



EU

Forest Watch

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Informing NGOs, MEPs, member states, the European Commission and the media. Issue 76, July 2003.

NGOs set ECA reform agenda as OECD nears

The European Council Working Group on Export Credits has agreed to consider NGO recommendations for the reform of Export Credit Agencies (ECAs), signalling that member states are getting serious about improving the social and environmental records of ECAs.

The agreement came at the Working Group meeting in mid-June – the first that NGOs have been invited to attend – where discussion centred on amendments proposed by NGOs to the OECD's *Draft Recommendations for Common Approaches on the Environment and Export Credits*.¹ The amendments emphasize the need for ECAs to address human rights impacts and disclose all project-related

information that is relevant to informing local people about the risks they face. This would be in line with the Aarhus Convention and related directives that were adopted last year, as well as articles 1 and 6 of the Nice Treaty.

European ECAs have so far refused to provide this information. The only exceptions to date, the UK and Austria, recently said they would disclose some environmental information, but only with the approval of their client companies. For institutions that engage a public responsibility to back private profits, such lack of public accountability is disturbing.

The NGOs further recommended that ECAs abandon the practice of

benchmarking – or 'picking what standards and procedures to use' – when evaluating a project, as this practice is costly, inefficient and opens the door to unfair competition between ECAs. Instead, ECAs should agree common, binding standards and procedures.

The Group also agreed to consider, over a longer timeline, the *Key reforms needed for ECAs*,² endorsed by over 60 NGOs. Member states now have an opportunity to show that they back the principles of sustainable development, corporate accountability and respect for the rule of law, and to lead the way to reform the practices of ECAs abroad.

¹ See www.fern.org for the full amendments.

² See www.fern.org.

Land rights policy

The European Commission is currently drafting a communication on land rights. FERN believes it will be going to inter-service consultation at the end of July. So far no copies of the draft have been made available for public consultation, but it should include references to indigenous peoples.

UNFF3: Another failure

The third United Nations Forum on Forests discouraged NGOs. No progress was made towards implementing the IPF Proposals for Action, first agreed in 1997, although some are trying to resurrect the discussion on a legally binding instrument or forest convention.

Forest certification stalled in Cancun

Voluntary labelling schemes – such as forest certification – are in principle WTO-compatible, but the issue remains hotly debated and will be on the agenda of the WTO Ministerial in Cancun in September 2003. The preparatory work for the debate has now been finalised but it is already clear that discussion will continue after Cancun.

Despite its mandate in the Doha Declaration, the WTO's Committee on Trade and Environment (CTE) did not present a clear, unified position in its final report to the Cancun meeting, published in early July. The EU has been the most outspoken party, arguing that the CTE should recognise that voluntary eco-labelling is legitimate within the WTO Agreements. However, this caused uproar and many governments, including the US and Canada, did not agree to it. The Canadians specifically complained about 'controversial' forest certification schemes – probably meaning the FSC.

It was therefore clear that the EU would not get guidance from the CTE, which proved itself as nothing more than a 'talking shop', and there is little hope for a Cancun-led decision. In a pre-Cancun briefing note¹ FERN explains what is at stake and spells out the main players' aims and objectives, as well as our own recommendations for Ministers.

¹ Available at www.fern.org



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Kakamega Forest.

Half of Kenya's only tropical rainforest has already been lost. What is left provides a unique sanctuary for biodiversity and a vital resource for local people, many of whom depend on it for fuel, medicine and food. Photo: A. Arbib.

NEWS IN BRIEF

Join the on-line NFP opinion poll

FERN is gathering NGO views about National Forest Programmes – the global frameworks for forest policy, planning and implementation. You can take part by answering our short questionnaire at www.fern.org or available from info@fern.org. The results will be presented at the World Forestry Congress in September 2003. Deadline for responses: 15 August 2003.

FERN briefing on illegal logging

With this issue of *EU Forest Watch* is a short analysis of the Commission's recent Action Plan on illegal logging. Also available at www.fern.org.

PCF investors steered away from plantations

The World Bank is emerging as the most active promoter of carbon sequestration projects in the Clean Development Mechanism (CDM). It is responsible for the only carbon sinks project currently seeking CDM registration – the Plantar project in Brazil – and has established the BioCarbon Fund, which will be comprised solely of carbon sequestration projects. But opposition against the Bank's promotion of carbon sink plantations and other destructive technologies through CDM projects is gathering pace. During a recent visit to five European countries, representatives from Brazil and India brought their opposition to carbon sink and large hydro power projects directly to the attention of Prototype Carbon Fund investors. Their message to investors of the fund was clear: A CDM that provides funding for tree plantations, large hydro power projects will be neither clean nor will it contribute to sustainable development of indigenous peoples or local communities. NGOs have urged companies and governments investing in the fund not to buy carbon credits from these projects. FERN supports this demand and calls for EU member states to achieve the Kyoto emission reductions without relying on projects whose contribution to slowing climate change is doubtful.

Minister's offensive comments expose flaws of Malaysian certification scheme

The Malaysian Minister of Primary Industries, Mr Lim Keng Yaik, shocked observers in July by comments revealing his disregard for democracy and human rights during a tour to promote Malaysia's forest certification scheme, the MTCC.

Describing Malaysia's indigenous peoples as "the most backward of all", the Minister added that Malaysian NGOs critical of the MTCC scheme were like "mafia and gangsters". The comments

put the final nail in the coffin of the credibility of the MTCC, which NGOs vociferously criticised last month.¹ Under the MTCC most of Malaysia's forests have been certified despite the government's blatant disregard for human rights and the destruction of forests for oilpalm plantations.

Malaysia's own Human Rights Commission found that "*The government should .. recognise that decisions affecting*

indigenous people especially in relation to development projects involving native customary land should be made by the indigenous people themselves and not by private companies or any government agency".² Just last month, police arrested 14 villagers when they tried to stop a logging company from taking timber from their ancestral land.

NGOs have appealed to the European Commission and member states to reject Malaysia's attempts to gain acceptance of the MTCC scheme.

¹ See www.fern.org

² Sukaham report, June 2002.

Forest industry smells green gold in CEE

The European timber industry is preparing itself for major logging operations in Central and Eastern Europe – with potentially devastating consequences for much of Europe's last remaining natural forest. Research by Greenpeace shows a steep climb in investment and production targets set by European timber and wood-processing companies for the CEE region in the next few years, with one Austrian-Finnish consortium aiming to extract a million cubic metres of timber by 2007.¹

The news has caused alarm as the scale of the potential damage to forests and forest peoples becomes clear. Of particular concern is the threat to the Carpathian Mountains, which span seven CEE countries and remain almost untouched by industrial logging. These forests support Europe's only viable populations of brown bear, lynx and wolf outside Russia, and are vital to the cultural heritage and livelihoods of local communities. European companies are now investing in high-capacity sawmill and production plants in Slovakia, Bulgaria, Hungary and Romania.

Responding to the news, 19 NGOs issued a statement² calling for a moratorium on the logging of ancient forests in CEE while conservation areas are assessed and local communities are given a proper opportunity to participate in decision making.

¹ Further information nina.thuellen@greenpeace.at ² Available at www.fern.org

Forest Agenda

3-4 September: Export Credit Agencies and Sustainable Development, Royal Institute for International Affairs, London.

5 September: RIIA consultation meeting on forest law enforcement on trade.

10-14 September: WTO Ministerial, Cancun, Mexico.

21-28 September: World Forestry Congress, Quebec City, Canada.