

## In this issue

*Plantations and the CDM*

*Battle lines drawn over F-gases*

*Energy efficiency measures under the Italian EU presidency*

*Preparing for Renewables 2004*

*Why won't Russia ratify Kyoto?*

# The sinking bottom line

## Plantations will turn the CDM into a mechanism for continued devastation says Jutta Kill of SinksWatch

Negotiations about carbon sinks in the Clean Development Mechanism (CDM) have been a slow race to the bottom: From at least some governments cautioning about their inclusion because of a long list of scientific and other uncertainties, through the inclusion of sinks projects into the CDM despite these uncertainties, to the continued evaporation of proposals that might have prevented some of the most devastating social and environmental side-effects of carbon sinks projects. COP 9 will show how low the bar will be fixed in the end.

visible. The local communities and former workers from the company testify that the management of these plantations – including the significant application of herbicides – has been everything else but clean and that any expansion of these plantations will bring continued devastation rather than clean development.

Similar stories about the impacts of industrial monoculture tree plantations on indigenous peoples and rural communities are plentiful and well documented in many different regions. Judging from proposed CDM sinks projects, there is no indication that CDM registration for any project will prevent these negative social and environmental impacts.

It will be a sad outcome of the sinks negotiations at COP9 if the Clean Development Mechanism ends up structured to provide a new subsidy for the industrial tree plantation industry. Indigenous peoples and rural communities already struggling against the encroachment of these 'green deserts' onto their lands will be hit twice by climate change. They are likely to bear the brunt of the impacts caused by global warming in general while the CDM also stands to finance environmentally damaging tree plantations they have been struggling to halt for decades.

There is still time to change course. CDM carbon sink projects require buyers for the credits they generate. Governments serious about addressing climate change or promoting truly sustainable development must refrain from buying carbon credits originating from CDM sinks projects, especially those from industrial tree plantations.

Fail to do this, and the Clean Development Mechanism will become a Mechanism for Continued Devastation.

While governments haggle over the final details of the rules, the tree plantation industry has been quick to grasp the looming opportunity. In Brazil, Plantar S.A. has already begun expanding its vast eucalyptus tree plantations by another 23,000ha. Local small peasant communities have been opposed to the expansion of Plantar's eucalyptus tree plantations for many years. They have witnessed their lands slowly but surely dry up as new plantations encroach, followed by a slow process of seeing their wells drying out and their lands desiccated to a point where it does not support a meagre subsistence livelihood anymore. The environmental impacts of these plantations are readily

## Raising public awareness in Italy

Serena Calvi, Legambiente, Coordinator COP9 Campaign

In the run up to the 9th Conference of Parties to be hosted in Milan next month, many Italian environmental NGOs have been working hard to co-ordinate their climate campaigning. They now have high hopes that events and activities planned to take place beyond the confines of the UNFCCC's negotiating halls will help to greatly improve public awareness and participation in Italy's climate agenda.

With a government largely disinterested in public debate, information concerning climate change and its impacts remains scarce to non-existent in much of Italy.

For this reason alone, Italy's environmentalists regard the Milan climate talks as a major opportunity to fight both institutional silence and public disinformation in order to persuade civil society it must pay urgent attention to domestic policies (and to a common international strategy) for responding to climate change.

To that end, several public debates have been scheduled around COP9 at which leading political commentators, scientists and jurists will talk about the causes and likely impacts of climate change, the importance of the Kyoto Protocol and the need to continue the development of an effective multilateral framework of environmental law for collective action to limit the dangers arising from human induced climate change.

Italian environmental groups have also come together to produce *The White Book on Climate* continued overleaf

# F is for Fairytale

Mahi Sideridou, EU Climate Policy Director, Greenpeace

Once upon a time, the chemical industry created and promoted extremely potent greenhouse gases. Commonly known as industrial fluorinated or F gases, hydro-fluorocarbons (HFCs), perfluoro-carbons (PFCs), and sulphur hexafluoride (SF6), all have very long atmospheric lifetimes and are thousands or even tens of thousands of times more potent than carbon dioxide.

In the F version of the archetypal struggle between good and evil, the latter appears to be losing ground. Fluorinated gases are covered by the Kyoto Protocol. Climate and ozone friendly alternatives now exist for almost all of their applications. In the last few years, a number of European governments have recognised in policies and legislation that these gases are not sustainable and have imposed measures to restrict them (phase-out schedules, import and eco-taxes). This summer, the EU Commission also proposed a Regulation on Fluorinated gases.

But before we relax, have a cup of tea and shift all our attention to energy-related greenhouse gas emissions, let's examine this piece of EU Regulation.....

Firstly, the Regulation doesn't promote known and climate-friendly alternatives. Instead, it details a complicated, resource intensive F gas 'containment' system. Wouldn't it make more environmental and economic sense to simply replace these substances?

To be fair, the EU Regulation does phase out certain F gas uses. For example, the use of SF6 is banned in Nike shoes (Nike is phasing it out anyway), tyres (this application is dying out by itself), magnesium die-casting (the alternative is widely used already) and windows (used mostly in Germany).

Let us now see what the EU Regulation leaves untouched. It doesn't ban HFCs in domestic refrigeration, even though the EU market is already dominated by hydrocarbon 'Greenfreeze' technology. It doesn't ban the

use of HFCs in foams, although the projected emissions from this sector are startling. Plus, it fails to even mention stationary air conditioning or aluminium production.

At least, mobile air conditioning is covered, right? Well, yes, but the extended timeframe for phasing out HFC 134a (2009-2014/2018) is unacceptable. Plus, the Regulation permits the use of HFC 152a – a shocking provision, given that climate-friendly alternatives exist for this application.

And now, the wickedest witch enters the picture. This Regulation uses the article on the internal market as its legal basis, rather than that on the environment. This prevents EU countries from designing stronger national legislation to control and phase out F gases and will require Member States that have already adopted progressive legislation (such as Denmark and Austria) to dismantle their efforts.

If there is anyone having a relaxing cup of tea right now, it can only be the chemical industry lobbyists.

In an ideal world, where good prevails and environmental legislation is designed to protect the environment, the following improvements must be made by the European Parliament and the Council of Ministers to the proposed Regulation:

- Priority to climate-friendly alternatives.
- Phase-out dates for all F gases in mobile & stationary air conditioning, refrigeration, aluminium manufacture and foam making.
- A legal basis that permits Governments to impose domestic measures that go beyond the scope or timeline suggested by the Regulation, in the interest of the environment.

F gas emissions from the EU 15 increased by 36% between 1990 and 2000. Climate-friendly alternatives lie within our reach. This Regulation must be significantly strengthened if this fairytale is to have a happy ending.

## EU Policy Focus

Energy Commissioner Loyola de Palacio has announced that she will present a proposed Directive on **security of electricity supply** before the end of the year. By the low standards of DG TREN this is lightning speed: the Directive on reducing energy demand has been sitting in the DG for nearly 2 years. The proposal is to use the recent blackouts in the EU to push for more investment in transmission and generation infrastructure. Given the Commissioner's track record, environmentalists should expect some nasty surprises.

The proposed Directive to link **CDM and JI to the EU cap-and-trade scheme** will not get its first reading under the Italian presidency. The Parliament has said that it will have its first reading in March next year. Despite the Italians' protestations that they want an early decision, they themselves have blocked any agreement in Council. This means that unless there is a first reading agreement the Directive must await the next Parliament.

Having generated very little controversy, the Directive on **monitoring and reporting of GHG emissions** was adopted at first reading on 21st October.

The Conciliation process between the Council, Commission and Parliament failed to produce an agreement on rules for **public procurement**. As ever, the sticking points remain the whether the reasons for awarding a tender must be "justified by the subject matter of the contract"; and whether the economic advantages of a decision must accrue only "for the contracting authorities". This legalese may sound obscure, but, in practice, it could restrict the right of public bodies to make procurement decisions based, even in part, on broad considerations like global climate change impacts. The Commission has tabled compromises, but the lawyers are once again 'destruct-testing' them.

*continued from page 1*

*Change*, to be launched during COP9. This scientific document sets out the issues and presents a range of solid proposals for activities and strategies to mitigate the impacts of climate change across Italy. These range from research on renewable energy sources to much tighter energy efficiency parameters alongside more coherent policies (and possible fiscal intervention) on mobility and transportation.

A range of other events are also scheduled linked to COP9. These include a citizens open forum, conferences in various universities, and a 'cycle-march' on 6 December where the public are invited to ride their bicycles through the streets of Milan in order to make a personal commitment to leave to future generations a planet fit to live on.

## Hot Documents

*CDM Toolkit, CDMWatch, 2003*  
[www.cdmwatch.org](http://www.cdmwatch.org)

*OECD: Technology Innovation, Development & Diffusion* [www.oecd.org/dataoecd/23/52/2956490.pdf](http://www.oecd.org/dataoecd/23/52/2956490.pdf)

*Progress Report on Implementation of the European Renewables Directive*, WWF 2003.  
[www.panda.org/downloads/europe/renewablesdirectiveoctober2003.pdf](http://www.panda.org/downloads/europe/renewablesdirectiveoctober2003.pdf)

*Australasian ET Forum Review, Oct/Nov 2003.* [www.aetf.net.au](http://www.aetf.net.au)

*Key World Energy Statistics 2003 and Renewables Information 2003* from [www.iea.org/stats](http://www.iea.org/stats)

*Renewable electricity policies in Europe, 2003*, Energieonderzoek Centrum Nederland [www.ecn.nl/docs/library/report/2003/c03071.pdf](http://www.ecn.nl/docs/library/report/2003/c03071.pdf)

*The Costs Of Inaction: Delaying Action On Global Warming Costs Consumers And The Environment*, 2003, U.S. PIRG Education Fund.  
[http://uspirg.org/reports/costsofinaction10\\_03.pdf](http://uspirg.org/reports/costsofinaction10_03.pdf)

## And Italian autumn for energy efficiency

Germana Canzy, Climate & Energy Efficiency Officer, WWF European Policy Office

As anticipated, the Italian Presidency has been full of surprises, not all of them pleasant, and the massive blackout in Italy on 28 September provided added interest.

In its aftermath, Commissioner Loyola De Palacio is rushing through a package of measures including a new directive on the 'security of electricity supply', supported by Italy's industry minister Antonio Marzano who's put this on the agenda for 4-5 Dec. Energy Council.

The likely content of the 'Supply Directive' is as follows: Euro 40 bn of recommended energy infrastructure investment, including grid interconnection, with part public funding through the European Investment Bank, from structural funds and grid tariffs; financial incentives for power generators to build new plants (no technology priority specified); an Annex listing priority interconnection projects declared to be of "European Public Interest" in order to overcome local opposition. All this based on a business-as-usual electricity demand growth scenario of 44% by 2020 that takes no account of the Commission's own initiatives to reduce demand, nor of action on energy efficiency by member states. No mention of climate change policy or Kyoto. No public consultation. Result: a proposal designed to favour large-scale, conventional power, especially nuclear, to penalise renewable and decentralised energy, and to enable governments (such as the Italians) to curb environmental and local opposition while stimulating massive growth in energy demand.

Meanwhile, escalating peak demand, arising partly from massive growth in the use of inefficient air conditioning and other equipment, is not being tackled by the proposed EU rules (nor in Italy where some

fear there may be other blackouts in the run-up to Christmas).

The most rapid and cost-effective response would be a climate-friendly approach that promotes super-efficient equipment, takes the most energy-thirsty products out of the market and looks to better building regulations and more renewable energy supplies in the medium/longer-term.

While some of these issues are tackled by other Directives in the pipeline, the proposed 'Supply Directive' will – if it goes through unchanged – render those measures worthless. For example, the Directive on Energy Efficiency Services and Programmes (EESP), now one year late, is due to be presented by the Commission to Parliament and Council around December. At the moment, it contains a target for member states to reduce demand by 1% per year through energy efficiency programmes and a 1.5% target for public procurement. In contrast however to the proposed 'Supply Directive', EESP does not earmark public funds for measures to curb demand even though the public would gain economically from such action.

The Directive on Eco-Design of Energy Using Products (EuP), presented by the Commission in August, is also an important framework for phasing-out inefficient products from the EU market. It's likely to be improved when examined by the European Parliament from December (see WWF's proposals at [www.panda.org/epo/climate/energy\\_demand/](http://www.panda.org/epo/climate/energy_demand/)).

Additionally, the Cogeneration Directive is now going through its second reading in a pugnacious European Parliament and may also contribute to reducing energy wastage in Europe.

More efforts, however, should be made, not only to improve these three energy efficiency-related Directives, but in general to make sure that the energy demand reduction measures are placed higher on the agenda for national governments and EU institutions. This would prevent other questionable initiatives such as the Supply Directive – which we hope Member States will reject – seriously undermining energy efficiency programmes.

Meanwhile, Utilities will continue to lobby against energy demand reduction policies unless they can make money out of them (and one such hope may be with the EESP Directive). So it's also crucial to encourage businesses that have an interest in energy efficiency, such as energy services companies (ESCOs), to establish their own lobby and to speak up for themselves in Brussels.

## News from the Network

### Preparing for Renewables 2004

Jürgen Maier, Director, German NGO Forum Environment & Development

One of the few concrete positive results that came out of the World Summit on Sustainable Development was an EU initiative to build a coalition of nations willing to promote renewable energies beyond the non-committal phrases of the Johannesburg declaration, and Germany's invitation to host an inter-governmental 2004 conference on renewables in Bonn. To ensure this summit does not become another missed opportunity hijacked by the usual suspects, NGO representatives from 23 countries met to coordinate strategies and positions at a seminar in October hosted by Germany's NGO Forum Environment & Development, WWF International and the Heinrich Böll Foundation.

The event was designed to help diverse participants from very different backgrounds to find common ground. Representatives from NGOs, renewable energy associations and academia from Africa, the Americas, Asia and Europe soon began discussing difficult but crucial questions: Why do many developing country governments hesitate to embrace renewable energies? How can renewables be implemented for rural, off-grid applications? What are the necessary frameworks for making renewables cost-competitive? What can we do together? One outcome from this meeting is a new network called **CURES – Citizens United for Renewable Energies & Sustainability**, and a 16-page declaration listing a good many common positions for the preparatory process of *Renewables 2004*. The declaration is already supported by 38 organisations – including CAN-Europe – the declaration and is gradually attracting more signatures. In the mean time it will be translated into 8 languages and will be mailed with a list of (its then) signatories to all governments in November. CURES will also present the declaration at the preparatory conferences for *Renewables 2004* scheduled for Brasilia and Nairobi in November, and at COP9 in December. A coordinating committee has been set up to help member groups work together effectively. The network is open to all NGOs who can support the declaration – newcomers are very welcome.

The declaration can be accessed at <http://www.ee-netz.de/cures.html>. An email list has just been opened. Contact: Gerald Knauf at [gerald@forumue.de](mailto:gerald@forumue.de)

### Hot Links <http://>

UNEP's Sustainable Energy Finance Initiative (SEFI) [sefi.unep.org/](http://sefi.unep.org/)

Renewable Energy & Efficiency Partnership. [www.reeep.org/](http://www.reeep.org/)

#### COP9 websites

CAN-Europe [www.climnet.org/COP9.htm](http://www.climnet.org/COP9.htm)

Italian Associations [www.cop9italia.org/](http://www.cop9italia.org/)

COP9 host country [www.minambiente.it/cop9/](http://www.minambiente.it/cop9/)

CAN-Europe's CDM-JI webpage

[www.climnet.org/EUenergy/CDM.htm](http://www.climnet.org/EUenergy/CDM.htm)

Dealing with Climate Change – Policies and Measures. Searchable information on GHG emission reduction efforts in IEA Member countries from 1999 – 2002.

[www.iea.org/envissu/pamsdb/index.htm](http://www.iea.org/envissu/pamsdb/index.htm)

# Hotspot

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## Hot Gossip

*There are few more hotly contested titles than that of "Most Awful EU Presidency". However, the Italians are putting in a performance that few could hope to match. They have shown total indifference to playing the presidency's traditional role as a deal-broker; rather they have pushed their national agenda at every stage. EU negotiators have despaired when they think they've had an agreement only to see the Italians refuse it at the last moment. Most farcically, Italy has been arguing that a 2005 start for the CDM/JI link is vital for persuading Russia to ratify the Kyoto Protocol, and has been blocking EU agreement on that basis. Given that JI will not even exist before 2008, nothing could be more irrelevant to the Russians. Are the Italians hiding something, or have they not even read the documents? Answers on a postcard please.*

# Russia's [non] ratification of Kyoto – economic plan or political chaos?

Alexey Kokorin, WWF Russian Climate Change Programme

The only global agreement to save climate, ratified by around 120 countries, remains suspended. The Moscow World Climate Change Conference generated powerfully negative media coverage – "Russia is going to reject..." Then, on 19 October we got a more positive reply from the Asia-Pacific Economic Summit when Vladimir Putin suggested: "...it is not an easy task for us to convince the Duma to ratify... we want to do so and we will go forward in this direction." Is there a plan or was that reply spontaneous? Is the main incentive economic or political? Only a sober-minded analysis of insiders' opinions can provide an adequate picture. Also, to Russia, a few specific points apply:

- The President is powerful and the Kyoto Protocol has his personal attention.
- Economic issues are not his main concern when the general situation (oil prices, external debt, investment rating, GDP) offers cause for optimism. Economic arguments can be a good mask for political tasks or to win time if such tasks are unclear.
- Investors, business, right wing groups, and students support ratification but rural and poor people, the communists and the military do not. Many people also just hear key words in the media such as 'trade abroad' and 'natural resources' and link Kyoto to issues of illicit trade. With upcoming State Duma and presidential elections the President and his Unity Party must avoid any clear position.
- The President uses a system of 'balances' – where one politician should balance his opponent. One viewpoint suggests that the President asked economic advisor Andrew Illarionov to fight the Kyoto Protocol in order to curb the political weight of the Union of Right Forces and Anatoly Chubais (CEO of Russian energy monopoly RAO UES). Latest observations also help convey a more accurate current picture.
- The arguments against ratification that became visible at the Moscow World Climate Change Conference were not new, they were simply made visible abroad.
- So called 'friendly diplomacy' – to say what the audience or host country leader wants to hear – is a common tactic. At the Moscow Conference, Putin expressed a rather sceptical view, while in Bangkok he

seemed quite positive, and so on.

- Russian foreign policy often seeks to balance US and EU positions. The anti-americanism common to the Soviet era has also been tempered by closer co-operation between intelligence services, especially in the fight against terrorism. Russia wants a solution to the Kyoto Protocol that won't undermine their relations with America.
- Putin is unclear on how he might win maximum global political kudos from ratification. He may need more time to think or a high-status political occasion. Any immediate decision on ratification would destroy his options for playing a more sophisticated game, making an announcement in the coming months unlikely.

Kyoto is a 100% political problem for Putin masked by economic concerns in the run up to a major election. Any efforts to buy ratification directly won't help – indeed payment of 1-2-3 billion Euro to Russia would have a negative effect. Kyoto should not be made an economic choice between the EU or the US but remain a decision to choose or reject a UN framework. Equally, to secure ratification, global leaders need to help provide a 'great political occasion'. Meanwhile, Kyoto should be kept at the top of the agenda using strong public pressure from Europe, other countries and within Russia to the extent that is possible.

Russia is nowhere near a decision to ratify yet but it is also further away from non-ratification and must remain so.

## Diary 2003

### Council dates

20 Nov	Transport & Energy
4-5 Dec	Transport & Energy
15 Dec	Transport & Energy
22 Dec	Environment

### Events

- 1-12 Dec COP9, Milan, Italy
- 1-2 Dec Towards a New Euromed Partnership on investment promotion, infrastructure financing and energy supply security, Rome
- 2-3 Dec Euro-Med Foreign Ministers, Naples