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Institute of Current World Affairs

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The Burden of the Baikalsk Pulp and Paper Mill's Legacy

By Elena Agarkova

LAKE BAIKAL, BAIKALSK—"Do you know café Polina on the side of the road that passes through Utulik? I'll wait for you in the parking lot there."

Five minutes later we arrived at the village of Utulik, one of the small villages around Baikalsk. Gennady, a short, stocky man in his 60s, drove up to the café in his old Zhiguli, a Soviet-made car. I came here with a group of environmentalists from Irkutsk to find out whether the many tons of waste accumulated during 43 years of pulp production at the Baikalsk Pulp and Paper Mill (BPPM) present any immediate environmental threats.

Gennady told us he wouldn't have time to take us to the illegal waste dumps himself, and instead drew a map of the main road and turn-offs leading to three dumps a few minutes away from where we stood. "Actually," he said, "underneath this parking lot is another waste dump. They brought all kinds of waste here several years ago, including industrial equipment from the pulp mill. Then they just covered it up with earth." Gennady said that toxins from the dumps have been leaking into Utulik's groundwater, making it undrinkable. When he tried to dig a well for his *banya* (a Russian sauna), blue ooze came up. "All I want is for you guys to help us clean up our water. That's all." He seemed reluctant to talk to us for too long. A French journalist, with us on this day trip to Baikalsk,



The Baikalsk train station.

tried to ask Gennady more questions about the chemicals that may be buried around here, but Gennady said he didn't know anything specific. "It could've been anything." After he got back into his car, he called me over. "I don't want my name to be used, or to be contacted by anyone else." I promised that I would not give his information to others.¹

I met Gennady by chance a week before

¹ I changed his name for the purposes of this newsletter.

when I came to Baikalsk to talk to several people at the pulp mill, including the head of BPPM's environmental safety department. In my previous newsletter I described how after four decades of operating directly on Baikalsk's southern shore, the mill came to an abrupt stop last October. As the mill's complete and final closure becomes more irrevocable with each day, social and environmental problems begin to surface. Observers in the local press have said that these problems were not only entirely predictable but also preventable. They may be right.

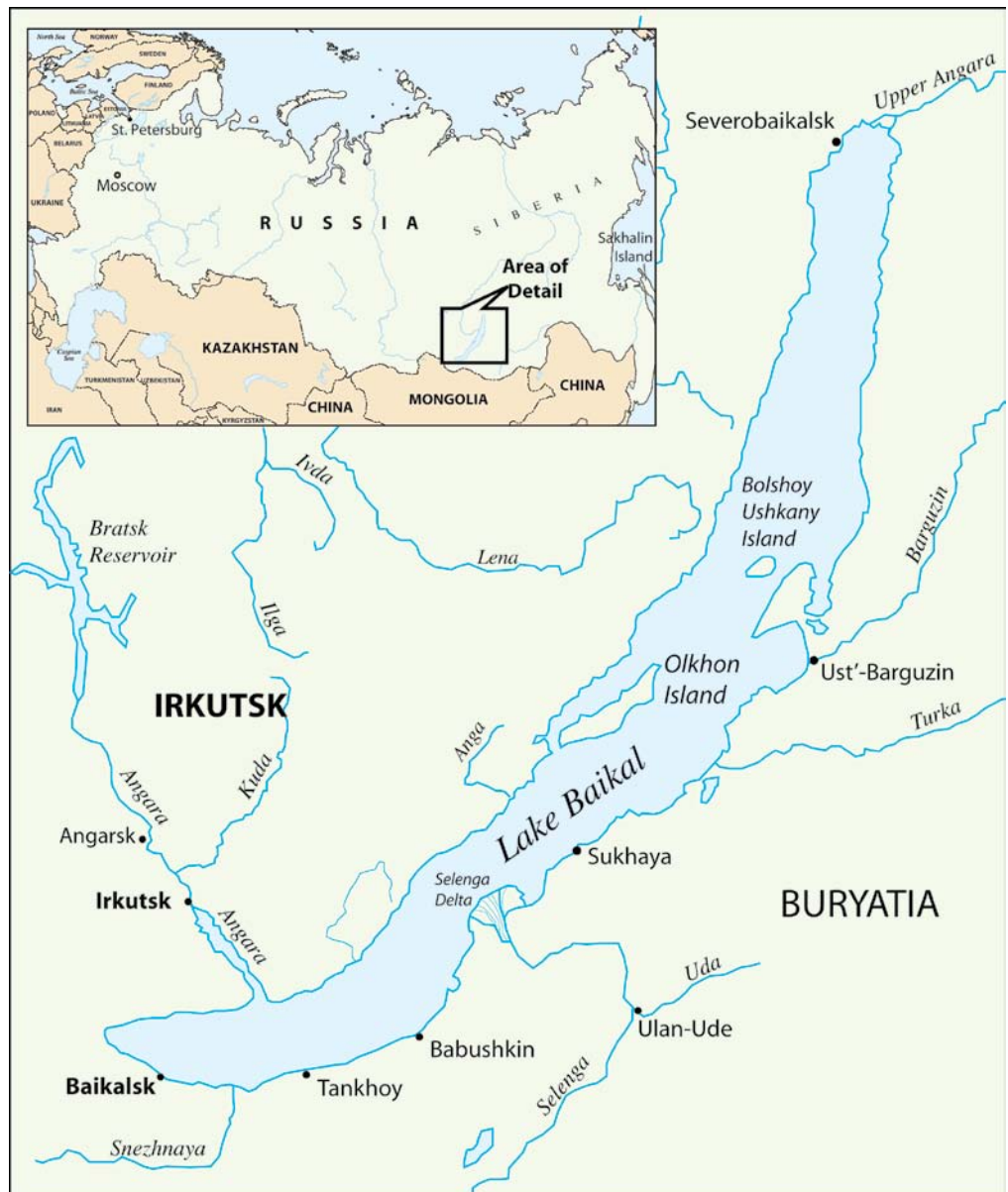
The two most important short-term issues concern payment of salaries and unemployment benefits to the mill's workers, and potential environmental threats from accumulated BPPM wastes. Long term, decisions need to be made regarding employment for the mill's workers, status of the BPPM buildings, the future of the town itself, and cleanup of the mill's wastes. Until recently, however, the owners of the mill remained conspicuously absent from the planning process. Continental Management, which owns the majority of BPPM shares, and the federal government, which not only has the most resources for shaping the future of this town, but also owns 49 percent of BPPM shares, seemed to remove themselves from BPPM issues. Instead of coming up with comprehensive solutions to BPPM's long-term problems, local officials struggled to avert an immediate social collapse, and the people of Baikalsk tried simply to survive.

With each visit to Baikalsk (I have visited frequently in recent months) I noticed more tension in the air. People said that the situation in town is getting worse. They worried that an explosion of crime is inevitable. One woman told me to be careful when walking under the railroad bridge. "A bunch of hooligans took my daughter's cell phone from her there last week," she said. "This almost never happened before, and now they take phones from kids all the time."

I began to pay more attention to groups of young people who hang out on the streets of the town. This may have been perception only, since I don't know for certain whether crime has gone up since the mill stopped operating, but

on each visit I seemed to notice more loiterers. When the mill began mass layoffs in January of this year, BPPM's owners fell behind on paying their workers' salaries and unemployment benefits. This has had a domino effect on the entire town, since the majority of people in Baikalsk depended on the mill for their incomes directly or indirectly. The fact that most people not only have no savings, but also took out loans immediately prior to the economic crisis, makes their situation much worse.

Many people in town used to supplement their incomes by renting out rooms to tourists who came to ski at the Sobolinaya Mountain in the winter. On one of my visits I stayed at one such apartment, recommended by a friend who works at the ski resort. Olga, the owner of the apartment, met me in the yard and escorted me up three flights of stairs to a clean, sparsely furnished studio. When I explained that I'm here to look into the effects of the mill's closure, she replied without hesitation: "What is it that you want to know? I'll tell you everything. Things are not good. I have a loan that I can't pay off and a daughter



attending university in Irkutsk.” Olga said that before the crisis she rented this apartment for 500 rubles per night, an equivalent of \$20 at the time. Today she charged 350 rubles, or about \$11 under the current exchange rate of 33 rubles to a US dollar. Olga has worked at the mill for 15 years. “Almost everyone at the plant has been laid off. I haven’t received my January salary or my unemployment benefits, and there are almost no tourists. If we knew that the mill would close, we would not have taken out loans for apartments and cars!” She owes 25,000 rubles for her daughter’s second semester, and said she has requested an extension because she cannot pay right now. “The university understands.” Recently she received a call from a bank because she acted as a guarantor on a friend’s loan. The friends have stopped making loan payments. “I called them to ask what was going on and they said that they simply have no money.”

The local labor union has played a vocal and at times effective role in helping the mill’s workers. I visited the union’s office, on the third floor of a red brick building right outside of BPPM’s territory. The president of the union had to go to local court unexpectedly, so I first talked to Lydia Petrovna, an energetic blonde in her late 50’s who appears to be the president’s right hand. She used to manage one of the floors at the mill’s thermoelectric plant, the town’s main source of energy until now. It does not make economic sense to use an industrial-size thermoelectric plant to heat Baikalsk alone. Even though at this point the majority of the plant’s workers have not been paid off, BPPM’s management has repeatedly stated that by May the plant will stop supplying Baikalsk with electricity. The mayor of Baikalsk already spends majority of his time trying to arrange for weekly coal deliveries (a temporary subsidy from the regional administration) to the town.

As Lydia Petrovna described the current situation to me, she handed out legal forms to workers who kept coming into the room, and listened to their complaints. She confirmed that the mill’s shutdown last October came as a surprise to its employees. “It was shut down in mid-stride, as they say. We didn’t even process wood chips that remained in the conveyors. I think it was about 10 a.m. We were all shocked.”

After the shutdown the mill’s administration started mass layoffs. More than thirteen hundred workers were laid off in the last week of February and first week of March alone. According to Russian labor law, when a worker gets fired, the company has to give him his “work record book” together with unemployment benefits,² which amount to two-thirds of the worker’s salary. The company must pay unemployment benefits for at least three months. “This has not been done.” Lydia Petrovna said that BPPM work-

ers received only their work record books.

Moreover, even those lucky enough to escape layoffs have not received their full salary since January of this year. Lydia Petrovna went through a long list of workers’ grievances. “On January 23 the company paid 3,000 rubles, or about \$80, to everyone as ‘an advance.’ In the first week of March workers at the thermoelectric plant received 15 percent of their January salary. On March 16 all the other workers received 12 percent of their January salary.” The union helped workers from BPPM’s thermoelectric plant file a salary-related lawsuit. “They have not been paid in full, so they cannot afford to buy enough food, and it’s a dangerous job,” explained Lydia Petrovna. “They’re under stress. It’s forced labor. They have to keep working for free because otherwise they may not see any money at all.” One of the female workers who stopped by the office to fill out a court complaint asked me a question that seemed rhetorical: “How are we supposed to live? This is such a small town. We’re left to our own devices. It’s a crying shame.”

Lydia Petrovna echoed the woman’s sentiments. “People are desperate. They are grasping at every straw.” She said that earlier in the year the union organized two demonstrations, one in front of the mill, and one in Irkutsk. The Baikalsk militia arrested the union’s president during one of the demonstrations only to release him several hours later, without charge. “We sent letters to every agency, including president [Medvedev],” said Lydia Petrovna. “We’re being kept in the dark. They shut down the plant, and now what? No one is talking about the future. Will they retrofit the plant, create new jobs, or start producing pulp and paper again? The Irkutsk administration kept making promises to us. They promised to make a decision [regarding the mill’s status] by December 20 of last year. After New Year holidays they again promised to make a decision. Three months later, and we have only promises, promises, promises...” The mill’s immediate management has few powers, and in five months Continental Management, the mill’s owner, has replaced four general directors at the pulp mill (the question of “why” appears to be one of the few touchy issues that people don’t want to discuss on the record).

Lydia Petrovna sounded disappointed when I explained that I write for a foreign publication. The union wants to get more coverage in the local press. “We picketed the Irkutsk administration. None of the promises made by one of our regional ministers have been fulfilled. [The Irkutsk administration] promised us to find investors immediately, to retrofit the mill for wood processing, to start developing tourism... These are just words. They talk and talk and nothing happens.”

Only in the middle of April did the governor of the

2 Every person working officially for an employer in Russia has a “work record book,” issued by the person’s original employer. This book contains a record of the person’s employment history, dates of employment, as well as other information. Employers have a duty to keep and update in a timely manner an employee’s work record book while the employee is working for the employer. On the employee’s final day of employment the employer must complete and return the employee’s work book, against the employee’s signature.



The mayor of Baikalsk at the meeting devoted to creating new business opportunities for the people of the town.

Irkutsk region announce publicly that the BPPM would be closed for good. He explained that it would cost more to start up the BPPM than to build an entirely new floor for producing bleached cellulose at any other pulp mill. Regional administration organized job fairs in Baikalsk, and announced that it reached agreements with 20 employers to employ former BPPM workers. The administration promised that by May 1 more than 45 percent of those who lost their jobs at the mill would have new employment. The regional authorities will sponsor a special lower-cost train from Baikalsk to Irkutsk for those who found jobs in Irkutsk. Right now a round-trip train ticket costs 500 rubles, or about \$15. A one-way train ride to Irkutsk lasts three hours.

Lydia Petrovna remained skeptical of these efforts. "I just heard on the radio that the Irkutsk administration reported [to the federal government] that they found work for 300 people. You know, these people left on their own. The young ones, they simply took off and left. Some of them left families behind, so now we will have kids growing up without their fathers. But you have to feed yourself somehow. People survive how they can."

One major hurdle the administration faces in dealing with the aftereffects of BPPM's closure is the fact that Irkutsk authorities have no ownership rights in the mill. The administration has repeatedly suggested that a major

ity stake in BPPM be transferred to the Irkutsk region, but so far their request has gone unheeded. Continental Management, the current majority owner, also manages the remainder of BPPM shares, which technically belongs to the federal property agency. The agency has not expressed interest in asserting any control over the enterprise. For now only authorized Continental Management representatives can enter the mill's territory, and the Irkutsk administration says it cannot discuss any scenarios of the mill's future until BPPM ceases to be private property.

The mill's workers do not understand why the government is taking so long to solve the issue of control over the BPPM. In February President Medvedev briefly visited Irkutsk together with Oleg Deripaska, the ultimate owner of the BPPM. Lydia Petrovna said that the day before the visit the union met with the Irkutsk administration, which promised to voice the workers' concerns to Medvedev. In exchange for this promise the union dropped its plan to picket the administration the day of the President's visit. "They said we could damage everything because the governor will talk to Medvedev about our situation, and they'll come to a decision. Medvedev left, and since then — nothing. Silence."

The union began to help laid-off workers put together legal documents for filing employment claims in local court. One of the main claims on the standard legal form (which the workers can change), in addition to salary demands, asks the court to change the reason behind the layoff. The company described the reasons as "optimization of production and the quantity of employees." But the union and the workers think that the owners are liquidating the plant. The press kept reporting that BPPM's management plans to file for bankruptcy. "In that case our workers should get six months of unemployment benefits, instead of three," said Lydia Petrovna.

The union's legal form also asks the court to change the date of the layoff. "Since people did not get their unemployment benefits on the day they were fired, the court should count the date when they actually will get paid as the real date of the layoff," explained Lydia Petrovna. Each form includes a claim for "moral compensation," in the amount of 300,000 rubles. "The workers, especially young ones, have no ability to go look for work. People can't pay their kids' tuition, rent, nothing. They've damaged people's health through sleeplessness and stress."

Since the union started handing out legal documents, between 30 and 50 people came to the union's office each day to get the forms. Instead of the expected 300-400 worker lawsuits, by the end of March almost all of the 1,500 laid-off employees declared their intention to sue the mill's management. In the first week of April the local court announced its decision to issue moral compensation to laid-off workers, in the amount of one thousand to ten thousand rubles. When I asked Alexander Shendrik, the union's president, about their chances of success on salary claims, he said it was not the question of who will win.

"The law is on our side. The question is whether we will see any of this money." He looked tired.

Even if the laid-off workers receive unemployment benefits from the mill, they will have to live on a small sum of money. The benefits, at 5,800 rubles a month, "are pathetically small," as Alexander Shendrik said. After these run out — in three or six months depending on whether they win their claims to change the date of the lay-off — if former BPPM workers don't find a job, they will receive 900 rubles a month from the state.

The people of Baikalsk worry about their immediate economic future. Perhaps unsurprisingly, local people rarely voice any concerns about the mill's environmental legacy. The reaction I encountered most often downplays the possibility of serious dangers presented by millions of tons of waste that the mill has generated through the years. Perhaps this is due to the secrecy that has surrounded production of military-destined "super cord" at the BPPM. Perhaps the mill workers did not want to think that their work generated dangerous poisons, or to think that the truckloads of lignin and lignin ashes the mill has been dumping into open-air pits somehow threaten their health. From the beginning the government told BPPM personnel that their pulp was important for the country, and they took pride in their work. There is also a fear factor. I asked at the union office whether they could recommend anyone at the mill's environmental department. They gave me several names but warned that most likely no one would want to talk to me. "They're still scared of

losing their jobs, even though most of them will be fired any day now," said Alexander.

So I was surprised when the original hero of this story, Gennady, said he wanted to share information about illegal waste dumps around his village. I hailed Gennady's car as I left a seminar on Baikalsk's economic options, sponsored by the administration of Baikalsk and Baikal Wave, an environmental group based in Irkutsk. For years Baikal Wave fought to close the mill. Now they feel responsible for the future of the people who lost their livelihoods overnight. Even before the mill shut down, the Wave had tried to develop alternative employment options in Baikalsk, including in the tourism industry. They met with locals to assess available resources, from natural sites to human skills, and conducted competitions for the best business project. But most of the locals, including the mayor of Baikalsk, seem skeptical that tourism will save them. Maybe the Irkutsk administration will succeed in their effort to include Baikalsk in the special economic zone for tourism, and new hotels, spas, and après-ski bars will appear in this town. But that will be several years from now, they say. Baikalsk needs jobs today.

Anyone who owns a car in Baikalsk turns into a taxi driver whenever a chance arises. Gennady picked me up on his way home from work. As we drove, I tried to chat him up, asking questions about the mill and the situation in town. But except for mentioning that he worked at the BPPM in the 1980s, he remained tight-lipped until the end of the ride. As we got ready to get out of the car,



Locals at the meeting sponsored by Baikalsk administration and Baikal Wave, pondering potential local business initiatives in response to the mill's closure.

he asked, "Are you with the greens?"

I said I was here interviewing people about the mill's closure, but we did know some environmentalists. Gennady turned around and pointed to two huge plastic canisters in the back of the car. "See those? I live in Utulik, five minutes down the road from here, and I have to bring water home. We can't drink what comes out of our wells. Can you help me? Maybe the greens can do something, bring some attention to this. There are waste dumps all around here, and people have been getting sick because this stuff seeps into the ground and goes into our water." Gennady mentioned that too many of his neighbors have health problems. "But when I try to take samples of our water to the local lab, they tell me everything is within the norm. I don't believe them." I took down his name and phone numbers and promised to pass his complaint on to environmental groups in Irkutsk. When I asked him how much I should pay for the ride, he said I didn't owe him anything.

I walked past several identical five-story buildings until I found the one where Olga Alekseeva, the head of BPPM's environmental safety department, lives. I lucked into talking to her at her work earlier. I was at the BPPM,

interviewing the man who led the effort to retrofit the mill, and did not have time to go back into town to return the key to the apartment where I stayed overnight. My hostess told me to give the key to a friend of hers, who happened to work in the environmental department, one floor down from my interviewee. As I returned the key, I started talking to this woman about the current situation at the mill, and she said she worried about the state of their sludge reservoirs. "We have several on the mountain slopes around here. We used to monitor them. Now the snow is melting, and they could overflow." She nodded in the direction of her co-worker, saying that he went up there last week and the snow was up to his chest. "Some of them are just 500 meters away from the Lake! No one is thinking about this. What if the wastes start flowing into Baikal? They fired everyone, but who is going to monitor these pits?" Several minutes later her boss came in, and I managed to arrange a meeting with her the next week.

Olga Alekseeva has been at the mill for 20 years, having started in the effluent treatment laboratory. But it is only in the past month that she has been appointed as the head of the environmental safety department, as most of the other workers are being fired. She seems torn between her allegiance to the mill and her fear of inher-



One of the mill's wastewater ponds is only 500 meters away from Baikal.



The mill keeps discharging some wastewater, illegally since it lacks a discharge permit currently, into its sludge reservoirs.

ited responsibility for the mill's toxic legacy. "If anything happens, I will be the one responsible. I don't want to be here for that." She is considering another offer of employment, at Baikalsk's new sewage treatment plant. But when pressed for details of what exactly could go wrong, she backtracked. "I am not that worried about the sludge reservoirs this year," she said. "They are hermetically sealed at the bottom, and before [the mill's shutdown] we used to drain off excess liquid twice a year. The last time we did it was in autumn of last year, so the pits should be fine this spring." She did admit that the possibility of overflow exists, but said that the worst thing that could happen would be an exposure of compressed waste to open air. The methane and hydrogen sulfides that currently remain trapped under a meter of water could burst out. "But that would only mean some bad smells for the people here. A persistent bad smell, to be sure," said Olga. Much later in the conversation she mentioned that BPPM personnel used to inspect these sludge reservoirs once every 24 hours, twice if it rained.

She presented me with an official BPPM brochure that recounts the mill's history and its achievements. "The 1980s were problematic years for the mill," Olga said, but insisted that many claims regarding pollution from the BPPM

have been exaggerated or taken back. "The pines that are dying up on the mountain ranges here may be dying from something other than BPPM emissions. Our thermoelectric plant used coal with the lowest sulfur levels, whereas the one in Irkutsk uses anything in sight. We modernized our plant 15 years ago." But as we went through the list of potential threats, she said, "Of course I don't want to claim that we are perfect. We had our problems." When I asked about the polluted groundwater underneath the mill, she responded, "That is one issue I don't want to talk about." The rumors among environmentalists mention an enormous inverted dome of polluted groundwater that has been seeping into Baikal. Despite her initial refusal to talk about it, Olga did tell me that the BPPM, together with federal agencies, dug numerous wells to monitor groundwater under the mill's territory. "We pumped at least half of the polluted groundwater out, greatly reducing the concentration of pollutants."

Toward the end of the interview she said that "there are several environmental problem areas, but they do not present any danger to humans and only minimal harm to Baikal." I asked whether federal and regional oversight agencies know about these "problem areas." "Yes, of course. And inspectors from the Ministry of Emergency

Situations came out here twice in the past month, to look at the sludge reservoirs.”

This sounded only partially reassuring to me. A week later a friend who works in the regional ministry of ecology described the process by which the administration gets information from industrial facilities. “You have to befriend the director, or whoever has access to real information. Only then will they give it to you. It’s how everything operates here, through personal connections.” To my question of whether the administration publishes real information he responded, “Of course not. We publish ‘better’ numbers. But at least we know where the problems are, in the event we have the resources to deal with it.”

At the end of April the regional Irkutsk department of the federal agency for supervision of natural resources announced that they would develop a program of top-priority actions for cleanup of BPPM contamination. The first thing the agency plans to do is to assess accumulated pollutants on the territory of the mill. The head of the agency’s regional department stated that they lack exact information about the extent of contamination. “Different sources mention seven to eleven sludge reservoirs on the mill’s territory. But there are also ash dumps, as well as unaccounted pollution.” The agency thinks that their assessment will allow them to judge the extent of contamination and approximate the chemical composition of the pollutants.

So it appears that the federal government has finally begun to pay attention to Baikalsk. According to the Irkutsk press, by May Continental Management, together with the federal ministry of industry and trade, has to come up with a plan for cleanup of BPPM’s sludge reservoirs. This is the first time that the federal government has voiced a demand for such a cleanup plan.

The problem of the mill’s toxic legacy looms large. The main questions are control, supervision, and cleanup costs. All parties that have information about BPPM contamination, and resources for execution of a truly effective cleanup, must work together. Until these wastes are contained, the mill will continue to hold the people of Baikalsk hostage. One possible solution to the social and environmental crises at Baikalsk is to develop a cleanup program that would provide jobs to the mill’s former workers. Who if not they should find out what pollutants have been buried where, and what danger they present? □

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ICWA Letters (ISSN 1083-4273) are published by the Institute of Current World Affairs Inc., a 501(c)(3) exempt operating foundation incorporated in New York State with offices located at 4545 42nd Street NW, Suite 311, Washington, D.C. 20016. The letters are provided free of charge to members of ICWA and are available to libraries and professional researchers on our web site.

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