

“The Public Eye Awards 2006”

Nomination form A

(for companies that have excelled in socially and environmentally irresponsible behaviour)

The nominations will be made public before the Awards Ceremony. Handing in a precise, detailed and formulated nomination (please do not just send keywords, but full sentences) in the given form saves us a great deal of (editorial) work!

Nominated company or corporate group

Name: Alcoa

Headquarters: Pittsburgh, PA, USA

Turnover / net profit: 2004 revenues were US\$23.5 billion, with net income of US\$1.4 billion.

Branch of trade: mining, non-ferrous metals processing, energy generation.

Owned by: shareholders

Number of employees: 131,000 in 43 countries

CEO: Alain Belda

Further information/data on the company/corporate group: World's largest producer of primary aluminium and alumina, and largest miner of bauxite ore.

Nominated in the category (please do *not tick more than one category*):

- X environment
- O social rights (human and labour rights)
- O taxes

Send your nomination(s) to: The Public Eye Awards, Berne Declaration, Quellenstrasse 25, PO Box, CH-8031 Zurich, Switzerland; email: publiceye@evb.ch; Fax: +41 (0)44 277 70 01.

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Reasons for the nomination:

The rationale should include detailed information and, if feasible, it should be listed according to below aspects of irresponsible behaviour of the nominated corporate group. In addition, your rationale should include a list of sources. Moreover, enclosures such as studies or newspaper articles on the case as well as film material are most welcome.

General information on the case and characteristics of irresponsible corporate behaviour

The global aluminium industry is the world's most electro-intensive, requiring enormous amounts of electrical energy to produce primary aluminium. This requires burning large amounts of fossil fuels, or alternatively, the construction of large hydroelectric dams. Either way, Alcoa is a major polluter and a destroyer of global river systems.

Consequences

Large fines have been levied against Alcoa for violating the U.S. Clean Air Act and for polluting coastal ecosystems and rivers with chemicals and heavy metals. In Australia, emissions from Alcoa plants have caused sickness in workers, local populations, and livestock. Alcoa's energy gluttony is driving the construction of huge hydroelectric dams in the Brazilian Amazon. Alcoa's Karahnjukar complex in Iceland will destroy some of Europe's last wilderness areas.

Current status and demands made to the company

A halt to construction of new dams in the Brazilian Amazon

Sources / references

Information for the organisers:

Nomination submitted by:

Name of organisation:

International Rivers Network

Name of contact person:

Glenn Switkes

Address:

*Rua Doutor Veiga Filho, no. 83; apto. 74
CEP 01229-001 São Paulo, SP
Brazil*

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Email:

glenns@superiq.com.br

Phone:

+55.11.3822.4157

The contact person may be contacted for any follow-up queries from the organisers. In addition, it is planned to make this information available to the interested public in the course of the publication of the nominations (on www.evb.ch/publiceye.htm) Please tick below if you do not wish your contact details to be made public.

Do not publish my contact details

Award's Ceremony in Davos

If the company you nominated is awarded a price, would your organisation be in the position to send a person to Davos to give a speech and to conduct a workshop on the topic? This person should have expert knowledge on the nominated company because she/he has written a report on it or carried out a campaign on the topic. Travel, accommodation and expenses of the spokesperson will be covered by the organisers.

A presentation of the case in Davos at the end of January 2006 is possible (please tick)

Name of the person:

Peter Bosshard

Address:

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ALCOA BACKGROUND INFORMATION – FROM THE INTERNATIONAL RIVERS NETWORK PUBLICATION *Foiling the Aluminum Industry* (www.irn.org)

Alcoa has 120,000 employees worldwide. Its income in 2003 was \$21.5 billion, a year in which Alcoa enjoyed profits of \$938 million. About half of Alcoa's revenues come from sales of fabricated products, principally for the transportation and construction industries. The other half is split between aluminum and alumina sales and packaging and consumer items. Alcoa's Board of Directors reflects sectors considered strategically important for the company, including Ernesto Zedillo, former President of Mexico, Klaus Kleinfeld, ex-President of Siemens, Joseph Gorman, ex-Chairman of military contractor TRW, Carlos Ghosn, ex-CEO of Nissan Motors, and Kathryn Fuller, currently President of World Wildlife Fund US. Chairman Alain Belda rose to his position via his experience as President of Alcoa's Brazilian affiliate.

Alcoa is the world's principal producer of bauxite (with mines in Australia, Guinea, Suriname, Jamaica, Brazil, and Guyana), alumina (nearly one-quarter of global production with nine refineries in the U.S., Australia, Spain, Brazil, Jamaica, and Germany), and primary aluminum (13% of world production, with 27 smelters in the U.S., Canada, Australia, Brazil, Spain, Italy, and Norway), as well as fabricated aluminum. The company provides aluminum for commercial transport, the aerospace industry, civil construction, aluminum packaging, and automobiles, also producing machinery for fabrication of aluminum packaging.

Alcoa has ambitious plans for expanding its activities. The company is current increasing the capacity its alumina refineries in Suriname (250,000 tons/yr) and Jamaica (250,000 tpy), and is planning even greater expansion in Australia (2 million tpy at the Wagerup plant and 600,000 tpy at Pinjarra), Brazil (2 million tpy at its São Luís plant), Guinea (1.4 million tpy), and Jamaica (an additional 1.4 million tpy expansion in capacity is being analyzed for feasibility). Whether or not Alcoa goes ahead with these projects will depend on whether global demand for alumina will continue to rise.

Alcoa is currently building a primary aluminum smelter in Iceland (322,000 tpy), is expanding its Alumar smelter in Brazil (by 63,000 tpy), and is analyzing new smelter projects in Bahrain (1,100,000 tpy) and Trinidad (250,000 tpy). Alcoa has also aggressively expanded operations in China, and has bought 8% of Chinalco, with whom it will jointly operate the Pingguo alumina and primary aluminum plant.

Alcoa is also working to guarantee access to cheap energy by planning investments in new hydroelectric dams in Brazil, including Belo Monte dam on the Xingu,¹ and Serra Quebrada Dam on the Tocantins River. Its plans for Santa Isabel dam on the Araguaia River were dropped after environmental licensing authorities determined the project to be environmentally unfeasible,² and another project it plans to develop with BHP Billiton, Tractebel, CVRD and others, called Estreito Dam, has faced difficulties in acquiring an

¹ see previous section "Damming the Amazon for aluminum"

² Bermann, C. *Indústrias Eletrointensivas e Autoprodução: propostas para uma política energética de resgate do interesse público* at www.ilumina.org.br/zpublisher/materias/Estudos_Especiais.asp?id=15872 on 3-02-05

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environmental license, due to omissions and inconsistencies in environmental studies submitted by the consortium.³ Alcoa's Barra Grande Dam in southern Brazil, although nearing completion, has been halted by a federal court order due to allegations of fraud on the project's environmental impact study, which failed to mention that 6,000 hectares of primary, endangered araucaria pine forests would be flooded by the dam.⁴

Alcoa has recently run into problems with organized labor at its smelter in Becancour, Quebec, Canada, over the issues of job security, outsourcing, and pension. A strike lasting four months forced the company to reduce production at the mill, one of the world's largest, by two-thirds.⁵ Workers at four Alcoa plants in the U.S. are also threatening to strike over outsourcing of jobs. Union representatives at Alcoa's Alumar smelter in Brazil complained the company was blocking unionization and failing to report injuries at the plant.⁶

Alcoa also operates 13 "maquila" assembly plants just over the Texas border in Mexico where 15,600 workers tolerate poor pay (\$70-\$83/week) and working conditions to put together wire harnesses for export to U.S. car makers. Alcoa has refused to negotiate with workers, threatening instead to move its operations to other countries.⁷

Alcoa has faced legal action as a result of pollution from its plants. In 2003, Alcoa was ordered by the EPA to cut sulphur dioxide and nitrogen oxide emissions by up to 95% and pay \$4 million in compensation at its Rockdale, Texas plant, which burns lignite coal from an on-site mine for the company's aluminum smelter.⁸ Spewing more than 75,000 tons of pollutants into the atmosphere each year in a plume which reaches for hundreds of miles, Alcoa's Rockdale plant is the nation's largest emitter of SO₂ and NO in the non-utility source category.⁹ Like many of Alcoa's older operations, Rockdale was exempted from the 1971 Clean Air Act requirements because it predated the law. Alcoa has since agreed to shut down three of its four dirty coal-burning power plants fueling the Rockdale smelter, saying it hopes to lease the plant sites to other companies that would replace them with cleaner facilities. Skeptics say that Alcoa is just trying to buy time, and that it is unlikely another power plant operator with financing will be found. 1,100 local people and plant workers have sued Alcoa for diseases caused by asbestos exposure from the Rockdale plant.¹⁰

³ Adital (by Mayron Régis and Glenn Switkes) *Anatomia de um licenciamento*, Jan 9, 2004 at www.adital.com.br/site/noticia.asp?lang=PT&cod=13651 on 3-03-05

⁴ Adital (by Eduardo Zen), Sep 30, 2004. *Entidades denunciam fraude em estudo ambiental de hidrelétrica* at www.adital.com.br/site/noticia.asp?lang=PT&cod=13947 on 3-02-05

⁵ Bloomberg (date?). *Alcoa, union agree on contract that would end strike* at www.awu.net.au/national/campaigns/awualumina/news_1101588223_15868.html on 3-03-05

⁶ José Maria, president Sindmetal, São Luís. personal communication

⁷ New York Times (by Sam Dillon), Feb 14, 2001. *Profits Raise Pressures on U.S.-Owned Factories in Mexican Border Zone* at www.globalexchange.org/countries/mexico/news/nyt021401.html on 3-02-05

⁸ US EPA. *Alcoa Inc. Clean Air Act Settlement*, April 9, 2003 at www.epa.gov/compliance/resources/cases/civil/caa/alcoa.html on 3-02-05

⁹ US EPA, *Alcoa Inc. Clean Air Act Civil Judicial Settlement Fact Sheet* at www.epa.gov/compliance/resources/cases/civil/caa/alcoafs.pdf on 3-02-05

¹⁰ Austin American-Statesman (by Patrick Beach), Aug 31, 2003 *The bitter price of a better life* at www.statesman.com/specialreports/content/specialreports/alcoa/0831alcoa.html on 3-03-05

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In 1991, Alcoa agreed to pay \$7.5 million in civil and criminal penalties for dumping PCBs and other pollutants, including spent pot liners at its Massena plant.¹¹ The \$3.75 million criminal penalty was the largest in U.S. history for a hazardous waste violation. Alcoa also paid \$2.4 million and came to an agreement with the EPA to invest \$6.4 million in air pollution and waste reduction because of poisoning the Ohio River.¹²

In December, 2004, Alcoa was ordered to pay \$11.4 million to cleanup mercury contamination in Lavaca Bay, Texas, and soil contamination near the site of its Point Comfort plant, which produced chlorine and sodium hydroxide from 1948-1994.¹³ Contamination had reached the level where oyster raising, fishing, and crabbing were prohibited. According to Don Pitts, a scientist with the Texas Department of Parks and Wildlife, "There was direct impact to fish and birds in the area. In the case of fish, the mercury altered their behavior so that they couldn't evade predators like they used to." Larger shore birds, such as great blue herons, suffered damage to their reproductive systems.¹⁴ Alcoa also agreed to transfer 729 acres to the U.S. Fish and Wildlife Service to increase the Aransas Wildlife Refuge. Alcoa will dredge mercury-contaminated sediment, operate a ground water recovery system at the former plant and monitor mercury levels in sediments and fish until the levels are acceptable.

Alcoa is building the Karahnjukar Hydropower Project, an ambitious scheme of large dams, reservoirs, and tunnels which will have a massive impacts on Iceland's Central Highlands, the second-largest remaining wilderness area in Europe, and perhaps its most dramatic. Karahnjukar will consist of nine dams, will dam and divert several glacial rivers, and will be sited near Vatnajökull, Europe's largest glacier. Alcoa will use the electricity to fuel a smelter it plans on Iceland's coast to produce 322,000 tons of aluminum per year. The area is a hotspot for biodiversity, and is a critical breeding area for the Pink-footed goose, Purple Sandpiper, and Rednecked Phalarope. Environmentalists warn of potential problems with siltation and of the dangers of the siting of the dam in a volcanic area. The project is in construction, but labor stoppages targeting the Impregilo company, who unions say is violating Icelandic law by importing low-wage workers have left it behind schedule. Alcoa also has been ordered by a court in Iceland to undertake a new Environmental Impact Assessment for the project.¹⁵

¹¹ Logtech. *Alcoa's Environmental Management System*, p. 7 at www.logtech.unc.edu/Alcoa_web_II.doc on 3-02-05

¹² US EPA *Enforcement Action Summary Fiscal Year 2000* at www.epa.gov/region5/orc/enfactions/enfactions2000/law-mm.htm on 3-02-05

¹³ Texas Parks and Wildlife Dept., Dec 21, 2004 *Lavaca Bay settlement provides restoration, cleanup* at www.fishingworld.com/News/Read.php?ArtID=000013607 on 3-02-05

¹⁴ Houston Chronicle (by Anne Marie Kilday), Dec 11, 2004. *Alcoa will pay to clean Lavaca Bay*

¹⁵ see site of Iceland Nature Conservation Association www.inca.is

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Damming the Amazon for aluminum

The largest dam ever built in a tropical rainforest, Brazil's Tucuruí Dam, was constructed principally to fuel the Albrás/Alunorte and Alumar aluminum smelters. Now, the smelters are planning to expand their capacity, and Alcoa has indicated its interest in developing a new bauxite mine/alumina refinery complex in the Amazon. This will place added pressure on the Brazilian government to promote plans for new hydroelectric dams in the Amazon, where two-thirds of Brazil's hydroelectric generating potential is located.

Aluminum companies consume 5.5¹⁶-8%¹⁷ of all electrical energy in Brazil. Alcoa has said it would be interested in investing as much as \$1 billion as part of a consortium being formed to construct Belo Monte dam, the first of a series which would be built on the Xingu River.¹⁸ Belo Monte would displace at least 16,000 people, and would dry up the river below the dam, affecting 500 indigenous people. Five other dams planned for the Xingu would flood thousands of square kilometers of rainforests and indigenous reserves.

Brazilian activists, in collaboration with technical experts and organized labor, have raised important issues regarding the implications of a national industrial development policy that provides incentives for aluminum production for export. Efforts have been made to discuss the impacts of the aluminum industry at regional meetings in the Amazon, and to inject this discussion within the national debate on the need for new hydropower projects in the rainforest and energy alternatives for Brazil.

Australia's Wagerup alumina plant serves a chemical cocktail to residents, workers

Hearings held in the Western Australian Parliament's Standing Committee on Environment and Public Affairs from 2001-2004 focused on emissions from Alcoa's Wagerup alumina refinery. Alcoa has called Wagerup "the most environmentally advanced alumina refinery in the world" and says it is considering expanding operations. But, some 500 people living in proximity to the refinery told the parliament they had suffered irritation to their mucous membranes, skin, and eyes. Speculation pointed to the Wagerup liquor burner, used to burn off organic compounds contained in bauxite ore.¹⁹

Witnesses also accounted that, during dry periods, wastes from the alumina plant blew through the air into their homes and yards. Through prolonged exposure, the residents reported chronic headaches, digestive upsets, and pain, particularly in the joints, a burning in their stomachs and throats, throat ulceration, nose bleeds, and a general feeling of lethargy,

¹⁶ Revista Escola de Minas (article by João Bosco Silva). *A indústria de alumínio e a crise de energia* at www.scielo.br/scielo.php?script=sci_arttext&pid=S0370-44672001000200003 on 3-02-05

¹⁷ Switkes, G. *A Conexão hidrelétrica e alumínio* at www.irm.org/programs/aluminium/aluminumreport2003_port.pdf on 3-02-05

¹⁸ Pinto, L. (Adital) *Minérios. Pará é do mundo*. June 7, 2004 at www.adital.com.br/site/noticia.asp?lang=PT&cod=12511 on 3-02-05

¹⁹ Gonnella, *Alcoa Refinery Emissions Cause Health Fears*, 8/31/02 at www.mineweb.net/columns/down_under/73109.htm on 2-28-05

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possibly caused by cumulative exposure to various compounds, a condition the committee termed “multiple chemical sensitivity.”²⁰ Livestock were afflicted with chronic coughing and rashes, often leading to death.

In 2003, six workers at the plant were awarded compensation and Alcoa agreed to install pollution controls.²¹ In December, 2004, Alcoa was fined \$47,000 for pollution caused by bauxite residue dust. A member of a local resident group, Tony Hall said “We’re not that impressed by it. There’s been over 5,000 complaints against this operation... (that’s) chump change to that sort of a company.”²²

Similar concerns have surfaced at Alcoa’s Kwinana alumina refinery near Perth. At Kwinana, environmental authorities were outraged when evidence showed that Alcoa had doctored dust monitoring results from its red mud tailing ponds. Consequently, the company lost its best practice environmental license and with it, the right to self-monitor its operations.²³ Eight waste spills were also reported by Alcoa between June and November 2004.²⁴

Stripping the Amazon

Mineração Rio do Norte (MRN), owned by Companhia Vale do Rio Doce (CVRD), Alcoa, BHP Billiton, Alcan, Companhia Brasileira de Alumínio, Hydro, on the Trombetas River in the northern Brazilian rainforest accounts for 78% of Brazil’s bauxite mining, and new mines are being planned at Paragominas (CVRD) and Juriti Velho (Alcoa), also in the Amazon. The MRN mine is now expanding its capacity from its current 11 million tons of ore per year to 16.3 million tons per year. MRN’s mine was implanted in large part on lands traditionally occupied by *quilombolas*, communities of descendents of escaped African slaves. MRN required the extensive stripping of soil, because the bauxite was found at a depth of 12 meters. The MRN mine contaminated the Batata Lake, where 24 million tons of mine wastes were discarded.²⁵ The lake also suffered from sedimentation caused by mining activities. Finally, the *quilombolas* convinced Brazilian environmental authorities to require the company to clean up the lake, an ongoing effort which despite showing some positive results after more than a decade is still far from complete, and will likely never restore the Batata lake to its prior condition.

²⁰ ABC News, *Refinery Emissions Possibly Caused Sensitivity*, Oct 28, 2004 at www.abc.net.au/wa/news/200410/s1230155.htm on 2-28-05

²¹ AMWU OH&S News, *Victory for Alcoa’s Injured Workers & the Wagerup Community*, Jan 2003 at www.amwu.asn.au/images/amwu_ohs_6.pdf on 3-01-05

²² ABC News, *Mining Company Fined for Air Pollution*, 12/23/04 at www.abc.net.au/news/newsitems/200412/s1271336.htm on 3/01/05

²³ The West Australian (article by Michael Southworth). *Alcoa loses self-policing right over dust tests*, July 1, 2003

²⁴ ABC News, *Alcoa records 8th refinery spill*, Nov 6, 2004 at www.abc.net.au/news/newsitems/200411/s1236141.htm on 6-13-05

²⁵ Estado de São Paulo, *Trombetas: the world’s largest bauxite mine*, at www.waterconserve.info/articles/reader.asp?linkid=23649 on 2-28-05

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More recently, residents of the Trombetas River region have described renewed conflicts with MRN, which has deforested wide areas to permit expansion of the mine.²⁶ Local populations use the areas around the mine for gathering Brazil nuts, a valuable staple of their economy.

Alcoa seeks to open another bauxite mine in the Amazon at Juriti Velho, in Pará state, where reserves are estimated to be 350 million tons. The 20 communities living in the zone survive through sustainable extraction of forest resources for medicines, oils, and fruits, and by fishing. They have filed complaints regarding Alcoa's clearing of the rainforest and threats from armed guards who restrict the communities' access to a 65,000 hectare area Alcoa says it owns. 8,000 hectares of forests would be cleared for the Alcoa mine.

In a statement, Juriti Velho community leaders say "1,800 families live near the Great Lake (site of Alcoa's proposed mine and alumina plant) where there are still extensive areas of virgin forests, and where various endangered animal species are found. Once deforestation spreads, the area will become a desert."

Juriti residents have been meeting with Alcoa to ask crucial questions about the company's plans for the region, including the number of jobs that will be available for locals and the measures Alcoa will take to protect the environment, if the project moves ahead.

²⁶ Estado de São Paulo, *Mineradora acusada de poluir floresta e rio no Pará*, March 28, 2002 at www.estadao.com.br/ciencia/noticias/2002/mar/28/99.htm on 3-02-05

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