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14 February 2004

Re: *SinksWatch* submission in relation to the FSC accreditation audit of Scientific Certification Systems (SCS) at Plantar S.A., Minas Gerais

Dear Liviu Amariei,

Please find enclosed *SinksWatch*'s submission regarding the FSC accreditation audit of Scientific Certification Systems at Plantar S.A., in Minas Gerais, Brazil.

As this is the first time *SinksWatch* is contacting you directly, please allow us to briefly introduce the initiative. *SinksWatch* is an initiative of the World Rainforest Movement, hosted by the European Forest Campaign group FERN. The aim of *SinksWatch* is to track and scrutinize carbon sequestration projects related to the Kyoto Protocol, and to highlight their threats to forests and other ecosystems, to forest peoples as well as to the climate. In our work we focus on tree plantation sinks projects, particularly in areas where land tenure and land use rights are in dispute. *SinksWatch* advocates addressing the links between forests and climate change in a way that honors the important role forests play in adapting to climate change and in safeguarding against the impacts of extreme weather events without using forests to justify the continued, unsustainable and permanent release of carbon from fossil fuel burning.

In this context, *SinksWatch* has taken an interest in monitoring the activities of Plantar S/A, who in addition to having sought FSC certification for part of its eucalyptus plantations, are also pursuing a project aimed at selling carbon credits through the Kyoto Protocol's Clean Development Mechanism (CDM). This 'Plantar' project is promoted as a pilot project within the World Bank Prototype Carbon Fund; the project is considered by many as a precedent for future CDM sinks projects involving monoculture tree plantations¹. Carbon credits would amongst others be sought for the expansion of Plantar's eucalypt plantations in Minas Gerais. The link between the PCF 'Plantar' project and the FSC certification arises because FSC certification is a prerequisite for eligibility of the project in the PCF. We will make reference

¹ For a detailed discussion of the role of the Plantar project as a precedent CDM sinks project, see the joint FERN / *SinksWatch* report Forest Fraud. December 2003. Available at www.sinkswatch.org

SinksWatch is an initiative to track and scrutinize carbon sink projects related to the Kyoto Protocol. The focus of *SinksWatch* will be on tree plantation sinks projects, particularly in areas where land tenure and land use rights are in dispute. The initiative, created by the World Rainforest Movement, is hosted by FERN.

to some issues pertaining to the PCF project 'Plantar' where we consider these as crucial for the FSC accreditation audit of SCS.

The issues and concerns raised in this submission fall broadly into three categories:

1. Issues arising from assessing publicly available material on the SCS certification of Plantar's plantations;
2. Issues arising from statements made by Plantar and World Bank officials regarding the nature and extent of Plantar's FSC certification;
3. Comments based on the author's visit to the Curvelo area in October 2003;

SinksWatch's submission on (1) is complemented by an external assessment, based on a desk review of publicly available material, by Herb Hammond, Silva Ecosystem Consultants Ltd. Mr. Hammond's in-depth knowledge of the FSC certification procedures, based on the experience as formerly FSC accredited certifier will complement *SinksWatch's* submission, which focuses on concerns arising from the links between the PCF project and the FSC certification.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jutta Kill', written in a cursive, flowing style.

Jutta Kill
SinksWatch

***SinksWatch* submission in relation to the FSC accreditation audit of Scientific Certification Systems (SCS) at Plantar S.A., Minas Gerais**

By Jutta Kill, Co-ordinator
jutta@fern.org

1. Issues arising from assessing publicly available material on the SCS certification of Plantar's plantations in Curvelo and Felixlandia

The World Rainforest Movement report "FSC – Certifying the Uncertifiable"² and the WRM document "Nothing Prevents FSC certification?"³ cover a multitude of shortcomings and omissions of the FSC certification assessment by SCS which we assume will be investigated as part of the February 2004 FSC accreditation audit. This submission will focus more generally on the quality of the 2003 public summary report by SCS; some issues that in our view require clarification will also be flagged.

General comments on the 2003 Public Summary Report by SCS (English Version)⁴

What distinguishes FSC from other certification systems for forest management is that the scheme is not dominated by any one interest group. Its credibility rests on this independence. With regards to the issuance of FSC certificates, the responsibility to uphold this independence rests with the accredited certification body, in this case SCS. Living up to this responsibility in our view requires a high level of impartiality and objectivity on the part of the certification body. Lack of such impartiality – or the impression that the certifier is not impartial or biased towards the company to be certified – will jeopardize the impression of FSC as an independent, credible certification scheme.

Based on our assessment of the 2003 public summary report prepared by SCS, *SinksWatch* has serious doubts about whether SCS carried out the re-evaluation of the Plantar FSC certificate in an impartial and objective manner. The following observations from the May 2003 report particularly contributed to our impression that the audit was not carried out in an objective manner – or at least no such conclusion can be drawn from the public summary report:

- Roughly 1.5 of 2 pages comprising the chapter 'social and economical aspects' (pages 8/9) are filled with general indicators for standard of living and average salary levels in the region or state. The relevance of most of this data in a *summary* report on a specific FSC certification remains unclear to the author, especially considering that *no* information is provided on the salary levels within the company being certified in comparison to the regional averages cited at length. In addition, information about working conditions on the plantations and in the charcoal production – an issue of concern and significant discussion – is extremely scarce: The switching from third-party contracting / outsourcing of major

² Available at www.wrm.org.uy

³ Available at www.wrm.org.uy

⁴ SCS: Recertification Evaluation of the Plantation Forests of Plantar S.A. in the Curvelo Region in the Minas Gerais State Brazil. Final Version May 2003. Certification Registration Number SCS-FM/COC-00004P.

activities to workers being hired by Plantar directly is mentioned *without any background* or mention of the controversy surrounding the outsourcing of activities and the impact of this on working conditions: Whilst the report mentions that “*all this activities are done directly by this company, and all workers that were interest in continue to work with PLANTAR were admitted by them*”⁵, the report provides no information on the conditions under which workers were taken on. Has their working condition improved compared to working under third party contracting? Was this previous outsourcing an issue of concern for the certifier? Have previous concerns, if they existed, been alleviated by the new arrangement? Has there been an assessment of the terms under which workers were offered to continue under direct management by Plantar?

- “*Adding to the social and economical indicators, historically, the region integrates the Minas Gerais’s savanna, and it’s rural population lives, basically, of the extensive cattle and milk activities. Although, it is possible to affirm that these populations suffered significant social cultural changes in the last decades, not finding themselves isolated from the market’s influence. The lands represented in the romances of Guimarães Rosa, the most important regional author, were used for intense occupation that has modified, not only the landscapes, but also, the way of life of the region’s traditional populations.*”⁶

The paragraph above provides no relevant information for this FSC certification. No information is provided regarding the link between the changes described in the rural region of Minas Gerais and the issue at hand – the assessment of whether or not Plantar’s management of eucalyptus plantations in Minas Gerais is environmentally appropriate, socially beneficial and economically viable.

- “*The water and natural pasture use wasn’t determined, necessarily, by means of property, as for, in times of drought, the owners, normally, would release the cattle in the fields to graze and for the access to water, although it couldn’t be characterized as a collective property. Meanwhile, nowadays these conducts are no longer observed, but by the fact that problems with drought are inherent to the savannas, the importance of water, specially, for the cattle is still present. And in this sense, the turn to forest eucalyptus plantations of large, and sometimes degraded, grazing areas, by large companies, has made a significant part of the population turn their mistrusts against this ventures. If, erstwhile, there was a net of relations that narrowed the social relations among the local populations, through weddings, christenings, funerals, parties, aggregating them even more, in opposition to farmers, now the forest companies toke the place of those, that in the past were their mistrust target. Associated to these aspects the image that the eucalyptus plantations are large water consumers, has made so that these companies have to continuously hobnob with the opposition of part of the population that feels threatened in their traditional activities*”

This paragraph highlights one of *SinksWatch*’s key concerns about this FSC certification, namely that the assessment has not been carried out in an impartial and objective manner, where facts and interpretation or views of the certifier are clearly separated. The paragraph is a medley of factual information, interpretation and unstated assumptions. Brushing off the significant changes in water levels around large eucalyptus plantations with a statement that ‘*problems with drought are inherent to the savannas*’ is a far cry from objectively assessing the impact of the plantations to be certified on water resources, or on the social fabric of the area adjacent to the certified operation.

⁵ SCS: Recertification Evaluation of the Plantation Forests of Plantar S.A. in the Curvelo Region in the Minas Gerais State Brazil. Final Version May 2003. Certification Registration Number SCS-FM/COC-00004P, page 5

⁶ *ibid.*, page 10/11

Another sections similarly lacking objective assessment – or at least lacking objective description in the public summary report - is found on page 19, Are there water problems in the village of Paiol de Cima:

“Paiol de Cima’s water problems are due to a serial of aspects that, aren’t necessarily, attached to PLANTAR’s forest plantations.”

No indication is given in the report that SCS did carry out research that would have been adequate to judge whether or not water problems in the areas were related to Plantar’s plantations.

“At last there is the image that the eucalyptus “dries” the region’s riverheads. The fact is that with the fast growing essence, the eucalyptus is a soil’s water relevant consumer. But until nowadays there are no scientific proves that it can cause water supply problems in a established region”

See report by Herb Hammond, which is attached as a separate document to this submission, for more detail on the scientific literature on the impact of large eucalyptus monoculture plantations on water availability.

“In this sense the careless traditional cultures, or the pasture areas without the riverheads or erosion cares are, certainly, cause more damage to the hydro system than a careful eucalyptus plantation.”

Again, no references are provided to back up this generalized statement. In addition, language like ‘careless traditional cultures’ or ‘careful eucalyptus plantation’ strengthen the impression that the certifier made several assumptions which precluded a factual assessment of the environmental impact caused by Plantar’s eucalyptus plantations.

- *“The company has mapped all the P[ermanent]P[rotection]A[reas] and is performing the recuperation of those that are in disagreement with what is foreseen in the Forest Regulation, normally regarding in small areas.”⁷*

FSC Principle 1 requires certified companies to be in compliance with all relevant national and state legislation. The quote above suggests that this is not the case in at least some cases where the permanent protection of areas is concerned. The public summary report provides no information that would enable the reader to get a picture of the nature of the illegalities (‘disagreement with what is foreseen in the Forest Regulation’), their frequency or extent. There also appears to be some contradiction with regards to the adherence to legal requirements: Whilst the statement above suggests that some requirements of the Forest Regulation are violated, the certifier states on page 21 of the same report that “PLANTAR is in accordance with the environmental legislation, aspect that was observed in the field visit and confirmed by the consulted environmental institutes”

Concluding our general remarks, we would like to point out that in our view the English version of the public summary report is very poorly written, in parts barely intelligible. We consider this unacceptable for an internationally operating certification company like SCS. The report also contains significant factual errors in its description of the PCF ‘Plantar’ project.

⁷ SCS: Recertification Evaluation of the Plantation Forests of Plantar S.A. in the Curvelo Region in the Minas Gerais State Brazil. Final Version May 2003. Certification Registration Number SCS-FM/COC-00004P, page 14

Clarification required:

A significant discrepancy between the 2001 and 2003 public summary reports regarding the amount of land owned by Plantar –**280,000 hectares**⁸ according to the 2001 public summary report versus **180,000 hectares**⁹ according to the 2003 public summary report - receives no further explanation in the 2003 report. This is particularly unfortunate as the issue of how much land Plantar owns has been a contentious one, and NGOs relying on the figure given in the 2001 public summary report have been portrayed as exaggerating claims when quoting the figure:

“Question 4: Is it true that Plantar owns huge tracts of land including 280,00hectares (ha) of Eucalypt plantations,...?”

Answer: No. Plantar never owned 280,000 ha. Plantar currently holds 186,000ha in total of which around 85,000ha is kept as legal reserves and permanent preservation areas (a total of 45%). World Bank: Questions and Answers on the PCF Plantar Project (no date), page 2.

A comparison between the figures quoted in the World Bank Q&A document above and the 2003 SCS public summary report raises more questions about present and planned land holdings of Plantar: Whilst the World Bank claims that around 85,000 ha, or a total of 45% are kept as legal reserves and permanent protection areas, the 2003 SCS report states that: *“If we considerate only the productive areas of PLANTAR, only 4 proprieties are included (Curvelo, Felixlandia, Morada Nova de Minas e Itacambira) with a total area of 65,802.05 ha. All other proprieties are ending their eucalyptus production (will finishing in 2003). And the company hasn’t interest in maintaining this areas producing eucalyptus. In this way, **at the moment these areas are sold**, the certified area will be around 49%.”*SCS 2003 public summary report, page 4

Based on the figures quoted in the World Bank document the total area of ‘permanent protection areas and legal reserves’ (around 85,000ha) appears to be larger in size than the total area the company expects to own according to the 2003 SCS report once the areas where production is being phased out are sold (65,802.05ha).

An explanation of the origin of the discrepancy between the figures in the 2001 and 2003 reports regarding Plantar’s total current and holdings as well as an explanation of the apparent discrepancies between the figures cited in the World Bank and SCS documents would help clarify this matter.

Clarification required:

The pictures below suggest that 40 ha of native cerrado forest were cut to establish eucalyptus tree plantations by Plantar. No indication of this occurrence is given in the SCS public summary report.

⁸ SCS Public Summary Report for FSC Certificate Number: SCS-PM-00004, Awarded August 1998. Updated March 2001. Page 2.

⁹ SCS: Recertification Evaluation of the Plantation Forests of Plantar S.A. in the Curvelo Region in the Minas Gerais State Brazil. Final Version May 2003. Certification Registration Number SCS-FM/COC-00004P, page 4



Photos taken by Ricardo Carrere (International Coordinator of the World Rainforest Movement), during his visit to Plantar's plantations on 15 May 2003, accompanied by German researcher Klemens Laschefski. A local person took Carrere and Laschefski to this specific area (headwaters of the Pindaíba river), to show them that Plantar had actually cut 40 hectares of native forest in December 2002. The photos show three different stumps that Mr Carrere identified as belonging to native trees. It was also clear that the cutting had taken place quite recently. The stumps were in the middle of rows of newly planted eucalyptus. The whole area had been sprayed with the herbicide glyphosate (Round-up), and the resulting dead vegetation is clearly shown in photos 2 and 3 (only eucalyptus saplings and very few local plants were alive in the plantation block).

Clarification required:

The 2003 public summary report does not contain any information that allows the reader to conclude whether or not the 'economic viability' of the plantation management has been assessed.

In the context of the PCF project, Plantar argues that the additional revenue from selling carbon sinks credits is essential to replace its plantations that near the end of their third rotation. In its documentation, Plantar argues that without this carbon finance the replanting and maintenance of the plantations would not be economically viable. Income from the sale of carbon credits however remains uncertain, and the question arises how economic viability of Plantar's plantation operations was assessed by SCS in this context. Has the certificate been issued on the assumption that carbon finance will be available to guarantee the maintenance of the plantations covered under the expanded 2003 FSC certificate? And even if this assumption was made and the income from carbon credit sales will be available, are FSC requirements for economic viability fulfilled even if the company can ensure maintenance of the plantations only for the coming 21 years – the length of the next productive cycle of 3 rotations after which the eucalyptus planted today will have to be once again replaced with new seedlings? No indication is given on whether or not the company has any intention to plan for this foreseeable expenditure, or if it will rely on the availability of another form of 'additional financial resources' when these plantations established today will require replacement, and thus a significant capital investment:

*"In the Plantar SA project, there exists a need for additional financial resources. The forests concerned cannot be renewed without the input of financing arising from the CERs. After being given an initial impetus, **the project will be self-sustainable for a period of 21 years**, due to the fact that:*

- *The use of charcoal from eucalyptus plantations in the production of pig iron is becoming an ever more competitive proposition, when compared with the use of charcoal from native forests and coal;*

- ...
- *The increase in quality of the land used by Plantar Sa guarantees an increase in the degree of productivity of its forests;*"¹⁰

This latter bullet point raises another issue, which may be beyond the remit of the audit, but is of importance for the PCF project: In the PCF project documentation, the company argues that the conversion of newly acquired lands for the expansion of the plantations will improve these 'degraded' lands. The statement by Plantar above suggests that another reason for the use of these lands is their superior quality for growing high-yielding eucalyptus clones. The SCS report contains no information that would allow an objective assessment on whether the conversion of the cattle grazing land to eucalyptus plantations can be considered an 'improvement of degraded land' from the point of view of biodiversity.

Furthermore, the public summary report does give no indication of whether the SCS certification assessment did consider the potential impact of the use of 'improved', high-yield eucalyptus clones in the newly established plantations now covered by the FSC certificate. Was the potential impact of planting 23.000ha of land with eucalyptus clones yielding "at least 35m3/ha/year" as opposed to "15m3/ha/year"¹¹ on water, on soil nutrients, etc. assessed and judged to be acceptable and in accordance with FSC principles and criteria. Were statements that with these high-yield clones, soil conditions would be improved and not deteriorate further compared to their present state considered and judged valid? What factual information was used to arrive at these conclusions?

The author does at present not have access to pictures or other detailed factual information about the level of degradation of the lands recently converted into eucalyptus plantations (Felxilandia area). If however, the level of degradation is comparable with that seen in the picture 1 below, showing degraded cattle grazing areas in the Curvelo area, one would expect the SCS assessment to have given more information explaining how conversion to eucalyptus plantations will improve rather than further degrade the land.



1



2

1 – Cattle grazing areas in the Curvelo area, eucalyptus plantations in the background.

2 – FSC certified eucalyptus plantations, Plantar holding Curvelo, Minas Gerais.

Photos © SinksWatch October 2003

¹⁰ **Plantar Group**, Plantar SA Presentation on FGV EAESP - February 2001, <http://www.ahkbrasil.com/plantar-group.shtml> , emphasis added

¹¹ Figures taken from World Bank: Questions and Answers on the Plantar Project (no date), Question 4, page 2. Yields of 15m3/ha/year are cited for plantations established 25 years ago, i.e. those now ending their productive cycle.

2. Issues arising from statements made by Plantar and World Bank officials regarding the nature and extent of Plantar's FSC certification

During the past months, SinksWatch has begun documenting what in our view amounts to misleading statements by Plantar and World Bank officials on the nature and extent of Plantar's FSC certification. This documentation is still work in progress; it has not yet been submitted to the certifier. Regardless of this preliminary nature of the documentation, we felt it important to raise this as an issue requiring investigation during the upcoming audit.

In our research and monitoring of climate change and carbon sequestration related publications and presentations we encountered several instances where representatives of Plantar or the World Bank Prototype Carbon Fund have, in our view, given the misleading impression that the FSC certificate covers 100% of Plantar's eucalyptus tree plantations in the Brazilian state of Minas Gerais, or that this certification covers areas used for charcoal used in pig iron smelting. In reality only a very small fraction of the plantations was awarded the FSC certificate in 1998. Many of the statements below were made before the renewal of the FSC certificate in 2003, which also increased the area covered by the FSC certificate. However, the FSC certificate still covers significantly less than 100% of Plantar's plantations, and hence such statements would still be misleading by giving the impression that the entire area is certified as well-managed.

Preliminary documentation of misleading statements

made by Plantar S.A. and the World Bank Prototype Carbon Fund
about the FSC certification of 13.000ha¹² of Plantar's eucalyptus tree plantations:

Source: Environmental Assessment of Plantar Project / Minas Gerais. Author: Werner Kornexl, Task Manager PCF – Plantar. Dated 18 October 2001. Available on the PCF website www.carbonfinance.org

- *"Plantar is the only **pig-iron industry** in Brazil whose forest plantation (Curvelo) is following a strict development plan in order to improve its environmental performance and **it is certified under the Forest Stewardship Council (FSC)-criteria**. Wildlife, biodiversity and water quality are annually monitored by an external agent, Scientific Certification Systems (SCS)," page 1, emphasis added*

Concern: This statement in the Environmental Assessment is misleading the reader to believe that charcoal produced from Plantar's plantations in the Curvelo area is used for pig iron smelting. The public summary report of the 1998 FSC certification however states clearly that *"In the UNISE (MG-02) district, PLANTAR grows and harvests eucalyptus logs, which are used for the production of charcoal."*¹³ The use of these plantations primarily for the production of barbecue charcoal was confirmed by SCS on 09 February 2004: *"The charcoal produced from*

¹² The total FSC certified area is 32.232 ha under the renewed FSC certificate issued in May 2003; 23.118ha of this are eucalyptus plantations.

¹³ SCS Public Summary Report for FSC Certificate Number: SCS-PM-00004, Awarded August 1998. Updated march 2001. Page 4.

eucalyptus logs is primarily used as barbecue charcoal. Some of Plantar's charcoal that does not meet barbecue specifications, is used in pig iron production."¹⁴

In addition, the World Bank Environmental Assessment is related to the expansion of Plantar's eucalyptus plantations for the purpose of gaining carbon credits under the Kyoto Protocol's carbon market schemes. At the time of writing of the Environmental Assessment, the FSC certificate had **not** been extended to these areas – in fact a large portion of these areas had not even been planted. Linking the existence of an FSC certificate for a small fraction of Plantar's plantations (app. 8%), which are used for a different purpose without explicit mention of these facts is misleading. It is also disturbing considering the controversy surrounding the issuance of this particular certificate as the question arises: was it just a formality that the FSC certificate would be expanded to these new areas at the time of renewal of the certificate?

- *"The FSC-certified Curvelo plantation is enhancing the environmental contribution of forested areas by conserving native forests (legal native forest reserve of 20%) and **gallery forests**, building up corridors between remaining native forest fragments, acquiring preserved Cerrado land from neighboring landowners, and by recuperating former deforested areas in environmental fragile zones (ANNEX 3 , Relatório de Auditoria de Manutenção – SCS 2000, page 3)" page 4, emphasis added.*

Concern: Contrary to the statement, a field visit to the Curvelo plantations in October 2003 revealed no sign of active restoration of gallery forests, as documented in the picture below. Whilst a sign suggesting restoration of the degraded gallery forest had been installed, no active restoration work had been conducted in years according to local residents interviewed during the field visit. Secondly, as noted above, very little if any of the charcoal produced from trees in the certified areas was used in the pig-iron production according to SCS.



Location: Plantar plantations Curvelo area, Minas Gerais; Restoration project Corrego Boa Morte; nursery visible in the background. Photos © SinksWatch 2003

¹⁴ Email from Dave Wagner, SCS to the author; dated 09 February 2004.

Source: World Bank Carbon Finance and Emerging Strategy. Public Side Event, CoP8, New Delhi 24 October 2002. PowerPoint Presentation, slide No. 6:

- “ *Plantar Project in Brazil (23,400ha fuelwood plantation):*
 - *Worker health improvement*
 - *ABRINQ certification of no child labor or exploitation*
 - *Biodiversity benefits*
 - **FSC certification of improved forest management**” [emphasis added]

Concern: This statement made at a public meeting by a representative of the World Bank Prototype Carbon Fund is misleading because it does make no mention at all about the fact that

- a) at the time this presentation was given, only a small part of the company’s plantations had been FSC certified.
- b) the FSC certificate covered areas other than those linked to the project referred to in the presentation. Plantations linked to the project that this presentation referred to were assessed by SCS only during the FSC certificate renewal in 2003. The presentation was given at a time where the results of this renewal had not been made public yet.

No clarification on these matters was given during the oral presentation accompanying the Power Point slides.

Source: Prototype Carbon Fund Project Idea Note (PIN) for the Plantar project. Submitted by Plantar S. A. on 3 September 2000. Available on the PCF website www.carbonfinance.org

- “6.2 Brief Description of Project:

...It will guarantee 100% of the supply of charcoal of our pig iron mill. The charcoal will be produced in a sustainable way, according to the principles and criteria of the FSC, in other words: Environmentally fair, Socially beneficial, Economically feasible.

*Our forests in Curvelo/MG have been certified by FSC since 1998. The implementation of this project will provide a new concept of pig iron, “**THE GREEN PIG IRON**”.* Page 5, emphasis added

Concern: To our knowledge, the plantations covered by the FSC certificate in Curvelo were used for the production of barbecue charcoal, not charcoal used to produce pig iron. In contrast to this, the statement above clearly suggests that FSC certified plantations provided the charcoal for pig iron production.

Source: Plantar S.A. website www.plantar.com.br [visited on 11 January 2004]

*“**GREEN STAMP.** This certification is a guarantee that our forests are well managed according with the principles and criteria of the FSC. That is, ecologically correct, socially good and economically viable.”*

Concern: This statement on the Plantar website suggests that the entirety of Plantar's plantations have been FSC certified as well-managed. Even with the increase in area after the renewal of the certificate, however, less than 50% of Plantar's plantations in Minas Gerais will be covered by the FSC certificate. It is our understanding that at present this percentage is still significantly lower as areas taken out of production have not been sold yet.

Source: Baseline determination for Plantar: Evaluation of the emissions reduction potential of the Plantar project. Prepared by EcoSecurities with the Prototype Carbon Fund. Final version March 2002.

"The project involves the planting of 23,100 ha currently vegetated with pasture land or low yielding Eucalyptus plantations that are at the end of their productive cycle with sustainably managed (certified to the Forest Stewardship Council standards) plantations of high yielding clonal Eucalyptus."
Executive Summary

Concern: Assuming that Plantar had knowledge of the contents of this baseline determination, this wording raises a serious concern regarding the expansion of the renewed FSC certificate: The final version of this report was published **more than one year before the FSC certificate was renewed**. Yet, the report already assumes that the FSC certificate will be issued. This assumption is made before the assessment for the renewal and expansion of the certificate had even been conducted. Considering the controversy surrounding the granting of the certificate to the company in the first instance, such statements harden the impression that expansion of the certificate to cover these new areas was a mere formality.

Though a minor point in light of the grave exaggerations documented here, SinksWatch does consider the use of the word *sustainable* in connection with FSC certificates as misleading and would like to reiterate that FSC certification does merely attest that plantations are 'well-managed', which is not equivalent to sustainable.

Source: Validation of the Plantar Project 'Sustainable Fuelwood and Charcoal Production for the Pig Iron Industry in Minas Gerais, Brazil. Det Norske Veritas. Report No. 2001-1263. December 2002.

"The project involves the planting of 23,100 ha sustainably managed and Forest Stewardship Council (FSC) certified plantations of high yielding clonal Eucalyptus on land currently vegetated with pasture." Page 4

Concern: As mentioned previously, the reference to FSC certification in key documents linked to Plantar's carbon sequestration project of areas several months before the results of the FSC certification assessment for these areas is made public, raises doubts about the nature of this assessment by SCS: Was non-renewal of the certificate an option? This question arises even more strongly considering that the scores in two out of three categories assessed during the renewal process were just barely above the SCS threshold for granting the FSC certificate (81 and 82 respectively with a threshold of 80 out of 100). It should be noted that the DNV validation report in later references to the FSC certification does more correctly talk about 'planned' certification. For the sake of

completion it should also be noted that the validation report does also make the misleading assumption that that “*the FSC certification of all the Eucalyptus plantations will be an important measure to ensure that the plantations are sustainably managed.*” (page 9, emphasis added).

Action requested: SinksWatch requests a thorough examination of these statements by FSC as well as SCS. SinksWatch questions whether the FSC certificate can be upheld considering the consistency with which misleading statements about both the nature and extent of the FSC certificate were made or left uncorrected by Plantar. With regards to the misleading statements made by the World Bank, SinksWatch requests that appropriate steps be taken to ensure that these misleading statements be discontinued and rectified where they have been made in past documents. SinksWatch further requests a thorough assessment during the FSC accreditation audit into the question of whether expansion and renewal of the FSC certificate was a mere formality in the 2003 SCS re-evaluation. This impression certainly arose from the statements in key documents related to the PCF Plantar project cited above.

3. Comments based on the author’s visit to the Curvelo area in October 2003;

The author visited the Curvelo area in October 2003. The field visit included an extensive tour through Plantar’s plantations in the Curvelo area and meetings with several local residents.

Water was an issue mentioned by local residents as a concern– they provided anecdotal, yet consistent and detailed observations that establishment of the eucalyptus plantations in the vicinity exacerbated water shortages, and often fully dried up water sources. The author visited several areas where significant changes in the water table and abundance of water were evident. Whilst the visit occurred towards the end of the dry season where one would expect water levels to be lower than at the height of the rainy season, many of the observations and testimonies suggest that the seasonal variability inherent to the cerrado cannot account for the extent of water loss that people observe. The author’s observations during the brief visit do not allow a conclusive judgment about the causes of the significant lowering of water tables in and around the plantation areas. What has become obvious however during this visit is that the cursory assessment of the issue of water and plantations in the SCS public summary report is inadequate. The following pictures were taken during the author’s visit in October 2003.

During the field visit, the author also visited two places where the flow of water into wetlands appeared to have been artificially blocked. This is of grave concern given the importance of wetlands for water storage and filtration. Both locations are within the FSC certified plantations in the Curvelo area, and the places were referred to in conversations with various local residents yet the SCS report states that “*During the field audit, no considerable swamp forests were found, neither degraded or that needed recuperation, even mentioned by the personal interviewed during this process*”¹⁵

¹⁵ SCS: Recertification Evaluation of the Plantation Forests of Plantar S.A. in the Curvelo Region in the Minas Gerais State Brazil. Final Version May 2003. Certification Registration Number SCS-FM/COC-00004P, page 14

Action requested: SinksWatch requests that the possible occurrence of Plantar drying out wetlands e.g. by artificially inhibiting the flow of water into wetlands be investigated during the FSC accreditation audit. Occurrence of such activities within certified plantation area must be clearly ruled out to warrant issuance of an FSC certificate guaranteeing environmentally appropriate plantation management.



1



2



3

1 – Near the corrego da Boa Morte, in proximity to the detoured road and an abandoned fazenda

2 – Near the source of the corrego Meleiros. The dried-up wetland lies within the catchment area of the corrego Meleiro

3 – Along the detoured road. Artificial landscape changes appeared to hinder the free flow of water into the wetland

1-3: ©SinksWatch October 2003 Minas Gerais Plantar plantations, FSC certified

Conclusion:

SinksWatch remains hopeful that the FSC accreditation audit will be thorough and rigorously investigate the concerns raised in this submission as well as in the WRM reports and in meetings with local 'stakeholders'. If these concerns are upheld, we believe revoking the certificate is the only acceptable consequence to ensure the credibility of the FSC as a credible certification scheme.

The poor quality of the 2003 public summary report, the unsatisfactory response by SCS to the shortcomings of the first FSC certification of the plantations that were identified in the WRM report FSC- Certifying the Uncertifiable, combined with a long list of misleading statements by Plantar and the World Bank about the nature and extent of the FSC certificate give rise to the suspicion that expansion and renewal of the FSC certificate in 2003 was a mere formality. This impression arises also considering that Plantar scored 81 and 82 points out of 100 in two of three categories in the SCS scoring system, with the threshold for awarding the certificate being 80.

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