

CDM Executive Board
c/o UNFCCC Headquarters
Martin-Luther-King-Str. 8
53175 Bonn
Germany

June 2004

Dear Members of the CDM Executive Board,

We are writing to present our concerns about the World Bank's use of the Clean Development Mechanism (CDM) to subsidise the unsustainable plantation industry through the use of so-called "avoided fuel switch" CDM projects. We understand that your Methodologies Panel has recently sought guidance on methodologies for these types of projects, and would like to see them excluded, and that this issue will be dealt with by you at your upcoming meeting. We strongly urge you to accept the recommendation of your Methodologies Panel and to ensure that the CDM will not be used to fund the global tree monoculture plantations industry.

As you know, the World Bank – through the Prototype Carbon Fund (PCF) and the IFC-Netherlands Carbon Facility (INCaF) - is developing two plantation-based projects in Brazil: the Plantar project and the V&M do Brasil project. These projects both claim that in the absence of carbon credits through the CDM they would have stopped using plantation-derived charcoal to make pig iron and steel instead would have adapted the pig iron production process to use imported coal. Alternatively another company using coal would have taken up their market share, leading to higher emissions of greenhouse gases. The two companies are claiming carbon credits for avoiding this outcome.

The claim that without carbon credits Plantar and V&M would have switched to coal as an energy source is absurd. Both are committed plantation developers with tens of thousands of hectares under management and active programs to continue with plantation development. It is simply not credible, and indeed misleading, that in the absence of carbon credits they would have abandoned their plantations and switched to coal. Yet now these companies are using this "threat" to claim carbon credits for continuing to do what they have been doing for decades – plant unsustainable eucalyptus plantations for charcoal production. We understand that your Methodologies Panel is concerned about exactly this point and has warned of the "moral hazard" that is posed by giving carbon credits to projects that are merely the continuation of current practice. It is comparable to loggers demanding money, otherwise they will cut down trees. To this, we would add our own warning about the social and environmental hazard of allowing the CDM to be used by the tree plantation industry to help finance its unsustainable practices.

There are many social and environmental problems with these projects and the tree plantation industry which make them totally unsuitable for a mechanism like the CDM, which claims to promote sustainable development. We have in particular documented the problems with Plantar in our letters to the PCF which are publicly available on the SinksWatch and CDM Watch websites. In particular, the FSC

certificates that supposedly establish that the management of the plantations is environmentally sound, socially responsible and economically viable are highly questionable. The reality in both cases is far from that and issuance of the certificates has resulted in widespread NGO criticism due to the social and environmental record of the companies. We believe this fact may be of interest for the Executive Board because compared with current CDM sinks rules, the FSC has an elaborate set of principles, criteria and performance-based standards in place aimed at safeguarding environmental and social integrity of the operations it certifies. Yet in almost all cases where large-scale tree plantations have been certified, the issuance of the FSC certificates has triggered significant controversy, slowly eroding the integrity and credibility of the FSC as a sound certification system. Both Plantar and V&M Florestal certifications are no exception to this rule.

The claims made by V&M do Brasil and Plantar that they deserve carbon credits for “avoided fuel switching” are demonstrably false, and the potential use of a mechanism that is meant to promote clean development to finance an unsustainable plantation industry is disturbing. We strongly urge you to accept the recommendation of your Methodologies Panel and exclude “avoided fuel switch” projects from the CDM at your 14th Board Meeting of June 12-14.

Sincerely,

1. Ademar Paulo Ludwig Suptitz – MST-MG – Brasil
2. AGB/ES – Associação dos Geógrafos Brasileiros – Seção ES – Brasil
3. Alacir Bernadete De Nadai – FASE-ES – Brasil
4. Alberto da Silva Rocha – Organização Defesa Direitos Humanos-BA – Brasil
5. Alexandre Gonçalves – CAILA/CPT-MG – Brasil
6. Akavã M. Barbosa - Tupinakyia-ES – Brasil
7. Ana Filippini – WRM – Uruguai
8. Ana Maria Aparecida Pereira – STR Chapada do Norte-MG – Brasil
9. André Messias dos Santos – Zumbah – Movimento Hip-Hop Capixaba/Cia Enki-ES - Brasil
10. Antônio César Silva Ormundo – Projeto Amigo Tartaruga-BA – Brasil
11. Antonio dos Santos – Cacique da Aldeia Indígena Tupinikim de Pau Brasil – Araruz-ES – Brasil
12. Antônio Mendes de Souza – STR Capelinha-MG - Brasil
13. Arcilo Elias Santos – Associação C. Vereda Funda-MG – Brasil
14. Azilma Alves de Oliveira Santos – Associação C. Vereda Funda-MG – Brasil
15. Benícia Ressurreição de Freitas – STR Teixeira de Freitas-BA – Brasil
16. Bettine Robers – CIMI-Leste/BA – Brasil
17. Bicuda Ecologica - Rio-RJ – Brasil
18. Braz Marré – EFA Pinheiros-ES – Brasil
19. CADH – Centro de Apoio aos Direitos Humanos-ES – Brasil
20. Carlos Alberto Dayrell – CAA-MG – Brasil
21. Carlos Lobo – Direção Estadual do PT/ES – Brasil
22. CEDEFES - Centro de Documentação Eloy Ferreira da Silva-MG – Brasil
23. Celson Cloves Silve Gusmão – Associação Pequenos Produtores Rurais Pau d’Óleo – Brasil
24. CEPEDES – Centro de Pesquisa para o Desenvolvimento do Extremo Sul da Bahia – Brasil
25. CIMI/ES – Conselho Indigenista Missionário-ES – Brasil
26. Claudinei Julio Rocha – MST Montes Claros-MG – Brasil
27. Cláudio Dionísio S. Gusmão– STR Montes Claros-MG – Brasil
28. Cléria Estanislau Terrinha – STR Santa Bárbara-MG – Brasil
29. Conceição Aparecida Luciano – Campo Vale-MG – Brasil
30. Creusa Ferreira dos Santos – CPT-MG – Brasil
31. Dalci José de Carvalho – STR Turmalina-MG – Brasil
32. Daniela Meirelles Dias de Carvalho – FASE-ES – Brasil
33. David Matuchaki de Carvalho – MPA-ES – Brasil
34. Derli Casali – MPA-ES – Brasil
35. Dimas Pereira de Melo – MST-ES – Brasil
36. Diomar Soares Costa – CATRESUL-BA – Brasil
37. Dizim Manoel dos Santos – MDMA Rio Pardo de Minas-MG – Brasil
38. Edmar Lopes Maia – Remos-ES – Brasil

39. Edilene Martins – STR Veredinha-MG – Brasil
40. Edina da Silva Lapa – assessoria vereador Aldair Fagundes-MG – Brasil
41. Edson Onofre – Vereador PT/MPA-ES – Brasil
42. Elaine Franklin Gomes Esteves – Remos-ES – Brasil
43. Espaço Cultural da Paz – Teixeira de Freitas-BA – Brasil
44. Elza R. Krauser – CPT-ES/RJ – Brasil
45. Ézio Novato de Oliveira – STR Vale Jucuruçu-BA – Brasil
46. FASE/ES – Federação de Órgãos para Assistência Social e Educacional - Brasil
47. Flora Brasil-BA – Brasil
48. Fórum Estadual de Mulheres-ES – Brasil
49. Francisco Ferreira Costa – STR Minas Nova-MG – Brasil
50. Frederico Elder Alves Cordeiro – STR Turmalina-MG – Brasil
51. Geísa Carvalho Gomes – MST-ES – Brasil
52. Geise Pereira da Silva – FASE-ES – Brasil
53. Genilson Bispo dos Santos – ADEES-BA – Brasil
54. Geraldo Armando Martins – STR Curvelo – Brasil
55. Geraldo Lima Macedo – STR Turmalina-MG – Brasil
56. Geraldo Magela Moreira – STR Curvelo
57. Geraldo Magela Pereira – Orgânico Bio Buritizal-MG – Brasil
58. Geraldo Martiniano dos Santos - STR Capelinha-MG – Brasil
59. Gilberto Franco – MPA-ES – Brasil
60. Gilsa Helena Barcellos – Fórum Estadual de Mulheres-ES – Brasil
61. Gilvano Ribeiro Célio – STR-C.C.R. Taiobeira-MG – Brasil
62. Grace Borges dos Reis – STR Curvelo – Brasil
63. Gustavo Quinquim Sossai – EFA Boa Esperança-ES – Brasil
64. Harã Porto Sampaio – EFA Vinhático (MEPES)-ES – Brasil
65. Ivonete Rodrigues dos Santos – MDMA Rio Pardo de Minas-MG – Brasil
66. Jaqueline Luiz da Silva – Parceiros da Natureza-MG – Brasil
67. Jean François Timmers - Flora Brasil-BA – Brasil
68. Jeffer Castelo Branco - ACPO - Santos-SP – Brasil
69. Joachim Maruhn – CPT-ES/RJ – Brasil
70. Joaquim Alves de Azevedo – STR Veredinha-MG – Brasil
71. Joaquim Maria da Luz – STR Curvelo-MG – Brasil
72. Joaquim Vaz Medeiros – STR Ieme do Prado-MG – Brasil
73. Joaquim Cordeiro de Souza – STR Veredinha-MG – Brasil
74. Joaquim Tarcísio Gusmão – MSA-MG – Brasil
75. João Aldaires da Silva – Comunidade Cana Brava-MG – Brasil
76. José de Souza Rocha – STR Veredinha-MG – Brasil
77. José Geraldo Silveira – Sind. Trab. Ext.-MG – Brasil
78. José Gilmar de Souza – CPT-MG – Brasil
79. José Olario Gonçalves Machado – STR Turmalina-MG – Brasil
80. José Raimundo S. Ramos – Pataxó-BA – Brasil
81. José Roberto da Silva – M.N.D.H. Regional MG – Brasil
82. José Romário Rodrigues da Silva – CPT-Mucuri-MG – Brasil
83. Joséildo do Nascimento Maciel – Frente Resistência Luta Pataxó-BA – Brasil
84. Josuel da Silva Pereira – EFA Vinhático/APMEVIN-ES – Brasil
85. Junior Alves de Oliveira – MST Montes Claros-MG – Brasil
86. Kaluanã M. Silveira - Tupinakyia-ES – Brasil
87. Klemens Laschefski – Amigos da Terra – Alemanha
88. Leonardo Lintz – FASE Nacional-RJ – Brasil
89. Leôncio C. Santos – STR Rio Pardo de Minas-MG – Brasil
90. Leopoldo de Jesus Coutinho – MST-RJ/FEAB-Reg. II – Brasil
91. Lucimere da Silva Leão – CPT-MG - Brasil
92. Luiz Alberto Soares Loureiro – Sinticel-ES – Brasil
93. Luiz Ronaldo Carvalho - Assessor parlamentar - B.Hte - Brasil
94. Maria Camila de Souza – STR Taiobeiras-MG – Brasil
95. Maria Diana de Oliveira – AGB-MG – Brasil
96. Maria de Lurdes Lopes – STR Santa Bárbara-MG – Brasil
97. Maria do Carmo Machado – STR de Açucena-MG – Brasil
98. Marilda Quintino Magalhães – CEDEFES-MG – Brasil
99. Marcelo Calazans Soares – FASE-ES - Brasil
100. Márcio Porto de Oliveira – MST-ES – Brasil
101. Marcos Antônio Teixeira Souza – MST-ES – Brasil
102. Marilda Teles Maracci – AGB-ES – Brasil
103. Marina Filetti – Gabinete deputado estadual Cláudio Vereza-ES – Brasil
104. Martim José Covre – Assessoria deputado federal Iriny Lopes-ES – Brasil
105. Milene Maia - Flora Brasil-BA – Brasil

106. Melquiades Spínola de Oliveira – CEPEDS-BA – Brasil
107. Messias Fortunato – Prefeitura Minas Novas-MG – Brasil
108. Milton Joaquim dos Santos – Comunidade Cana Brava – MG - Brasil
109. Moisés Dias de Oliveira – STR Rio Pardo de Minas-MG – Brasil
110. Movimento Nacional de Direitos Humanos/Regional Leste I-ES – Brasil
111. MPA- Movimento dos Pequenos Agricultores-ES – Brasil
112. MST/ES - Movimento dos Trabalhadores Rurais Sem Terra-ES – Brasil
113. Múcio Tosta Gonçalves – Professor Universitário-MG – Brasil
114. Nadson José Almeida Barbosa – Unimontes-Pirapora-MG – Brasil
115. Naldir Viana Lopes Neves – MPA-ES – Brasil
116. Neli Lucia Conceição – STR Leme do Prado – Brasil
117. Newton Tibúrcio – M.N.D.H – Regional MG – Brasil
118. Olímpio Rodrigues Soares – STR Chácara do Norte-MG – Brasil
119. Organização de Direitos Humanos PROJETO LEGAL-RJ – Brasil
120. Pedrelina Vaz Rodrigues – STR-Leme de Prado – MG – Brasil
121. Pedro Almeida Anjos – FETRAF-BA – Brasil
122. Pedro Batista Santos Neto – STR Curvelo-MG – Brasil
123. Ranieri Cardoso Marinho – CEIP Pirapora-MG – Brasil
124. Reinaldo Vieira dos Santos – Terra Viva-BA – Brasil
125. Ricardo Henrique Bronzaghini – MPA-ES – Brasil
126. Rogério Correia - Deputado Estadual PT/MG – Brasil
127. Ronaldo Alves de Jesus – MST-ES – Brasil
128. Rosa Maria Barbosa da Silva – STR-Minas Novas-MG – Brasil
129. Rosa Roldan – CUT-Comissão Meio Ambiente-RJ – Brasil
130. Rui de Farias Souto – MST-RJ – Brasil
131. Sebastião Francisco da Silva – CPT-MG – Brasil
132. Sebastião Martins Barbosa – MPA-MG – Brasil
133. Seção Rio de Janeiro da Regional Leste do Movimento Nacional de Direitos Humanos-RJ – Brasil
134. Silvio R. Gomes – MPA Teófilo Otoni-MG – Brasil
135. Sueli dos Santos Almeida – Associação C. Vereda Funda-MG – Brasil
136. Sumário Santana – CIMI Leste-BA - Brasil
137. Synara de Fátima Almeida Thomas – Parceiros da Natureza-MG – Brasil
138. Thomas Edson Andrade – Sindicato dos Bancários Extremo Sul-BA – Brasil
139. Tiago Ferreira de Souza – SOS Córrego Santo Antonio – Curvelo-MG – Brasil
140. Valmir José Noventa – MPA-ES – Brasil
141. Welton Antunes da Silva – Campo Vale-MG – Brasil
142. Wilson Vander de Oliveira – Associação Loucos por Você-MG – Brasil
143. Winfried Overbeek – FASE-ES – Brasil