

# EU Forest Watch

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

Issue 128 June 2008

## Can the market fight climate change?

With global demand for energy continuing to rise despite crude oil reaching an all-time high of US\$135 per barrel in May 2008, the International Energy Agency (IEA) has stated that the EU should “not expect too much” from carbon pricing and other market-based instruments. Since 2004, for example, European consumers have been paying a ‘shadow carbon price’ of approximately €85 per tonne of CO<sub>2</sub> in the form of higher taxes on vehicle fuels, but the higher prices have had little impact on consumer behaviour. “We should not leave everything to the market,” said Fatih Birol, the IEA’s chief economist, echoing Nicholas Stern’s comment that climate change is the greatest and widest-ranging market failure the world has ever seen.<sup>1</sup>

The IEA’s findings are timely because the EU is currently reviewing its Emissions Trading Scheme for the period after 2012. This is when the bloc’s flagship carbon market is set to be re-launched with a tighter cap on EU-wide CO<sub>2</sub> emissions. It is hoped that the scheme will push the cost of emitting CO<sub>2</sub> to a level that will encourage industries to invest in clean technologies, but IEA believes carbon pricing alone will be insufficient to put the EU on a cleaner development path. The IEA economist offered several recommendations to EU policymakers, beginning with the need for more energy efficiency measures, where the EU needs to triple its efforts.

1. [http://www.hm-treasury.gov.uk/media/4/3/Executive\\_Summary.pdf](http://www.hm-treasury.gov.uk/media/4/3/Executive_Summary.pdf)

## MEPs question EU targets

There was a further blow for the EU’s 10 per cent target for energy from biofuels when Claude Turmes MEP, rapporteur for the Renewable Energy directive, presented his report to the ITRE (Industry, Research and Energy) Committee on 28 May 2008. He stated that given the overwhelming evidence of the negative effects of agrofuel imports, the target should be dropped. Anders Wijkman, MEP, reporting to the Environment Committee, called for a reduction to 8 per cent, but several NGOs said there was no evidence that this reduction would be less harmful to biodiversity, local communities and the global climate. The reports should be voted on in July with the plenary session expressing its position on 23 September 2008.

## CAP proposal not enough to protect Europe’s biodiversity

On 20 May 2008, the European Commission presented the proposal of its ‘Health Check’ to further modernise, simplify and streamline its Common Agriculture Policy (CAP). The challenges the EU faces today (climate change, managing water, bioenergy and the preservation of biodiversity) are far more pronounced than when the CAP was reformed in 2003. The proposal suggests dealing with these challenges through the Rural Development Regulation, including a budget increase of 8 per cent, but will this be enough?

Many NGOs such as Birdlife Interna-

tional think not, and have criticised the new proposal’s failure to provide clear or robust parameters for actions to respond to the pressing environmental challenges facing Europe.<sup>1</sup> FERN too has recently analysed the impact of the Rural Development Programmes on forests in six European countries to assess if they are coherent with EU environmental commitments.<sup>2</sup> One of the conclusions is that although there is now more money available for conservation and improved forest management practices, in most countries rural development funds are being spent on business as usual and not on biodiver-

sity conservation. Hence, they will not seriously contribute to achieving the 2010 target of halting biodiversity loss.

There is still the chance to make changes to the Commission’s proposal. The Council will agree on a general approach in October, and the European Parliament will give its opinion in November. The Council’s final text is planned for December 2008 by which time it must be strong enough to ensure Europe’s forests remain standing and full of life.

1. [http://www.birdlife.org/news/news/2008/05/cap\\_health\\_check.html](http://www.birdlife.org/news/news/2008/05/cap_health_check.html)

2. Available in July 2008 from [www.fern.org](http://www.fern.org)



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Photo: Jutta Kill

## NEWS IN BRIEF

**EuropeAid's new plan 'Towards a greener AIDCO'**, came out in April 2008 and aims to green their operational management practices and inform their staff about the impact they have on the environment and how to reduce it. The plan gives high priority to the integration of environmental issues into development aid by urging all staff to take training courses on the topic.

**Following the social NGOs walk-out of the Malaysia EU-FLEGT process**, NGOs in other VPA countries and Europe sent an open letter to the Malaysian Government calling upon them to allow environmental and social civil society organisations a seat at the negotiations and to take their concerns seriously. In all VPA processes, apart from Malaysia, this is already the case. The statement is available at [www.fern.org](http://www.fern.org). A briefing note specifying what constitutes a proper consultation process has also been produced by a coalition of NGOs in Europe VPA countries. It is available at [http://www.fern.org/media/documents/document\\_4166\\_4167.pdf](http://www.fern.org/media/documents/document_4166_4167.pdf)

**Exporting Destruction: Export credits, illegal logging and deforestation**, a new report from FERN shines a light on the role that export credit agencies play in financing global deforestation. Through new detailed research, FERN has been able to produce a set of policy recommendations that would, if implemented effectively, bring export credits in line with other publicly-funded institutions and reduce their potential for negative social and environmental impacts. An interactive PDF version is available for download at [http://www.fern.org/media/documents/document\\_4155\\_4156.pdf](http://www.fern.org/media/documents/document_4155_4156.pdf) Hardcopies are available from [julie@fern.org](mailto:julie@fern.org)

**Avoiding Deforestation and Degradation: Walking the tightrope to success**, is a short briefing note from FERN, Rainforest Foundation UK and Global Witness which looks at how to ensure REDD schemes have a threefold purpose to: safeguard and enforce the rights of indigenous peoples and local communities, bring an end to great swathes of deforestation and help address climate change. It is available at: [http://www.fern.org/media/documents/document\\_4151\\_4158.pdf](http://www.fern.org/media/documents/document_4151_4158.pdf)

## G8 statement fails to face the globe's challenges

Given their track record, and the scale of the environmental problems the world faces, the statement coming out of the G8 environmental ministers Kobe meeting (24-26 May 2008) was a huge disappointment. Whilst it recognises the need for a shift to low carbon societies, their solution only "agreed to seriously consider reducing greenhouse gas emissions by at least half by 2050."

As part of what is being called the Kobe Initiative, Italy and the UK have offered to host meetings focusing on research into low carbon societies, which will also look at how to build the capacity of developing countries to carry out inventories and data collection. The G8 Forest Experts on illegal logging presented a report, which

highlights both the progress made and the steps still to be taken. A proposal by GLOBE International to control the trade in illegally sourced timber, strongly supported by Germany, will be taken into consideration at the G8 meeting.

Both reports will be available from the FERN website. [www.fern.org](http://www.fern.org)

## Shrink your paper footprint

On 9th June 2008, a new website was launched to encourage people to pledge to cut their paper consumption. Paper use is one of the biggest underlying causes of deforestation and we can all do more to reduce the amount we use. You can sign-up to take the pledge at [www.shrinkpaper.org](http://www.shrinkpaper.org).

## EIB, the beneficial bank?

26 May 2008 saw the European Investment Bank (EIB) and European Commission sign a Memorandum of Understanding (MoU) aimed at ensuring EIB lending is consistent with the EU's policy objective of being for 'the benefit of the populations concerned'.<sup>1</sup> This new agreement is expected to improve the bank's capacity to finance projects outside the EU, including energy and infrastructure.

Even this MoU on the subject of coherence is fighting against a competing EU policy objective though. The Commission must decide whether to follow the MoU's route and use trade and development to contribute to equitable and sustainable development or to satisfy the needs of European business by securing foreign market access, as outlined in the Commission's 'Global Europe' strategy.<sup>2</sup>

1. Press release IP/08/791 available at <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/791&format=HTML&aged=0&language=EN&guiLanguage=en>

2. EC Communication 'Global Europe - Competing in the World' available at [http://ec.europa.eu/trade/issues/sectoral/mk\\_access/index\\_en.htm](http://ec.europa.eu/trade/issues/sectoral/mk_access/index_en.htm)

## Forest Agenda

**11 June:** Social issues in procurement, Chatham House, London

**13 June:** European Commission procurement meeting, Brussels

**16-17 June:** Launch of the Congo Basin Forest Fund (CBFF), London

**16-17 June:** ECA reform campaign meeting, Brussels

**18-19 June:** China and the Global Forest Products Trade Meeting, Beijing

**23-24 June:** Alternative financing mechanisms for a sustainable use of DRC forests workshop, Kinshasa

**24-25 June:** Launch of Republic of Congo - EU FLEGT VPA negotiations. Brazzaville.

**25-26 June:** Tropical Forest Dialogue meeting on REDD, Gland

**3 July:** Forestry and Cork meeting, Brussels

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