



EU

Forest Watch

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Informing NGOs, MEPs and European Commission officials. Issue 67 October 2002.

Climate COP8 ahead

FROM 23 October to 1 November 2002, the Eighth Conference of the Parties to the Climate Change Convention (COP8) will take place in Delhi.

FERN believes the inclusion of carbon sinks under the Kyoto Protocol, especially in the Clean Development Mechanism (CDM), is fundamentally flawed and is in danger of subsidising large-scale tree plantations. However, given that governments have decided to make some carbon sink activities eligible as CDM projects, it is crucial that these provide "real, measurable, and long-term benefits related to the mitigation of climate change".¹ FERN urges EU member states to:

- exclude from the CDM any projects that harm biodiversity or natural ecosystems, have potentially negative social or environmental impacts, are subject to high uncertainties or are designed as short-term measures;
- explicitly exclude industrial tree plantations from eligibility under the CDM because of their negative social and environmental impacts; and
- ensure that any decisions affecting carbon-sink projects are clearly limited to the Kyoto Protocol's first commitment period only, and the option to exclude sinks from the CDM in future commitment periods remains.

In addition, no CDM sink credits should be used by EU member states to achieve their Kyoto targets.

1. Article 12.5(b) of the Kyoto Protocol

Reforms to forest budget line

THE environment and forest budget line, which provides crucial funding to forest projects in developing countries, will cease to exist in its current form if a new proposal¹ from EuropeAid is accepted. The proposal recommends that 30 existing budget lines² be regrouped into only four – food security, human rights, NGO co-financing and thematic actions for sustainable development. Environment and forests, plus ten other budget lines, would be merged together as 'thematic actions for sustainable development'.

The move has raised concerns that groups working on issues as diverse as forests, gender and anti-personnel mines will be forced to compete with each other and that the decision on how to allocate funds will be subject to political whim. There is also a wider concern that by cutting the number of budget lines to only four the pot of money available for all issues will be vulnerable to erosion.

The proposal stems from EuropeAid's desire to adjust budget procedures to reflect the various policy reforms taking

place within external services as a whole. Most importantly, these are the new emphasis on 'priority sectors' in Development Policy and the devolution of aid decision-making to Commission delegations. However, given these trends, FERN believes the role of thematic budget lines should be strengthened, not weakened.

There is a risk that, without the thematic budget lines, issues which are not dealt with elsewhere – for example in the geographical budget lines – will be entirely neglected. Controversial subjects relating to forests, such as indigenous peoples' rights, seldom feature in geographical budget lines because of their political sensitivity. The proposed reform risks becoming an enabling mechanism allowing the Commission and its delegations to do whatever fits the EU security- and trade-oriented policy agenda.

1. Summary note on the rationalisation of certain financial instruments of development policy, Innovation Unit, EuropeAid.

2. Amounting to 18.5% of the 2001 aid financial envelope.

Mahogany: can CITES halt illegal trade?

At next month's CITES COP12, the EU will propose broad leaf mahogany as an addition to Annex 2. If accepted, this could reduce the illegal trade in the species and provide EU member states with a mechanism to check the legality of imports. Broad leaf mahogany is already one of 19 tree species listed by CITES, however it currently appears on Annex 3 only. Under Annex 2, country-of-origin governments will have to authorise exports of broad leaf mahogany, check it has been obtained lawfully and assess whether exports threaten its survival. An analysis of mahogany imports into the US in 1997-98¹ estimated that at least 25% of sawnwood imports were illegal.

1. Arthur G Blundell, *Mahogany: Unregulated Trade* (US EPA, 2000)



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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

Lesotho bribery link to EU ECAs

EU financial institution practices came under scrutiny following the conviction of the Canadian company Acres International on bribery charges relating to the Lesotho Highlands Water Project.

Acres, convicted last month, was the first of several companies being investigated, including European firms, to have been prosecuted. The EU and its member states supported European companies involved in the project through loans from the European Investment Bank (€122.5m), aid grants from the European Development Fund (€44m), and through guarantees from several Export Credit Agencies (ECAs). This conviction is a sign that European ECAs should exercise greater due diligence and impose sanctions to ensure that the companies they underwrite are corruption-free.

Development on Convention agenda

The working group on external action of the Convention of the Future of Europe met for the first time in September. It will consider how EU external relations, including development policy, should be handled in the future. Chairman Jean-Luc Dehaene explained that the group will not go into specific areas, but will instead focus on policy coherence. No details were given on how the group will engage in dialogue with civil society – something several development NGOs are pushing for.

UK moves towards certification

The UK government held a consultation meeting to discuss how it will meet its commitment to buy timber from legal and sustainable sources only. A new report¹, outlines a basic requirement that all timber and paper purchased by government departments and agencies should be legally sourced. The ultimate goal is that all purchases will be legal *and* sustainable.

1. Scoping study report: Procurement of timber products from legal and sustainable sources, DEFRA.

Money moves as aid morphs into trade

ON 2 OCTOBER the Commission presented its Communication on Trade and Development¹. It received a highly critical reception as NGOs objected to the recasting of aid as a tool of trade, and the accompanying shift in financial resources. Money currently earmarked for non priority areas – which include environment, human rights and gender – could be redirected to trade priorities.

The Communication, which follows up the development policy statement made in 2000, aims to assist developing countries in benefitting from trade. However, it limits itself to a narrow interpretation: multilateral negotiations, especially the Doha agenda and the implementation of WTO agreements.

NGO criticisms were plentiful, but the total lack of consultation during the preparation of the Communication was first on the list. Following that, points raised included the Communication's reliance on unsubstantiated claims that trade liberalisation contributes to development, and the lack of recognition given to the failures of trade liberalisation, i.e. the many negative impacts it has brought to the world's poorest countries with few accompanying benefits in terms of an increased share in world trade or reduced poverty.

During the meeting, Commission representatives said the EC will be encouraging partner countries to revise their Country Strategy Papers (CSPs) so that trade becomes a focal area to be supported in the future by reallocations of financial resources within CSP budgets. In the meantime, where flexibility in financial allocation still exists in CSPs – i.e. in non-priority areas such as environment, human rights and gender, money will be switched to support the trade agenda. It is very worrying that development aid is being diverted to assist private sector access to developing-country markets, rather than being used to genuinely help countries harness trade to support poverty alleviation and sustainable development.

1. Communication COM (2002) 513 on Trade and Development.

Suriname: IACHR halts logging

The Inter-American Commission on Human Rights has requested the Government of Suriname to take appropriate measures to suspend all concessions, including permits and licenses for logging and mine exploration on the lands of the Saramaka Maroons.

This request follows a court case filed with the Commission by Saramaka people. They asked the Commission to intervene to prevent further damage caused by logging activities in their territory. The Commission's request is intended to protect the Saramaka people while it conducts an investigation of the situation. In effect, this means that no logging on these lands is now allowed, as it is in violation of the request by the Inter-American Commission on Human Rights.

Forest Agenda

17 October: EU Environment Council meeting, Luxembourg.

17 October: Brazilian PPG7 meeting on rainforest conservation, Brussels.

23 October: UNFCCC COP8, Delhi.

25 October: Fern seminar on illegal logging, Brussels.

3-15 November: CITES COP12, Santiago, Chile.

18-19 November: General Affairs and External Relations Council, Brussels.

24-26 November: FSC General Assembly, Oaxaca, Mexico.

25 November: EC Forests Platform, Brussels.