

EU Forest Watch

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

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NGOs re-frame the sustainable biomass debate

NGOs working on biomass have claimed that the European Commission's recent biomass consultation failed to ask the right questions for a meaningful discussion. The consultation which aimed to analyse whether to take further action to ensure that solid and gaseous biomass used in electricity, heating and cooling is sustainable, took place in preparation of a forthcoming European Commission report.¹

The need for debate is urgent as it is clear from their National Renewable Energy Action Plans that Member States intend to rely heavily on woody biomass to meet the EU target to have 20 per cent renewable energy by 2020. Yet reliable data regarding how much woody biomass can sustainably be supplied is hard to come by and existing EU and Member States' policy frameworks

fail to ensure that the production and use of biomass for energy will be sustainable.

Worryingly, policymakers at both national and EU levels seem to lack any clear vision – or perhaps the will to discuss the most obvious flaws – about how to ensure that such increased use of biomass will not have negative climate, environmental or social impacts. As complementary input into the debate, 11 NGOs jointly produced a report² that outlines concerns and presents recommendations to guide the development of a sustainable EU biomass policy. The hope is to set a more logical course for future discussion.

1. http://ec.europa.eu/energy/renewables/consultations/20110329_biomass_en.htm

2. www.fern.org/sites/fern.org/files/NGO%20Report%20on%20Biomass%2011%20April%202011.pdf

Offset credit use rises by two-thirds

Recently released figures show that in 2010, companies with emission limits under the EU Emissions Trading Scheme (EU ETS) used 56 million more offset credits than in 2009, meaning that in 2010 they used 140 million allowances to pollute.^{1,2} Clean Development Mechanism (CDM) projects provided the bulk of offsets used, and it is likely that credits from destruction of HFC-23, a by-product in refrigerant gas production were the most popular. Described by EU Commissioner Hedegaard as having a “total lack of environmental integrity”, these offsets made up 59 per cent of credits used in the EU ETS in 2009. They will be banned from

use in phase three of the EU ETS. A recent NGO briefing describes how industry lobbying delayed the ban from 1 January to 1 April 2013. The delay will increase their use by up to 52 million credits – an amount roughly equivalent to Belgium's annual CO₂ emissions.³

The 2010 data suggests that companies are stockpiling surplus EU ETS permits, handing in cheaper CDM offset credits instead, thus further delaying domestic emission reductions.

1. http://ec.europa.eu/clima/documentation/ets/registries_en.htm

2. <http://www.sandbag.org.uk/blog/2011/may/2/surge-offsets-eu-ets-2010/>

Road to ruin: Russian project destroying ancient forest

Activists in Russia are calling for support against Russia's first public-private partnership – a motorway between Moscow and St Petersburg built by a consortium of French construction company Vinci and Russian partners. The project has been mired in problems, from Vinci's involvement with an opaque web of offshore companies linked to Russian oligarchs,¹ to irregularities during the tendering process, alleged illegal forest conversion, corruption, violations of civil rights and human rights, attempted murder, threats, assaults against journalists,² activists and their children, and the destruction of the centuries-old Khimki forest.

The routing between Moscow and Sheremetyevo airport has sparked broad opposition from groups in Russia, in particular the Movement to Defend Khimki Forest who have exposed the irregularities and shown how 11 alternatives to re-route the new road without damaging the Khimki forest were discarded in favour of the current controversial route.³ Sign the petition at www.change.org/petitions/save-khimki-forest-stand-with-russias-human-rights-and-environmental-activists-to-stop-the-intimidation-of-activists-opposing-this-needless-destruction-of-khimki-forest.

1. http://bankwatch.org/documents/Vinci_oligarchs_taxhavens_Khimki.pdf

2. <http://en.beta.rian.ru/society/20110413/163517105.html>

3. www.ecmo.ru/data/April2011/expert_examination_en.pdf?drgn=1



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NEWS IN BRIEF

The Roundtable on Sustainable Palm Oil (RSPO) has reprimanded IOI, Malaysia's second largest palm oil group (www.rspo.org), following complaints by NGOs and the local community of Long Teran Kanan (Sarawak). The RSPO Grievance Panel found that IOI failed to both engage transparently with interested parties and seek an active resolution of conflict. IOI also breached partial certification standards prohibiting RSPO members from engaging in illegal activities, operations in areas with significant land conflicts and destruction of primary rainforests. The Bruno Manser Fund demands that IOI be excluded from RSPO's executive board (www.bmf.ch/en/news/?show=251).

EU Treaties do more than establish an internal market; they establish clear objectives for the internal market to promote sustainable development. The network for sustainable development in public procurement, a network of trade unions, social and sustainable development organisations, are convinced that public procurement can and should contribute to this goal, and have submitted a **common response to the green paper on the modernisation of EU public procurement policy** (www.fern.org/greenpaperresponse).

Greenpeace's new report, "Bad Influence: How McKinsey-inspired plans lead to rainforest destruction," (www.greenpeace.org/international/en/publications/reports/Bad-Influence/) examines the advice that McKinsey, a leading consulting firm, provided to governments of forest countries eager to gain from REDD-schemes. By applying its trademark cost curve and ignoring governance issues, McKinsey's recommendations risk increasing deforestation and carbon emissions and turn a blind eye to poor-governance issues.

A report from Dutch NGO Milieudefensie highlights the **failure to implement the sustainable timber procurement policy** in national and local authorities' projects. In 70 per cent of the national government projects that the NGO scrutinised, unsustainable timber was used, despite the official objective to buy 100 per cent sustainable wood by 2010 (<http://milieudefensie.nl/publicaties/rapporten/van-oerwoud-naar-overheid>).

Nuclear Energy: ECAs place a dangerous bet?

2011 marks the 25th anniversary of the world's worst nuclear accident, at Chernobyl, 26 April 1986. Sadly this anniversary comes the same year as Japan's tragic earthquake, tsunami and nuclear catastrophe. Worse still, it seems lessons are not being learnt, financial assistance by export credit agencies (ECAs) is even now helping to spread nuclear technology.¹ In Eastern Europe, for instance, European exporters and ECAs have been extending the operating life and upgrading Soviet-designed reactors.

Slovakia's Mochovce reactors are the longest-running nuclear construction project in Europe. Designed by the Soviet Union in the 1970s, construction began in 1987. Still under construction, the project now involves

Italian energy utility ENEL, and the Czech and Italian ECAs. Disturbingly, construction of the same reactor models was cancelled in East Germany in 1990 because they did not meet basic safety standards.

ECAs appear willing to undertake more than financial risk, rolling the dice with the physical safety of thousands living near such reactors. The nuclear industry relies on government assistance to export reactors around the world, has been shown to be dirty, dangerous and expensive. In light of the Fukushima catastrophe, governments must stop using ECAs to help spread nuclear technology.

1. Controversial nuclear projects are underway elsewhere (e.g., Hermes and Angra 3, Brazil) or foreseen (Jaitapur, India), involving German and French ECAs

DRC in a FIP-ing hurry

In May 2011, a second joint mission of the World Bank's Forest Investment Programme (FIP) will be held in the Democratic Republic of Congo (DRC). It aims to evaluate and improve the country's forests investment plan, which in turn is intended to support the reduction of deforestation and forest degradation and promote "sustainable" forest management (REDD+). The DRC, the first Congo Basin country to have a Readiness Preparation Proposal (R-PP) approved and one of the eight FIP pilot countries, seems overly eager to access US\$40 to 60 million in FIP funds.

In a country where 40 million depend on forests for their survival, ensuring participation and consultation of forest communities in line with the principles of Free Prior and Informed Consent is particularly challenging. Notably, the investment plan, drafted in only a couple of months, will be discussed even before research on the drivers of deforestation has been finalised, offering an ominous indication of priorities. VPA negotiations under the EU's FLEGT programme which are just getting underway in DRC will face additional obstacles in the shadow of this hasty REDD investment plan.

A band-aid for the EU ETS?

A European Commission Discussion Paper¹ on increasing oversight of the EU ETS carbon market outlines two options for beefing up regulatory oversight: One would classify EU ETS permits as financial instruments under the EU's Markets in Financial Instruments Directive (MiFID) which would require carbon traders and trading platforms to comply with the Market Abuse Directive (MAD); the other would introduce a regulatory system specific to the EU ETS. Both proposals appear to focus on patching holes exposed by past incidents of fraud and theft rather than assessing the susceptibility of carbon trading to fraud and malpractice through the eyes of someone looking for unexploited loopholes. A particular set of challenges would appear to arise if the EU ETS were to link with the cap-and-trade scheme expected to commence in California from 2012 and which will accept forest conservation and forestry offset projects – a category considered by many to be particularly prone to fraud and corruption.²

1. http://ec.europa.eu/clima/events/0034/discussion_paper_en.pdf

2. <http://planetark.org/enviro-news/item/53152>