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Miljödepartementet  
Minister Larsson

SE 103 33 Stockholm  
Sweden

Re: Prototype Carbon Fund plantation project in Brazil

Dear Minister Larsson,

We are writing to you in your capacity as an investor in the World Bank's Prototype Carbon Fund (PCF) about the proposed Plantar Clean Development Mechanism (CDM) project in Brazil. This project is based on carbon credits generated from industrial tree plantations. As this project was developed under the PCF you will receive a *pro rata* share of credits from the project if it is registered by the CDM's Executive Board.

We strongly urge you to reject these credits. Plantar is a deeply flawed project, the approval of which would establish a number of negative precedents [see enclosed briefing]. If Sweden wants to maintain its position as a progressive voice in the climate change debate, it must distance itself from this project. We are calling on you to reject this project.

In detail, our concerns about the Plantar project are as follows. The validator of the Plantar project, Det Norske Veritas (DNV) states that it cannot ensure that the sequestration activity that underpins the Plantar project will be permanent and provide long-term benefit to the climate. The validation report notes:

*"The project claims credits for the average storage capacity of the plantations. However, these credits only give long-term benefits related to the mitigation of climate change when the CO2 is removed in perpetuity by the plantations..... in the absence of requirements by the UNFCCC concerning the permanence of carbon sequestration activities under the CDM , DNV cannot arrive at a final*

Fern is an NGO which aims to improve European Union activities in order to achieve: conservation and sustainable management of forests; respect for the rights of forest peoples; greater transparency in EU aid to tropical forest countries.

*conclusion as to whether the permanence of the carbon sequestration is sufficient to ensure long-term benefits related to the mitigation of climate change"*

The implications of this are clear: the value of Plantar's sequestration credits should be zero. If no long-term climate benefit arises from this activity, then the value of the credits they generate should be assigned a dollar value, which reflects that. Otherwise, Plantar will be able to make millions of dollars from the sale of credits that are climatically worthless.

This in turn calls into question the viability of the entire project. As Plantar states, if they do not get credits to subsidise plantation establishment, they will not replant, and will therefore not be able to supply enough charcoal for their pig iron production facilities, from which they claim the rest of the credits. Ultimately, then, the *entire project* is based on the sale of credits, which will result in no long-term benefit to the climate.

As a result, we strongly urge you to refuse to accept any credits arising from this project. By agreeing to take these credits you will be endorsing the use of industrial plantation projects that have no climate benefit, and be complicit in establishing the appalling precedent that companies and governments can meet their carbon reduction commitments using credits which have no ecological or climate value. This would not only undermine the effectiveness of the CDM, but of the Kyoto Protocol as a whole.

Please feel free to contact us for further information about Fern's concerns with the Plantar project. We remain hopeful that EU Member States will follow up their progressive positions on carbon sinks, particularly in the CDM, with equally clear action and reject carbon credits from any projects, which appear to have no long-term benefits for the climate.

We look forward to your response.

Sincerely,

Jutta Kill

Policy Advisor

Climate Change and Forests