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To
Members of the European Parliament's
Committee on the Environment

Allée du Printemps
BP 10024/F
F-67070 Strasbourg Cedex
Fax: 33 3 88 17 9XYZ

Re: Upcoming Committee on the Environment, Public Health and Consumer Policy Vote
on the Commission Proposal for a 'Linking Directive'

Dear Sir / Madam,

We are writing to you asking for your support of the **explicit exclusion of sinks credits** in the upcoming Environment Committee Vote on the proposed linking of the European Trading Scheme (ETS) with the Kyoto Protocol's flexible mechanisms ('Linking Directive' hereafter).

As this is the first time *SinksWatch* is contacting you directly, please allow us to briefly introduce the initiative. *SinksWatch* is an initiative of the World Rainforest Movement, hosted by the European Forest Campaign group FERN. The aim of *SinksWatch* is to track and scrutinize carbon sequestration projects related to the Kyoto Protocol, and to highlight their threats to forests and other ecosystems, to forest peoples as well as to the climate. In our work we focus on tree plantation sinks projects, particularly in areas where land tenure and land use rights are in dispute. *SinksWatch* advocates addressing the links between forests and climate change in a way that honours the important role forests play in adapting to climate change and in safeguarding against the impacts of extreme weather events without using forests to justify the continued, additional and permanent release of carbon from fossil fuel burning.

SinksWatch's work on climate change therefore focuses on the linkages between global warming and its impacts on forests and forest peoples. In this context, we share the concerns of many NGOs that the proposed directive will be to the detriment of the European Union's overall climate strategy¹, and will increase the threat of dangerous climate change for forests and forest peoples. It is cold comfort that the European Parliament rapporteur's draft Legislative Resolution for this 'Linking Directive'² **explicitly excludes the use of so-called carbon sink credits.**

¹ Key concerns include that the 'Linking Directive' will undermine real climate action by allowing unlimited access to credits that contribute little if anything to halting climate change. See also Greenpeace's 'Seven Reasons to Reject the Linking Directive' of October 2003 at <http://eu.greenpeace.org/>
² COM(2003) 403 – C5-0355/2003 – 2003/0173(COD)

Comfort, however, it is and we urge you to **support this explicit exclusion of sinks** projects as it will at least prevent credits from these environmentally and socially damaging projects from entering the European Trading Scheme.

The Explanatory Statement of rapporteur de Roo's draft European Parliament Legislative Resolution reiterates several **key reasons that substantiate this exclusion**:

*“The Commission proposes to outlaw the use of sinks in the EU ET scheme. For governments this option is still open in the form of government CDM. **Sinks are difficult to measure**, even in Milan **not all the technical details were resolved**. **Sinks are not a permanent solution**. **Also what happens if a forest plantation burns down**, are the carbon credits then given back? Verification will be very difficult. The New Zealand Minister for environment said at the COP 9 meeting in Milan that **calculations on sinks had a deviance of 40 %**... Apart from the ecological arguments, i.e. **the ecological integrity of the Kyoto Protocol would go down the drain**, there are also economic arguments. Sinks could become so abundant (after 2012) that the price for carbon would not be around 10 € per ton, but only 2 or 3 €. That would mean **that the financial incentive to modernise our industry ecologically would be gone**. We have to realise that the minus 8 target of Kyoto is only the beginning and much bigger cuts are necessary.” COM(2003) 403 – C5-0355/2003 – 2003/0173(COD), page 13 [emphasis added].*

When presenting the proposal now before the European Parliament, the European Commission in July 2003 also stated that:

“Carbon sinks - forests to soak up CO2 - have been a contentious issue at international level because they do not bring technology transfer, they are inherently temporary and reversible, and uncertainty remains about the effects of emission removal by carbon sinks.”³ [emphasis added].

SinksWatch further believes that the exclusion of credits originating from carbon sinks projects is in keeping with the position the European Union has defended in international climate negotiations. The pressure for compromise in these negotiations does not render invalid the profound and scientifically sound arguments on which the European Union's position was based. Many of the concerns cited by the European Union remain despite the political agreement in Marrakech and, on sinks projects in the Clean Development Mechanism, in Milan at COP 9 in December 2003.

Finally, we would like to draw to your attention to the sad experiences that are already emerging in regards to carbon sinks credits. At COP 9, *SinksWatch* and FERN jointly launched 'Forest Fraud'⁴, a report documenting local community experiences with the first carbon sinks project attempting CDM registration - the Plantar project in Brazil. Recently described as a PR- disaster by carbon market analysts, the project involves the expansion of already massive eucalyptus tree plantations in Brazil by an additional 23.000ha. Local people have conveyed their feelings of being hit twice by climate change: First, climate change already affects their livelihoods through increased droughts and deforestation. Second, the expansion of large-scale tree plantations, which they have been opposing for many years, is now subsidized in the name of climate protection. The example in Brazil is not an exception, and similar cases have been documented in Uganda, Tanzania, Argentina and Ecuador.

³ Commission adopts new measures to combat climate change globally. 27/0703, IP/03/1077, p.2.

⁴ If you did not receive a copy of the report with your December issue of FERN's newsletter EU Forest Watch, please let us know. The report is also available at www.sinkswatch.org

We therefore call upon you as member of the European Parliament's Committee on the Environment, Public Health and Consumer Policy **to support the explicit exclusion of sinks credits from the 'Linking Directive'**, as proposed by Mr. de Roo in his draft for a Legislative Resolution on the 'Linking Directive' (relevant article pasted in below).

SinksWatch further endorses the amendments limiting the size of eligible hydro power projects and the mandatory adherence to the World Commission on Dam's criteria and guidelines. We also support the CDM Watch 'score card' initiative aimed at mapping the views of key actors in the adoption of this key piece of European Union climate policy.

Please feel free to contact us for further information,

Sincerely,



ANNEX:

Amendment 6

ARTICLE 1, POINT 2, SUBPARAGRAPH 3

Article 11 (bis) (new), paragraph 3 (Directive 2003/.../EC)

3. All CERs and ERUs may be converted for use in the Community scheme except from the following project activities:

- (a) In accordance with the Kyoto Protocol and subsequent decisions adopted thereunder, nuclear facilities; ***and***
- (b) Land use, land-use change and forestry

3. All CERs and ERUs may be converted for use in the Community scheme except from the following project activities:

- (a) In accordance with the Kyoto Protocol and subsequent decisions adopted thereunder, nuclear facilities;
- (b) Land use, land-use change and forestry; ***and***
(ba) Hydro-electric power production with a generating capacity exceeding 20MW incompatible with the criteria and guidelines laid down by the World Commission on Dams in its year 2000 Final report.