

13. ETERNIT IN BRAZIL

By Fernanda Giannasi¹

Asbestos Cement in Brazil²

In 1901, Austrian Ludwig Hatschek, inventor of fiber cement obtained the patent for a production process, based on the manufacture of paper, using a slurry of cement and asbestos fibers to produce a product that he named Eternit, from the Latin “*aeternitas*”, due to its properties of durability and strength, which presumably could last an eternity. This material was to become more generally known as asbestos cement.

During the first decades of the 20th century, various entrepreneurs acquired licenses from Hatschek to begin production of asbestos cement. The Swiss Eternit and the Belgian Eternit, among others, were founded in 1903 and 1905, respectively. The French Eternit was founded by the Belgians in 1922.

In December 1907, authorization was obtained to establish the first asbestos-cement production line in Brazil; Hatschek only permitted a single company to use the Eternit name in each country interested in the process. At that time the Pantaleone Arcuri & Spinelli company, in the city of Juiz de Fora, state of Minas Gerais, took the initiative to establish this “revolutionary process” in Brazil under the name Cimianto. The customs tariffs to import the “magic mineral” (asbestos) and the transport and operational costs soon led to its bankruptcy.

In the mid-1930s, the already established European companies, like the Swiss, Belgian and French, began exporting the Eternit process to other continents in their efforts to win new markets, especially to places with potential asbestos reserves, like Brazil, thus guaranteeing its supply through acquisition of mining companies.

S.A. Mineração de Amianto (SAMA) was founded in Brazil in 1939, obtaining government authorization to develop the São Félix mine in the municipality of Poções, currently Bom Jesus da Serra, in Bahia. On the same day that authorization to develop the mine was

obtained, SAMA was bought by S.A. Brasilit, belonging to the French group Compagnie Pont-à-Mousson, that later changed its name to Saint-Gobain.

On January 30, 1940, Eternit do Brasil Cimento Amianto S.A. was organized as a partnership between the owners of the Swiss Eternit and the Belgian Eternit.

Eternit in Brazil³

Asbestos-cement production in Osasco, in the metropolitan region of São Paulo, began in August 1941 and completion of plant construction occurred in 1942, as shown in the photo below.



Photo: Eternit periodical "O Telhadinho."

In 1949, a new plant was inaugurated in Rio de Janeiro.

With the expansion of the Brazilian civil construction market, driven by the feverish developmentalist era of the 1950s, Eternit began working with distributor networks, opening sales offices and expanding its line of products to include besides the traditional corrugated asbestos-cement roofing sheets, water tanks, pipes and flat sheets, among others.

In 1967, during the military dictatorship and with good relations with the military officers in power and their complete support, the extension of the asbestos-cement business to more distant regions began, decentralizing

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² In <http://www.eternit.com.br/corporativo/historia/index.php>

³ Ibid.

the business from the Rio de Janeiro–São Paulo axis. This year, the Simões Filho plant was inaugurated in Bahia to service the Northeast region. This same year, Eternit became a partner of Brasilit (Saint-Gobain), with 49% of the capital of SAMA, initiating activities to develop mining of the mineral fiber at the Cana Brava Mine in Minaçu, Goiás, currently the third largest producer and global exporter of asbestos (accounting for 14% of worldwide asbestos production).

With the discovery of this new pit, the country becomes practically self-sufficient in the supply of asbestos and completely independent of imports for the asbestos-cement sector. The old São Félix mine was decommissioned, leaving an immense social and environmental liability, for which Eternit became a successor-in-interest by the end of the 1990s as we will see further on.

In 1971, the Goiânia plant was founded to serve the Mid-west region and the Colombo plant, which is currently Eternit's largest manufacturing unit, followed in 1972 to service the South region of the country.

In 1980, Eternit incorporated the Wagner S.A. company, a producer of drywall or plasterboard⁴ and in 2002 it closed its operations in Ponta Grossa, Paraná, transferring the entire production line of the Wall Panel division to Colombo, leaving a large environmental liability, to be discussed further on, and a so far unknown number of people sick or deceased.

In the last decade of the 20th century (although information on the exact date is contradictory), the Swiss group

officially withdrew from the asbestos business and Eternit was sold, falling under the control of the French group Saint-Gobain, its partner in SAMA.

Everything seems to indicate that the Swiss group was secretly involved with the asbestos business in Brazil until at least 2001, according to the testimony of Élio Martins,⁵ the current President of Eternit, even though the official propaganda publicly denied any involvement after the early 1990s.⁶

Many explanations exist for this sale of the Eternit group to the French. Among them is one found in the autobiography of the heir to the Eternit empire, at 37 years old, Stephan Schmidheiny:

“The controversy over the potentially harmful effects of asbestos dust was a shock to me in many respects. I myself had been dangerously exposed to asbestos fibers during my training period in Brazil. I frequently helped load asbestos bags and pour the fibers into the mixer, breathing in deeply all the while due to the exertion the work entailed. At the end of a hard day's work, I would often be covered in white dust.”⁷

The Brazilian weekly magazine *Época*, issue 285,⁸ from 10/30//2003, analyzed the problem as follows: “The asbestos scandal was key in pushing Schmidheiny to change his business practices and become an advocate for conscientious administration, as a way to pay for his sins.”

⁴ Drywall is a technology that replaced conventional masonry for internal divisions (walls, ceilings and coverings) of buildings and panel compounds that are lighter and thinner. It is currently produced, in the case of Eternit, from laminated wood or plasterboard, lined on both sides with wood layers covered by cement flat sheets reinforced with synthetic fiber and pressed (previously the flat sheets were made of asbestos).

⁵ On May 8, 2001, in the official transcript of the hearings of the Special Committee of the Federal House of Deputies on Bill No. 2186/96, President Élio Martins of Eternit S/A explained the ownership structure of his company in the following terms: “Eternit is a publicly owned Brazilian company, whose shares are traded on the São Paulo Stock Exchange (BOVESPA). No single owner has complete control of the firm. The main shareholders are as follows: **DINAMO** - Fundo de Investimentos em Ações: **25.17%**; **Fundo de Pensão do Banco Central** (the pension fund of the Brazilian “Federal Reserve”) - Previdência Privada - **CENTRUS** (owned by employees of the bank): **17.49%**; **Saint-Gobain** (Brasilit): **9.11%**; **Fundo de Participação Social do BNDES** - Banco Nacional de Desenvolvimento Econômico e Social (National Bank of Social and Economic Development) which is a correspondent of the Inter-American Development Bank (IDB): **8.41%**; **AMINDUS HOLDING AG**: **6.81%**; Empreendimentos e Participações **HOLPAR**: **4.31%**.”

In carrying out a more detailed search of the origins of AMINDUS HOLDING AG, we run into its ties with businesses which form part of the business empire of Stephan Schmidheiny, such as Nueva AG and Amanco AG, located in the Swiss canton of Glarus.

⁶ When confronted about this contradictory statement by the President of Eternit, that Schmidheiny had continued to participate in the asbestos business in Brazil for over a decade after he had claimed that he had left it forever, Peter Schuermann, Schmidheiny's spokesperson, responded as follows to the editor of *Sonntags Blick* on December 30, 2004: “It is correct that Stephan Schmidheiny sold the Brazilian shares in Eternit in 1988, as I had wanted; neither he nor any of his holdings hold or have held any stock in Brazilian interests of that time. Over the decades there were a number of companies that used the name ‘Amindus.’ In the proceedings made available to me there is no evidence that this is the Amindus Holding in Glarus that you are thinking of; there is only mention of an Amindus Holding and an Amindus Holding AG.”

⁷ In <http://www.stephanschmidheiny.net/business-career/?lid=1>

⁸ In <http://revistaepoca.globo.com/Revista/Epoca/0,,EDG60937-6014-285,00.html>

A little later in the same article the magazine pointed out: “Schmidheiny made a public announcement that he would stop producing asbestos-containing products in the early 1990s only after he had sold Eternit to a French company, Saint-Gobain, along with all of its employee lawsuits.”⁹

Forbes magazine, in its 10/5/2009 issue,¹⁰ however, offered another explanation by Schmidheiny for his 180-degree turnaround in company policy: “My company was heading toward bankruptcy as a consequence of the combined effects of asbestos-related problems and a major slump in construction markets. Thus I built my group virtually from scratch,” he writes.

In 1993, operations were definitively closed at the Osasco unit, the largest company plant in all Latin America which at the height of production had almost 2,000 employees; it was demolished in 1995 for construction of a Walmart superstore and a Sam’s Club, leaving behind hundreds of sick people and a large environmental liability, to be discussed further on. Sick former employees began to meet starting in 1995 and

founded the Brazilian Association of People Exposed to Asbestos (ABREA) in 1996, inspired by the Associazioni Esposti Amianto (AEA) in Italy.

In 1995, Eternit took 100% control of the Precon company in Anápolis, Goiás. And in 1997, it acquired complete control of SAMA, which in 2006 became SAMA – S.A. Minerações Associadas, removing the main operation (asbestos mining) from its trade name and becoming a privately held business corporation.

At the end of the 1990s, Saint-Gobain abandoned the use of asbestos, following the prohibition in France, and sold its Eternit stock. Together, Brasilit and Eternit, in the ETERBRAS joint venture, keeping their respective trademarks, controlled 55% of the roofing market in Brazil for a decade and, from then on, became competitors and got involved in a violent dispute for leadership of the asbestos-cement roofing market, even trading accusations and insults against each other in the media.

At that point, Eternit was nationalized and right away it became state-owned since its preferred shares were held



The Osasco Eternit plant as it was at the time of its closure in 1993. Photo: Eternit periodical "O Telhadinho."

⁹ Ibid.

¹⁰ In <http://www.forbes.com/forbes/2009/1005/creative-giving-philanthropy-bill-gates-of-switzerland.html>



Demolition of the Osasco plant in 1995. Photo: Eduardo Metroviche - Sindicato dos Metalúrgicos de Osasco e Região.

by the Central Bank employees' pension fund (CENTRUS) and the BNDES (National Bank of Social Development) social participation fund. As time passed and the company was revitalized, these funds were withdrawn and, since then, Eternit has become the absolute leader of the roofing market with its shares traded on the São Paulo Stock Exchange (BOVESPA). With this injection of funds from both state bank funds, the decline in asbestos production by SAMA, that had been observed from 1998 to 2000, due to laws prohibiting its use in several important states and cities of the country, was reversed and the sector had a chance to rebuild itself, contradicting the most pessimistic corporate predictions which expected a complete and imminent collapse in the use of asbestos in the country.

Although it had lost the market for water tanks and pipes for transport of drinking water and wastewater pipes to the plastics industry in 1990, this presented the company with a new challenge, forcing it to diversify and produce high density polyethylene tanks. Since then, Eternit has been gradually incorporating other companies in the civil construction production chain, including those in the sanitary ware (2008) and concrete roof tile (2010) markets.

¹¹ In <http://www.eternit.com.br/corporativo/historia/index.php>

With this, from 2006 to 2010, the number of shareholders rose from 1,600 to 6,000, according to the company's website.¹¹

Upon its "withdrawal" from the asbestos business, the Swiss Eternit left an immense social and environmental liability in Brazil, for which it did not spend a dime either to compensate the victims or for environmental rehabilitation of the degraded areas. It left this initially to its successor-in-interest, the transnational Saint-Gobain group, and later, with the exit of the French, to the recently founded and nationalized Eternit S/A, which became and will be held answerable for this tragic and troublesome inheritance. While it ran the company, the Swiss group never recognized nor officially informed the health authorities of any case of occupational illness caused by asbestos.

Social Responsibility?

The proof of Eternit's irresponsible behaviour in Brazil, was the fact that in 1987 the physician in charge of occupational health for Eternit admitted during an official inspection by the *GIA* (Interinstitutional Group on Asbestos of the Federal Ministry of Labor and Employ-

ment) of the Osasco plant, that he knew of six cases of asbestos-related diseases. Furthermore, it became clear that none of these cases were reported to either the relevant Brazilian health or social security agencies, as required by law, due to a decision of Eternit's headquarters office in Switzerland. In 1996 this same physician, now retired, confessed that he had dealt with many such cases which were never reported. The order, which came directly from Switzerland, was that the cases of workers who showed signs of asbestos diseases would have to be filed individually by their own lawyers with the courts. Such were the policies of "social responsibility" at Eternit in Brazil!

Before the inspections made by Ministry of Labor and Employment inspectors, a review of Werner Catrina's book *Der Eternit-Report* from 1985 by Daniel Berman and Ingrid Hoppe had already mentioned the fact that "the Eternit company doctor had already discovered three cases of asbestosis, but he admitted that 32 other workers were suspected of suffering from pulmonary fibrosis. This physician denied the existence of cases of mesothelioma and lung cancer, and argued that it was unlikely that such cases would occur because of high worker turnover at the factory, which had the effect of limiting long periods of exposure to asbestos dust. He did admit, however, that Eternit only began to carry out appropriate medical examinations and keep accurate medical records in 1978, and for this reason the total number of cases which occurred from 1939 through 1978, would always remain unknown."

The first company laundry only began operating in February 1989, at the Osasco plant, and the *Telhadinho* periodical¹² announced that the company was studying "possible locations to install laundries and equipment for each of the other plants in the group". Concern with contaminated clothes at the factory began only at the end of the 1980s. Before then uniforms were washed at home mixed with the clothes of the employees' families.

Waste, before these GIA inspections, was frequently donated to employees and to the municipality of Osasco for the pavement of roads, yards and sidewalks or was even sold as raw material for other activities like strengthening materials, mainly plastics, for the manufacture of hangers and ribbons for packages, as was found in the N.J. Embalagens company, although Eternit had officially informed the public health authorities of the country that it had a zero waste cycle;¹³ in other

words, all waste in the production process was reused by the company itself, avoiding external contamination.



Filters from the Hatschek machine and from the ventilation system reused by employees for curtains and rugs. Photo by Dr. Vilton Raile.

The product warning labels were not sufficiently clear and even less indicative of the risks associated with asbestos exposure, especially that of contracting cancer:

"I was a member of the Internal Committee for the Prevention of Accidents (Comitê Interno de Prevenção de Acidentes -- CIPA)", says Eliezer João de Souza,¹⁴ President of ABREA. "When I worked at Eternit I took some courses on asbestos-related diseases, but I found out only in 1995 that asbestos was carcinogenic. Every two years we had chest X-rays. They never told us anything about the results. The company doctor knew what was happening but hid everything from us. I myself had pneumonia and other chest diseases and didn't even know the cause."

The Social Debt

The weekly magazine *Época*,¹⁵ of 10/30/2003, in an article titled "He donated US\$ 2.2 billion. Swiss magnate passes shareholder control of his companies to a philanthropic foundation that operates in Latin America," while effusively celebrating this donation, couldn't ignore the environmental liabilities and the poisonous legacy which the Eternit group left in Brazil and wrote:

"Those left behind to run the factory were workers like João Francisco Grabenweger. At 77 years of age, 38 of them devoted to Eternit, Grabenweger can barely draw enough breath to walk. In exchange for lungs ruined by asbes-

¹² "O Telhadinho" periodical No. 91 of January/February 1989. A periodical distributed to employees.

¹³ In Wagner, José Meirelles. "Ciclo de Rejeito Zero na Indústria de Cimento-Amianto". *Revista Brasileira de Saúde Ocupacional*, N^o. 63, Vol. 16, July/August/September 1989, pp. 69-70.

¹⁴ In <http://www.viomundo.com.br/denuncias/morre-aldo-vice-tin-mais-uma-vitima-do-amianto.html>

¹⁵ In <http://revistaepoca.globo.com/Revista/Epoca/0,,EDG60937-6014-285,00.html>.

tos, he earns \$1,308 U.S. dollars¹⁶ a month in retirement income. A resident of the state of São Paulo, descendant of an Austrian family, he remembers the young Stephan Schmidheiny, who would chat with him in German. ‘His major sin was failing to shut down the plant so that nobody else would have contact with the asbestos,’ regrets Grabenweger.”

On December 19, 2003 the same João Francisco Grabenweger wrote a letter to Schmidheiny in German in which he told his former “workmate” at the Eternit plant in Osasco about his pain and anguish. Following are some of the most gut-wrenching passages from Grabenweger's letter:

“Do you remember, sir, the time you spent as a trainee in your Osasco factory in Brazil where you worked in the departments, and did the work of both ordinary laborers and foremen? At that time I was assigned by factory management to work together with you throughout the factory, because I was fluent in German. I am Austrian descendent and my name is João Francisco Grabenweger. I don't know whether you still remember this humble worker with whom you used to talk about your passion for underwater diving, mostly in the Mediterranean Sea. I went with you, personally, to the Butantã Institute, which is world-famous for its collection of live snakes and for its production of anti-venom serum against snakebites and other vaccines.

My life as a worker at Eternit's Osasco plant began in 1951 and I worked there until 1989. I think I may be the only survivor of that period, even though my lungs are damaged by a progressive and irreversible asbestosis, with diffuse bilateral pleural thickening and bilateral plaques in the diaphragm.

I am one of a group of 1,200 former Eternit employees who are asbestos victims. We have joined together in the Brazilian Association of People Exposed to Asbestos (ABREA), which, in a great display of courage and dedication, fights both in Brazil and internationally for the banning of asbestos and for compensation for asbestos victims.

Allow me to ask you a question, sir, did you ever see any articles about the victims from the Nazi concentration camps? Those who survived are receiving very substantial monetary

compensation with all the rights which can possibly exist. When we former employees worked at Eternit we were kept completely ignorant about the fact that we worked in an asbestos concentration camp. Being good workers, we helped out to the best of our abilities, with total pride and dedication, in building the asbestos-cement empire of the Schmidheiny family. But what did we get from “Mother Eternit?” What we got was a bomb with a delayed action fuse which had been implanted in our chests.

Perhaps you are unaware, sir, but we victims of Osasco, those of us who are still alive, constitute a sort of job guarantee for those who defend the existing Eternit company against its former employees, humiliating us on a daily basis with ridiculously small offers which they call “compensation,” which are especially insulting to those of us with white hair and failing health.

I sincerely hope that I will receive a reply from you as soon as possible, because it always seemed to me that you and your family were not informed about much of what took place in the factories, and also because you seemed like a very caring and respectful person, which has been confirmed for me by the Época Magazine article written by Alex Mansur, and so I beg of you, in the name of the asbestos victims of Osasco, to help us secure the justice which we have dreamed of for those who gave their lives for you, sir, and for your family and your business.”

João Grabenweger died four years later, on January 16, 2008, without ever having received an answer to his appeal to Schmidheiny, his former co-worker, a letter he had waited for until the last day of his life. Eternit offered him US\$ 27,241¹⁷ to drop his legal suit for compensation.

ABREA: Visibility for those sick due to asbestos, social recognition and compensation

Eternit had expected that asbestos-injured workers would pursue individual legal actions for compensation, a situation which would attract minimal public and press attention. The last thing the company wanted was for a group of victims to pursue a class action, news of which might impact negatively on Eternit's public image and share value. The fact that mesothelioma had such a long latency period and that many sick workers

¹⁶ Exchange rate of 1/6/2012.

¹⁷ Ibid.

moved away from Osasco once they were unable to work ensured that the victims' plight remained invisible. The social-environmental-health tragedy which the company had caused was, for so many years, buried alongside its victims. In 1995, two years after the company closing in Osasco, former employees began to get together and collectively organize a struggle to obtain recognition of asbestos diseases; in search of treatment and compensation for the damage caused, as well as for the prohibition of asbestos in Brazil – they founded ABREA.

The company's reaction was immediate and it began to organize parties to attract former employees and their families for the purpose of convincing them to sign extrajudicial settlements for insignificant amounts along with lifetime health insurance, which the company would manage itself, requiring them to waive any future legal claims. These settlements provided for the termination of the health services in case of company bankruptcy or asbestos prohibition in Brazil, making these former employees and their families hostages to the continued use of asbestos.

Eternit confirmed to the press that to date it has entered into 3,000 extrajudicial settlements with its former employees of the group's various asbestos-cement plants and the asbestos mine of its subsidiary (SAMA).

The Public Ministry of the state of São Paulo, unsatisfied with this situation of settlements, in *litis consortium* with ABREA, proposed an *erga omnes* class action suit similar to that which was developed in Turin. This suit requests compensation for 2,500 victims, for the material and moral damage suffered, and demands lifetime medical supervision and health treatment for those



Decommissioning of the Wagner Wall Division plant in Ponta Grossa, Paraná. Photo: Fernanda Giannasi.

who are sick. Unfortunately, due to the slowness of the Brazilian legal system, this suit is still dragging on without resolution, in spite of a favorable first instance ruling finding Eternit responsible for having injured these 2,500 victims, followed by an appellate court ruling, unfortunately against, absolving the company, accepting defense arguments that it always complied with Brazilian labor legislation, even though it was insufficient due to the state-of-the-art and was only rewritten based on ILO Convention 162 in 1991, and on the belief that there was no subjective evidence of its guilt. Appeals to higher courts can still be made, but these can take many years to be reviewed. By that time, many of the victims will have died.

With the change of “competent jurisdiction” from the civil to the labor sphere as a function of Constitutional Amendment 45 of December 2004, there has been an acceleration in decisions on compensation suits which previously took up to 12 years or more to be completed and which are now being shortened to 5 years, on average, bringing these poor asbestos victims hope that they might live to receive their compensation.

Another visible benefit of this change is the suit success rate which went from 10.8% in the civil sphere to 75.6% in the labor sphere.¹⁸ A substantial increase in the values that are being awarded has also been observed in recent legal decisions, on average, 1,000 to 2,000% higher than the meager amounts awarded in the 1990s.

Environmental Liabilities

The photos below speak for themselves and illustrate Eternit's irresponsibility with regard to its environmental liabilities.

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Decommissioning of the asbestos-cement plant in Osasco, São Paulo. Photo: Eduardo Metroviche - Sindicato dos Metalúrgicos de Osasco e Região.

¹⁸ Mônica da Silva Stella. “A exposição dos trabalhadores ao risco do amianto avaliada a partir da análise de acórdãos judiciais de 1999 até 2009.” Dissertation presented to the School of Public Health of the University of São Paulo for obtaining the title of Master in Public Health.