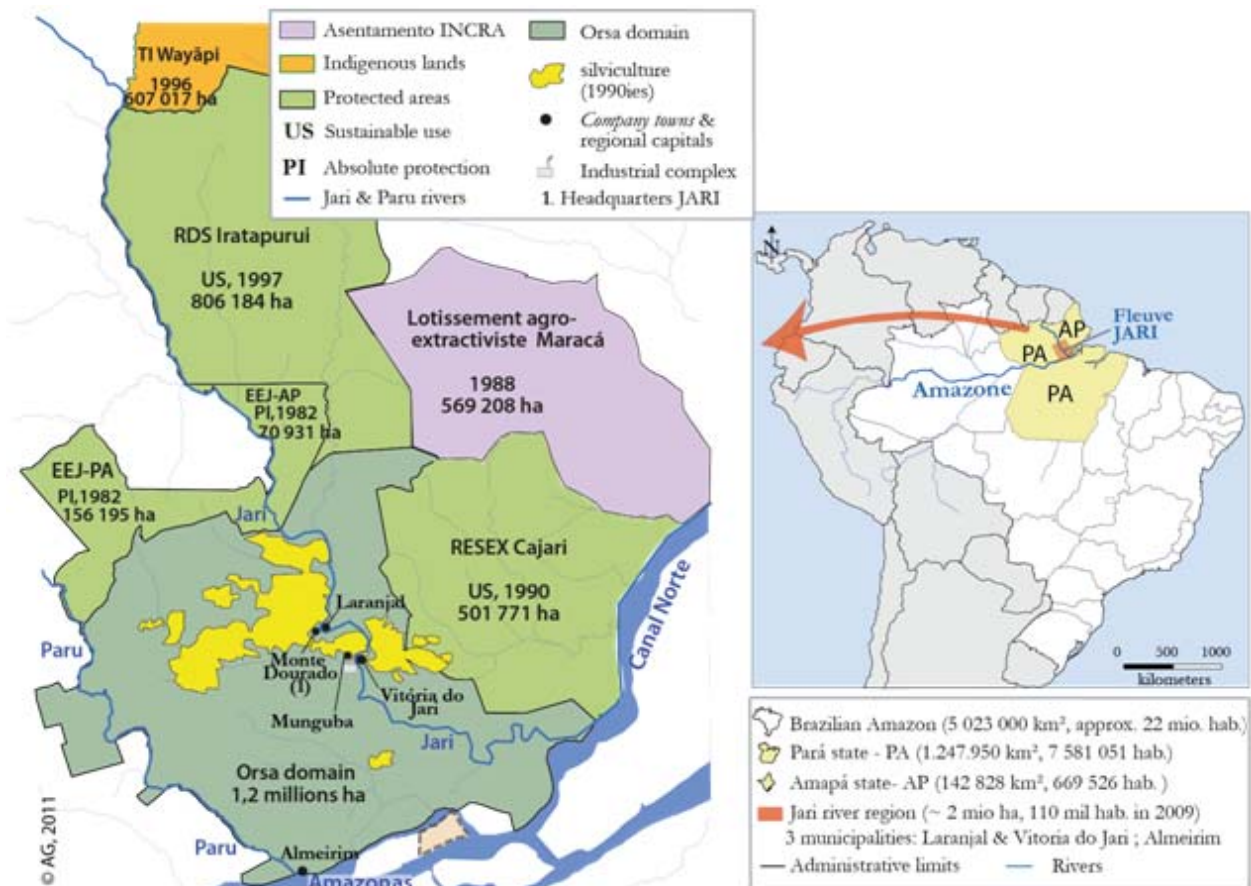


Image 2: Laranjal do Jari in 2009: The cityscape of the regional capital still reminds, as in the times of the beira, a shantytown bordering the Jari river, without sewerage and refuse disposal services.

Photo: Anna Greissing, 2009

of the local populations and their economic networks based on the commercialization of natural resources and on subsistence agriculture. This caused several conflicts over land inside the area in the late 1980s and 1990s.

These conflicts were further exacerbated by the adoption of special labor policies initiated by Ludwig's successor, Augusto Trajano de Azevedo Antunes (1906-1996), a Brazilian businessman, who took over the company in 1982. In order to



Map 2: The domain of the Jari Project in its regional context, at the end of the 20th century.

Map designed by Anna Greissing, 2012

reduce the costs of the project (it continued to be in the red due to the lack of profitability of all of the agro-industrial activities initiated by Ludwig, except mining), Antunes dismissed several thousand workers in the mid 1980s. Many of those who were fired settled in the rural parts of the firm's area, which increased the population of several rural communities, especially on the Pará side. This obviously displeased the company, which feared the loss of control over its territory and tended to respond with evictions. As a consequence, some of the communities organized themselves into resistance movements and managed to obtain land grants from the firm; others did not receive such grants, but succeeded in remaining in the domain; others still (above all on the Amapá side) have been granted land rights through the intermediation of the government. The creation of three public protected areas also mitigated some of these conflicts, which have a potential to expand towards Amapá state (see Maps 1 and 2).

2.2. The Jari Project under criticism

Since the 1970, the evolution of the Jari region has been linked intrinsically to that of the company and its economic ups and downs. Given that the project has itself known significant changes since its beginnings in 1967, the dyna-

mics that it generated in the region have indeed been different in each one of its phases (Ludwig – Antunes - Orsa, see Image 3).

The withdrawal of Ludwig, in the early 1980s, was the inevitable consequence of the loss of the military government's political support. Ludwig's project was being criticized increasingly due to its lack of economic viability. At the same time, the rise of national and international environmental movements, coupled with the emergence of the notion of *socioambientalismo*⁸, started to denounce the project's environmental impacts (logging, water and soil pollution), as well as the poor working conditions and the insecurity of the labor force, whose turnover rate exceeded 150% in the 1980ies (FISK, 1984). Lastly, the "beiradão" (later Laranjal do Jari), lacking urban planning sanitary and social infrastructures, gained fame during the 1990s as a "pistol city" afflicted by prostitution, crime and serious hygienic problems.

Moreover, in the 1990s the project's deficient economic performance and its dependency on BNDES (*Banco Nacional de Desenvolvimento Econômico e Social*) financing made it increasingly difficult to justify. Eventually, in 1997, a serious technical incident in the pulp factory forced the presiding consortium to put the project on sale. Two years later, the area and its patrimony were acqui-

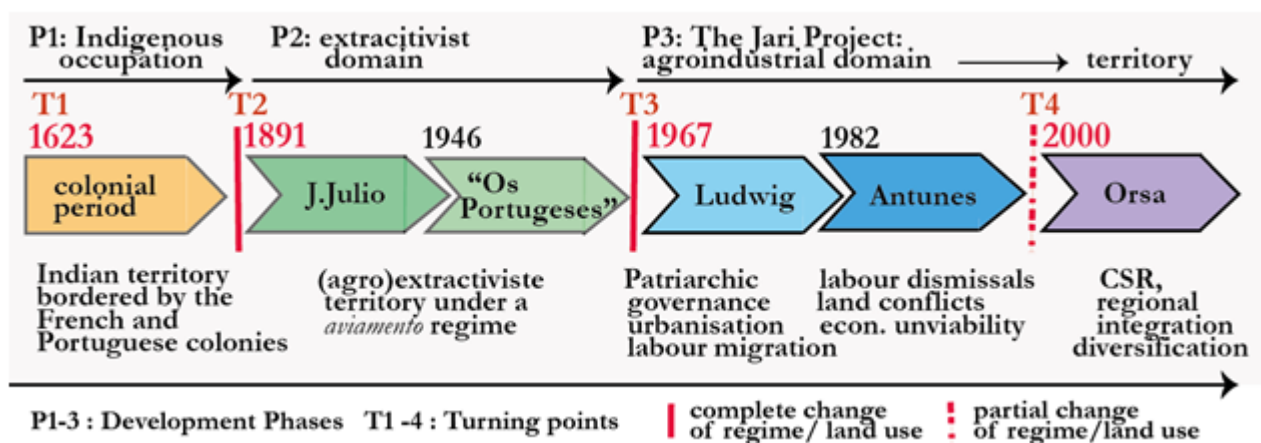


Image 3: Phases of the territorial and socio-economic evolution of the Jari region.

Source: Anna Greissing, 2012.



Image 4: Images of industrial installations of the Jari Cellulose factory in Munguba, state of Pará.
Photos by Anna Greissing, 2009

red by the Brazilian businessman Sergio Amoroso, main shareholder of the Orsa group, renown for his capacity to rehabilitate bankrupted companies. Under his direction, technological investments and the adoption of a CSR management style led the project for the first time to economic success and helped the Jari region to attain a degree of socio-political stability.

3. The Jari company in the 21st century: CSR answers to regional challenges

When the project was taken over by the Orsa group, it faced serious problems in terms of economic viability, territorial control and political legitimacy. In order to address these challenges, the Orsa management adopted a strong CSR discourse and several corresponding measures. Within the latter we can distinguish between environmental and social measures, the implications of which are in fact quite different in legal and juridical terms. Concerning social responsibility, the difficulty of measuring both the efforts and the re-

sults of CSR projects and the diversity of contexts within which a given firm operates makes it difficult to establish any concrete norms or laws in this matter. As a result, most countries still lack a legal framework for social responsibility policies made by private companies. Regarding environmental responsibility, in contrast, the emergence of several progressive concepts since the 1990s (such as industrial ecology, eco-efficiency, or product stewardship), accompanied by the development of new technologies (renewable energies, alternative fuels etc.), led to the establishment of parameters that are not necessarily mandatory. However, if the corporations want to be among today's leading edge companies, it is strongly recommended that they follow the established standards.

3.1 Industrial greening and differential marketing

Several authors have shown that industrial sectors producing for the international market, especially the ones operating in the extractive and wood-producing sector, since the 1990s, have been

displaying high performance in the improvement of their environmental image, to respond to the increasing pressures of consumers, shareholders and investors (MAIMON, 1994). Likewise, the Orsa group has committed to a number of “greening” initiatives in order to gain in competitiveness and to downplay the historically negative reputation of the Jari project as an agent of the destruction of the Amazon forest. In the first five years of its management, the Orsa group has engaged in a series of important restructurings and modernizations, especially of the cellulose factory (see Image 4), in order to increase its eco-efficiency and productivity, but also to demonstrate its environmental responsibility and its goal of corresponding to the international standards, through the acquisition of certifications, such as FSC (Forest Stewardship Council) and ISO (International Organization for Standardization) labels for forestry and environmental management excellence, respectively.

Looking for “green” solutions for issues of economic profitability, the Orsa group has been seeking both financial and image gains, following a double objective: increase the productivity of cellulose production by technological modernization and by enhancing know-how in silviculture management (for example, the acquisition of new equipment, or the integration of scientific research into the planning and execution of operations, such as information on soil consistency or micro-scale cartography), while still reducing its environmental impacts. According to statements of the firm itself (ORSA, Social-Economic-Environmental Report, 2005), “greening” investments between 2000 and 2005 amounted to more than 250 million dollars⁹.

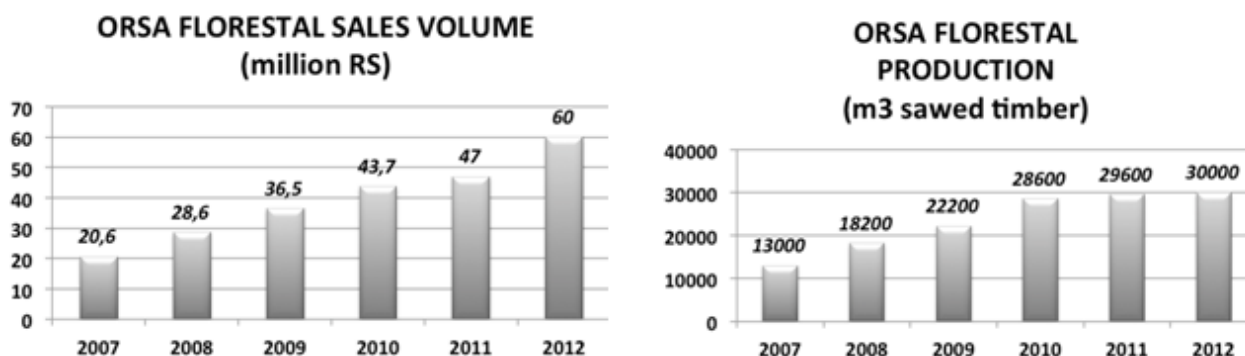
3.2 Eco-compatible use of the rainforest

Beside these efforts towards environmental excellence, another crucial strategy is the diversification of Orsa’s activities in Jari region, accom-

panied by the creation of two new firms since 2000. The first, inaugurated in 2004, under the name of Orsa Florestal, aims at the exploitation of FSC certified native wood in an area of more than 545,000 hectares of tropical rainforest on the Pará side of the firm’s domain (see Map 3). In order to correctly manage such an extensive forest, Orsa Florestal created a highly innovative production model, with a 30-year cycle system and 30 annual production units (UPA). The fact that each UPA is exploited only once every 30 years (until 2009, the Orsa Florestal has thus exploited UPA 1- 5) is supposed to guarantee, according to Brazilian legislation as well as FSC rules, the total regeneration of the forest in each UPA before its second exploitation). Moreover, the exploitation has to follow a very strict and meticulous planning in order to minimize as much as possible its effects on the forest and on its microclimate, by using a low-impact harvesting system.

The management plan proposed by the Orsa Florestal is as challenging as spectacular, and promises multiple benefits to the entire Orsa enterprise: With more than half a million hectares of tropical forest, Orsa Florestal is dealing with the largest area worldwide ever managed for certified tropical wood exploitation – a remarkable fact that is highly increasing the firm’s visibility in the field of wood production companies, but which is also counterbalancing the negative impacts associated with the firm’s cellulose production.

Economically speaking, however, one can have second thoughts about the viability of such an effort. The few firms who have invested in certified tropical wood production at a comparative scale in the Amazon region have all faced serious economic difficulties, especially due to the costs involved in a certified management system.¹⁰ Nevertheless, the fact that since its beginnings in 2004 Orsa Florestal has been able to increase considera-



Graph 1: Production and sales volumes (data for 2012 sales are estimates) of Orsa Florestal, 2007-2012

Source: *Globo Rural*, March 2012. p. 26 -33.

bly its productivity and sales volumes, as well as its clients all over the world, made it an international reference for certified wood production in the tropics. If the management of its huge territory represents a real challenge, and if the sales volumes of the Orsa Florestal are still far from those generated by the Jari Celulose (573 millions reais against 27 millions for the Orsa Florestal in 2008), its positive evolution in the last four years (see numbers in Graph 1, below) seem to suggest that tropical wood exploitation carried out by the Orsa Florestal is likely to become economically profitable in the long run. In this context, we can wonder if the inclusion of rural communities into the exploitation of timber, following a company-community partnership model, could become a future CSR policy of the Orsa. Until 2009, this possibility has not been articulated at all by the firm.

In 2009, a second firm was acquired by the Orsa group in Mato Grosso (Alta Floresta), with plans to establish a subsidiary branch in the Jari region: Ouro Verde Amazônia, a small company specialized in the transformation and commercialization of edible products based on Brazil-nut oil. As the first company of the group oriented towards non-timber products of the Amazon forest, Ouro Verde Amazônia, is economically speaking, the least important firm in the group¹¹, but its existence is all the more precious in political terms. By dealing with the extractive sector, it has indeed allo-

wed the Orsa group to establish direct commercial relationships with the Brazil-nut producing communities living inside the firm's holdings, and thus to consolidate social and economic ties with local and regional actors. Moreover, taking part in this important productive activity and in its commercial networks has been a very efficient way to prevent future land conflicts. Lastly, the commercialization of an emblematic natural resource of the Amazon rainforest constitutes, just as the certified timber-extraction of the Orsa Florestal, an important gain in terms of image for the entire company, henceforward associated to the "eco-compatible" valorization of the Amazon forest.

We thus argue that the discourse of environmental responsibility adopted by the Orsa group has been put into practice on the basis of a diversification of activities. This allowed the corporation not only to create additional sources of income, but also and more importantly to gain more political legitimacy, territorial control, and marketing assets.

3.3 The Orsa Foundation: adapting CSR policies to the Amazon context

The performance of the Jari Cellulose, which increased its production every year since 2004, reaching 353 000 tons of bleached cellulose in 2010 (Grupo Orsa, Annual sustainability report, 2010)¹², has in fact been a prerequisite for the Orsa group

to invest massively in environmental excellence. However, in order to fulfill also its social responsibility duties, in 2000 the Orsa group created, early in its activities in the Jari river area, an internal « social » enterprise, the Orsa Foundation. It was supposed to deal with the serious social problems that had emerged in the *beiras* in connection with the company's presence and with the total lack of public investment.

Initially the Orsa Foundation planned to carry out social projects with street children in Laranjal do Jari. Its first initiative was the establishment of a sort of kindergarten in the foundation's headquarters in Monte Dourado, in order to provide the children with educational and nutritional services. After that, the Foundation expanded its projects and activities, engaging in more ambitious projects aiming at socio-economic development. Two major strategic lines have defined the foundation's numerous projects. First, in 2004 it expanded several small initiatives in the field of entrepreneurship, by offering special courses for young people and women from the urban area in different professions (handcraft, carpentry, sewing, information science). It also built up close cooperation with different political actors and with civil society to strengthen public policies and the population's self-organization. This approach led to the splitting up of the foundation staff into various teams, each one responsible for a special development projects. A second important shift in the foundation started in 2007 with the expansion of its activities to rural areas.

The Orsa Foundation has thus grown, in a period of seven years, from a single philanthropic initiative to a sort of private agency for regional development. This can be considered a pioneer experience in the Amazon region. In fact, what distinguishes the Orsa group's CSR policies

from those of other firms in Brazil or elsewhere is the amount and the scale of the projects currently carried out by foundation: In 2009, it had six teams, each dedicated to an important field of development (education, professional training, health, promotion of children's rights, rural development, and innovation and entrepreneurial skills). This involves about 40 employees and a budget of 5.7 million reais, which corresponds to 1% of the annual sales volume of the Jari firm (see Table 1, at the end of this article).

4. Discussion: accomplishments and controversial points of the Foundation's CSR policies

The evolution of the Orsa Foundation and the growth of its projects indicate the importance that the Orsa group's board of directors has been giving to social responsibility policies in and around its domain in the Jari region. In comparison with other Brazilian firms, 80% of which still limited themselves, in the early 21st XXI century, to isolated or limited social assistance and philanthropic initiatives (GIFE report, 2001), Orsa policies expand beyond the conventional CSR framework.

There is no doubt that the Orsa has understood the strategic potential of CSR for its economic success and its political legitimacy in the Jari region. In fact, the findings of our research, conducted in 2009 in close proximity with the Foundation, show clearly that the it became the firm's most precious tool for the management of its enormous territory and for its successful integration into the region. Having become one of the most important development actors in the region, the firm has effectively gained general acceptance by local governments and populations, a *sine qua non* condition for its permanence in the Jari region.

4.1 The need for regional development public policies

However, the difficulties encountered by the Orsa Foundation have been manifold. If some of them reflect recurrent problems connected with development projects (for example, efficiency and continuity of development initiatives), others are due, on the contrary, to the specific Amazonian context. These are linked, for example, to the lack of political and social infrastructure, to communication difficulties, to deficiencies in energy supply, or to the high logistical costs connected with the huge size of the firm's domain. As such, the application of CSR policies to the Jari region has been a continuous and sometimes difficult learning process for both the company and local populations. This requires a constant adaptation of Foundation goals, as well as a redefinition of its methods.

Several questions emerge concerning the Foundation's approach. First, there is the matter of political legitimacy. To what extent is a company supposed to take over functions usually performed by the state? According to RICO (2004), the Brazilian business world is increasingly accepting to take over functions and services elsewhere covered by the state. Important Brazilian institutions in the field of CSR policy definition, such as Amcham, even encourage firms to conceive public policies in collaboration with the state and other development actors. Concerning the Jari region, the structural absence of the state would thus indeed legitimate the engagement of the Orsa firm in some of the classical domains of the state. However, some state representatives in the Jari region have criticized the company precisely for wanting to replace public institutions in order to gain more political control.

Rafael Almeida, current director of the Orsa Foundation, argues instead that at their ar-

rival in the region his team had been confronted by a total lack of political structures and capabilities, and was thus almost forced to engage in several public policy areas. In fact, many of the regional actors that the Foundation is working with today (such as civil society associations or regional councils) had to be built up or trained by the Foundation first in order to express their needs and claims vis-à-vis the government and the firm. Today, however, with the consolidation of a set of state actors and civil society associations, mainly in Laranjal do Jari, the Foundation has become more and more a platform for connecting different actors with each other and for mobilizing them to engage in common regional development policies.

Nevertheless, if many cooperation projects have been conceived and put into practice since 2004, many recurrent problems remain regarding the distribution of duties between different sectors. Moreover, as these socio-economic initiatives were until 2007 limited almost exclusively to the urban areas of Laranjal do Jari, Vitoria do Jari, and Almeirim, rural zones continue to be poorly provided with basic infrastructure, such as roads, transportation, energy supply, or health services.

The basic problem that prevents public investment in most of the firm's domain on the Pará side is linked to the question of land entitlement. In fact, protracted land conflicts are still unsettled in several parts of the firm's domain. The securing of land titles to local communities inside the Orsa firm's holdings is far from solved. Despite the fact that the latter had been a prerequisite for the acceptance of the Orsa Florestal management plan in 2004, the situation remains conflictive. There is no doubt that without a more serious involvement of the state in the rural development of the region, the Orsa Foundation will not be able to significantly and permanently

change the living conditions of the rural populations settled inside its domain.

4.2 How to link business with social engagement?

The carrying out of socioeconomic development projects and public-private initiatives in the framework of CSR policies applied by businesses often raise the question of the compatibility between development and the logics of business (STERNBERG, 1997; JENSEN, 2001). There is also the so-called “agency-problem”, i.e. the interest conflicts that can arise between different shareholders or/and stakeholders (SUNADARAM et INKPEN, 2004). Another related issue is that of the “property rights” argument (FRIEDMAN, 1998). It questions the legality of corporations’ decisions to engage in certain social issues that could lead them to sacrifice the interests of their shareholders and give priority to the interests of their stakeholders (HEATH and NORMAN, 2004). The matter can be stated like this: On what basis can a public-private cooperation be built if companies undergo economic fluctuations and have to respond to the absolute premise of profitability, meaning that they are likely to interrupt their social engagements if business priorities require them to do so.

For example, the Orsa group made massive dismissals in 2009, during and after the economic crisis. Several union representatives doubted the need for the dismissals, together with some Brazilian economists and intellectuals. This illustrates the contradictory character of CSR policies, in which the (visible) implementation of social projects sometimes goes hand in hand with, for example, the (less visible) pressures on the government for greater flexibility in labor laws or in salary reductions (CAPPELIN and GIULIANI, 2004).

A similar issue of questionable compatibility concerns one of the first development projects proposed by the Foundation for rural areas, in 2007. The “eucalyptus family-farming project” stimulates family farmers to plant eucalyptus on lands inside the company’s domain, but occupied by farmers. According to the Foundation, this is a win-win project: The firm provides incentives (seedlings, fertilizers, credit for maintenance) and pledges to purchase all wood produced from mature trees (generally after they are 7 years old). The farmer is responsible for plantation maintenance. As a long-term investment with guaranteed sales this represents an additional source of income.

Until 2009, 34 families had signed contracts with Orsa for the tree plantation program. Plantations would occupy an average of 2 to 4 ha per family. These kind of contracts¹³ can indeed be profitable for local farmers if certain conditions are given. A minimum amount of land must be available in order not to compromise subsistence agriculture. Specific know-how is required. Families must be big enough in order to save labor costs. Additionally, farmers must know how to manage long-term investments, something that most local populations are not familiar with. Our fieldwork showed that these conditions are rarely fulfilled in the case of most rural families in the Jari region.

The benefits of the project for the company are more obvious. They turn out to respond more to territorial and political objectives than to economic ones. Given that the territorial expansion of the Jari firm is now clearly limited by public protected areas located to the north and that environmental regulations are being asserted (such as the observance of the ‘legal reserve’¹⁴), the only way to “recover” land for eucalyptus plantations is using plots occupied by family holdings. Mo-

reover, dependency of the farmer vis-à-vis the firm (due to the fact that the eucalyptus needs seven years to reach maturity and that the Jari company is the exclusive buyer) is likely to mitigate social and land conflicts, allowing the company to avoid comfortably or at least to postpone the process of land entitlement inside the company's domain, something that otherwise would be certainly necessary. This would require attribution of land titles to approximately 2,000 families established in the rural areas of the firm's domain - a matter evidently not of interest to the company, whose most precious capital is its vast territory.

4.3 When social responsibility becomes a territorial issue: the need to include rural areas into CRS policies

However, besides the controversial eucalyptus project, other initiatives by the Orsa Foundation in rural areas had positive results or are at least promising to have some in the future. Some programs, such as the "nut project", have just been initiated. Others, such as education or professional training, are long-term projects; their effects will be visible only after some years). Most initiatives aim at increasing family incomes by improving both traditional activities (mainly manioc cultivation, fruit-growing, and Brazil-nut collection) and new productions (eucalyptus, *curauá* - a native fiber plant, gardening, and honey production). Most of these projects are recent, but they are effectively gaining weight. Most families involved in one or more of these projects have diversified their sources of income and improved their revenue¹⁵. Even if these projects affect only a minority of the more than 2,000 families living inside the firm's domain, the foundation's strategy follows the theory of "spatial diffusion of innovation" (HÄGESTRAND, 1952): The successful adoption of new production methods by even a

single family in each community is likely to inspire other families to do the same.

Concerning agricultural production, IBGE data (for 1990 and 2000) show an increase of productivity in almost all major crop varieties planted in the Jari region. The population growth of Laranjal do Jari created an important market for food items. The existence of a road network (maintained by the Jari firm, depending on current use for its productive activities) has increased considerably the mobility between urban and rural areas. This, in turn, opens the possibility of combining one or more rural activities with an income generating, part-time activity in the city.

Our study of the Orsa Foundation's development projects, specifically in rural areas, shows that if results are rather positive but likely to show their effects only in the years to come. However, the real importance of the Orsa Foundation today lies in its political involvement with different regional and local actors, as well as in its engagements to mobilize and connect these actors in regional development policies. An example of the efforts made by the foundation in order to involve political actors in rural development initiatives is the need to organize the extractive chain of custody and to add value to agricultural production in the region. Two relevant policy measures have been implemented of late foundation involvement: the first, in 2008, concerning Brazil-nut commercialization; the second, in 2009, regarding the search for new markets for agricultural products. Let us look more closely at both.

In 2008, a regional office of CONAB (*Companhia Nacional de Abastecimento*, a federal food supply agency) was created in Amapá state, charged with the implementation of a minimum price policy for Brazil-nuts (in 2009, this price was 52,49 R\$ per hectoliter). Coupled with the foundation's relevant efforts through its "nut project", seeking

to organize extractive communities into local and regional associations and cooperative networks, the minimum price policy will most likely break up the traditional dependency ties between *castanheiros* (Brazil-nut collectors) and *atravessadores* (middlemen), besides guaranteeing better prices for their productions and creating possibilities of adding value locally. 2008 and 2009 were difficult years for the Brazil-nut communities in the Jari region due to the low price offered by middlemen and regional markets. The minimum price policy was implemented in 2009 as a sort of emergency measure, but also as a long-time federal policy in order to control the Brazil-nut market, which largely escapes such control, because it continues to be a highly informal activity.

Aside from the minimum price policy, the Orsa group itself has put pressure on middlemen, seeking to increase the price that they pay for Brazil nuts. Since 2009, the Ouro Verde Amazônia started to purchase Brazil-nut productions directly from some Jari river communities, at a price twice as high as the CONAB-mandated minimum price and four times as high as prices paid by middlemen. In a region where 89 communities of a total of 109 combine Brazil-nut collection with agriculture and/or cattle and buffalo breeding, these new dynamics are likely to allow a significant improvement of the rural community's living conditions.

Concerning agricultural development, the most important and far-reaching initiative seeking to increase the demand for edible products was taken by the federal government in 2009. This was the establishment of the « law for food in schools ». It requires that a minimum of 30% of FNDE funds (National Fund for Development and Education) allotted to each municipality must be spent in the purchase of food produced by local family farmers and used in school lunch programs. If

the law is correctly employed in the Jari region, it could indeed make a significant difference for its farmers.

5. Conclusion

This article has given an overview of major CSR policies conceived by the Orsa group since 2000. We argued that the firm's discourse of environmental responsibility has been put into practice by both a modernization of the cellulose factory and a diversification of the firm's activities. Both allowed the company not only to create new sources of income (likely to become economically important for the holding), but also and more importantly to achieve benefits in terms of image, political legitimacy, territorial control and marketing assets.

Furthermore, we have seen that the creation of a foundation associated with the firm in 2000 as the "embodiment" of its social responsibility has been the firm's most powerful tool for managing its huge territory, but also for preventing future land conflicts. Besides deploying a wide range of development initiatives (which are likely to show their long-term effects more clearly in the future), actual success of some foundation initiatives lies in the new model of relations and interactions established between the firm and local and regional actors. Direct and regular dialogue has increased significantly mutual understanding and the sharing of economic logics (traditionally perceived as incompatible) between the firm and the local populations. The increasing number of partnerships established between state institutions, the foundation and local populations corroborate this.

The fact that the firm is concerned (for the first time in the Jari project's history) with its controversial impacts on the development of the re-

gion has brought about a stronger acceptance of the firm as a legitimate development actor. There seems to be an open path for more balanced interregional governance of the Jari region, involving the Orsa firm and the political actors of the aforementioned municipalities. Nevertheless, if many people living inside the firm's domain have benefited from their adaptation to the new contexts and dynamics created by the firm's presence, there still are several zones of marginalization and islands of resistance against the firm and its foundation. The process of regional integration must therefore proceed.

Moreover, the strong demographic attractiveness of Laranjal do Jari (which demonstrates an asymmetrical socio-demographic development in favor of the historically disadvantaged Amapá side of the Jari project) causes a situation in which 80% of the region's population lives in the three municipal capitals, leaving only 20% in rural areas. If Jari Cellulose and Orsa Florestal continue to increase their productivity and sales, urban areas are likely to grow and to benefit from the economic dynamics and related jobs. On the other side, if the government and the Orsa Foundation continue to increase their engagement in infrastructure building and socioeconomic development in rural zones, and if the firm eventually accepts to attribute land rights to the families established inside its domain, rural populations might also be able to improve their living conditions. After years of land conflicts and uncertainty, most of the families visited and interviewed during our fieldwork in 2009 stated that, despite a context in which numerous difficulties persist, living inside the firm's territory today offers the rare opportunity of liberty, peace, and nature.

30 years ago, the Jari Project was allowed to assume a significant role in the testing of agro-industrial exploitations of the Amazon forest

(GALL, 1979). Today, we can state that if the territorial management initiated by the Orsa group and its Foundation goes beyond the firm's interests and effectively enhances the long-term socioeconomic development of the Jari region, there is a chance that CSR policies might be an efficient model of socio-economic development for isolated regions with a deficit of state actors.

References

- BRANCO, M.C., and RODRIGUES, L.L., 2007, Positioning Stakeholder Theory within the Debate on Corporate Social Responsibility, **Electronic Journal of Business Ethics and Organization Studies**, Vol. 12, n° 1, p. 5-15.
- CAPPELIN, P., and GIULIANI, G.M., 2004, *The Political Economy of Corporate Responsibility in Brazil. Social and Environmental Dimensions, Technology, Business and Society*, Program Paper Number 14, October 2004, United Nations Research Institute for Social Development, (UNRISD), 82 p.
- CARROL, 1999, Corporate Social Responsibility: evolution of a definitional construct". **Business and society**, Vol. 38, n°3, p. 268-295.
- CASTELL, M., 1996, **The rise of the network society**. 2nd ed. New York: Blackwell, 566p.
- FRIEDMAN, M., 1970, The social responsibility of business is to increase its profits, **New York Times**, Sept. 3rd, pp. 405-409.
- GALL, N., 1979, Ludwig's Amazon Empire, **Forbes**, May 14th, p.127- 144.
- GREISSING, 2010, A região do Jari, do extrativismo ao agronegócio: As contradições do desenvolvimento econômico na Amazônia forestal no exemplo do Projeto Jari. **Revista de Estudos Universitários da Universidade de Sorocaba**. Dossiê Amazônia. (<http://periodicos.uniso.br/index.php/reu/issue/current>

- GREISSING, 2011, 50 ans d'histoire du projet Jari. (D'un grand projet contesté à un modèle d'éthique entrepreneuriale ?, **L'Espace Politique**, 15 | 2011-3.
<http://espacepolitique.revues.org/index2118.html>
- GREISSING, 2012, La région du Jari, un laboratoire en Amazonie, soon available online on the **open archives website HAL-SHS**, <http://halshs.archives-ouvertes.fr/>.
- GRUPO ORSA, 2005, **Relatório socioeconómico ambiental**, 117p.
- GRUPO ORSA, 2008, **Relatório de sustentabilidade**, 41p.
- GRUPO ORSA, 2010, **Relatório anual e de Sustentabilidade**, <http://relatorioweb.com.br/orisa/10/>
- HÄGESTRAND, T., 1952, **Innovation diffusion as a spatial process**, Chicago : University of Chicago Press, 1967.
- HEATH and NORMAN, 2004, Stakeholder Theory, Corporate Governance and Public Management, What can the history of state-run enterprises teach us in the post-Enron era ?, **Journal of Business Ethics**, Vol. 53, p. 247-265.
- JENSEN, M.C., 2001, Value Maximization, Stakeholder Theory and the Corporate Objective Function, **Harvard Business School Working Paper 01-01**. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=220671.
- MAIMON, D., 1994, Responsabilidade ambiental das empresas brasileiras : realidade ou discurso ? In : CAVALCANTI (Org), **Desenvolvimento e natureza : Estudos para uma sociedade sustentável**. INPSO/FUNDAJ, Instituto de Pesquisas Sociais, Fundação Joaquim Nabuco, Ministério de Educação, Governo Federal, Recife, Brasil. Outubro 1994. p. 262. <http://168.96.200.17/ar/libros/brasil/pesqui/cavalcanti.rtf>
- WILLIAMS ET AL., 2005
- MIFANO, G., 2002, **A crise mundial de confiança nas empresas : uma questão de Responsabilidade Social**, [http://www.ethos.org.br/docs/conceito_praticas/publicações/Debates/a_crise Bibliographie 410 mundial.ppt](http://www.ethos.org.br/docs/conceito_praticas/publicações/Debates/a_crise_Bibliographie_410_mundial.ppt).
- REVISTA GLOBO RURAL 31: Lucro Verde na Floresta, Mars 2012.
http://www.grupoorsa.com.br/revista_globo/grupo_orsa_madeira_legal_globo_rural.pdf
- RICO DE MELO, E., 2004, A responsabilidade social empresarial e o estado, uma aliança para o desenvolvimento sustentável. **São Paulo em Perspectiva**, 18 (4): p. 73-82.
- STERNBERG, E., 1997, et al.. The defects of stakeholder theory. **Corporate Governance**, Vol. 5 (1): 3-10.
- STIGLITZ, J. E., 1989, Imperfect information in the product Market, in SCHMALENSEE, P., SUNDARAM, A. K. and INKPEN, A. C., 2004, **The Corporate Objective Revisited**, *Organization Science*, Vol. 15 n°. 3, pp. 350-363.
- WALDMAN ET AL., 2006, D.A., et al., 2006, Cultural and leadership predictors of corporate social responsibility values of top management: a GLOBE study of 15 countries, **Journal of International Business Studies** 37, 823-837.

Endnotes

¹ 'Shareholders': owners of stock shares in a corporation or mutual fund. 'Stakeholders', instead, are all those who have a « *stake* », i.e. a direct or indirect interest in the business; they can affect or be affected by the business.

² AMCHAM Brasil (American Chamber of Commerce Brazil – Unites Nations of America), founded in 1919, is the biggest commercial chamber outside the USA, with about 5,560 associated companies; FIDES (*Fundação Instituto de Desenvolvimento Empresarial e Social*), founded in 1986; Instituto ETHOS, created in 1998, is the largest association of Brazilian businesses; and GIFE (*Grupo de Institutos, Fundações e Empresas*), founded in 1995. All seek to aid in the discussion, diffusion and adoption of CSR principles by Brazilian corporations, but also the regulation of labor rights and environmental issues.

³ Housing four companies from the cellulose and paper sector, in 2009 the Orsa group was composed by one in São Paulo (the OPCE – Orsa Celulose Papel & Emballa-

gens, 1981), and three in the Jari region (Jari Cellulose, acquired in 2000, for the production of cellulose; Orsa Florestal, created in 2004, for the exploitation of certified tropical forest timber; and Ouro Verde Amazônia, acquired in 2009, for the processing and commercialization of Brazil nuts.

⁴ This article is based on a research conducted in the Jari region in 2007 (May - July) and in 2009 (January - August). The present article constitutes the synthesis of a part of the PhD thesis, completed in February 2012.

⁵ *Aviamento*: a labor system based on debts contracted between extractors (labor) and *seringalistas*, by means of advancements of merchandise (food, clothes, utensils, gunpowder etc.) from *seringalista* to extractors, in exchange for the delivery of extracted rubber and Brazil nuts. This system is sometimes called “debt peonage” in English.

⁶ Company town: small town inhabited exclusively or principally by the employees of one or a group of firms. As many company towns are constructed by the firms themselves and cater to their needs, firms usually own and operate most of their establishments and services (houses, streets, schools, restaurants, hospitals etc.).

⁷ From Portuguese ‘*beira*’ (= river bank).

⁸ Following the ideas of eco-development, the notion of « socioambientalismo » emerges during the 1980ies in the international scene as a new policy line that states the need to include local communities in environmental protection measures and to give these communities fair access to the exploitation of natural resources (SANTILLI, 2006).

⁹ These investments were made possible with the support of a loan by the BNDES, which was refunded in 2011.

¹⁰ See, for example, the cases of “Gethal” and “Precious Wood Amazonas” - they engaged unsuccessfully in tropical forest management (Laschefsky, 2002; Greissing, 2012)

¹¹ The Orsa group did not publish information about sales volumes or profits made by the Ouro Verde Amazônia in its 2010 annual report.

¹² <http://www.relatorioweb.com.br/orsa/10/node/26>

¹³ Family eucalyptus planting (“*fomento florestal*”) is in fact implemented not only by the Orsa group but also by other important firms of the wood and cellulose sector in south Brazil.

¹⁴ In the Amazon region, “legal reserves” mean that 80% of each rural property must be left unexploited.

¹⁵ According to the Orsa Report of 2008 and fieldwork data (Greissing, 2010).