

EU Forest Watch

Informing NGOs, MEPs, Member States, the European Commission and the media

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Smoke and Mirrors: The World Bank fails the world's forests and peoples. Again.

The safeguards put in place by the World Bank's Forest Carbon Partnership Facility (FCPF) are inadequate. This is the conclusion of research conducted by FERN and Forest Peoples Programme into eight Readiness Preparation Proposals (R-PPs) submitted to the World Bank's Forest Carbon Partnership Facility (FCPF) for funding. R-PPs aim to set the scene for future national plans to control deforestation.

The new report, "Smoke and Mirrors,"¹ concludes that FCPF safeguard measures are unclear or non-existent; R-PPs do not contain concrete proposals to address land conflicts and reaffirm state ownership over forestlands. Also, most

R-PPs rely on biased analyses of the causes of deforestation that blame indigenous peoples and local communities for forest loss and damage. All plans focus narrowly on carbon measurement and monitoring; thus the R-PPs reviewed lack detailed analyses of governance failures and of the drivers of deforestation; they further fail to address key rights and livelihood issues that should be integrated into forest and climate initiatives.

The Bank seems overly eager to press for a global market in forest carbon credits – despite the failures of carbon markets in general, growing concerns about the risks to forest peoples' rights in such markets and before governments have decided to

include forests in carbon markets.

Given that key causes of forest loss are insufficiently addressed, consultation processes are thwarted, a focus on measuring carbon is maintained at the cost of improving governance and authorities have engaged in a 'race to the bottom' in terms of safeguards, the report concludes that it is difficult to see how FCPF-funded national R-PPs will help to reduce forest loss and ensure respect for human rights. Current flawed approaches also carry the real risk that the FCPF could fuel resource conflicts, exacerbating forest destruction and human rights violations.

1. www.fern.org/smokeandmirrors

EU ETS: Much toil and trouble, few reductions

These are troubling times for the EU's flagship Emissions Trading Scheme (EU ETS). Demand from energy utilities – its largest buyers of carbon permits – has been dwindling due to the economic recession, and fraud and theft of carbon allowances have exposed just how vulnerable the scheme is to malpractice, fraud and cybercrime. Barclay's Capital recently noted that the EU ETS is "the easiest, cheapest way to launder money."¹

The first sign that the EU ETS design presented an open invitation for fraud came in 2008 - 09 when fraudsters generated billions of Euros in value-added tax (VAT) by trading carbon permits across EU countries with different VAT

rates – and then disappeared before paying the VAT to the tax authorities. Next, fraudsters obtained password details from EU ETS permit-holders through a 'phishing' cyber-fraud scheme, raided their accounts and quickly sold the permits on. Most recently, cybercriminals hacked directly into accounts at national EU ETS registries, and again, stole permits and traded them on – closing the EUETS 'spot market' for weeks.

Legal wrangling continues over how to distribute the financial loss incurred from the thefts, the European Commission is hastily mending the (latest) loopholes exposed by cybercriminals and Barclays Capital, holder of a trading account in the

EU ETS registry, proposed a major EU ETS revamp that would limit who can trade in EU ETS permits. Meanwhile, a combination of over-allocation of carbon permits and emission cuts due to the recession means that companies in the EU ETS will not be required to make any substantial cuts in their emissions before 2017 to stay within their EU ETS targets. Perhaps the EU should re-assess its assumption that carbon trading is a cost-efficient and effective way of 'reducing emissions' before spending more time and resources on attempting to mend a trading scheme that is beyond repair.

1. www.reuters.com/article/2011/03/02/us-carbon-eu-idUSTRE7214JK20110302?pageNumber=2



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United Kingdom: 1C Fosseyway Business Centre, Stratford Road, Moreton-in-Marsh, Gloucestershire, GL56 9NQ, UK; T +44 (0) 1608 652 895; F +44 (0) 1608 652 878. Belgium: Rue d'Edimbourg 26, B-1050 Brussels, Belgium; T +32 (0)2 894 46 90; F +32 (0)2 894 46 10.

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NEWS IN BRIEF

In December 2010, the European Commission launched a report about emissions from indirect land use change related to agrofuels production (FW 156), but has delayed any action to address the issue, saying that more time is needed to find the best remedy. A report from the Öko-institute (www.europarl.europa.eu/activities/committees/studies/download.do?language=en&file=34111) commissioned by the **Environment Committee of the European Parliament criticizes the Commission for its delay**; the only valid option, it says, is to attribute a quantity of greenhouse gas emissions to biofuels reflecting the estimated indirect land-use impact.

A large group of UK-based NGOs, the UK Timber Trade Federation and retailers including Kingfisher and Travis Perkins have expressed to the UK Government that **good governance is a prerequisite to keep forests standing**. This, they write (www.fern.org), is the reason that they support the EU FLEGT Programme. UK funding for FLEGT has been “instrumental to its success to date and we believe [it] should continue.” The group is much less enthusiastic about REDD: “Although we hope that REDD initiatives will contribute to reducing deforestation, we have seen very little evidence of this.” They urge the UK to be vigilant in ensuring that it spends its 2.9 billion Euro climate budget wisely.

World eyes are focused on the Middle East, but one of the world’s oldest **dictators, Abdul Taib Mahmud**, will mark 30 years in power in the Malaysian State of Sarawak. Taib has been instrumental in the destruction of Sarawak’s forests and in violent human rights abuses against its native peoples (www.sarawakreport.org/category/expose/). Late February saw new demonstrations against Taib outside the London headquarters of Ridgeford Properties, a company linked to Taib, while anti-corruption campaigners in Canada and the U.K. have called to freeze all of Taib’s assets. The Bruno Manser Fund has organised a petition against Taib’s corrupt practices; you, too, can speak out at www.stop-timber-corruption.org/.

Swedes mark year of forests by logging old-growth woodlands

Only five per cent of Europe’s forest area are undisturbed by humans, and loss of old-growth is a critical factor in the continuing poor conservation status of many forest species of European concern.¹ Clearly, old-growth forests merit special protection.

Yet the Swedish forestry model, often touted as an outstanding example of sustainable management, fails to ensure effective protection of these last pristine areas. Logging is currently planned in a pristine subalpine forest in Sweden’s Änok river delta, an area recognised by environmental protection authorities

and NGOs as of high conservation value. Located in the heart of one of Europe’s last expanses of wilderness, it borders on the UNESCO World Heritage Laponia site.

There is a radical need for increased forest protection in Sweden. The county governor of Norrbotten, where Änok is located, can still stop the owners’ logging plans and should use all means to do so; encourage him.² It is time for Sweden to pass legislation to protect remaining old-growth forests and important habitats.

1. www.eea.europa.eu/soer/synthesis/synthesis/nature-and-biodiversity-2014-soer

2. <http://protecttheforest.se/en/aenok>

Forest energy production decreases carbon storage

In February, the Finnish Environment Institute published a study examining the climate impacts of emissions attributable to a rapidly increasing forest energy production.¹ Wood biomass harvested from Finnish forests for energy production – about five million m³ in the 2000s – is predicted to reach 13.5 million m³ by 2020.

Wood can replace and reduce emissions from fossil fuels, but harvesting wood biomass from forests ultimately weakens their carbon storage capacity. If forest energy production increases as planned by the Finnish Government, the reduced carbon storage in forests will cut actual reductions in greenhouse gas emissions achievable through forest energy in Finland by 60 to 80 per cent by 2020.

The EU Renewable Energy Directive promotes biomass use to reduce greenhouse gas emissions. But as the Finnish example indicates, carbon changes are insufficiently addressed in many climate policy calculations; climate benefits achieved through wood energy will likely be overstated.

1. <http://www.ymparisto.fi/default.asp?contentid=375282&lan=en>

Greater attention to role of urban forests is needed

In January 2011, DG Agriculture and Rural Development hosted a workshop¹ to share experience about urban and peri-urban forestry (UPF). The EU Forest Action Plan proposes exploring the potential of urban and peri-urban forests, but no mention of UPF is made in the Green Paper on Forest Protection.²

In the Green Paper consultation, FERN noted that urban and peri-urban forests make up a significant part of EU forests and that their role is insufficiently addressed in the Green Paper, which focuses heavily on provision of jobs and income generation. Yet provision of timber and fuelwood is of secondary importance compared to the societal and environmental benefits resulting from these forests. The forests also create habitat diversity, critical for biodiversity conservation. Relevant data at national and European level is clearly lacking to assess adequately the structure, composition and appropriate management of urban and peri-urban forests in the EU.

1. http://ec.europa.eu/agriculture/fore/events/28-01-2011/presentations_en.htm

2. <http://eur-lex.europa.eu/LexUriServ/LexUriServ>

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