

EU Forest Watch

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

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Forests in EU-China bilateral agreements

On 30 January 2009, the European Commission took an important step towards encouraging improved forest governance and controlling illegal logging by signing a bilateral agreement concerning Forest Law Enforcement and Governance (FLEG) with China.¹ The agreement was part of a series of nine cooperation agreements intended to foster dialogue between the EU and China “on global solutions to the economic and financial crisis and climate change.”² The relevance of a FLEG agreement with China should not be underestimated: in 2005 China supplied the EU with a greater quantity of wood-based products from high-risk areas than the EU imported directly from tropical countries, and the import of timber from China continues to rise.³

The agreement foresees the creation of a bilateral coordination mechanism consisting of representatives from China, the European Commission and interested EU Member States. As part of this mechanism, a multi-annual work plan will be developed, including an explanation of how it will operate; annual meetings are also foreseen. To kick-start the process, the European Commission will “award an assignment to formulate a proposal” for a detailed multi-annual work plan, to be completed by March 2009. The agreement is available at www.loggingoff.info.

1. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/212&format=HTML&aged=0&language=EN&guiLanguage=en>

2. Ibid.

3. www.globaltimber.org.uk/FLEGandChina.htm

Liberia receives praise where due

Liberia has won an Extractive Industries Transparency Initiative (EITI) Chairman's Award 2009, which was presented to Liberia's President Ellen Johnson-Sirleaf and Alfred Brownel from Green Advocates, Liberia, in Doha, 16 February 2009. After campaigns by Green Advocates and the Liberian Publish What You Pay coalition, the National Transitional Government of Liberia committed in 2005 to implement the EITI Initiative, a project designed to strengthen governance by reconciling industry payments and government receipts from extractive industries. Local civil society organisations successfully campaigned to include forestry in the EITI process; as a result, Liberia has become the

first country to extend the scope beyond mining and oil extraction to include forestry. Civil society also is included in the Multi Stakeholders Steering Group created to implement EITI.

Liberia issued its reconciliation report, which covers the period from 1 July 2007 - 20 June 2008, on 9 February 2009, making it the 11th EITI-reporting country and the first to include forestry. Illustrating the size of the challenges that remain, among the problems encountered in the process were the lack of a comprehensive list of companies operating in each sector and contact information for each, as well as payments made to local communities that could not be verified.

Closer eye on EU Finance?

The financial crisis emphasises the need for the EU to better supervise private financial institutions that frequently finance forest destruction and other harmful activities. Despite increasingly engaging in activities that cross borders, control of these institutions remains within national jurisdiction. A high level group set up in October 2008 by José Manuel Barroso, president of the European Commission, and chaired by Jacques de Larosière, former IMF managing director, was mandated to propose stronger European supervisory arrangements covering all financial sectors. Its aim is to establish a more efficient, integrated and sustainable European system of supervision and its report – running to 66 recommendations – proposes an EU-wide supervisory scheme to oversee systemic risks and coordinate overall standards for banks and financial bodies. It recommends that day-to-day supervision of domestic banks remain largely with national authorities. In cases involving cross-border institutions, this may not be effective.¹ Corporate Europe Observatory, Friends of the Earth Europe, LobbyControl and SpinWatch² underline the close links of the Group's financial “wise men” to financial giants such as Lehman Brothers or Goldman Sachs and warn that European leaders handling the economic downturn are relying on the advice of a committee dominated by financial industry insiders implicated in the current crisis.

1. <http://news.bbc.co.uk/1/hi/business/7909274.stm>

2. www.corporateeurope.org/docs/would-you-bank-on-them.pdf



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United Kingdom: 1C Fosseyway Business Centre, Stratford Road, Moreton-in-Marsh, Gloucestershire, GL56 9NQ, UK; **T** +44 (0) 1608 652 895; **F** +44 (0) 1608 652 878. **Belgium:** 4, Avenue de l'Yser, B-1040 Brussels, Belgium; **T** +32 (0)2 735 2500; **F** +32 (0)2 736 8054.

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NEWS IN BRIEF

The present financial crisis may offer the opportunity to transform the European financial system. The EU, which has facilitated liberalisation of financial services providers and financial markets, now recognises the problem of insufficient coordination among European supervisors, governments and regulators. The complexity of financial regulation and decision-making processes remain obscure to most civil society groups. Therefore, the Eurodad network and three European NGOs commissioned a study (www.eurodad.org/whatsnew/reports.aspx?id=3268) to help NGOs have a say in the discussions by mapping the EU decision-making structures on financial regulation and supervision.

FERN's concerns about the Malaysia - EU FLEGT VPA were presented to the European Commission (see www.fern.org). Concerns centre on a flawed consultation process and the lack of willingness of the Government to recognise local peoples' customary rights. Although FERN supports the development of these VPAs, the current process in Malaysia falls short of the standards being achieved in other countries.

"Paper Trails: From Trees to Trash, the True Cost of Paper," by researcher and activist Mandy Haggith, was recently released by Virgin Books. Page by page, the book uncovers the origins, multiple users and disposal of paper as it journeys from forests to the landfill. It outlines why our dependence on this product is damaging our planet and creating mountains of waste, as well as the steps you can take to reduce your own paper footprint.

EU's illegal timber proposal strengthened

On 17 February 2009, the Environment Committee of the European Parliament almost unanimously adopted (one vote against, one abstention) its report to strengthen the European Commission's proposal¹ for a regulation to control the import of illegally sourced timber into the EU. The original proposal, presented to Council and Parliament in October 2008, was heavily criticised for lacking teeth (see FW 131).

The Environment Committee's proposed amendments improve traceability, monitoring and enforcement. They clarify requirements of the system that operators must establish to prove the legality of their timber, and demand that further due diligence obligations be established for operators working in "high-risk" areas. Due diligence systems are to be monitored by public or private organisations accredited at EU level. Monitoring organisations will be regularly assessed, including by means of field audits, and their accreditation revoked if they fail to meet the requirements.

Another significant improvement is that no exception is made for products that could contain illegally sourced timber. Biomass, omitted from the Commission's proposal, is now covered. The Parliament proposal also includes dissuasive fines and sanctions for non-compliant companies and empowers national enforcement agencies to control and investigate compliance.

NGOs, including WWF and Greenpeace, welcomed the clear message of the amendments, which transforms the proposal "from a ramshackle statement of intent to a credible framework for controlling the illegal trade in timber."² The Environment Committee's recommendations will be voted on by the European Parliament on 23 April 2009. Agricultural ministers are expected to adopt a common position before the end of the Czech EU Presidency in June.

1. COM(2008)644/3, http://ec.europa.eu/environment/forests/pdf/proposal_illegal_logging.pdf

2. See <http://panda.org/>; www.greenpeace.org/eu-unit/press-centre/.

Climate Package disappoints

Despite agreement that the climate problem merits a revolutionary approach to addressing greenhouse gas emissions, the EU Climate Package stands to revolutionise very little. Through two legal tools – the European Emissions Trading Scheme (ETS) for energy-intensive sectors and the Effort Sharing Decision (ESD) that sets annual binding national emission limits for other sectors – the EU hopes to reduce emissions by 20 percent, increase renewables' share in energy use and reduce energy consumption. Given the disappointing shape of the renewables directive (see FW 135) and the EU's over-reliance on offsets, its hopes are unrealistic. The attached special report, "*Playing with numbers*", explains that the EU currently plans to offset some 60 per cent of its required emission reductions by paying for reductions outside of the EU.

DG Env boss shuns offsets

FERN was pleased to learn that Karl Falkenberg, Director General for DG Environment since January 2009, does not think that buying carbon credits to offset the department's emissions is "overwhelmingly logical or convincing".¹

This shows stark contrast with the Parliament, which has just agreed to set up an offset scheme to cover MEPs' flights.

1. European Voice, 26 February 2009.

Forest Agenda

13 March: CPET Reference Board meeting, London.

16 - 20 March: Meeting of African Network on Community Rights, Yaoundé.

29 March – 8 April: SBSTA meeting of UNFCCC, Bonn.