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V&M do Brazil's carbon plantations proposal backfires

For the second time, the Clean Development Mechanism's (CDM) Executive Board has rejected a Brazilian manufacturer's reasons for requesting climate-mitigation money for industrial tree plantations.

At a meeting in Germany (23-25 February) the Board decided to follow the recommendation of its Methodologies Panel to reject the latest draft of the V&M do Brazil "avoided fuel switch" project methodology. In it, V&M do Brazil argues that only through additional income from the sale of carbon credits can it continue using charcoal from its eucalyptus plantations for pig iron smelting. Otherwise, it says, it will have to use coal – a more harmful fuel climatically.

NGOs and experts alike have raised doubts about the credibility of these claims. When it first rejected V&M's reasoning (May 2003), the Panel pointed to "doubts" about the scenario presented by V&M; that without additional carbon money a switch to coal under current trends in the Brazilian pig iron industry would be unavoidable. In February 2004 the Panel expressed concerns about the "immaterial nature of the project activity and the moral hazard related to the fact that [it] consists of continuing current practice."

The decision on the V&M proposal bodes ill for the controversial Plantar project's bid for climate money, which also refers to an "avoided fuel switch" component. Plantar (in Brazil) was promoted by the World Bank's Prototype Carbon Fund as the fund's only carbon sink project but has been criticised by numerous Brazilian civil society organisations for its negative environmental and social impact. NGOs criticised the proposed expansion of tree plantations, saying that carbon credits generated by tree planting are climatically worthless because emission reductions cannot be sufficiently verified.

The CDM Board decision vindicates "carbon plantations" critics like FERN, who have long maintained that tree plantations' ability to absorb any specifiable amount of carbon from the atmosphere is unverifiable and that tree planting to generate carbon credits is not a solution to averting dangerous climate change. Instead, it diverts attention away from creating efficient energy measures and economies based on renewable energy use.

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Notes to Editors: 1 - FERN stands for Forests and the EU Resource Network

2 - V&M do Brazil is a subsidiary of Vallourec & Mannesmann Tubes (V&M Tubes), a joint venture between the German company Mannesmannröhren-Werke (45 per cent) and the French company Vallourec (55 per cent). In February 2003, the IFC-Netherlands Carbon Facility (INCaF) announced it would provide a conditional commitment to the Brazilian steel producer V&M do Brazil (V&M) to purchase five million tonnes of greenhouse gas (GHG) emission reductions.

3 - More information on Plantar can be found at www.sinkswatch.org

