



EU

Forest Watch

www.fern.org

Informing NGOs, MEPs, member states, the European Commission and the media. Issue 75, June 2003.

Out now! Illegal logging action plan

The European Commission has published its action plan on illegal logging.¹ This is a welcome move in the fight for forest conservation, but it is not enough. For while the action plan makes several important proposals, the main NGO demand – for legislation to make it illegal to import illegally-sourced timber – has been ignored. The European Union will therefore continue to launder illegal timber from tropical and boreal forests around the world, and this fact undermines the otherwise positive elements of the plan.

In place of the ban, the Commission has chosen the softer option of a voluntary licensing scheme with partner countries. The merit of this option is that it will develop a concrete mechanism to exclude illegally-sourced timber from the supply chain, but what incentive is there for partner countries to negotiate with the European Union when cheaper illegal timber products continue to enter the common market from other countries?

If the EU decides to move forward on the negotiation of the licensing scheme, effective consultation with civil society must be built into the agreements with partner countries. Without this, the scheme may simply enforce unfair laws that discriminate against forest-dependent people and allow powerful vested interests to continue the lucrative trade in illegal forest products.

Many of the other measures in the action plan focus on strengthening

existing controls. These include:

- Money laundering – the Commission will review the EU money laundering directive to see if it is applicable to illegal logging and will encourage member states to amend their legislation. However, the plan stops short of recommending illegal logging is included in the review of the directive, due by 2006.
- Export Credit Agencies – the Commission acknowledges the role ECAs play in fuelling illegal logging and proposes to foster environmental and social due diligence. If the Commission effectively implements this it will be the first EU-level initiative to reform ECAs.

Although welcome, the action plan will only be a concrete success if implemented, and for this it needs funding. Surprisingly, the plan mainly considers financing under the Forests in Developing Countries Budget Line, but funding is also needed for Russia, the newly-independent states and accession countries. Therefore the larger resources allocated through Country Strategy Papers must be harnessed. This would have the additional benefit of mainstreaming activities to stop illegal logging.

Meanwhile, the case for an outright ban on the import of illegally-sourced timber has not diminished, and rumours that the Commission will consider this in 2004 give cause for hope.

¹ See http://europa.eu.int/eur-lex/en/com/cnc/2003/com2003_0251en01.pdf

ECAs debated in EU

On 16 June, the European Export Credit Agency (ECA) Reform Campaign and the Council Working Group on ECAs will meet for the first time to discuss the reforms needed to bring ECAs in line with the legal obligations and commitments of member states regarding sustainable development. In particular, the meeting will discuss an amended version of the current draft OECD recommendations on the subject as well as the NGO's *17 Key Reforms Needed for ECAs*.¹ These documents propose reforms to address issues such as debt, transparency, corporate social responsibility, illegal logging and human rights – reforms that are essential if the harmful social and environmental impacts of ECA-backed projects are to be avoided in the future.

In addition, a public hearing in the European Parliament on 12 June will raise the issue of the Lesotho Highlands Water Project – an ECA-backed development project that has resulted in European corporations facing bribery and corruption charges. The Committee on Cooperation and Development will hear testimonies from key witnesses including the lead Counsel on behalf of the Lesotho Government, the German ECA Hermes, and the Italian ECA reform campaign. A central concern is whether the European Commission will stick to its 1999 commitment to assist Lesotho in upholding the rule of law by supporting the costs of the trial.

¹ See www.fern.org



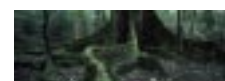
EU Forest Watch is published by FERN, the forest campaign group focusing on EU policy. For subscription details, please contact us below or subscribe online at www.fern.org

Fern Brussels, 20 Avenue des Celtes, 1040 Brussels, Belgium.

Tel: +32 (0)2 742 2436. Fax: +32 (0)2 736 8054. E-mail: info@fern.org

Fern UK, 1c Fosseyway Business Park, Stratford Road, Moreton-in-Marsh, GL56 9NQ, UK.

Tel: +44 (0)1608 652 895. Fax: +44 (0)1608 652 878. E-mail: info@fern.org



Kakamega Forest.

Half of Kenya's only tropical rainforest has already been lost. What is left provides a unique sanctuary for biodiversity and a vital resource for local people, many of whom depend on it for fuel, medicine and food. Photo: A. Arbib.

NEWS IN BRIEF

EU building linked to illegal timber

A Greenpeace investigation has found that the tropical hardwood used in a European Commission building – opened as a flagship environmental project last year – could well have been illegal. Companies known for trading in illegal timber were linked to the iroko timber used in the EU's Food and Veterinary Centre outside Dublin. Iroko is found in the primary rainforests of Central and West Africa and is listed as a vulnerable species on the IUCN's red list. The countries where it is sourced, including Liberia, Ivory Coast, Ghana and Cameroon, are rife with illegal logging and conflict timber.

Malaysian certification resisted

The Malaysian Timber Certification Council's promotional tour of Europe was greeted by a chorus of disapproval from NGOs. A joint statement signed by 47 NGOs, including FERN, highlights the MTCC's failure to recognise the land rights and user rights of forest peoples and its failure to adequately safeguard social values and environmental conservation. More information: www.fern.org

BTC European tour

Over the last two weeks, representatives of local organisations from Azerbaijan, Georgia and Turkey toured Berlin, Rome, Paris and London to publicise their call for a moratorium on the public financing, including from export credit agencies, of the Baku-Tbilisi-Ceyhan pipeline. They spoke of their concerns about the potential debt impacts of the agreements between the consortium and their governments, about the flaws of the resettlement plans, oil-spill risks to protected areas and intimidation of local communities.

Divisions over aid for Asia and Latin America

The European Parliament's proposed revisions to the draft regulation governing aid to Asia and Latin America (ALA) – which include separating the regions into different chapters within the regulation – mark a significant departure from current practice.

The proposal has caused divisions inside Parliament's development committee, with Spanish MEPs lobbying for two entirely separate regulations and DG Relex Commissioner Chris Patten explicitly rejecting this demand. The suggested de-coupling of Asia and Latin America in the revised ALA regulation raises the question of separate budget allocation for the regions, and the Spaniards' position seems to anticipate a bun-fight in the future.

Among the other proposed revisions, many are positive and reflect NGO concerns. However, from a forests and forest peoples perspective, it remains worrying that the amendments do not specify a fixed threshold of funding for environmental programmes. FERN has called for a minimum of 10% per year. Without this guarantee, the evidence of the EC's failure to deliver environmental integration across aid programming will increase. The proven link between natural resource management and poverty alleviation should anyway make this a priority across all aid programming.

The next series of amendments to the report will be discussed at the next development committee meeting and a vote in Parliament is expected in mid-July.

Commission secretive on CSP guidelines

NGOs have written to Commissioners Patten and Nielson to formally request guidelines for the mid-term reviews of Country Strategy Papers – the official documents that say how EC aid will be spent. Previous attempts to gain information on the process and timetable have received evasive answers. Yet the with-holding of information from partner-country stakeholders directly contradicts the widely publicized country ownership focus of EC aid policy.

The purpose of the mid-term reviews is to assess how development co-operation objectives are being translated into real implementation. NGOs in partner countries want to participate in these reviews, but they are unlikely to have a chance to make their voices heard if secrecy on the process is maintained.

The NGO request is timely as the mid-term review is currently taking place for countries from Asia and Latin America and due to start next year for ACP countries. However, early indications suggest that the Commission has already

decided what the outcome of the reviews will be: maintain the status-quo or reinforce sectors such as trade, migration, terrorism and drugs. These look more like a foreign and security affairs agenda than a poverty alleviation one. And without NGO input to the mid-term reviews, it is hard to see how EC aid policy can claim to be inclusive.

Forest Agenda

Until 6 June: UNFF3, Geneva.

9 June (amended date): RIIA civil society consultation on illegal logging, London.

12 June: European Parliament public hearing on Lesotho Highlands Water Project, Brussels.

12-13 June: Meeting on ecolabelling and WTO, Geneva.

16 June: Council Working Group on ECAs, Brussels.

****Job with FERN** We are recruiting a Finance and Office Manager to run our Brussels office. See www.fern.org**