Botnia’s pulp mill project in Uruguay
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- Goal: to build one of the world’s best pulp mills using the latest available technology
- Location: Fray Bentos
- 550 hectare mill site acquired
- Start-up expected in the third quarter of 2007
- Annual wood requirement around 3.5 million cubic metres
Socio-economic impact of the mill

On completion, the mill will employ

• Around 300 people at the mill itself

• A total of 8,000 people, 5,000 directly and 3,000 indirectly (forestry work, transport, private investment)

• Virtually entire workforce from Uruguay

• Effect on Uruguay’s GNP will be 1.6%

The project will have its greatest impact on employment in 2006

• Some 4,500 workers on the mill site

• Part of workforce will be foreign experts
Results of environmental impact assessment

• Mill effluents will have very little effect on water quality in the Rio Uruguay, no effect on the surrounding environment or on local fish stocks
• Emissions to air will be small, occasional minor odour problems
• Traffic will increase
• Noise will not exceed permitted level
• Change in appearance of landscape
Specific emissions from pulp mills

$\text{COD}_{\text{cr}}$ (chemical oxygen demand) kg/t

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<th>Location</th>
<th>2004</th>
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FOSA

• Will supply 60% of the mill’s wood raw material
• 1990: Company established by Shell/Kymmene in Uruguay to cultivate eucalyptus
• 1991: Company began plantations and in 1997 timber harvesting
• 2003: FOSA became a Botnia subsidiary (Botnia 60%, UPM 38.38% and Finnfund 1.62%)
• All FOSA’s plantations have FSC certification
• FOSA currently employs around 1,200 people
• FOSA has roughly 90,000 hectares of land, of which about 60% is already planted or else suitable for planting
• Cultivation agreements with third parties are being negotiated
Tile Forestal

- 50/50 joint venture between FOSA and Otegui Group
- Will supply 40% of the mill’s annual wood raw material requirement
- Tile Forestal will be responsible for
  - the mill’s wood procurement from third parties
  - wood transport to the mill
  - wood exports and marketing
Otegui Group

- Otegui Group is an uruguayan family-owned company
- the company is one of the biggest forest owners in Uruguay
- Owns some 25,000 hectares plantations
- All plantations have FSC certification
- Turnover totalled 45 million USD in 2004 (wood business)
- Otegui Group currently employs around 600 people
Current situation of the project

• Construction will start immediately
• Technical pre-planning completed
• Talks started regarding supply of main equipment
• Key personnel being recruited for Botnia S.A.
• Five Uruguayan chemical engineers undergoing further studies at Helsinki University of Technology