The International Monetary Fund: a major actor in deforestation

For years forest activists have focused their attention --and rightly so-- on the World Bank's role in forest destruction. Those efforts have to a certain extent been instrumental in the introduction of a number of positive policy changes within the Bank, which have at least meant an improvement in World Bank lending.

However, efforts to influence an equally or even more important actor in forest loss --the International Monetary Fund-- have been mostly absent or at least clearly insufficient, while there is ample proof of the direct link between IMF-imposed policies and deforestation.

Through its Structural Adjustment Programmes (SAPs), the IMF has for years been imposing on Southern governments the implementation of a number of policies, allegedly aimed at solving those countries' economic problems. Country after country and year after year, the result has been further impoverishment and widespread environmental degradation.

Oblivious to the fact that its patients' economic, environmental and social health is not only not improving but, on the contrary, is clearly worsening, the IMF continues imposing exactly the same medicine: open up trade barriers, increase exports, cut government spending, promote foreign investment, liberalise, privatise.

It is really hard to believe that IMF economists ignore what's resulting from the implementation of the institution's policy. It is even harder to believe that its most influential members (the US, Japan, the European Union) are unable to make it work adequately. But when one looks at the results of those policies, it becomes clear that the IMF is in fact doing its job very adequately, particularly for Northern-based transnational companies. Abundant and cheap supplies of countless raw materials are now directly or indirectly in the hands or transnational corporations and the same is applicably to huge economic assets which used to be state owned (energy, telecomunications, mines, insurance, banking, etc.) and are now controlled by TNCs.

In the tropical region, IMF-imposed programmes have resulted in deforestation, forest degradation, widespread social impacts and generalized impoverishment. Forests are being rapidly destroyed to give way to export-oriented cash crops; large-scale commercial logging is depleting some of the most biodiverse forests on Earth; mining corporations are destroying environments and local peoples' livelihoods; oil exploitation is degrading entire ecosystems and local communities' basic resources; hydrolectric dams drown entire forest areas; export-oriented shrimp farming results in the disappearance of mangroves.

The result is that countries rich in natural resources become socially, economically and environmentally poorer the more those resources are exploited and exported.

With that track record, the IMF must be considered as one of the major underlying causes of deforestation and forest degradation. All governments --North and South-- have committed themselves to protect the world's remaining forests and to address the underlying causes of

deforestation. All those governments sit at the IMF. However, this being a non-democratic institution, at the IMF the number of votes depends on the number of shares each country holds. This implies that responsibility for the institution's policies and actions regarding forest destruction lies squarely on the hands of its major shareholders: the US, European Union member countries and Japan.

Those governments must be made aware --through increased campaigning efforts-- that the world is holding them responsible for the social and environmental disaster which is resulting from IMF-imposed policies in tropical countries, which must be urgently and drastically modified. More of the same is simply a recipe for disaster.