

EU Forest Watch

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

Issue 135 February 2009

DRC: ninety-one logging contracts cancelled

A legal review of the Democratic Republic of Congo's logging contracts undertaken as part of the World Bank-sponsored forest sector reform has led to the cancellation of 91 out of 156 contracts, the DRC Environment Minister announced on 19 January 2009. In theory, this means that industrial logging must stop immediately in some 13 million hectares of tropical rainforest (three times the size of Belgium). The review confirms allegations that most of these logging contracts resulted from illegal deals or failed to respect either the Forest Code or tax regulations. Major international players like Danzer (Siforco), NST Group and Saibois kept their logging titles although

several contracts were delivered in violation of the May 2002 moratorium, or are the product of creatively shifting old titles to pristine areas.¹

Industrial logging in the DRC is characterised by unacceptably low social and environmental standards, minimal contribution to poverty reduction and the forest authorities' complete lack of control. While reduction of the area to be logged is a positive step, questions remain about the willingness and capacity to enforce the new Forest Code and to control logging operations effectively in the remaining 10 million hectares. Logging companies and local communities will now negotiate social contracts (*cahiers de charge*) that, one

hopes, will guarantee investments beyond barter-type trinkets and contribute equitably to local development needs.

Much more work is needed to clean up the forest sector prior to and during the signing and implementation of a possible VPA. The DRC government should maintain the moratorium on new logging titles, finalise implementation decrees for the Forest Code, develop participatory land-use plans and install governance structures to ensure logging activities and future REDD projects deliver a sustainable future for forests and communities.

1. www.greenpeace.org/international/press/reports/carving-up-the-congo-exec; www.globalwitness.org/pages/en/ifmdrc.html

Communication acknowledges failings of the CDM

The Commission's communication "Towards a comprehensive climate change agreement in Copenhagen",¹ outlines the EU's position toward the UNFCCC in December 2009. Alluding to the urgency of the climate and financial crises, the Communication notes that ignoring scientific warnings will lead to unprecedented and potentially unmanageable consequences as no "climate bail-out" exists and significant funds will be needed in future. It then offers a list of targets and action points, although none are new.

More newsworthy is what the Communication fails to address: it neither calls for halting subsidies to fossil fuel extraction, nor recognises the failure of

the existing EU carbon-trading scheme, calling instead for the creation of a global carbon market, starting with the US. Commissioner Dimas sent a letter to President Obama to that effect on 27 January 2009.

Regarding forests, the Commission repeats that global greenhouse gas emissions, excluding emissions from land use, land-use change and forestry, must be reined in before 2020. By then, gross tropical deforestation must be reduced to 50 per cent of current levels and global tropical forest cover loss halted by 2030.² The Commission calls for performance-based incentives for reducing emissions from deforestation and degradation but fails to call for performance-based

incentives for good governance. They are therefore missing the essential first step in bringing a permanent end to deforestation.

The Commission clearly recognises the flaws of offsetting in the Kyoto Protocol's Clean Development Mechanism (CDM) and appeals for reform. It goes on to suggest that, for advanced developing countries and highly competitive economic sectors, the CDM should be phased out in favour of sectoral cap-and-trade systems. This would eliminate the majority of existing CDM projects in India, Brazil and China.

1. Issued 28 January 2009, www.eubusiness.com/Environment/climate-change-ec

2. COM(2008)645.



Published by FERN, the campaigning NGO for greater environmental and social justice, with a focus on forests and forest peoples' rights in the policies and practices of the EU.

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NEWS IN BRIEF

The CAP's health: In November 2008, the EU agriculture ministers reached political agreement over the 'health check'¹ intended to modernise, simplify and streamline the CAP (Common Agricultural Policy). Among other things, the health check proposes reducing direct payments to farmers. The money saved would be transferred to the Rural Development Fund to address challenges of biodiversity, climate change, water management and renewable energy. Unfortunately, ministers seriously scaled back Commission's proposal, reducing the proportion of money to be transferred.

1. http://ec.europa.eu/agriculture/healthcheck/index_en.htm

The UK Central Point of Expertise on Timber (CPET), has assessed the certification schemes most widely used to certify timber used in the UK.¹ Disappointingly, the review used a definition that did not include social requirements and did not conduct on-the-ground investigations. It is not surprising, then, that the results indicated that four of the five schemes – FSC, PEFC, CSA and SFI – continue to deliver. Even the MTCS system, which was found to deliver only legality, will continue to be accepted until the UK policy changes to require sustainability in April 2009.

1. www.proforest.net/cpet

The Russian Forest Code, ratified two years ago, fundamentally changed the framework of Russian forest policy and forest management. Transition has been chaotic and incomplete, and defining what exactly is 'legal' forestry in Russia remains difficult. A report published in October 2008 by TRN and FERN, "Transition in the Taiga: the Russian Forest Code 2006 and its implementation process,"¹ summarises the changes and analyses what they mean – for the taiga, for local people and for the world.

1. www.taigaescue.org/en//index.php?sub=2&cat=92

Diluting the Renewable Energy Directive's benefits

In December 2008, the European Parliament and the Council reached a compromise on the Renewable Energy Directive¹ requiring that 20 percent of the EU's energy consumption comes from renewable sources by 2020. The text also sets a specific target for energy used for transport. The original legislative proposal included a mandatory target of ten percent of transport fuels to come from agrofuels (see FW 124). The final text allows the ten per cent target to be met by all renewables, not just agrofuels. NGOs fear however that a major part of the target will still be met by agrofuels, with likely negative environmental and social impacts in Europe and abroad.

Unfortunately, many of the improve-

ments proposed by Parliament were rejected, such as their demand for stricter greenhouse gas savings for biofuels. They had also asked to take into account the impacts of indirect land use changes (ILUC) from agrofuels production. The final compromise didn't integrate the ILUC, but the Commission is to review and report on ways to minimise the impact of ILUC by 2010. The directive also requires the Commission to report on a sustainability scheme for biomass by the end of 2009. NGOs must start informing the Commission now to ensure it develops truly sustainable criteria for biomass based on supply rather than demand.

1. COM(2008)19 final.

The trouble with market schemes: A US example

At the same time as the EU considers "creating a global carbon-trading regime" in a UNFCCC agreement (see "Communication," page one), a US court has injected a dose of uncertainty about the future of a US market scheme addressing air pollution, with great implications for the price of permits.

On 23 December 2008, a US Court of Appeals decided¹ to allow rules that underpin the market model for tackling air-borne pollution (Clean Air Interstate Rule, CAIR) to stay in place until they can be replaced, citing the significant risks to health that their removal would pose. Tellingly, the Court had previously deemed the rules void because of their flaws, requiring the US Environmental Protection Agency to "redo its analysis from the ground up"; it maintains that the rules are seriously defective and must be replaced.

The US scheme to control nitrous and sulphurous oxides emitted by coal-fired power plants inspired the Kyoto Protocol. The scheme's problems may hold lessons for future carbon-trading: prices on the nitrogen oxide market have fluctuated, and those on the sulphur dioxide mar-

ket have dropped from \$800 – at which it is cost effective to mitigate pollution – to roughly \$200 a tonne. It could now be cheaper for power producers to use high-sulphur coal and simply buy the relevant permits, this would have serious consequences for breathable air. In addition, the Environmental Protection Agency fears that uncertainty over the regulation has created a perverse incentive for producers to use existing permits by reducing pollution controls rather than invest in pollution reduction.

The EU does not seem to be aware of the risks posed by such legal uncertainties as it calls for the ETS to be linked to US carbon markets which are regulated by different administrative laws.

1. www.epa.gov/airmarkets/progsregs/cair/docs/CAIR-RemandOrder.pdf

Forest Agenda

February 9-13: Sustainable energy week. Venues across EU.

February 20: Forest and cork advisory group. Brussels.

February 19: Public update on Congo VPA. Brussels.