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Córdoba, Argentina

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Dear Ms. Wolff,

In response to your letter of December 20th addressed to CEDHA as well as your letter of December 22nd, 2006 addressed to the Business and Human Rights Resource Center (also responding to CEDHA's filing of the Equator Principles Compliant Complaint, we would like to inform you of new developments in the Uruguayan Papermill Case.

We recall ING Group' commitment in former public communications which have circulated since our filing of the Equator Principles Compliance Complaint, *that ING would ground its decision to invest in the Botnia project on: "applicable regulations issued by the Comisión Administradora del Río Uruguay, established by the Republic of Argentina and the Oriental Republic of Uruguay"*.

On January 31, the Argentine/Uruguayan Binational Commission of the Río Uruguay, closed its 180-day review of the projects, with both countries presenting their reports, reaching NO AGREEMENT on the case before the Commission, and in fact, leaving **more conflict** than already exists in the case.

We would like to highlight some of the conclusions of the two reports filed. We encourage ING to read these reports carefully, as they are extremely revealing for the case, and show clearly that there is NO AGREEMENT between Argentina and Uruguay on the case.

The Uruguayan Report

Quotes from the report: "The impact studies of the DEIA the Uruguayan environmental authority: does not consider the economic impacts of the mills to the region ... does not consider hygiene and hazardous working conditions, sustainability of forestry as would be impacted by production, ... avoids the use of the term "contamination" due to its ambiguity, ... in some cases impacts are not measurable or we don't have information or enough knowledge on scientific to determine admissibility".

The Argentine Report

The report states that the authorization of the plants was a “unilateral decision of Uruguay ... violating its international obligations as established by the Uruguay River Treaty of 1975. ...” (p.1)

Additionally, the report reads that, “the companies that proposed these projects fail to comply with the necessary legal responsibilities mandated in their own countries ... with respect to projects that can have cross-border environmental impacts”. (p.1).

The report states: “both the Environmental Impact Assessments done by the companies, and the Draft Cumulative Impact Assessment presented by the IFC, fail to clarify considerations for citing and justification of citing of, as well as alternatives to the mills, ... [going on to say] that when confronted with this issue, the Uruguayan delegation of the Binational Commission responded that it had no need to answer this question as it was a done deed”. (p.1)

The report states: “one of the principle defects of the information provided on these plants is the absence of concrete and specific measures to: prevent the liberation of contaminating fluids and gaseous emissions; mitigate the environmental impacts; and establish an environmental plan to control contingencies that may occur.”(p.2)

The report reads: “the Argentine Delegation [of the Binational Commission] with evidence to sustain its opinion, concludes that the proposal to install the Orion and M’Bopicuá plants does not attain the objective of preserving the environment and the ecosystem of the River Uruguay to the ‘highest degree possible as per international standards’, as was agreed it should by the Binational Commission in its first meeting”. (p.2)

“Limited monitoring of the gaseous emissions is insufficient ... while modeling of dispersion scenarios as well as geographical measurements are incorrect.” (p.3)

“The eventual operation of the plants will negatively impact the Province of Entre Rios, affecting productivity, existing industries, commerce – especially relative to tourism, property values, and the health of the local community, livestock and crop”. (p.3)

*These observations by the Argentine technical experts of the Binational Commission, summed to the escalating diplomatic conflict that these projects are having between Argentina and Uruguay, which will now face trial at the International Court of Justice at the Hague, in addition to the other legal complaints that have already been filed at local and international tribunals, are an indication, that not only are these projects violating international law, human rights and environmental law, as well as environmental safeguards of the IFC, and numerous other codes of conduct, as well as ethical business practice; it is clear from the evidence of these findings, **that these projects are unwanted by local residents of Argentina, and specifically, by the communities that reside, work, and take leisure in the surroundings of the projected mills.***

It behooves ING to take seriously, as it has suggested previously that it would, the conclusions of the Binational Commission, and **cease all consideration** of supporting these investments.

We hope to receive information about ING’s position regarding this unfortunate investment project. We also reiterate CEDHA’s willingness to meet with ING representatives, and ING’s own commitment to meet with CEDHA, to discuss case development, offer our views as legal representatives, on the issues presented here, and/or any other issues pertinent to these projects.

Respectfully,

Jorge Daniel Taillant
Executive Director