



# WRM BULLETIN

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## OUR VIEWPOINT

### - Words and deeds in forest protection

Everyone seems to agree on the need to protect the world's remaining forests ... while forests continue to disappear at the same alarming rate as usual. It is therefore important to distinguish between those who are truly committed to forest protection and those whose deeds and words go in opposite directions. For this purpose, most of the articles included in this issue of the WRM bulletin serve as good examples.

Take for instance the case of the article on Ecuador, where local communities are struggling to prevent a Canadian mining company from destroying their environment, which includes an area of primary forest of enormous biological

value located in the buffer zone of one of the country's more important ecological reserves. Men, women, and young people have organized themselves under the common and nonnegotiable position "No to Mining" which today has the unanimous support of all the local governments in the region, in addition to the communities within the limits or adjacent to the mining concessions.

In the case of Congo, the local Efe people have used and protected the Ituri forest for centuries. In the early 1990s, European and Malaysian commercial logging companies began to destroy the forest –and thus the livelihoods of the Efe- while the transnational corporations' appetite over the region's minerals –gold and coltan- have brought in war and further forest destruction.

In Laos, the Norwegian consulting firm Norconsult won a US\$1.5 million contract to supervise construction work of the Xeset 2 dam, funded by the Norwegian Agency for Development Cooperation. China is also heavily involved: the Import-Export Bank of China is funding 80 per cent of the US\$135 project and the main contractor is the China North Industries Corporation. A local person says: "We do not want them to build the dam. It will badly affect our land and the environment. ... But we dare not oppose government officials." Government agencies and consultants –in Laos, Norway and China- know that this is true but plans continue ahead.

Everyone knows that oil palm plantations are a major cause of forest destruction. However, the Northern demand for biodiesel is pushing the expansion of this crop throughout the tropics. In the case of Thailand, the government plans to increase plantations from the current 400,000 hectares to 1.2 million hectares by 2009. As the article included in this bulletin states: "If an expansion of the oil palm plantation areas was made according to the government's plan, Thailand would irreversibly lose its food security, forests and biological diversity. It would mean a catastrophe for the Thai People."

Several more articles provide further examples about government-corporate doublespeak. Fortunately, the coin has two sides. The other side includes organized local peoples and supporting organizations, pushing forward their own social and environmental agenda.

For instance, at the end of April this year, the Brazilian Landless Peasants Movement and Via Campesina organized an International Meeting on Monoculture Eucalyptus Plantations to strategise on joint actions against the advance of monoculture tree plantations and pulp mills in the South.

Also in April, Uruguayan small farmer organizations, NGOs and other social organizations from the four corners of the country launched a National Initiative for the Suspension of Monoculture Tree Plantations.

In Uganda, the government finally decided in May to drop its intention of giving away the Mabira Central Forest Reserves for commercial sugar cane growing. This decision was the result of strong demonstrations –where five people were killed and many more injured- from local people against forest destruction.

In Costa Rica, several organizations are promoting family-centred forest restoration based on documented experience carried out in the country, in opposition to the monoculture tree plantation model implemented until now.

In sum, governments simply talk about forest conservation, while people take real action to protect their forests and environment. The explanation for the former is profit. This is made clear in the article on the Finnish Botnia pulp mill in Uruguay: Why is EU public money being used? As the author says, "the answer to the question is simple: EU public money is going to Botnia because it benefits European industry." The explanation for peoples' struggles to protect their forests is equally simple and exemplified in the Congo article: "You will understand why we are called People of the Forest....When the forest dies, we shall die."

## COMMUNITIES AND FORESTS

### - "Avoided deforestation" policies and indigenous peoples and local communities: urgent debate needed on potential social impacts

Forest conservation is back on the international climate agenda...big time!

More and more Northern and Southern governments, bilateral development agencies, multilateral development banks and big conservation NGOs are arguing that "countries" should be compensated for protecting the "carbon reservoirs" in standing forests. Under some plans, Southern governments' forest protection plans would generate pollution rights that the governments could then sell to Northern industries to allow them to continue business as usual.

Almost all enthusiasts for such "avoided deforestation" (AD) policies reject the "project-by-project" approach to forest conservation. Under the AD policy option, referred to as *Reduced Emissions from Deforestation* (RED) under official UNFCCC terminology, they want national or regional schemes that include large areas of forest. This, they say, would reduce the cost of monitoring: it's much cheaper to measure deforestation from a satellite than visit lots of different project sites on the ground.

AD proponents also say that crediting "countries" as the agent responsible for saving forests would help promote a more comprehensive approach to national forest policies that could help prevent forest protection in one place leading to deforestation elsewhere in the same country.

Yet in all the excitement over AD, relatively little attention has been paid to the social risks and challenges -- or the potential impact on indigenous peoples and local communities whose livelihoods, cultures and well-being depend on forests. Forest movements and activists will need to engage in this debate, because of the big impact it could have on their ancestral forests and their fundamental rights and freedoms.

#### *Public funds or global carbon trading?*

Some governments, most notably that of Brazil, propose that economic incentives for developing countries to protect forests should come from a specialised international fund created from public money from donor countries. In the UK government's *Stern Review on the Economics of Climate Change* published in early 2007, ex-World Bank economist Sir Nicholas Stern recommended that "...international support for action by countries to prevent deforestation should start as soon as possible..." through pilot schemes, which "...could be based on funds with voluntary contributions from developed countries, businesses and NGOs". Stern suggests that public funds for AD could be targeted where they can provide most benefit at the country level, and could be used to tackle poverty reduction and underlying drivers of deforestation.

On the other hand, big conservation NGOs, so-called "carbon finance" and "carbon forestry" companies, together with some Southern governments like Costa Rica and Papua New Guinea, argue that public funds will never provide enough finance to ensure adequate and sustained finance for avoided deforestation. This group maintains that only a global trade in pollution credits would deliver sufficient funding for effective RED schemes. Advocates of trading in AD include an increasing number of carbon finance companies consultants who are eager to make big money from the forest carbon trade, such as EcoSecurities. These companies and entrepreneurs, together with many forest scientists, large NGOs and the World Bank, are now engaged in intense lobbying of donor governments to persuade them to give legal and institutional support to global forest carbon markets.

#### *World Bank seeking to capture global carbon funds*

The World Bank backs a mix of public and market-based approaches to forest carbon finance. The Bank is now

moving fast to try to capture any new global funds for avoided deforestation as a central part of its controversial proposal for a new *Global Forest Alliance* (GFA) with large conservation NGOs, like the Nature Conservancy, Conservation International and WWF. Within the GFA framework, the Bank plans to pilot avoided deforestation schemes in five tropical countries under its proposed *Forest Carbon Partnership Facility* (FCPF), which it is asking the G8 group of industrialised countries to back at their next summit in Germany in June 2007.

Meanwhile, the Bank is already inviting the governments of Papua New Guinea, Costa Rica and Indonesia, and regional bodies in Brazil and the Democratic Republic of Congo, to fund forest protection through avoided deforestation. In May 2007, the World Bank was seeking to persuade these countries to sign agreements to limit carbon emissions from deforestation by 2009 or 2010, in return for US\$250 million in investment.

#### *TFAP again?*

Yet once again, it seems that World Bank, government and NGO plans to combat deforestation at the national level, as well as their proposals for including conservation in the global carbon economy, are being developed with little or no informed participation of potentially-affected forest peoples. At a recent meeting in Oxford, the Forest Peoples Programme was shocked to hear from forestry consultants that human rights and indigenous peoples' concerns are a "side issue" and a "distraction" from forest protection policies. They concede that some indigenous peoples might unfortunately get "trashed", but this may be a price that has to be paid to achieve the greater goal of slowing climate change!

Yet any rapid expansion and implementation of AD schemes without the participation of forest peoples and without due regard to rights and social issues risks repeating the past mistakes of failed global initiatives to tackle tropical deforestation (such as the Tropical Forest Action Plan (TFAP) run by the FAO and the World Bank in the 1980s).

#### *Potential social risks*

Supporters of the new "avoided deforestation" schemes argue that compensation rates must be higher than the returns from other land uses which directly cause deforestation (such as oil palm expansion, industrial tree plantations, conversion to agriculture, hydrocarbon extraction, etc.). According to current estimates, governments could earn hundreds of millions or even billions of dollars a year for not clearing forests.

Such sums, could easily be large enough to create incentives for state forest and protected area authorities to throw people they consider "encroachers" out of forests. In their scramble to receive compensation payments by showing satellites overhead that forest clearance and burning has stopped, over-zealous forest protection agencies may be tempted to evict shifting cultivators and to cordon off forests completely against any use by traditional forest dwellers and other forest-dependent communities.

#### *Top-down forest policies and a return to "guns-and-guards conservation"?*

One result could be increased state control over forests; unjust targeting of indigenous and marginal peoples as the "drivers" of deforestation; violations of customary land and territorial rights; state and NGO zoning of forest lands without informed participation of forest dwellers; unequal imposition of the costs of forest protection on indigenous peoples and local communities through unequal and abusive community contracts; land speculation, land grabbing and land conflicts (made worse by competing claims on AD compensation); corruption and embezzlement of international funds by national elites; and increasing inequality and potential conflict between recipients and non-recipients of AD funds.

#### *RED or REDD?*

Some proponents of the new AD schemes, like the government of India, want afforestation and natural regeneration schemes to be compensated for as well as forest conservation. This idea is called *Reduced Emissions from Deforestation and Forest Degradation* (REDD). Others point out that to include reforestation schemes would raise all the same scientific and social problems that are associated with much-criticised carbon offset projects involving tree

planting. It would also raise the question of what counts as “degradation”. Other influential AD supporters, like Brazil, thus maintain that global schemes must be confined to deforestation only (RED).

#### *Unresolved problems with carbon trading*

One problem with AD is that it requires measuring how much forest has been saved above a “baseline” of a “business-as-usual” rate of deforestation. That rate, of course, will be determined by a small circle of technical experts – with all the scope for intellectual corruption that implies.

Another problem afflicts schemes that include carbon trading. Some indigenous peoples’ organisations and social justice campaigners have questioned the ethics, politics and science of trading carbon stocks on the international market. These critics reject the idea that the climate problem can or should be addressed by allowing Northern industrial and corporate polluters to buy the “right” to continue polluting from the governments of heavily-forested Southern countries. They also dismiss the notion that the value of forests can be reduced to the monetary value of their carbon stocks, and stress that for their people the non-monetary cultural and spiritual values of their forest are of utmost importance and must be respected. They maintain that trade in carbon credits is impractical because it does not tackle the root cause of climate change (continuing and increasing emissions from fossil fuels).

Then there is the question of property and sovereignty: can foreign buyers “purchase” carbon stocks in standing forests that do not belong to the state or individual private property owners, but are rather held collectively under customary laws and aboriginal title? How would prior consent be obtained in these cases and on what terms?

#### *And what about forest peoples?*

Some people argue that with a public fund, many of the scientific, legal and ethical problems associated with a global carbon market could be avoided – though not the essential issue of allowing polluters to continue to pollute. Moreover, public and ODA funds for large-scale global and national AD schemes would still imply social risks. To this, proponents of the idea argue that if these risks can be eliminated or reduced, then AD policies and increased funding outside carbon trading may offer important opportunities for indigenous peoples and forest-dependent communities. However, little mention is made about the full respect of their rights or regarding their priorities and decision-making capacity in the design and implementation of avoided deforestation policies.

In case this type of schemes were to be implemented, AD policies should at least include solid and locally-enforceable guarantees to uphold human rights and address equity, governance and rights issues. Vague promises that all these issues will be dealt with through future certification of RED forests, as advocated by many conservation NGOs and the World Bank, are not good enough. Secure guarantees of respect for forest peoples’ rights must be established before governments and international donors and multilateral development banks plough ahead with RED schemes.

#### *Urgent debate needed on the social aspects of avoided deforestation policies*

As a first step, it is essential that indigenous peoples and other grassroots movements are fully involved at the international and national levels in the debate about the pros and cons of avoided deforestation in global climate policies.

Who will decide which forest areas will or will not be in national AD schemes? Who will decide land tenure and ownership rights to the forests included in avoided deforestation programmes? Who determines which forests are eligible for REDD payments and how? How should protected forests be used? What activities would be permitted and which ones would be prohibited in protected forests in order to receive AD compensation? Who will receive compensation payments? Will such schemes really benefit local people?

This debate must start without delay if forest peoples are to avoid yet another round of top-down global and national forest policies that fail to take their rights and interests into account. Forest movements must organise to debate the

issues, challenges and opportunities as soon as possible so they can engage governments and policy-makers. Without this, their rights are unlikely to be respected in the design and implementation of future avoided deforestation policies.

This article was compiled by Tom Griffiths, Forest Peoples Programme (FPP), e-mail: [tom@forestpeoples.org](mailto:tom@forestpeoples.org). For more information on some of the social issues raised by global policies on avoided deforestation, see the article *Seeing RED: Avoided deforestation and the rights of Indigenous Peoples and local communities* available at [www.forestpeoples.org](http://www.forestpeoples.org)

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### - Costa Rica: An ecological forest restoration proposal

The Association of Ecologist Communities La Ceiba – Friends of the Earth Costa Rica (Asociación Comunidades Ecologistas La Ceiba- Amigos de la Tierra Costa Rica - COECOCEIBA- AT), which includes members from various social sectors (academics, professionals, ecologists and peasants), considers that it is time to creatively develop new models of forest cover restoration. It is time to give the opportunity to autochthonous reforestation models based on some of the basic principles that the country's main natural ecosystem itself -the tropical forest- is silently teaching us. It is time to give an opportunity to the creativity and experience already existing in the communities and to try out models that are sounder in environmental terms and more participative and fair in social terms.

In this respect, they highlight the experience of the Diaz Alvarado family and its ancient pineapple grove in the Northern Zone of Costa Rica, combining natural regeneration enriched with sowing and/or management of valuable forest species and offering productive opportunities integrated in a complementary manner into peasant economy. This type of experience generates good quality environmental services for the whole of Costa Rican society.

Twenty-two years ago the Diaz Alvarado family (Doña Eduvigis, Don Felix, their two daughters and one son) arrived at Castelmare de Saño de Pital, a small community located in the middle of the warm and humid San Carlos plain, on the banks of the Tres Amigos River, one of the San Carlos River's main tributaries in the Northern Zone of Costa Rica. The average rainfall in this zone is between three and four metres, distributed regularly throughout the year and in general, the soils are medium to poorly fertile, clayed and red in colour.

At the time of their arrival, their plot of land consisted of some 9 hectares of wooded grazing land, crossed by a small stream along which grew a small protective forest. Some enormous almond trees (*Dipteryx panamensis*) had survived together with a few older trees, remnants of the primary forest. During the first few years, the family transformed the grazing land into a pineapple grove where laurel trees (*Cordia alliodora*), coral oaks (*Terminalia amazonia*), manga larga (*Laetia procera*) and other species that sprouted naturally were allowed to grow.

Meanwhile, in neighbouring sites, some big companies started acquiring land for vast monoculture tree plantations. First of all, these companies planted laurel and eucalyptus, and later after the tremendous failure of the monoculture plantations of these two species, they went on to plant gmelina (*Gmelina arborea*), framire (*Terminalia ivorensis*) and acacia (*Acacia mangium*). On several occasions, company technicians and the Diaz Alvarado family had clashes, some times because the companies wanted to evict them from their property, other times because the companies filled the streams with strippings or simply because, together with other neighbours, the family protested and lodged complaints about the destruction caused in the forest by sowing monoculture tree plantations.

Some years later the Castelmare community had become smaller, the land was in the hands of a few people and the vast monoculture tree plantations made it impossible for the community to develop in the way peasant settlers had done in other areas of the region. The absence of good roads making it possible to transport products from the plots



to sell them and the lack of a school for their children obliged the family to move to Saíno de Pital, a small village but with some better living conditions. It was 1984 and the family decided to keep the plot and launch a forestry project to show the technicians in the area who were planting trees as a monoculture, how to produce timber in a natural way and without so much damage. At the same time, this enabled the family to “save” for the future. Labour was available in the family to complement the forestry project and in spite of the fact that transportation to the plot from their new location was not easy – nine kilometres along a poor road with no public transport – the family kept its project going.

At that time, they started visiting the plot twice a week and maintained the pineapple grove. Between them, they started planting saplings that they took from neighbouring forests and cared for those that germinated naturally at the site. As they maintained the pineapple grove they occasionally did some tilling, always respecting the small trees, particularly the commercial species or those of some value in terms of precious woods or trees that contributed to wildlife.

Furthermore, as part of the maintenance tasks, a pruning programme was started to shape trees for timber. At the end of the nineties, they began a programme planting rare or endangered species and fruit trees in the clearings left by fast-growing, short-living pioneer species (i.e. the *Trichospermum* sp).

It is now over 20 years since the experiment started and on coming of age, it shows us some very interesting results in terms of diversity protection, support to recreation, self-esteem, education and peasant economy.

The Diaz Alvarado family's forest shows a structure similar to any 15-20 year old secondary forest in the humid tropics of the Northern zone. Its canopy reaches some 25 metres and has a complete cover. In the unmanaged sectors, the understory is rich in plants of the Rubiaceae, Piperaceae, Heliconiaceae, Zamiaceae, Smilacaceae families and others. Together with the aforementioned plants in the understory, many saplings are developing: some are offspring of the large precious wood trees remnants from the primary forest still present along the banks of the stream. In the north section, the understory has been managed to allow for a combination of ancient pineapple plants, ornamental species, medicinal species, and saplings of slow-growing species.

As in other secondary forests in the same region, tree density is about 500 individuals per hectare, and the composition of their species is also similar.

According to the Diaz Alvarado family and to some of their neighbours, the stream that springs up in their plot has gradually increased its flow, leading us to think that groundwater regulation must have improved as the forest cover and the understory were consolidated in the protection area.

It is important to note that the aim of this forest is not timber production in the fastest way and through clearcutting. On the contrary, the restored forest was proposed as a complement to the family economy and the family intends to remove fallen timber or the trees that have reached maturity following a management plan in which every year some mature trees will be removed during the dry season. In this way, forest conservation over time is guaranteed.

The experience – not unique, there are probably similar cases in different tropical regions – has the merit of responding to the monoculture tree plantation model that has destroyed forests, concentrated vast stretches of land in a few hands, dried out wetlands and been one of the main causes of the loss of biodiversity in the Northern zone of Costa Rica.

Excerpted and adapted from: “La restauración ecologista del bosque tropical. Una alternativa de reforestación ambientalmente sana y socialmente justa y participativa”, COECOCEIBA- Amigos De La Tierra, Costa Rica, e-mail: [licania@racsaco.cr](mailto:licania@racsaco.cr), <http://www.coecoceiba.org>

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## - DRC: Efe Pygmies deprived of their homeland and their livelihood

In the northeast of the Democratic Republic of the Congo lies the large, dense, mountainous Ituri rainforest, which spans approximately 70,000 square kilometers. It is an area rich in natural resources. Tropical timber is harvested (legally and illegally) on a large scale. Minerals such as gold and coltan (used in mobile phones) are exploited intensively after the trees have been cut down.

The Ituri forest is home to one of the oldest populations of Africa: the Efe, also known as Mbuti Pygmies. The Efe's habitat originally took up a wider part of Africa but they are now confined to the Ituri forest since they have been pushed back by the unprecedented influx of immigrants caused by the civil war in DRC and the political crises in nearby Rwanda. Refugee camps with tens of thousands of displaced persons are not uncommon in the East of Ituri forest, along the road Beni-Komanda-Bunia.

In the early 1990s, European and Malaysian commercial logging companies moved into the region, causing devastating outbreaks of malaria, engaging in illegal poaching which rendered game scarce, and introducing money, tobacco, and marijuana, all of which left the Efe sick, hungry, and disheartened.

The Efe are hunter-gatherers and live of limited catches of small game since big game such as buffalo and elephant has been prohibited a long time ago. They hunt with flash and arrow (sometimes with poison) and hunting nets. Efe families live in dome-shaped huts made from leaves. Their culture is closely connected to their 'polyphonic' music and dance, which everybody is involved in. Besides their voices they use musical instruments such as drums, flutes, feet bells, trumpets (molimo), mouth bows, thumb pianos, etc. Their original bark clothes (mulumba) painted with beautiful abstract patterns are still created and used sometimes, but western clothing is increasingly pushing away this tradition.

After the Belgian colonization, the dense tropical rainforest was hardly penetrable by absence of good roads. Huge mud holes blocked all transport occasions. Getting stocked in the mud was guaranteed. This impenetrable situation kept the habitat of the Efe untouched.

In the last decade their traditional way of life has been much disturbed as commercial forestry is cutting deeper and deeper into the diminishing rainforest, restricting and reducing the food supply for the Efe Pygmies. Since mid 2006, rehabilitation and reconstruction of roads has enabled logging contractors to enter more easily the forest --what is equal to the destruction of the natural habitat of the Efe Pygmy People.

With their homeland and livelihood ravaged by war and big corporations in search of business, the Efe are caught in a blind alley that puts their life under siege.

On the new road Komanda – Beni, near Idohu, you can see Efe Pygmies carrying the boards by 2 people, on their heads, with a weight of approximately 70 to 80 kg fresh and wet timber. They get paid some US\$ 5 per board per team for 7 km transport. One team can do this once a day. The payment is done direct after reception of the timber transport. Some villagers use their bicycles for transport. Sometimes a single villager carries his load on his own, his useless bow and arrows in his left hand... hunting is impossible: the noise of chainsaws made the game to disappear.

This commercial activity is closing the economic circle: heavy transport labour – low payment - buying food - no money left – next day the same: no profit at all and the forest is disappearing. As the old and wise Efe Moke once said: "You will understand why we are called People of the Forest....When the forest dies, we shall die."

Article based on: "Pygmies", Foundation Pygmy Kleinood, [http://www.pygmee.nl/pygmy\\_algemeen.html](http://www.pygmee.nl/pygmy_algemeen.html), "Ituri Forest",



Foundation Pygmy Kleinood, [http://www.pygmee.nl/pygmy\\_projecten.html](http://www.pygmee.nl/pygmy_projecten.html); "Increase of Forest Cutting speed in Eastern Ituri Forest, DR Congo", Foundation Pygmy Kleinood, [info@pygmee.nl](mailto:info@pygmee.nl), [www.pygmee.nl](http://www.pygmee.nl)

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## - Ecuador: Consolidation of resistance against mining in Intag

After 12 years, powerful multinational mining companies have been unable to bend peasant resolve in the zone of Intag, Canton Cotacachi, Imbabura Province in the northwest of Ecuador.

This nightmare began in 1991, when an anonymous Japanese man started to travel around the area in his vehicle. Nobody knew exactly what he was doing. Towards 1995, it became known that he was "prospecting for mines" that is to say, he was looking for minerals in the subsoil.

With this exploration, what had been picturesque about this Japanese man became a harmful nuisance. Because of the drilling and the contaminating substances poured into the watercourses, the locals started to feel noxious effects on the health of children who bathed in the rivers, the cattle started getting sick and other mishaps took place. The local population started to organize itself, mainly promoted by the need to obtain information on what was happening behind their backs. This was during the times of Bishi Metals, a Japanese multinational company that remained in the memory of the peasants as child's play compared to what was to come later.

It was in this context that Defensa y Conservación Ecológica de Intag – (Ecological Defence and Conservation of Intag - DECOIN) was born, a grass-roots organization coordinating educational and environmental protection programmes including a programme to protect water basins and the establishment of the Junin Community Reserve in addition to many other environmental and social initiatives.

Since the entry of the multinational mining companies the inhabitants of the communities of Cerro Pelado, Junín, El Triunfo, Villaflora, Cuaraví, La Armenia, Cazarpamba and Barcelona – those most affected by the mining project – have been ratifying their decision to prevent the companies' activities on their land. So far, the mining companies have been unable to start mining activities proper, as the concessions are located within the Junin Community Reserve, an area of primary forest of enormous biological value located in the buffer zone of the Cotacachi-Cayapas Ecological Reserve, one of the most important reserves in Ecuador. Furthermore, these cloud forests are part of the Choco bioregion and are the Tropical Andes hotspot, the most candescent hotspot of the world's 34 most important hotspots. This reserve is protected with great zeal by the communities.

The history of resistance against mining in Intag cannot be conceived without other organizational pillars, in addition to a series of positive events. One of these was the election in 1996 of the economist, Auki Tituaña, a charismatic indigenous leader, as Mayor of Cotacachi. The Mayor promoted a really participative political process, which among other things, enabled the promulgation, by initiative of the inhabitants of Intag, of a Municipal Ordinance which declared Cotacachi an Ecological Canton (the text is available at: [accionecologica.org/descargas/areas/otros/documentos/ordenanza.doc](http://accionecologica.org/descargas/areas/otros/documentos/ordenanza.doc)). This is a unique regulation in Latin America and perhaps in the world, aimed at protecting natural resources and in this way placing an obstacle to mining.

Many situations arose, but what finally ended Bishi Metals' days in Intag was the seizure of its camp by the community inhabitants who were going to be affected by the mining project: guards were evicted, the company's belongings were removed and handed over to the Mayor in custody, the mining camp was lifted and what was left over was burnt. This led to a court case against some of those participating in the action, who were denounced, not by the company which more or less reluctantly seemed to accept the peoples' will, but by the Ecuadorian State, that is to say the Ministry of Energy and Mines. As they were never able to demonstrate guilt on the part of the peasants over these actions,

following a lengthy legal process the case was dismissed in 1999.

At this point it should be noted that in Ecuador, the Mining Law presently in force was funded by the World Bank through a Project for Mining Development and Environmental Control (PRODEMINCA). During the execution of this project, a series of irregularities were committed vis-à-vis the World Bank's environmental standards, denounced at the time by DECOIN. The result of this complaint was an investigation into the project by the same Bank.

The areas of the mining concession in Intag were known as: Golden 1, Golden 2 and Magdalena 1. These consist of 7,000 hectares of mining concessions which, following the departure of Bishi Metals, were acquired by the Canadian mining company Ascendant. Presently Ascendant has a total of 22,500 hectares in the Intag area.

According to the testimonials of the local inhabitants, with the appearance of this mining company in the Intag area the worst nightmare that had ever occurred in the region began. The worst consequence is the social conflict triggered by the offers made by community relations officers – intermediaries between the company and the communities by means of fictitious development organizations (first the Garcia Moreno Development Council - Consejo de Desarrollo de Garcia Moreno - CODEGAM, followed by the Organization for Intag Development - Organización de Desarrollo de Intag- ODI) – leading to confrontations between relatives, friends and neighbours.

Mayor Tituaña addressed the company in an open letter (15 December 2004), giving details of their lack of compliance with the laws: *"Since the initiation of the presence of Ascendant Exploration in our Canton, [...] its officials have never informed us about their plans, nor have they requested the corresponding authorization to carry out their activities in our territory. Furthermore, the serious lack of consultation regarding your company's mining project with communities that may potentially be affected is an inescapable violation of Ecuadorian constitutional rights, a violation that we will never let go unpunished [...] the will of the communities has not been respected nor have the local development plans been prepared in a participative way among the canton's social actors. Furthermore, threats [...] that they will be killed have been received by our leaders fighting against mining".* One of the aspects that is strongly questioned is the validity of these mining concessions.

Complaints made by the inhabitants to Human Rights organizations include: the offer of money to the presidents of the communities in exchange for their signature in favour of mining; the presence of bodyguards and para-military troops strongly armed with pistols, tear-gas and bombs, who on various occasions have shot in the air above the community members; payments to attend meetings convened by the mining company; pressure on the participants to sign blank sheets of paper; hiring of non-authorized outsourcing companies and; repeated invasion of private property.

The mining concession is located in an area inhabited by the settlers of five communities (some 150 families), that should be evicted by the project. Traditionally it has been hard for the communities to obtain title deeds for their possessions. They have difficulty in obtaining the documentation to be submitted and in justifying their rights over the land. A short while after the arrival of the mining companies, well-known land traffickers (people who professionally devote themselves to allocating themselves possessions and showing, with false documentation, their rights over these properties) have repeatedly attempted to take possession illegally and register lands located on or around the mining areas. They have managed to do so on some occasions in a matter of days thanks to the complicity of corrupt officials. They have also made illegal purchases within areas of the State Forestry Heritage or mining protection areas or even of lands that had already been sold to other people at a lower price. All these confusions have led the Anticorruption Commission (CCCC) to make an exhaustive survey that should finalize very shortly.

Since September 2006, the local communities have condemned the repeated and systematic attempts made by the mining companies to discredit and slander people and organizations that have taken up a position against mining. According to the Ecumenical Commission on Human Rights (CEDHU), one of the most aggressive ways in which these attempts have been made is through a campaign of systematic complaints against various leaders and peasants who have intervened following each attempt at entry to the mining concessions by the company staff or their

followers.

Due to the sequence of events described above, resistance to mining in the zone has increased and today has the unanimous opposition of all the local governments in the region. Each one of the seven parochial governments in the Intag area and the Provincial government, in addition to the communities within the limits or adjacent to the mining concessions, have publicly expressed their opposition to the mining project.

In addition to resisting mining, the interesting organizational process that has taken place in the Intag area has provided an opportunity to improve organic coffee production, almost totally exported to Japan at an appropriate price, maintained in spite of market fluctuations. Other organized groups make handicrafts using sisal, hand embroidery, soaps made on the basis of Aloe Vera and other natural products. The Junin community, the centre of resistance, has a community tourism initiative, gathering most of the community families, and hosting an average of 650 tourists per year and generating significant benefits. Furthermore, a group of game-wardens has been set up who monitor environmental protection and the integrity of the primary forests, water and biodiversity.

Men, women, and young people have gathered in various organizations, each with definite aims. The process of resistance to mining has also led to a generation of proud women and men leaders, who are aware and prepared and who know their rights. The common position in the area is "No to Mining," and this position is nonnegotiable. It is for the environment, water, life and future generations. It is for the cloud forest, the Rock Cock, the Spectacled Bear and thousands of other species.

On a political level, the process taking place in Ecuador is a door open to the definitive triumph of this process that has lasted for 12 long years. The dialogue is open. Much hope has been deposited in the Constitutional Assembly, although as Intag has explained "We cannot wait for the Constitutional Assembly, this is a daily struggle." And neither are the economic interests dormant.

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For more information see: Defensa y Conservación Ecológica de Intag: [www.decoin.org](http://www.decoin.org); Periódico Intag: [www.intagnewspaper.org/](http://www.intagnewspaper.org/); Documentary film "La Ruta del Cobre", <http://www.lifeonterra.com/episode.php?id=84>; Shoot-out by people hired by Ascendant through one of its outsourced companies over the heads of the local Intag population: <http://www.youtube.com/watch?v=jrNOB2Vc4vM>

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## - Laos: Norwegian and Chinese "aid" helps dam the Xeset River

Late last year, Norconsult, a Norwegian consulting firm, won a US\$1.5 million contract to supervise construction work of the Xeset 2 dam in the south of Laos. Norconsult won the contract, which is funded by the Norwegian Agency for Development Cooperation (Norad), without any competitive bidding.

Norconsult has plenty of experience of working on the Xeset River, having worked on the planning and construction of the 45 MW Xeset 1 dam, which was completed in 1991, with funding from Sweden, Norway, the Asian Development Bank and UNDP. During the dry season, the Xeset 1 dam produces virtually no electricity, because of the low water flow in the Xeset River.

Eight years after Xeset 1 was completed, Norconsult was hired again to carry out a feasibility study for the Xeset 2 and Xeset 3 dams. Norad provided US\$1.8 million towards the cost of the study. The Xeset 2 and Xeset 3 dams are upstream of the Xeset 1 dam and by transferring water from nearby rivers into the Xeset River, will increase the

amount of water flowing through the turbines of the Xeset 1 dam. As with the Xeset 1 dam, most of the electricity from the 76 MW Xeset 2 dam is to be exported to Thailand.

Building more dams to attempt to solve problems with existing dams is obviously an attractive proposition to a dam building consulting firm such as Norconsult. But more dams means more rivers and fisheries destroyed and more local people's livelihoods destroyed.

Two years ago, Phetsavanh Sayaboulaven carried out a series of interviews with villagers in the area of the Xeset 2 dam. Almost all the people living in the area are indigenous, mainly belonging to the Jru (Laven) and Kouay ethnic groups. One villager told Phetsavanh, "We do not want them to build the dam. It will badly affect our land and the environment. The official compensation will not be adequate, just like in the case of the Houay Ho dam. But we dare not oppose government officials."

China plays a major role in the Xeset 2 dam. The Import-Export Bank of China is funding 80 per cent of the US\$135 million project with the remainder coming from Electricité du Lao. The main contractor is the China North Industries Corporation (Norinco), a company better known as a major armaments manufacturer than as a builder of dams. Construction of the Xeset 2 dam is under way and completion is due in 2009.

When Norinco started building the dam, villagers started stealing. Iron bars, roofing tiles and large amounts of petrol disappeared from the construction site. Some villagers became rich very quickly. The theft could be seen as a form of resistance to the dam – or an attempt by villagers to make sure they would at least get some compensation. Lao people working for the Chinese construction firm helped villagers to steal petrol. Firing Lao workers made no difference because the people hired to replace them also helped the thieves. Things turned violent when villagers killed a Chinese worker who tried to stop them from stealing petrol.

Probably in an attempt to cool down the situation at the construction site, the Lao government made sure that villagers received some compensation. Recent research in Laos indicates that villagers in the immediate area of the construction site have received a total of about US\$150,000 in compensation for lost land and lost coffee plants.

But villagers so far unaffected by the construction activities have not received anything. More than 12,500 villagers living along the Tapoung River will face seriously reduced water flows when water is diverted to the Xeset 2 reservoir. These villagers do not know whether they will receive any compensation or how it will be calculated if they do.

Villagers use water from the Tapoung River for dry season rice cultivation. They farm the riverbanks and land next to the river, growing a wide range of crops. Many wild plants grow along the Tapoung River, including edible plants and medicinal plants. Fish, shrimp, crabs and snails are an important source of protein for local people. The river also provides the main source of drinking water for many villages during the dry season. "If they build the dam and stop the water from flowing in this river, I will be very sad," an old woman told Phetsavanh. "The river has been feeding me since childhood and into my old age."

When Norconsult decided, in 1999, that the Xeset 2 and 3 dams were feasible, its consultants knew that their company stood to benefit through future contracts from this decision. Norconsult's decision was challenged four years later when an Asian Development Bank-funded study determined that the Xeset 2 and 3 dams were "not viable". Norconsult declined to comment when I asked how come its consultants reached the opposite conclusion.

The perverse situation on the Boloven Plateau is that a Norwegian consulting firm is benefiting from Norwegian "aid", a Chinese construction firm is benefiting from Chinese "aid", and Lao villagers are left to pay the costs of destroyed rivers and livelihoods.

By Chris Lang, e-mail: [chrislang@t-online.de](mailto:chrislang@t-online.de), <http://chrislang.org>

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## - Uganda: Fighting for the Mabira Forest and final success!

Uganda has witnessed growing protests in recent weeks over government plans to give over 7,100 hectares of Mabira Forest, a nature reserve since 1932, to SCOU for sugarcane growing. Razing the forest could devastate a fragile environment, sparking soil erosion, drying up the climate and removing a buffer against pollution for Lake Victoria. Technical, professional and expert advice against the project as well as public protests culminated in the resignation of the Board and senior technical staff of the National Forestry Authority (NFA). The new Board, appointed in December, 2006, is in the process of approving more forest give-aways for commercial purposes such as Kitubulu in Entebbe, Buyaga (Lyantonde), Mpanga (Fort Portal), Nebbi, Arua, Ntungamo, Kitgum and Bobi, among others.

Ugandans living near the Mabira Forest fear collapse of their way of life. "It is everything: firewood, charcoal, herbal medicine, edible fruits, timber, it catches rain and fills rivers. We cannot live without it," said Haruna Salongo, 48.

"Mabira Forest is part of our heritage and our children's future. Mabira Forest is a tropical hardwood forest which is proposed to be cut down for the production of sugar in Uganda. The forest is one of the most biodiverse forests remaining in Africa. It also has added value for the communities that inhabit it and surround it. The value of the forest to Uganda and her people is beyond the values of the trees, but it is also a frequented tourism site for birdwatching, forest walks, and other activities; it has cultural and historical values; it significantly impacts the environment as a natural water filtration system and a natural regulator of global climate", expressed members of the Save Mabira Crusade (SMC), a network of several individuals, NGOs, civic leaders, religious, cultural and academic institutions, political organisations and local communities that have come together in a bid to stop the proposed give-away of Mabira and other forest reserves in Uganda.

As opposition to the sugar plantation grew, with the local press saying 80 percent of parliamentarians would vote against it, President Museveni has dug his heels in. "Increased sugar production would boost jobs, export earnings and tax revenue - essential if Uganda is to "have money to police and protect the environment", Mr Museveni says. Mabira residents are sceptical of promises of jobs, alluding to the people of Bugala Island on Lake Victoria, who were persuaded to give part of their pristine rainforest to a private Kenyan palm oil company, Bidco, last year. Bidco planted 4,000 hectares of palm, mostly on land covered in forest that the company bulldozed, locals say. The state agreed to give Bidco 2,000 more hectares of forest land by lifting the protected status of a nature reserve, but this has been held up by public outcry. Residents say they lost vital resources like wood, medicines, fresh water, yet saw no employment or money.

"They promised a lot of things," said Joyce Nakirijja, 70, sitting in her farmyard on Bugala surrounded by banana plants. "Our grandchildren would have jobs and they would build new roads, schools and hospitals. It was a lie; we have dirt roads and the company imports workers from the mainland." Another problem, she said, was that monkeys rendered homeless by deforestation were raiding local crops.

On 12th May 2007 the leaders of SMC organized a demonstration against Mabira Forest Give-away. The demonstration which was supposed to be peaceful turned chaotic and five lives were lost, some property was destroyed, some people were injured and many of the leaders were arrested and detained after the demonstration. They are now facing various charges in the courts of law ranging from murder to participation in an "unlawful demonstration" – though the police had cleared the demonstration and given it a go-ahead. They will appear in court to answer charges against them on the 28th June and 26 July.

However, after so much pain there is good news! The Government of Uganda has announced on May 22 the drop of its intention to giving away the Mabira Central Forest Reserves for commercial sugar cane growing.

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The struggle of the Ugandan people has rendered fruits for them and those to come.

Article based on: "Legal Questions Over Plan to Give Away Mabira Forest", "Save Mabira Forest in Uganda", "Mabira Forest Crusade – Court", "Uganda Govt. Gives up Mabira Sale!", NAPE, <http://www.nape.or.ug/>

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## COMMUNITIES AND TREE MONOCULTURES

### - Brazil: Why landless women are opposed to monoculture eucalyptus plantations

The struggle between two agricultural projects has stepped up in Brazil. On the one hand, the agro-business project based on the concentration of vast stretches of land, on production for export, on large-scale production and on monoculture plantations, mainly of soybean, eucalyptus, and sugar cane. On the other, various Via Campesina social movements in Brazil defending Agrarian Reform, and supporting an agricultural model based on agro-ecology, production to strengthen the domestic market, family and peasant farming, diversified production, cooperation and a change in the technological and productive matrix.

This context gives us a basis on which to understand the struggle of Via Campesina women against the social and environmental impacts of monoculture eucalyptus production.

The action of two thousand women from Rio Grande do Sul on 8 March 2006 [see WRM Bulletin N° 104] to draw the attention of Brazilian society and of the participants at the Second World Conference on Agrarian Reform placed on the agenda the risks of what we call "Green Deserts."

From the standpoint of social movements, this broke away from the established model of the role of women in a process of change because it was a collective action, organized and headed by women – peasant women – in a conflict with one of the world's largest transnational eucalyptus producing companies: the Aracruz Celulose Company. This company has an annual production of 2.4 million tons of bleached pulp.

During this action, over 10 million eucalyptus and pine seedlings were destroyed. From then on for society, the struggle for land took on a different nature: the struggle against transnational capital investing in agriculture.

As a result, women struggles stepped up all over the country in a one-day activity under the slogan of "Landless Women: struggling for food sovereignty and against agro-business." This action gathered over fifteen thousand MST (Landless Peasant Movement) women and attracted the attention of society because of the nature of the complaints against the green desert, and the funding of transnational corporations by the Brazilian Government, mainly for the installation of new pulp-mills and ethanol factories in Brazil.

Our assessment is that women's struggles against transnational corporations in agriculture, particularly regarding pulp, tend to be strengthened. Therefore, it is time to answer the question of what are the negative impacts of these corporations and of monoculture on farming and on women's lives. For us women, the answer to the question is a way of opposing monoculture eucalyptus plantations for various reasons that we want to express and that give strength to our struggles.

1. We consider that the earth, water, seeds, air and forests are the basis of life and can never be commercialized.
2. We are going through a process of globalization of poverty, particularly among women and children and this is because transnational corporations have taken over our natural wealth, our territory, through the policies of



international banks and institutions.

3. Monoculture eucalyptus plantations cause environmental destruction. Many of the chemicals used are destroying our biodiversity.

4. For us, pulp is a synonym of poverty, unemployment and rural exodus.

5. Pulp companies have taken over large properties and this contributes to land concentration in Brazil.

6. In Brazil, these same corporations have benefited from environmental legislation negotiated by many Brazilian governments.

8. We are going through a privatization and internationalization process of the Brazilian territory and its natural resources.

9. Human health particularly that of women and children, is endangered by the encroachment of the green desert, that destroys biodiversity, dries up rivers, increases contamination, pollutes the air and water and threatens our life.

Our struggle is to get the vast stretches of land used by these corporations allocated to the Agrarian Reform for the production of healthy food for self-sufficiency and the generation of income; to end latifundium large states and guarantee social justice in Brazilian rural areas; and to build up our country's food sovereignty.

It is mainly to guarantee the restoration and preservation of biodiversity, forests, medicinal plants, local seeds, water, land, that are the peoples' heritage at the service of humanity.

To our way of thinking, all public investment in science and technology and research must be for ecological peasant agriculture.

We want respect among the ethnic, religious, cultural diversities, in gender equity and cooperation for the preservation of natural wealth and in production aimed at covering people's needs, not capital needs.

We demand that the governments concern themselves over negative socio-economic, territorial and environmental impacts caused by agro-business, and in particular by the so-called "Green Desert."

Motivated by this struggle and sure of victory, we the Landless Women of the MST on the occasion of Mother's Day have prepared a letter entitled: "Letter From the Landless Mothers" (<http://www.mst.org.br/mst/pagina.php?cd=3506>), calling on all women around the world "to struggle tirelessly against the neoliberal system that conceives food, water, land, people's knowledge and women's bodies as a commodity."

We invite you all to raise our hands, our tools and our conscience ... to unite against those who exploit land, life, and our labour. We are standing vigilant and carving night and day the fertility and rebellion that is born from the guts of the earth.

Agrarian Reform: for social justice and sovereignty of the people!

By Lourdes Vicente, MST Gender Sector and national coordination, e-mail: [genero@mst.org.br](mailto:genero@mst.org.br)

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## **- International Meeting against Monoculture Eucalyptus Plantations**

At the end of April this year, the Brazilian Rural Landless Workers Movement (MST) was host at its Florestan Fernandes National School (Guararema, Sao Paulo) to almost 80 members of social movements and organizations from South America, Asia, Africa, and Europe attending the International Meeting on Monoculture Eucalyptus Plantations. The aim of this meeting was to define an agenda for joint action against the advance of monoculture tree plantations and pulp mills at global Southern level.

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The meeting was the result of a strategic decision by the network of Via Campesina International movements to identify the monoculture model as one of the main threats to food sovereignty on a local, regional, and world level.

One of the first conclusions arising from the debates and testimonials presented was the need to understand this phenomenon as a combination of financial and corporate policies, policies of United Nations technical bodies such as FAO, and government policies with the common denominator in their concrete application of territorial control for business purposes and the destruction of natural resources.

The enemy is not the eucalyptus tree per se, but the general model imposed. This is not only a technical model but also an economic one and one of territorial occupation having a direct impact on indigenous and peasant communities' living conditions and production and on family farming. The allocation of vast stretches of land and amounts of water, public credit resources and company guarantees mainly results in the destruction of local food production systems.

According to the Basque peasant leader Paul Nicholson, member of the Via Campesina International Secretariat, "When the women of Via Campesina carried out their Aracruz action (8 March 2006), we did not realize that we were touching the heart of the model and that this was a very important action, even from a historical standpoint. The women drew our attention in a very graphic and clear way on a situation that was there before our eyes. It was a fact: the women had touched the heart of the neo-liberal model. We are presently facing an enormous attack from the neo-liberal model, with its many variations. For example, the energy model, agro-fuels, monoculture soybean plantations, the encroachment of the green desert, climate change. The greatest responsibility for climate and environmental change falls on the shoulders of industrial agriculture and stockbreeding, by uncontrolled commercialization of land, natural resources and food. This is a farming model without farmers to obtain absolute control over food. We must address this issue of monoculture tree plantations within the problem's global scope."

According to Ricardo Carrere, international secretary of the World Rainforest Movement (WRM), "the struggles against eucalyptus trees are a symbol, from the first struggles in India, Thailand, Malaysia or Indonesia, to those today in Chile against pine trees that have also dried up groundwater and caused major social disasters. In Colombia, the situation is similar, as the first monoculture plantations were pine followed by eucalyptus. What I mean is that the problem is not the species, but the model. We are against this forestry model characterized by its large-scale plantations occupying millions of hectares with fast-growing trees. We are talking about this when we say that the monoculture model is nefarious."

The Brazilian peasant movements view the advance of monoculture eucalyptus plantations as one of the main obstacles curbing the general process of agrarian reform. As one of the leaders of the Peasant Women's Movement said "The women's movements comprised in Via Campesina Brazil consider that there is a before and an after the action that took place on 8 March 2006 when the property of Aracruz Celulose was invaded." This action, which was referred to many times during the Meeting, marked a turning point in the struggle against monoculture tree plantations in this country. It gave out a message to public opinion clearly highlighting that the forestation company's model evicts and directly affects landless peasants and family farming. These mass movements are fighting for agrarian reform and have identified the monoculture tree plantation model as an obstacle. The strategy against it has mobilization as one of its main components.

Another strategic criterion is action through networks of movements, organizations and activists in order to counteract the promotion that the major corporate mass media is making of the forestry and pulp mill model; these movements and networks need to disseminate information through the communication channels they have available. In the words of an indigenous person in the State of Espírito Santo in Brazil, where the Aracruz company stole land from the Tupinikim indigenous communities and still continues to violate their ancestral and cultural rights "landscapes are changed at such a speed that they cannot be controlled, they change from one day to the next. The best lands in my

state are occupied by eucalyptus trees, lands with good water. The way in which the companies control the mass media is directly by means of advertising. Medias are opened up in cities near places with many plantations, some advertising is offered to the companies and thus a new media is established, co-opted by the companies. This generates great confusion among the grass-roots organizations that are unable to distinguish who the enemy is, and with whom this enemy relates."

A first assessment of this activity indicates that the meeting of various movements and organizations to define a regional strategy against the advance of monoculture tree plantations is a strategy in itself. A regional strategy needs to be built up from the social movements because the model is regional, the capital and the companies operate regionally. It remains with us to make possible this necessary strategy.

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### - Thailand: The looming catastrophe of oil palm plantations for biodiesel

The Thai government has set its policy on producing palm oil-based biodiesel as energy. At present, the country's large-scale oil palm harvest areas account to around 400,000 hectares, but since 2006, a discourse on oil palm has emerged to promote its plantation as a "renewable source of energy", a "country savior", a "reforestation scheme", a "wind-protection zone", and a "transformation of deserted rice fields into palm fields".

To fulfill the government's ambition, a daily production of 8.5 million litres of biodiesel must be met. That means another 800,000 hectares of oil palm plantation areas must be expanded between 2006 and 2009, totaling 1.2 million hectares of the palm cultivation. By 2029, the plantation areas would reach 1.6 million hectares.

All research work has been conducted to seek monoculture techniques to maximize the production of oil palm, but the Thai government has never revealed this crop's environmental impacts.

It is a great concern that the Thai government has never said that the land used for oil palm plantation often becomes deteriorated because of the monoculture type of production, with extensive use of chemicals. It is difficult to produce oil palm in an integrated manner because of the bulkiness of the palm trees and because its fibrous roots spread far and wide. Over three-ton weight of each tree allows very few types of plant to be grown in the plantation. Making their way into the plantation ground is very difficult for animals living in the ground such as earthworms. Getting rid of the dead trees and their roots is hard and costs a lot of money since it needs to pay a backhoe to uproot or to use chemicals to destroy them.

The government has provided farmers with funding, raw materials and other inputs. Such active promotion has resulted in the rapid expansion of the plantation areas, especially in the watershed forest, wetlands, community public forest and rice fields. If an expansion of the oil palm plantation areas was made according to the government's plan, Thailand would irreversibly lose its food security, forests and biological diversity. It would mean a catastrophe for the Thai People.

Excerpted and adapted from "Ten Million Rai of Oil Palm Plantation: A Catastrophe for the Thai People", by Ms. Bandita Yangdee, Project for Ecological Awareness Building (EAB), sent by Sayamol Kaiyoorawong, e-mail: [noksayamol@yahoo.com](mailto:noksayamol@yahoo.com) The full article is available at: <http://www.wrm.org.uy/countries/Thailand/Catastrophe.pdf>

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## - Uruguay: National Initiative for the Suspension of monoculture tree plantations

The promotion of large-scale fast-growing monoculture tree plantations started in Uruguay in 1987, with forestry law N° 15939 of December 1987. Today these plantations occupy over one million hectares of land and not only lands in the “forestry priority” category.

Throughout these years, tree plantations has encroached grasslands and aquifer replenishment areas, surrounded grazing lands, left populations in isolation and made their effects felt. From the closing down of rural schools and drying up of neighbourhood wells, making any agricultural production impossible, to the concentration of land in the hands of foreign corporations attacking national sovereignty: four hundred thousand hectares of Uruguayan territory are in the hands of four transnational corporations: ENCE (Spanish), Botnia (Finnish), Stora Enso (Swedish-Finnish) and Weyerhaeuser (US).

Opposition to this forestry model has also grown. Delegates from organizations of small farmers and other social organizations from various Departments in the country met on 14 and 15 April this year to discuss the problems generated by the advance of monoculture tree plantations.

The meeting was very fruitful as it enabled the various movements and opinions being expressed in isolation to link together and address problems jointly, identifying the negative impacts of the plantations, and coming together to request the suspension of tree plantations.

The result was the “NATIONAL INITIATIVE FOR THE SUSPENSION OF MONOCULTURE TREE PLANTATIONS,” reproduced here below:

“On 14 and 15 April 2007 in the locality of Paso Severino, Department of Florida, delegates of small farmer organizations and other social organizations from the four corners of the country, gathered together to discuss the problems arising from the development of tree plantations, have agreed that:

Considering:

- The absence of environmental and social impact assessments prior to the application of the forestry law;
- The already verified negative impacts of the plantations that have implied:
  - \* the eviction of our rural population
  - \* scant employment opportunities and inadequate working conditions;
  - \* land concentration in the hands of large national and foreign companies;
  - \* the transfer of substantial economic resources from the whole population towards the forestry sector through direct and indirect subsidies;
  - \* depletion and pollution of water resources;
  - \* soil degradation;
  - \* contamination of water and soil due to the extensive use of agrochemicals;
  - \* serious impacts on the flora, particularly on the grassland ecosystem;
  - \* serious impacts on the fauna and appearance of pests affecting other agricultural production;
  - \* negative impacts on the typical Uruguayan landscape.

Taking into account the above, we here present decide to constitute a national movement, open to all entities and citizens sharing the following objectives:

TO DEMAND the immediate suspension of all monoculture pine and eucalyptus plantations, with the exception of small-scale plantations for shelter, shade, firewood or inputs for the self-sufficiency of rural dwellers.

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AND, simultaneously to demand:

- A serious and thorough assessment of the social, economic and environmental impacts of tree plantations with the widest participation of Civil Society, in particular of those most adversely affected;
- The exclusion of monoculture tree plantations in the country's land management plans because of their negative economic, social and environmental consequences for the country;
- The revision of the present forestry legislation with the widest participation of Civil Society, in particular of those most adversely affected;
- The application of article 47 of the Constitution – which re-established the country's sovereignty over water resource management – in particular to the forestry sector;
- The adoption of legislation preventing the concentration of land in the hands of large national and foreign companies;
- The discussion of local development strategies with the widest participation of Civil Society sectors, in particular of the most underprivileged sectors;
- The adoption of legal instruments to guarantee the improvement of rural families' quality of life and their permanence in rural areas;

Summing up, we say:

- Yes to productive diversity and no to monoculture tree plantations;
- Yes to equitable land distribution – land for those wanting to work it – and no to its concentration in the hands of large national and foreign companies;
- Yes to the defence and preservation of natural resources and no to the destructive exploitation of the country's rich heritage and its surrender to corporate interests;
- Yes to the welfare of all Uruguayans in harmony with nature and preservation of the planet."

The Initiative calls on all entities and citizens sharing this platform to join it and actively participate".

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### - USA: GE Trees by ArborGen challenged by environmental groups

The US South Carolina-based company ArborGen is a partnership between the timber corporations International Paper and Mead Westvaco, and the New Zealand-based Genesis Research and Development. ArborGen has been growing GE Eucalyptus hybrid trees and testing them for cold tolerance on a secret 1-acre plot in Baldwin County, Alabama, close to the Gulf Coast of Mexico. The place was found to be home to a number of experimental, genetically modified crops, many of which appear to be growing on a Loxley farm owned by agricultural giant Monsanto Co.

Federal documents report that two of the traits engineered are intended to confer cold tolerance while the others are for reduced flowering and a "selectable marker". The specifications of these modifications are secret, considered "confidential business information" by both ArborGen and the government (<http://www.epa.gov/EPA-IMPACT/2007/April/Day-20/i7637.htm>)

On November 21, 2006, the company applied to the US Department of Agriculture/ Animal and Plant Health Inspection Service (APHIS) for permission to extend their GE Eucalyptus field trials to allow flowering and seed production in the 355 GE Eucalyptus hybrid trees grown, that was specifically forbidden under the original permit. APHIS received comments until May 21 on their brief and inadequate Environmental Assessment (EA) in which they have recommended approval for these field trials. The fact that they would not reveal the details of the engineered traits made detailed commenting on the proposal impossible. A request by the Union of Concerned Scientists and another from the Sierra Club for a thirty day extension of the comment period was denied by USDA/APHIS.

With this move, ArborGen is laying the groundwork for massive plantations of non-native eucalyptus trees genetically engineered for biofuels and paper pulp in the southeast U.S. In the 1980s and 1990s, 9 nine million acres (3.6 million

hectares) of the region's forests were converted to industrial tree plantations. Eucalyptus species are not native to the U.S. but grow well in certain warm climates such as the southern and southeast U.S. regions. In other countries where eucalyptus trees have been introduced, they are well known for escaping and colonizing native ecosystems. Escape of GE Eucalyptus trees through seeds and vegetative plant material are quite likely due to severe wind and rain events that are common to Baldwin County, where the field trials are located.

Coincidentally with the biofuel boom, an ArborGen spokesperson was reported saying about the Eucalyptus: "This is a tree you can grow in plantation settings. It can be farmed as an energy crop". News articles and reports indicate that other traits being researched by ArborGen GE trees include reduced lignin content and insect resistance. Genetic modification of plants to reduce their lignin content in order to facilitate production of ethanol from solid biomass is an essential part of cellulosic ethanol research. This is why trees with low lignin ('wobbly trees') are being developed. However, suppressing lignin production --which plays a vital role in the tree's natural defense system-- has numerous side-effects, including changes in feeding patterns of defoliating insects and alterations in soil fertility from changes in wood decomposition rates.

Other industry researchers have confirmed that, due to shared biochemical pathways, suppression of lignin biosynthesis could weaken trees' defenses against pathogens and suppress the development of the trees' reproductive organs. Additional side effects of reduced lignin include stunted growth and collapsed vessels, leaf abnormalities and an increase in vulnerability to viral infection. The weakening of a tree's natural defenses is likely to encourage increased pesticide use. An additional fear is the high probability that, low-lignin trees will also rot more readily --affecting soil structure, fertilizer use, and forest ecology-- and will release carbon dioxide more quickly into the atmosphere --contributing to global warming.

Meanwhile, the US Congress has developed a major legislative package to promote ethanol, with the Senate Energy and Natural Resources Committee calling for the nation to produce 36 billion gallons of the biofuel per year by 2022.

The STOP GE Trees Campaign and member groups from around the U.S., including Dogwood Alliance, WildLaw, Southern Forests Network, Sierra Club and Global Justice Ecology Project are uniting to stop the plans of ArborGen, and the first goal of this effort has been to stop the USDA's approval of ArborGen's GE eucalyptus field trials in Alabama. The STOP GE Trees Campaign has demanded that APHIS reject this permit and order ArborGen to destroy the existing field trials. "Once this GE tree flowering and seed production is allowed, it will be easier for APHIS to approve outdoor field trial releases of other GE trees, such as poplars and pines for flowering and seed production. This could spell disaster for our native forests," stated Orin Langelle, Coordinator of the STOP GE Tree Campaign. The temperate forests of the Southern US are the most diverse forests in North America, recognized by biologists worldwide for their biological richness. Beyond biological diversity, forests in the region help sequester carbon and therefore play a vital role in mitigating global warming as well as help protect drinking water in the most populated region of the US.

The complex interactions of trees, understory plants, insects, animals, fungi, bacteria and soil micro-organisms are poorly understood. Dr. David Suzuki, a Canadian geneticist and author, says: "We have no control over the movement of insects, birds and mammals, wind and rain that carry pollen and seeds. Genetically engineered trees, with the potential to transfer pollen for hundreds of miles carrying genes for traits including insect resistance, herbicide tolerance, sterility and reduced lignin, thus have the potential to wreak ecological havoc throughout the world's native forests. GE trees could also impact wildlife as well as rural and indigenous communities that depend on intact forests for their food, shelter, water, livelihood and cultural practices."

As several groups stated in a Manuscript presented at the International Union of Forest Research Organizations conference, 11 October 2006, at Charleston, South Carolina, U.S, "At best we have an outline of the principles of interaction, but by no means do we have a complete picture. This combined with the inherent uncertainty of genetic engineering means that large-scale use of genetic engineering is dangerous. Threats posed by genetically engineered



trees are simply too great to allow them to be released into the environment, much less to allow them to be mass cultivated in huge plantations”.

LAST MOMENT: The struggle against GE Trees in the US is not an easy one. The website stopgetrees.org has been hacked and had to be shut down indefinitely. “This is very unfortunate as it contains pertinent, time-sensitive information on comments for USDA/APHIS regarding GE cold tolerant eucalyptus in the southeast U.S. that is being developed for agrofuels and pulp”, expressed Orin Langelle. “We are now getting that info up on the Global Justice Ecology Project site: <http://www.globaljusticeecology.org> under <http://globaljusticeecology.org/index.php?name=getrees&ID=419>. Additionally, the online petition regarding the above disappeared for an entire day”.

Article based on: “Ecological and Social Impacts of Fast Growing Timber Plantations and Genetically Engineered Trees”, Global Justice Ecology Project, <http://globaljusticeecology.org/index.php?name=getrees&ID=404>; “ArborGen is growing GE trees for possible use as fuel”, <http://72.14.209.104/search?q=cache:IDz2mclSB-U:www.stopgetrees.org/article.php%3Fstory%3D20070508134406770%26mode%3Dprint+ArborGen+Alaba ma&hl=es&ct=clnk&cd=3&gl=ar&client=firefox-a>)

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### - New WRM Video section on plantations and pulp mills

WRM has created a new video section in its website. You can find it in the page’s left column or going directly to <http://www.wrm.org.uy/Videos/index.html>.

Impacts of large scale monoculture tree plantations that we have been documenting for years are described by local people: from the forest destruction caused by oil palm plantations in Indonesia, to the local struggles of Via Campesina women in Brazil against Aracruz Celulose’s pulpwood plantations and of Ecuadorian people against the eucalyptus plantations of Eucapacific, the ecological disaster in Chile resulting from Celco-Arauco pulp mill, the growing problem of timber plantations in South Africa, the potential risks of the projected Finnish Botnia pulp mill in Uruguay.

Testimonies have faces and voices; the landscape left by these “green deserts”, as well as the peoples’ determination speak for themselves.

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## NORTHERN INVESTMENT IN THE SOUTH

### - The Swedish pulp and plantation industry’s plan for moving South

On April 26, the Swedish Royal Academy of Agriculture and Forestry organized in Stockholm the seminar “Tilting forest industries from North to South”, aimed at discussing the growing tendency of the Swedish tree plantations and pulp industry to invest in Southern Countries such as Brazil, Uruguay and Indonesia.

Unfortunately, the organizers declined to open up a space in the panel for representatives of southern countries present at the time in Sweden. Such representatives included experts on the social and environmental impacts of plantations and pulp mills from Brazil, Indonesia, South Africa, Swaziland and Uruguay, as well as a number of Swedish students just returned from a field study on Veracel and Aracruz’s plantations in Brazil.

The panel therefore only included pro-plantation and pro-pulp industry representatives which provided a biased view

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about the possible effects of the Swedish industry's move to the South. Several speakers highlighted the 'fantastic' performance of the eucalyptus plantations in Brazil, producing up to 10 times more wood per hectare than Swedish forests, making one speaker affirm that "if you want to have trees growing fast, speak Portuguese". Countries like Angola, Brazil, Chile, Mozambique and Uruguay were classified as "interesting prospects" for plantations and pulp mills and as "low cost countries". Mention was made that costs in Brazil were half of those in Sweden.

The above, coupled with the predicted global increase in paper and cardboard consumption and the availability of "cheap money" for investments in Southern countries, has resulted in the Swedish industry's decision to move its raw material base to the South (plantations) as well as the production of pulp.

While on the one hand only one speaker gave a few comments on the negative impacts of tree plantations in Indonesia, on the other hand the 'successful' and 'responsible' tree plantation management of Veracel Celulose in Brazil (50% owned by Stora-Enso and 50% by Aracruz Celulose) was presented by Otavio Pontes, vice-director of Stora-Enso Latin America, as the example of sustainable tree plantation management.

Unfortunately, the representative from the Brazilian Alert Against the Green Desert Movement was not given the opportunity of challenging from the panel Mr Pontes' propaganda with some recent examples from Veracel Celulose:

- the company was fined by IBAMA –the Federal Environmental Agency- on 13 March 2007 in approximately US\$ 200,000 for having applied herbicide in 31.6 hectares of a permanent preservation area in the municipality of Eunápolis, destroying the local vegetation and contaminating an even larger area.
- in Ponto Central, municipality of Santa Cruz de Cabrália, on April 1st 2007 the local population blocked the road to impede buses with Veracel workers to get to the pulp mill because the company refused to comply with demands from the local community.
- a recent study carried out by Cepedes –Centre for Development Studies of the Extreme South of Bahia- shows that since tree plantations started to be implemented in the municipality of Eunapolis by Veracel in the beginning of the 90s, the rural population has decreased in 59.3% while the national percentage in the same period has shown a decrease of 28%.
- Mr Pontes's statement that Veracel "created 30,000 jobs" is in contradiction with the company's own figures, according to which Veracel created 739 direct jobs and 3,400 indirect jobs.
- The "socially responsible" Veracel closed in November 2006 in Eunapolis a project that attended with educational activities some 300 children between 7-15 years old. It is good to remember that in the same period -election campaign in Brazil for President, governors and parliamentarians- Veracel spent hundreds of thousands of dollars in supporting all candidates, especially those with chances to win, like the two main candidates for governor of Bahia (one candidate with US\$ 100,000 and the other with US\$ 50,000).

From the public, Southern participants and Swedish students managed to raise issues and to challenge the biased views about plantations coming from most panelists. This was not an easy thing to achieve, given that the seminar's chairperson not only tried to avoid those voices to be heard but even positioned himself clearly in support of tree plantations and pulp mills in the South. In one of his interventions he challenged the critical voices in the discussion posing the question: "if you are against tree plantations, how do you think we can provide school children with school books?" and adding: "what is your alternative?". It was made clear to him that people in countries like Brazil and Uruguay consume 10 times less paper per capita than the Swedish population and that the plantations and pulp mills in those countries will not produce a single sheet of paper but will export cellulose to mostly northern countries with excessive paper consumption. For example, in Sweden, 46% of the paper consumption has to do with wrapping and packaging other products, while 10% are tissue papers.

Regarding "alternatives", the chairperson was told that the first alternative would be to NOT to plant tree monocultures because they result in net job losses at the local level and in a number of other impacts that worsen local peoples' livelihoods.

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In sum, the seminar provided evidence that for the Swedish pulp industry, the “fantastic” performance of the eucalyptus tree in countries in the South is above all related to the huge profits that this industry can make, making them fantastically blind about any negative impact that might threaten this enormous gain.

By Winnie Overbeek, FASE/ES, e-mail: [winnie.fase@terra.com.br](mailto:winnie.fase@terra.com.br) and Ricardo Carrere, WRM

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### - Uruguay: Botnia pulp mill – “Why is EU public money being used?”

Botnia is currently building the world's most controversial pulp mill at Fray Bentos in Uruguay. It is doing so with hundreds of millions of tax payers' dollars funnelled through the World Bank, the Finnish export credit agency and the Nordic Investment Bank. The profits produced, along with the pulp, will be exported.

On 16 May 2007, a meeting took place at the European Parliament to discuss Botnia's pulp mill. The meeting, “Sustainable pulp production in Latin America or just pulp fiction?” was organised by the Heinrich Boell Foundation and the Greens/European Free Alliance. Presentations came from European and Latin American NGOs, academics, politicians and a representative from Botnia. The International Finance Corporation, which is financing the pulp mill, was invited, but declined to come to the meeting.

“Botnia has always asked for dialogue,” said Kaisu Annala, Vice President Environment at Botnia. According to Annala, NGOs have declined to take part in any dialogue. “We hope that after this meeting we can have more dialogue as we are used to here in Europe,” she said.

Her presentation looked exclusively at the supposed benefits of the pulp mill. The wood for the pulp mill will come from Forest Stewardship Council certified plantations. “Sustainable Forestry”, she said. She didn't mention the streams that have dried up, since the eucalyptus monocultures have sucked every available drop of water out of the soil. She didn't mention the rural people who have been left with no water in their wells.

The pulp mill will bring jobs, Annala said. But she was careful not to say how many of these jobs were full-time and how many were seasonal. She made no mention of the jobs that have been lost as cattle ranchers and sheep farmers have lost their grazing land to eucalyptus monocultures. She didn't mention watermelon and peanut farmers who no longer have enough water to grow their crops. Nor did she mention jobs in tourism that will be lost once the pulp mill starts to stink.

The presentations that followed did look at the problems caused by the pulp project. Professor Marcelo Conti from the University of Rome spoke about the failure of the studies carried out on the Botnia pulp mill to address the risks. The data is inadequate and the analysis too optimistic, he said.

“The studies produced for the company and the World Bank look at pulp production and the industrial tree plantations which supply the pulp mill as two separate things. They are not,” said Monica Vargas from Debtwatch.

Marcel Achkar from REDES (Friends of the Earth Uruguay) talked about the problems created by plantations. They destroy grasslands. They result in reduced water flows. They have impacts on soils. He showed slides of the clearcuts when plantations are harvested. “What's the point of this land use?” he asked. “The land was previously highly productive agricultural food production land.”

“What we need is a clean development plan”, Paula Brufman from Greenpeace Argentina said in her presentation. She looked at global patterns of pulp demand and pointed out that to meet the industry's current predicted demand

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we would need two mills the size of Botnia every year.

Pekka Haavisto, a Finnish Member of Parliament, talked about the need to apply environmental standards. "As Finns, we should ensure that European companies are meeting best available technologies," he said. The idea of developing and applying standards was challenged a few moments later by Klemens Lascheski from the University of Minas Gerais in Brazil. "We can apply standards and carry on, or we can look at issues of environment justice," he said. "With standards we are looking at an industrial process rather than at the structure of the industry." He described his work with people affected by projects similar to Botnia's pulp mill. He works with the Movement of Landless Peasants (MST), which is questioning this whole model of development.

The question in the title of this article "Why is EU public money being used?" came from Marcel Achkar from Friends of the Earth Uruguay. My presentation looked at the hundreds of millions of dollars that Botnia is receiving from the government of Finland and from the World Bank. The Finnish ECA Finnvera is providing a total of US\$230 million as a buyer credit guarantee for Andritz Oy, a Finland-based firm. "Finnvera's operations help increase employment and develop Finnish business," explains Finnvera's website.

The EU welcomed the World Bank's decision in December 2006 to support the Botnia pulp mill. "I applaud the decision", said Peter Mandelson, EU Trade Commissioner. And that is the answer to the question. EU public money is going to Botnia because it benefits European industry.

By Chris Lang. My presentation at the Brussels meeting is available here:  
<http://chrislang.org/2007/05/24/subsidies-and-the-botnia-pulp-mill/>

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## CARBON TRADE

### **- Emissions trading schemes promoted by G8 defer genuine climate action and generate massive profits for the largest polluters**

The hegemony of the G8 in international forums such as the United Nations Framework Convention of Climate Change means that global climate policy is been chosen for its compatibility with the existing economic system rather than its effectiveness in reducing emissions.

Carbon trading is central to this approach. It turns the earth's carbon-cycling capacity into property to be bought or sold in a global market. This use of market forces to address environmental problems takes two forms. Firstly, governments allocate permits to big industrial polluters who then trade these 'rights to pollute'. Secondly, surplus carbon credits are generated from carbon offset projects that claim to reduce or avoid emissions in other locations, usually in Southern countries. These credits may be purchased to top up any shortfall in permits. Under the Kyoto Protocol, such offset projects are carried out in the South through the Clean Development Mechanism (CDM), or in Northern countries through Joint Implementation (JI).

The market is growing enormously. A World Bank report valued it at US\$21.5 billion for the first three quarters of 2006, up 94 per cent on its value of \$11.1 billion in 2005.

Gleneagles Onwards

Despite the hype, the 2005 G8 summit in Scotland produced little in the way of concrete action in dealing with climate change. The final communiqué made limp resolutions to 'promote' better practice on climate change, with no mention at all of reducing the rate of extraction and consumption of fossil fuels. Blair was widely praised, however, for bringing

the heads of state of Brazil, China, India, Mexico and South Africa to the negotiating table, and it was with these countries that the G8 plus 5 Climate Dialogue was launched. The dialogue brings senior legislators together with international business leaders, civil society representatives and opinion leaders to discuss a post 2012 climate change agreement, with the aim of agreeing a consensus statement at the G8 2008 Japan summit.

The dialogue has a heavy bias towards trading schemes as the best way of dealing with climate change, with one of its four working groups dedicated specifically to developing market mechanisms. Furthermore, the G8 plus 5 summit has mandated the World Bank to facilitate the creation of a framework for climate change management, clean energy and sustainable development. This is in spite of the fact that the World Bank is part of the climate problem rather than the solution: since the UN Climate Convention was signed at Rio Earth Summit in 1992, the Bank Information Centre calculates that the World Bank has single-handedly financed over \$25 billion in fossil fuel based projects.

In response to the G8 mandate, the World Bank produced a report called 'Clean Energy and Development; Towards an Investment Framework,' an updated version of which was presented at the G8 plus 5 meeting in Mexico in October 2006. The report promoted carbon trading as the main means of financing the development of clean technology.

The Bank's promotion of emissions trading through the G8 plus 5 creates a clear conflict of interest in that it is also the largest public broker of carbon purchases, with over \$1 billion in its carbon credit portfolio. It generates a great deal of revenue for itself through receiving a percentage commission on all the carbon credits it purchases to administer through its Prototype Carbon Fund. Through its influence in political processes like the G8 plus 5, it has actively lobbied to make the CDM a more attractive proposition for investors and less effective in terms of actually reducing emissions.

The G8 plus 5 met again in February 2007 in Washington, at a meeting spearheaded by five US senators who have introduced a congressional bill that would allow US companies to certify emissions reductions, which may be traded on the international market to other nations. Keynote speakers included German Chancellor Angela Merkel as well as Nicholas Stern, whose influential Stern Review on climate change has been promoted as providing the economic rationale for the global carbon market, and Paul Wolfowitz, president of the World Bank.

It is not yet clear what targets there are for dealing with climate change at the 2007 G8 summit in Germany, but the majority of governments, industry and International Financial Institutions are keen to see the groundwork laid for an international emissions trading framework that extends beyond the 2012 Kyoto commitment period, that will include the other greenhouse gases and other emissions producing sectors, such as the airline industry.

### *Carbon trading won't work*

The G8 and free-market environmentalists have been at the forefront of championing a rosy narrative of 'win-win' scenarios where the quest to maximize corporate profits can go hand in hand with addressing the climate crisis. But this is largely an act of faith, as there is no evidence that climate change can be tackled while maintaining an economic growth pattern based on the ever-increasing extraction and consumption of fossil fuels.

Carbon trading encourages the industries most dependent on coal, oil and gas to delay shifting away from fossil fuels. There is little incentive for expensive plans for long-term structural change if you can get by in the short term by buying cheap permits from operations that can reduce their emissions. Yet for G8 countries seeking to demonstrate their commitment to climate action, these inherent problems of emissions trading are swept aside in favour of a system that sustains the economic dominance of the most powerful industrialised nations.

### *The G8 nations and emissions trading*

France, Germany, Italy and the UK

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Since the start of 2005, France, Germany, Italy and the UK have been participating in the European Union Emissions Trading Scheme (EU-ETS), the biggest experiment yet in carbon trading, and the harbinger of the global market that will begin in 2008. The EU-ETS works on a 'cap and trade' basis. The amount of permissible carbon pollution is divided up between industrial locations (called 'installations' in the scheme) across Europe – this is the 'cap' part. If any installation goes over its limit, it must purchase the equivalent amount of permits on the market, and conversely, if an installation is under its limit, it can sell its shortfall on the market – this is the 'trade' part.

The first phase of the Scheme has been a disaster. Under sustained corporate lobbying, almost all EU governments made huge over-allocations of permits to industry in the first phase. In 2005, the first year of trading, the relevant industries across Europe emitted 66 million tonnes less than the cap that had been allocated. This meant that the cap was effectively meaningless as it had not forced any net emissions reductions. A preliminary analysis of the 2006 data shows that 93 per cent of the 10,000 installations covered by the ETS emitted less than their allotted quota.

These over-allocations have resulted in windfall profits for the biggest polluters who, in successfully exaggerating their need for emissions allowances, received enormous amounts of permits that they could then profitably sell on. The companies also made money by passing on the nominal 'market costs' of these free permits to consumers. The German Environment Minister has claimed that the four biggest European power producers – Eon, RWE, Vattenfall and EnBW – have profited from this to the tune of €6 billion and €8 billion.

With the second phase of the EU-ETS due to start in 2008, the evidence suggests that lessons haven't been learnt. A working paper released in November 2006 by German researchers said that of the 25 second phase National Allocation Plans submitted for EU approval, 18 were too generous, and many of the new caps were set above 2005 emissions levels.

#### Japan

As the most energy-efficient country in the industrialised world, Japan is struggling to meet its Kyoto commitment to below 6 per cent of 1990 levels (current are 8 per cent higher than the 1990 level). Consequently, Japan is heavily committed to using emissions trading to make up the shortfall. The Japanese government set aside 5.4 billion yen (US\$45.9 million) in its 2006 budget to purchase carbon credits from abroad, and has approved some 41 predominantly CDM projects, in countries such as Malaysia, India, South Korea, Indonesia, China and Vietnam, with even greater numbers of such projects in the pipeline. In addition, Japan is one of the biggest investors in the World Bank Prototype Carbon Fund, with eight out of the 17 corporate investors being Japanese corporations, as well as the government's own Japan Bank for International Cooperation.

#### Canada

Canada's conservative government has been making disgruntled noises about its Kyoto commitment of reducing its emissions to 6 per cent below 1990 levels. Environment Minister Rona Ambrose has stated this target is 'impossible', that the EU trading scheme was a failure, and that the CDM was little more than a recipe for corruption and wasted money. The conservative administration has not delivered on promised funding for the CDM executive board, the international body that oversees and approves CDM projects, and it has underfunded the Canadian office for administering CDM and JI schemes to the point of its near irrelevance.

#### Russia

The collapse of Russia's economy during the 1990s has seen a slump in emissions, at one point reaching 40 per cent below 1990 levels. This has resulted in Russia having a huge supply of surplus carbon credits that it can sell on to other countries when the global emissions market opens for business in 2008 – but these have been achieved by external circumstances rather than by the country having implemented any sort of energy efficiency or renewable energy measures, an example of how emissions trading can be profitably exploited with no sustainable action to tackle climate change. Not surprisingly, Russia has been enthusiastic about its opportunities to profit from emissions trading, with one World Bank estimate suggesting that it could profit by \$11 billion under Kyoto.



## USA

George Bush famously refused to ratify the Kyoto Protocol in 2001, so the US is not taking part in emissions trading in order to meet any domestic compliance targets at the national level. Yet several private initiatives, including the Chicago Climate Exchange, are trading in offset credits. With the recent Democrat takeover of Congress the US attitude to emissions trading looks set to change. Ten US corporations, including DuPont and General Electric, have joined with green groups to form the US Climate Action Partnership to urge Bush and Congress to create a carbon market for the US. At the 2007 World Economic Forum in Davos, chief executives of European and US power and industrial companies said that the US needs to lead the way in setting up a global carbon emissions trading regime.

By Kevin Smith, e-mail: [kevin@carbontradewatch.org](mailto:kevin@carbontradewatch.org), sent by the author.

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