



Friends of the Earth  
Les Ami(e)s de la Terre

# ecojustice

**For immediate release**

## **Friends of the Earth, Ecojustice ask Supreme Court to respect Polluter Pays Principle**

*Newfoundlanders shouldn't have to pay to clean up Abitibowater's pollution*

(OTTAWA, November 16, 2011) Ecojustice, representing Friends of the Earth, appeared before the Supreme Court of Canada today to argue that insolvent corporations cannot shift the cost of cleaning up environmental contamination to the taxpayer.

This is the first time Canada's insolvency procedure has been challenged to deal with the polluter pays principle. In this case, the issue is historic contamination by Abitibowater Inc.'s mining, shipping and pulp and paper operations in Newfoundland and Labrador.

"Businesses can't restructure their way out of obligations to remediate the environment," said William Amos, director of the Ecojustice Clinic at the University of Ottawa. "The system is broken when it forces the environment to line up with creditors and makes Newfoundlanders and Labradorians pay for a mess that Abitibowater created."

Abitibowater operated industrial sites in Newfoundland and Labrador for more than a century until 2008. Its operations have resulted in severe environmental damage, including the deposit of heavy metals and chemicals hazardous to human health into the surrounding lands and waters.

Newfoundland and Labrador subsequently issued orders under the provincial Environmental Protection Act in November 2009, requiring Abitibowater to perform environmental remediation at a number of its former sites. However, because Abitibowater had filed for protection under the Companies' Creditors Arrangement Act, a federal statute, two lower courts said that the company has no obligation to repair the environmental contamination it caused.

"This case has the potential to send a powerful signal to polluters, their bankers and investors on the need to not only disclose but to pay in real time for environmental messes," says Beatrice Olivastri, CEO, Friends of the Earth Canada. "Future generations should not bear the costs of yesterday's and today's pollution."

Ecojustice and Friends of the Earth are also concerned that allowing Abitibowater to shirk its responsibility to clean up its former sites threatens the ability of provincial governments to enforce environmental protection statutes and absolves insolvent corporations of any accountability.

"Insolvency processes should not grant a company a clean slate when it comes to environmental contamination," Amos said. "Abitibowater has a new name [Resolute Forest Products], it is restructuring and expects to return to profitability within a few years. Newfoundlanders and Labradorians, on the other hand, are still waiting for those contaminated sites to be cleaned and wondering who will foot the bill."

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