

EU Forest Watch

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

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Ilisu dam: the beginning of the end

On Wednesday, 8 October 2008, Germany, Austria and Switzerland began the official process of withdrawing financial support for the controversial Ilisu Dam project in Turkey; the move follows years of campaigning by the European ECA Reform Campaign, facilitated by FERN, to pressure European Export Credit Agencies to withdraw.¹

The likely pullout is good news for the inhabitants of Hasankeyf who have long opposed the dam. "We have been given a real chance to save our home with its nature and cultural heritage that is thousands of years old," commented Abdulyahap Kusen, Mayor of Hasankeyf.² According to Erich Stather,

State Secretary of the German Federal Ministry for Economic Cooperation and Development (BMZ), the three countries commenced exit proceedings by sending an Environmental Failure notice to the Turkish government. Turkey has 60 days to fulfil the conditions attached to the Ilisu Project – unlikely, given that it has failed to do so for two years.

In March 2007, the three countries had signed a contract with Turkey covering export credit guarantees to insure work on the Ilisu Dam project by their own construction firms (Andritz AG, Zueblin AG, Alstom). Bank Austria, now UniCredit, the German DekaBank and the French Société Générale agreed to

provide loans of some 450 million euros. A waiting game is now underway to see if the banks will back out. Contracts with the construction companies will then also be in doubt. It is hoped that the decision to pull out will be followed by a decision by Turkish authorities to abandon the project, averting possible dispute with downstream states Iraq and Syria and removing an obstacle to Turkish accession to the EU, since the project violates the *acquis communautaire*.³

1. See FERN Briefing Note at www.fern.org/media/documents/document_3773_3776.pdf

2. Ilisu Campaign Germany, ECA Watch Austria, Press release, 9 October 2008

3. See FERN Briefing Note at www.fern.org/media/documents/document_3773_3776.pdf

Hope for Liberia

Strong indication that Liberia is ready to turn away from its violent past and move towards a future that will benefit all Liberians came in September when the Liberian legislature overwhelmingly adopted a strong Community Rights Law.¹ The law sets a good example of how new development in West Africa can both recognise local peoples' rights and service economic growth at the same time.

However, in an increasingly bitter dispute with civil society, the Liberian Forestry Department Authority (FDA) criticised the law, indicating that it would deprive the country of much-needed revenue by delaying the resumption of logging.² The FDA critique fails to consider that, to date, logging has not brought much benefit to Liberia or any of its

neighbouring countries. Any delay that the law may entail would not be as costly as repeating previous years' mistakes. For example, over the past two and a half decades, some US \$64 million in revenue has been lost through misappropriation, failure to collect taxes and corruption.³ The newly adopted Community Rights Law clearly spells out community ownership not only of the land they live on, but also of the forests thereon. It also lays down the government's duty to protect these community rights.

More than 80 percent of the population of Liberia is without formal employment; ensuring that communities benefit from their land is a step toward securing livelihoods and sustainable, peaceful development. The Liberian law follows similar

rules in East Africa, but is the first in West Africa to give communities full ownership of their lands and forests, and the right to prior informed consent of decisions affecting them. Laws in neighbouring countries favouring industrial logging have allowed devastating logging practices, destroying West Africa's rainforests and further marginalising communities. With this new law in place, FERN believes Liberia is ready to negotiate a VPA with the EU, rumoured to begin some time this month.

1. The Community Rights Law with Respect to Forest Lands, printed 11 September 2008, available at www.loggingoff.info

2. Available at www.loggingoff.info

3. "Helping Liberia Escape Conflict Timber," June 2006, www.forest-trends.org; see also Joint Press Statement on CRL, October 8, 2008, available at www.fern.org



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NEWS IN BRIEF

Correction: September ForestWatch (130) wrongly stated a Dutch judge's ruling that, in public tenders, local authorities are allowed to demand FSC timber with an FSC label. In fact, the judge ruled that local authorities are allowed to prescribe the use of FSC-certified contractors, and that the council's requirement was not unreasonable as FSC certification of the chain of custody is accessible and affordable for contractors.

On 28 September 2008, Ecuador adopted the first national constitution to codify the rights of nature and ecosystems and to give people and communities the right to demand recognition of these rights before public bodies. Concerns surround the enhancement of presidential power and the failure to require prior informed consent of communities for projects affecting them. Nonetheless, the chapter of rights of nature could prove a useful example to developing countries in reining in the destructive practices of multinationals seeking to extract natural resources. Visit www.celdf.org for more information.

The Tropical Forest Dialogue, an ad-hoc coalition of companies, trade groups, NGOs, and community-based organisations, has issued a statement outlining clear principles for REDD or any forest-climate agreement. It emphasises the need to recognise local peoples' rights as a pre-condition for sustainable action and it does not support a market-based approach such as carbon-trading. Interestingly, some of the organisations that support the statement do not have a good record regarding recognition of these rights – a sign of changing times, one hopes. Statement available at http://news.mongabay.com/2008/1008-forest_dialog.html.

Forest Agenda

November 3-7: FSC General Assembly, South Africa

November 6-8: European Forest-Based Sector Conference, France

November 19-20: Bio-energy and forests in rural development, Belgium

Commission wiser than Parliament on forests and climate ...

The rush to include forests in unproven carbon markets gained momentum this month, causing consternation among NGOs advocating for indigenous peoples' rights and forest conservation. In a disappointing vote on 7 October 2008, Members of the European Parliament's Environment Committee moved to include forests in the EU Emissions Trading Scheme (ETS). The text opens the door to using forests as an offset, as opposed to taking strong action to require Member States to reduce emissions.

In a Communication released on 17 October 2008,¹ the European Commission demonstrated a better understanding of the dangers of including forests in the ETS. It stated that many unresolved questions remain regarding monitoring deforestation and related carbon emissions, country reporting, verification of reports and liability. They also expressed concern that allowing companies to buy avoided-deforestation credits would result in serious imbalances between supply and demand in the scheme, possibly flooding the market with credits.

The Communication proposes the creation of a Global Forest Carbon Mechanism (GFCM) to tackle deforestation and forest degradation. It should require effective forest governance structures, and the rights of forest-dependent peoples to be respected.

FERN and most forest and human rights NGOs strongly support the approach taken by the Commission² over that of the Parliament. An increasing body of evidence indicates that the focus on forests as part of a new climate regime may lead to further land grabs by governments and companies keen to make money from the carbon stock in forests, with attendant human rights abuses, while failing to reduce deforestation and climate chaos.³

The Communication was issued as part of the process leading up to the Copenhagen UNFCCC negotiations in late 2009.

1. <http://ec.europa.eu/environment/forests/deforestation.htm>

2. For press release, see www.fern.org.

3. See presentation by W. Sunderlin and A. Agrawal at <http://rightsandclimate.org/>

... but Commission legislative proposal lacks teeth

After prevaricating for more than five years, on 17 October 2008 the European Commission presented its draft regulation to control the import of illegally sourced timber into the EU.¹ Leading NGOs such as Global Witness and Friends of the Earth were indignant, calling the proposal 'toothless and ineffective' and an attempt to "not make it illegal to import illegally harvested timber into Europe".

The long-awaited proposal follows the Commission's 2003 promise to "undertake an analysis of the options for, and the impact of, further measures, including ... the feasibility of legislation to control imports of illegally harvested timber into the EU".

Under the proposed regulation, operators must exercise due diligence to minimise the risk of placing illegally harvested timber and timber products on the market. In the event of non-compli-

ance, operators may be required to carry out corrective measures. Significantly, the draft fails to require Member States to attach legal consequences to labelling products falsely or to placing illegally sourced timber on the market.

Most NGOs feel that assessing the due diligence of a timber trader is subjective and therefore the law will not deter illegal practices. Greenpeace suggests reforming the draft regulation into an effective and credible instrument by attaching sanctions to trade in illegal timber and false labelling of products. The regulation must also include clear rules for an independent traceability system to track wood products from forests to retailers and an information system to help operators identify high-risk products or suppliers.

1. http://ec.europa.eu/environment/forests/illegal_logging.htm