



EU

# Forest Watch

[www.fern.org](http://www.fern.org)

Informing NGOs, MEPs and European Commission officials. Issue 66 September 2002.

## Step backwards for ALA Regulation

FORESTS, biodiversity and local communities have been forgotten or ignored in a new draft of the Asia and Latin America (ALA) Regulation<sup>1</sup> presented by the Commission to the Council and Parliament in July. Instead, it appears to Fern that integration into the market economy is considered the main solution for poverty alleviation, reflecting the priorities of the heavily criticised EC development policy.

The ALA Regulation is the EU's legal framework for financial, technical and economic assistance to countries in the ALA region. This area is home to the majority of forest dependent people and contains most of the world's biodiversity. Once approved, the new Regulation will

provide the basis for grants of €3.8 billion for 2003-2006.

However, in stark contrast to the previous Regulation, the new draft emphasises the importance of increasing trade and investment and the implementation of WTO agreements, while references to forests, natural resources, indigenous peoples or local communities have been eradicated. The previous Regulation specified that aid should be targeted to the poorest countries and people, with human development and regional co-operation highlighted, and has required 10% of financial resources to be set aside for environmental projects, in particular for tropical forests. In the new version there

are no minimum targets for aid allocation to meet the basic needs of people living in poverty or for protecting the livelihoods and environment of communities and indigenous peoples. EU policies and action plans on environmental integration, forests and biodiversity have also not been taken into consideration.

The fundamental principle – that a healthy environment and social equity are basic conditions to make market forces work in a sustainable manner – is absent from this draft Regulation. Let us hope the Council and Parliament put it back in its rightful place.

1. See [http://europa.eu.int/eur-lex/en/com/reg/en\\_register\\_11702030](http://europa.eu.int/eur-lex/en/com/reg/en_register_11702030)

### Carbon sinks watchdog

FERN and the World Rainforest Movement have launched SinksWatch, an initiative to track and scrutinise carbon sink projects, especially tree plantations, related to the Kyoto Protocol. SinksWatch will provide a clearing-house for groups seeking information about carbon sink projects and expose the flaws and failures of carbon sink projects seeking CDM registration. A SinksWatch web site will go online next month. SinksWatch will work in close co-ordination with CDM Watch ([www.cdmwatch.org](http://www.cdmwatch.org)), which monitors non-sinks projects linked to the CDM. A report on the Plantar CDM plantation project is overleaf.

### Baku-Ceyhan pipeline: companies exempt from laws

AS THE world discusses stronger regulations for corporations, several oil companies, including three from Europe, must be laughing. NGOs have just learned that in exchange for building a pipeline connecting Baku in Azerbaijan, through Georgia, to Ceyhan in Turkey these companies have exempted themselves from current or future laws that could threaten their profits, including human rights and environmental legislation<sup>1</sup>. Among others, the area is home to Kurdish populations who have been brutally repressed by the Turkish authorities. In this dry region, the oil companies are authorised to use whatever water resources they want, regardless of local community needs. Yet this risky project would not be possible without “free public money”<sup>2</sup> from European and US Export Credit Agencies (ECAs). These ECAs and other financiers must adopt stringent environmental and human rights standards and oblige the companies they support with our taxes to behave responsibly. DG Trade is co-ordinates the policies of EU ECAs and should push for urgent reform.

1. See Host Country Agreement between the Government of the Republic of Turkey and the State Oil Company Of The Azerbaijan Republic, BP Exploration (Caspian Sea) Ltd., Statoil Btc Caspian As, Ramco Hazar Energy Limited, Turkiye Petrolleri A.O., Unocal Btc Pipeline, Ltd., Itochu Oil Exploration (Azerbaijan) Inc., Delta Hess (Btc) Limited published in Turkey's Official Gazette, 10 September 2000.

2. According to British Petroleum Chairman, John Browne, Financial Times, ‘Wisdom of Baku Pipeline Queried’, 4 November 1998.



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Carmanah Valley, Canada. Like many tropical forests, this temperate rainforest is the focus of a land rights dispute and an environmental campaign. NGOs and forest peoples have joined forces to protect the valley from clear cutting.

## NEWS IN BRIEF

### Doing more with less money

DG ENVIRONMENT has submitted a draft regulation<sup>1</sup> on the protection of the Community's forests against atmospheric pollution and fires. The new initiative, called Forest Focus, merges two recently expired regulations on air pollution and forest fires. The proposal provides a framework running initially from 2003 to 2008. If approved, Forest Focus will be open to EU candidate countries as well as Member States. Compared to its predecessors, the scope of the regulation has expanded from monitoring the impact of air pollution and fires to developing new activities covering biodiversity, the effects of climate change and soils protection. As the proposed regulation takes account of the Aarhus Convention on access to information, the availability of data to the public could improve significantly.

1. [http://europa.eu.int/eur-lex/en/com/pdf/2002/com2002\\_0404en01.pdf](http://europa.eu.int/eur-lex/en/com/pdf/2002/com2002_0404en01.pdf)

### Eco-label: new criteria approved

THE Commission has adopted revised ecological criteria for its ecolabel for copy paper<sup>2</sup>, applicable from September 2002 to August 2007. Fern regrets that joint NGO comments calling for all virgin wood fibers to originate from forests certified by a credible third party certification scheme have not been taken into consideration. EU ecolabelled paper will have to contain only 10% of wood fibers from 'certified' forests, without ensuring credible certification<sup>3</sup>, and virgin fibers may originate from ancient forests.

2. [http://europa.eu.int/eur-lex/en/dat/2002/l\\_237/L\\_23720020905en00060015.pdf](http://europa.eu.int/eur-lex/en/dat/2002/l_237/L_23720020905en00060015.pdf)

3. See *EU Forest Watch* 60

### New staff

JESSICA Wenban-Smith has joined our Brussels office as communications manager. Jess will be in charge of Fern's web site, *EU Forest Watch*, media relations and the communications side of campaigns.

## Test case for CDM carbon sinks

ONLY ten months after governments accepted carbon sink projects into the Kyoto Protocol's Clean Development Mechanism (CDM), critics' concerns about the consequences of this decision are fast coming true. An investigation into one of the first projects to prepare for carbon credit registration has found it involves large-scale monoculture tree plantations and is likely to contribute nothing towards CO<sub>2</sub> reduction.

Research by CDM Watch into the Plantar project in Brazil – a 23,000 ha eucalyptus plantation developed under the auspices of the World Bank's Prototype Carbon Fund (PCF) – has revealed its many flaws<sup>1</sup>. Among these are a poor guarantee that carbon will be stored for enough time to yield any positive benefits for the climate and the questionable baseline assumptions from which the amount of credits is calculated. The good news is that the project evaluator, Det Norske Veritas, has recognised many of these weaknesses and they are detectable in the validation report on the project.

With the environmental rules for carbon credit projects still under discussion, it is unclear whether the negative environmental and social impacts associated with large-scale tree plantations will be taken into account by the CDM executive board, which

assesses CDM projects. Evidence of the significant impacts of industrial tree plantations on forests and forest peoples is ample and well documented.

As well as potentially harming local communities and the environment, the massive size of the Plantar project could jeopardise several renewable energy projects that are also seeking carbon credit registration. Of the 25 projects currently engaged in the registration process, Plantar is a heavyweight. It claims it can provide the equivalent of 4.3 Mt of carbon dioxide – 10% of the total amount estimated by all 25 projects put together. This is in comparison to the 20% jointly claimed by 14 smaller-scale renewable energy projects which have none of the negative environmental impacts associated with big plantations but which, if approved by the CDM, will be competing directly with Plantar.

It is therefore crucial that Plantar is rejected as a CDM project and that the rules for sinks in the CDM explicitly exclude industrial tree plantations. In a recent letter, Fern urged the EU Member States involved in the Prototype Carbon Fund (the Netherlands, Sweden and Finland) to state that they will not accept any credits from CDM sink plantation projects.

1. A CDM Watch Briefing on the Plantar project is available from Fern or at [www.cdmwatch.org](http://www.cdmwatch.org)

### Jo'burg text acknowledges indigenous peoples

FOR the first time, a UN document includes the term "Indigenous Peoples" without any qualifications. The World Summit on Sustainable Development (WSSD) political declaration includes the lines: "We reaffirm the vital role of indigenous peoples in sustainable development". This is a victory for indigenous peoples who have struggled to have this term and its associated meanings recognised in official UN documents.

## Forest Agenda

**16 September:** ECA meeting for NGOs, Brussels.

**20-26 September:** Taiga Rescue Network conference, Winnipeg.

**17 October:** EU Environment Council meeting, Luxembourg.

**23 October:** UNFCCC COP8, Delhi.

**25 October:** Fern seminar on illegal logging, Brussels.