

# privatization



Ache People of Paraguay.

chapter issue 107

## nature for sale

the new markets 1: selling our carbon



**Friends of  
the Earth**  
International

**Global Forest Coalition**

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# 1

## [costa rica] markets of environmental services and the privatization of resources

During the 70's, 80's and the beginning of the 90's, forests suffered severe deforestation in Costa Rica. Considering that most of the country is privately owned, the government took action and developed initiatives aimed at stimulating the recovery of forests on private lands.

In 1996, The Forest Law 7575 renewed the basic concept upon which private forests were managed. The original scheme of forest incentives was transformed into the Payments for Environmental Services (PSA) system meaning that environmental services provided by forests and plantations were paid for. The state recognized environmental services as the conservation of biodiversity, water basins and water resources, the provision of aesthetical values and the ability of a forest to function as a carbon sink. The PSA was a simple way of making forests in privately owned hands pay for themselves and attribute the costs to the whole society. To develop and administer the PSA system, the National Fund for Forest Financing (FONAFIFO) was created. On average, Costa Rica has been allocating about \$7-8 million per year to payments for environmental services paid for by a selective tax on fuel.

The PSA system was developed as a political, technical and financing tool used to plan and fund the conservation of vital resources in private areas. However, since the very beginning, the PSA system has been subject to ideological pressures that try to drive it towards a much more mercantilist stance, oriented by the illusion of markets and privatization of environmental services.

### achievements, potentials and limitations

FONAFIFO, together with the forest and lumber industry, state that the PSA system has to be given credit for the regeneration of the forest cover in the country, which has benefited both the forest industry and people in rural areas through employment. However, a study carried out by FONAFIFO in 2002, concluded that PSA had no effect as a poverty reduction strategy in rural areas of the country. To add to this, in 2003 the Institute for Economic Research in the University of Costa Rica, published a report stating that the PSA system had no real impact on the improvement of environmental services being paid for, it was concentrated in few

## the carbon market: “nature on sale” all over again

Larry Lohmann, the Cornerhouse, UK

Nature, food, land, forests, water, biodiversity, and genes are not any more “natural” than they are “human”. To try to make any of them into a commodity is to reorganize society. It is to create new kinds of power and knowledge and put them in fewer and different hands.

Putting “nature” on sale is a complicated game. Commodification requires police. It requires fences, accountants and patents. It requires new laws and lots of lawyers. It requires schools and public relations. It requires new state institutions and new techniques. It requires subsidies. No market has ever been created or sustained without a lot of hard work by institutions, which economists have wrongly taught us to believe are “outside” the market.

Nowhere does “putting nature on sale” cause such complications as in the case of climate. Here, as with biodiversity, an emerging environmental disaster has led to new attempts to commodify that environment. Business, the state and a lot of expert institutions are instinctively trying to evade a crisis they have helped create using the tools that created it. But in the climate case this approach is, if anything, even more pathological, stupid, and damaging.

landowners' hands, and it didn't contribute to eradicating rural poverty.

In spite of this, environmental organizations recognize its potential as a tool that can channel resources to forest owners. Positive experiences with peasant and Indigenous Peoples organizations in the management of PSA resources, have developed new practices and knowledge on community forest management and the restoration of tropical forests. Further work is being carried out to turn PSA into a resource that motivates and facilitates greater appropriation and control of forest resources by local communities, and into a tool for forest restoration in areas where bio-diversity is degraded.

#### **commodification vs. honest strengthening of PSA**

Regardless of the positive experiences and future potential, the PSA system is presently at a crossroads. Either it establishes and strengthens itself as an honest tool to protect forests and their biodiversity, to maintain and improve the condition of water basins, and to strengthen local organizations, their knowledge and management capacities of forest resources. Or, it becomes commodified and remains limited to the logic of the market, handing over control of vital resources to big corporations.

Some political sectors at the national and international level are strongly pushing for the latter. An example of this is the Eco-markets project, a fundraising initiative for the PSA system, implemented by the Costa Rican government and financed in 2001 with a World Bank loan and a donation from the Global Environment Facility (GEF). The project clearly focused on "supporting the development of markets and private suppliers of the environmental services offered by private forests". Its main goal has been to sell environmental services related to the maintenance of biodiversity, the reduction of greenhouse gases and water conservation in the global market.

The drive to create new markets for biodiversity related services, carbon credits and water, poses several important questions. For example, who is going to buy these services and what are the rights they acquire over national biodiversity, forest and water resources? Moreover, how will national sovereignty over biodiversity interface with this new market? In answering these questions it must be recognized, that it is fully legitimate for a country to take responsibility for the costs of protecting and maintaining its own natural resources, for the purposes of

food security, healthcare and its ethical relation with biodiversity.

#### **carbonization?**

Tropical countries not obliged to reduce emissions under the Kyoto Protocol had their expectations raised with the introduction of the Clean Development Mechanism and the carbon credit market. It gave them the chance to attract investments and funds, through the establishment of reforestation and forestation projects, which would act as carbon sinks.

Costa Rica, with quite some technical experience in financing and management of plantations, has been in the vanguard of this group of countries and has been preparing to host these kinds of projects. This is despite the fact that plantations damage the very environmental services for which they get paid, such as the protection of soil and water as well as the conservation of biodiversity.

In spite of Costa Rica's forest experience, the definition of a Kyoto area remains unresolved and the determination of their potential for carbon fixation still presents difficulties. More importantly, the development of these carbon

#### **climate and carbon**

The climate change crisis is an example of a familiar social problem – the overflowing waste dump. For over 150 years, industrial societies have been transferring fossil carbon from underground deposits of coal, oil and gas, via the combustion chamber, to a more active and rapidly circulating carbon pool, or "dump", above ground.

Once carbon is in the aboveground system, you can't get it back underground into fossil fuel or carbonate deposits for a very long time. The capacity of the aboveground "dump" as a whole to absorb carbon from underground is limited and perhaps half of the fossil carbon continually being added to the aboveground pool of carbon is building up in the atmosphere. The consequence is global warming and rising sea levels, with potentially disastrous results for our planet.

Industrialized societies alone currently use far more of the absorptive capacity of the biosphere and atmosphere in which to stow their carbon emissions than is globally "available". Were the global North's use of aboveground carbon "dump" space to be held constant, no space would be left for others to use, even for activities which do not involve transfer of carbon from fossil stocks (such as breathing).

The thinking person's solution to this problem is to slow or halt the production of the substance that winds up in the dump. Reduce the dangers of dumped DDT or chlorofluorocarbons or polyvinyl chloride? Stop producing them. Reduce the dangers of climate change? Stop taking fossil fuels out of the ground.

Yet the elites most dependent on hydrocarbons don't see things that way. They are not inclined to stop producing the stuff filling up the dumps or to take up new technologies which could invade their current core markets. Instead of restricting and equalizing the use of the aboveground carbon dump, world elites, particularly in the North, have been working, since the 1990s, to turn it into a privately owned asset. Bit by bit, starting with voluntary carbon markets and the Kyoto Protocol, international climate agreements have become a charter for commodification. The carbon-absorbing capacity of the world's air, oceans, soil and vegetation is being put on sale.

markets raises serious ethical questions. According to recent estimates of the International Panel on Climate Change (IPCC), far greater reductions in the emission of greenhouse gases are needed than those established under the Kyoto Protocol if we want to have a significant impact on the mitigation of global warming in the coming 100 years. Furthermore, the CDM has not only demonstrated the uncertainty of its real effectiveness in reducing emissions and on climate change, but it has also turned out to be a very complex mechanism, the discussion of which, has delayed the negotiations of the Kyoto Protocol.

In the case of Costa Rica, it has been estimated that these mechanisms could generate enough funds to double the area of plantations. Even worse, models for carbon reduction through CDM projects have indicated that they are only cost effective when the projects involve thousands of hectares. For Costa Rica, where the average farm size is about 60 hectares per family, this implies a serious threat of land concentration in a few hands.

### **certificates for environmental services**

FONAFIFO has been trying to promote the national and international market for environmental services through the Certificates for Environmental Services (CSA) scheme. Through CSAs the generation of basic environmental services is ensured for the functioning of a company. Moreover, a CSA can be used to provide the company with a good image, given that it is cooperating with the protection of forests; and the investment can be deducted from gross income for tax purposes by presenting it as operational costs.

For example, a CSA can be obtained by a company, which wants to protect a forest linked to a specific water basin where they have interests. A case in point is the certificate that has been issued to Meliá Conchal Hotel in the Dry Pacific, a region in the northeast, where water has been a limitation for large agricultural and tourism projects.

The company has been in conflict with the local communities who regard the huge water demands of the hotel as a threat to their aquifers. The company's strategy has been to buy land in water replenishment areas. These areas are submitted to PSA programs that will be financed with the funds coming from the CSA, which the company has bought.

This example illustrates how this new market for environmental services presents the risk of transforming the PSA system into an instrument of control over vital resources in the hands of big corporations. It also implies the risk of shifting the focus, goals and plans of the PSA system from one of conservation of natural resources, to one that only deals with the interests of those that are profiting from those resources and have the funds to buy them.

## **one the new market: selling our carbon**

### **property giveaways**

The Kyoto Protocol currently represents the main thrust of commodification of the world's carbon-cycling capacity and is divided into two parts. Under the first part, the United Nations would distribute billions of dollars' worth of rights to (over)use existing carbon dumps to 38 industrialized nations who already use them the most, permitting them to sell portions of what they don't use. The Protocol is intended to bind these countries to reducing their emissions by an average of about five per cent below 1990 levels by 2008-2012, although due to various loopholes these reductions will not be achieved even if the Protocol is implemented as planned. The governments of most of the 38 nations (although not that of the US), in turn, are quietly distributing large quantities of their entitlements to dump space gratis to hundreds of private companies in heavy industrial sectors such as power generation, steel, cement, chemicals and pulp and paper. Ultimately, the distribution of carbon allowances constitutes one of the largest, if not the largest, projects for creation and regressive distribution of property rights in human history.

The second part of the Kyoto Protocol attempts to open up, create property rights in, and market new, speculative, cheaper types of carbon dump. The aim is to help industrialized countries avoid restrictions on, or democratization of, their use of existing dumps. As carbon allowances

awarded to Northern industry become scarcer and more expensive over time, those sectors most in need of them will be able to buy an alternative, cut-rate supply from a new production line. Among those active in trying to create this market in new dumps, are oil companies, heavy industries, national research establishments, universities, think tanks, carbon brokers, consultancies, forestry industries, United Nations agencies, the World Bank, marketing firms and international business lobby groups.

One new type of carbon dump is to be carved out of land, forests, soils, water and even parts of the oceans. Fast-growing eucalyptus monocultures, for example, may be established or financed on cheap land in the South and the carbon they "sequester" then sold. The idea is that these trees are "new" and thus make up for the fossil carbon, which continues to be pumped out of the ground. Many such "carbon sink" projects have already been set up in countries ranging from Brazil and Uganda to India and the UK.

There are, of course, a few problems with this project of constructing new carbon dumps in the biosphere. First, in addition to licensing continued overuse and unequal use of the existing carbon dump, the attempt to build new biospheric dumps inevitably means taking over or using people's land, water, forests, air and communities. The result is, inevitably, local resistance as has already been experienced in many countries, in both rich and poor areas of the world.



## conclusion

The mercantilist orientation that some sectors want to give the PSA system are not only threatening its ethical integrity, given that they mix it up with the marketing of carbon credits and the accompanying threat of monoculture tree plantations, but they are threatening to turn the PSA system into a control tool and a means by which corporations can appropriate natural resources. These threats are magnified even more with the proposals in the free trade agreement with the US, which will facilitate the opening up of environmental services markets.

Friends of the Earth Costa Rica will continue campaigning for the PSA system to evolve increasingly towards an environmentally healthy and socially just system; so that it can become independent from the old incentive schemes for mono-culture plantations; so that it can be strengthened as a tool in the struggle against rural poverty and avoid the concentration of resources in the hands of big land owners; so that local peasant and indigenous organizations get support to deal with the bureaucratic requirements, and so that it can begin to complement processes of capacity building and participatory research on forests and its resources. The PSA system must not be transformed into the waiting room for the privatization of resources.

more information:

Coecoceiba Friends of the Earth Costa Rica

email: [coecoat@sol.racsaco.cr](mailto:coecoat@sol.racsaco.cr)



## dumping science

A second difficulty with the attempt to build new carbon dumps in the biosphere is that they can't be verified to be working. For one thing, scientists are radically uncertain about the fate of carbon dumped in the biosphere. In fact, scientists can't even know in advance all the factors related to biotic carbon that will affect climate, and all the nonlinear or discontinuous ways they may interact, making the problem even worse than mere uncertainty. The paths carbon takes above ground are not only much less stable but also, more importantly, much less predictable, than the paths taken by fossil carbon left under the ground.

Moreover, no matter how much additional biospheric carbon could be cultivated, it could never be of an order of magnitude remotely comparable to what would be required to "fix" the emissions from remaining unmined fossil fuels. As the Cambridge University forest historian Oliver Rackham quips, to tell people to plant trees to help the climate is "like telling them to drink more water to keep down rising sea-levels."

In short, a verifiable climatic equivalence between fossil carbon and biotic carbon cannot be established, rendering the claims of the Kyoto Protocol and firms such as Future Forests nonsense. Planting trees cannot be proved to make fossil fuel burning "carbon-neutral".

## away from the market

An important part of the formulation of the Kyoto Protocol has been the market bias of many of the other actors who are attempting to turn the world's carbon-cycling capacity into a commodity: international financial institutions, consultants, lawyers, traders, technocrats and some large NGOs. Many such technically sophisticated people are unlikely even to consider more constructive and democratic approaches unless public pressure on them increases.

### constructive ways forward:

1. Encourage discussion and negotiation about all the different possible ways of dividing up existing carbon dump space equally, including ones that do not involve tradable private property.
2. Work towards keeping remaining fossil fuels in the ground, for example by
  - Supporting and linking existing movements, setting their local areas off limits to mining, drilling, power production, etc.
  - Supporting energy efficiency, renewables, non-fossil-fuelled technologies and responsible tree-planting, but without trading them for continued fossil fuel extraction.
  - Regulation, taxation and other measures that do not start with an assumption that corporations already own the world's carbon-cycling capacity.

## 2 [brazil] plantar – privatizing the climate and land for profit

The Clean Development Mechanism (CDM) is one of the carbon reduction strategies developed under the Kyoto Protocol. A CDM project is intended to be a sustainable development project that theoretically reduces or offsets global emissions in carbon dioxide (CO<sub>2</sub>). The institution implementing a CDM project will, as part of the Protocol, gain carbon credits that they can sell to polluting industries or countries, usually based in the North, who have agreed to undertake a reduction in their emissions. CDM projects include methane extraction from landfills, hydro-electric dam projects, mono-culture tree plantations and projects that switch fuel use away from carbon based fuels, such as coal or oil to alternative sources.



Brazil has been targeted as a country with great potential for growth in CDM projects with several already in development. One example of a CDM in the Minas Gerais region is a controversial project supported under the auspices of the World Bank's Prototype Carbon Fund (PCF). A corporation called Plantar S.A. is claiming carbon credits for not switching its pig iron operations from charcoal to coal. In addition to this 'avoided fuel-switch' component, the Plantar project also claims credits for the carbon that will be temporarily taken up by its 23 100ha of monoculture eucalyptus plantations, acting as sinks that absorb carbon from the atmosphere. The eucalyptus is burnt to produce the charcoal that smelts the iron, but currently only around 50% of the charcoal comes from Plantar's own plantation and a large amount of the remainder is purchased from native sources. This has increased pressure on native forests, where due to significant demand from the pig iron industry, harvest is rarely sustainable, and in many cases illegal.

The World Bank has decided to support Plantar despite the fact that scientific studies concerning the ability of monoculture tree plantations to sequester CO<sub>2</sub> remain inconclusive. Some studies show that such

plantations actually produce more CO<sub>2</sub> emissions than they take up, while others say that only established forest ecosystems such as rainforests are able to absorb and store carbon. Moreover, carbon is actually not stored in plantations, and in the case of Brazil, eucalyptus is harvested in 7 year cycles and when burnt releases the CO<sub>2</sub> back into the atmosphere, something not taken into account in projects such as Plantar. Additionally, during planting, soil is tilled, releasing CO<sub>2</sub>. Compounding the problem, more often than not plantations displace native forests, disrupting local ecosystems and degrading biodiversity.

In the case of Plantar, there was more at stake than a company profiting from climate change by planting a self-destructive green desert of eucalyptus trees. In March 2003 a group of over 50 trade unions, churches, local deputies, academics, human and land rights organizations and others protested against Plantar.

Plantar S.A. installed themselves in Minas Gerais in the 1960s and 1970s during the military dictatorship, taking advantage of attractive tax incentives at the time. Most lands owned by Plantar and other corporations that moved into the area, are devolutas, which means without land titles,

### one the new market: selling our carbon

That will require ensuring that the politics of climate – like the politics of biodiversity, water, genes, ideas, food, health and land – is not confined to back rooms occupied by politicians and experts but is brought into the light of day. In a recent book on intellectual property, Australian scholars Peter Drahos and John Braithwaite point out that:

“Lobbying in relation to property rights should take place under conditions of democratic bargaining. Democratic bargaining matters crucially to the definition of property rights because of the consequences of property rules for all individuals within a society. Property rights confer authority over resources. When authority is granted to the few over resources on which the many depend, the few gain power over the goals of the many.”

more information:

Sinks Watch: [www.sinkswatch.org](http://www.sinkswatch.org)

Carbon Trade Watch: [www.tni.org/ctw](http://www.tni.org/ctw)

CDM Watch: [www.cdmwatch.org](http://www.cdmwatch.org)

The Cornerhouse: [www.thecornerhouse.org.uk](http://www.thecornerhouse.org.uk)



and belong to the state. According to Brazilian law, corporations cannot acquire this type of land, only peasants. Even so, with fraudulent registrations in the registry offices and “hiring” contracts with the state, Plantar succeeded in acquiring hundreds of thousands of hectares of devolutas lands.

Local communities were never consulted, and Indigenous peoples and Afro-Brazilian Quilombola communities and thousands of peasants lost their lands, specifically the immensely biodiverse native savannah, the cerrado, which together with subsistence agriculture had provided for all of their needs. The short cycle plantations that replaced the natural environment did not allow for the survival of indigenous plants, animals and birds, which in turn affected local food markets that had previously depended on the natural products provided by the cerrado. The pig iron companies still use around 15-20 per cent of native cerrado vegetation.

Not only did Plantar cut down large areas of the forest and create unemployment in the process, but also the iron smelting industry and eucalyptus plantations did not replace these jobs sufficiently. However, with no other choice many people were forced to work for these industries. Plantar does not do anything for its

former workers, many of whom are injured or suffering from health problems. Moreover, many have already died as a result of the very bad working conditions associated with charcoal production and eucalyptus cultivation.

Local groups have been working to regain land and compensation from Plantar. However, threats and intimidation tactics from Plantar have made many local residents afraid to let interviewers cite their names and are acknowledged nowhere in project documents. Under the PCF project, Plantar’s already vast land holdings in Minas Gerais will expand by an additional 23 000 ha, further increasing unequal land distribution.

The local movement appealed to the Prototype Carbon Fund with no success, and is now appealing directly to European investors not to put money into the carbon project.

Despite the ecological destruction and social suffering caused by Plantar it has succeeded in gaining a sustainable forestry certificate through the Forest Stewardship Council (FSC). However, a 2003 report by the World Rainforest Movement, documented a multitude of shortcomings and omissions of the FSC certification assessment by the certifying body Scientific Certification Services (SCS), who

issued the certificate. In the case of Plantar it seems that the FSC prefers supporting industrial plantations instead of ecologically based initiatives by local communities.

In summary, the case of Plantar and the support of the World Bank PCF is a stark reminder of the direction our planet is heading. The privatization of lands for monoculture plantations aimed at reducing the pollution caused by the industrial north is not a remedy for climate change. In fact it is only making it worse, while in the process excluding the poorest and destroying what remaining biodiversity we have.

more information:

Carbon Trade Watch: [www.carbontradewatch.org](http://www.carbontradewatch.org)

CDM Watch: [www.cdmwatch.org](http://www.cdmwatch.org)

FASE (Federation of Organizations for Social and Educational Assistance): [www.fase.com.br](http://www.fase.com.br)

World Rainforest Movement: [www.wrm.org.uy](http://www.wrm.org.uy)

Landless Workers Movement/

Movimento Sem Terra: [www.mst.org.br](http://www.mst.org.br)



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# 3

## [paraguay] life as commerce? mbaracayú: land of the aché miguel lovera, coordinator, global forest coalition



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The Aché people have lived in Paraguay's subtropical forests for centuries, surviving several violent intrusions into their territories, even the Bandeirantes, or manhunters of the eighteenth and nineteenth centuries, and the Jesuit missionaries and their infamous "reductions". The Aché were perfectly adapted to the forest and as long as it survived, so did they.

Since 1945, however, more than 8 million hectares of subtropical humid forests have been cleared in eastern Paraguay – the core of the Aché's ancestral territory – to make way for cattle ranches and mechanized agriculture. Aché communities that survived 467 years of exploitation and colonization were suddenly devastated. Today, the last of the Aché communities are now threatened, ironically, by a nature conservation organization.

In 1988, a soon-to-go-bankrupt plywood mill wrapped up operations in the Mbaracayú Forest Nature Reserve area, home to the last of the Aché communities. The main creditor of the botched company was the World Bank's International Financial Corporation (IFC), which took the property as collateral and then sold it to the US-based The Nature Conservancy (TNC) for \$2 million.

one the new market: selling our carbon

## carbon sinks or sinking climate

**Ricardo Carrere,**  
**World Rainforest Movement**

Carbon sinks is a new and confusing issue to many people. Carbon dioxide is in the air, and carbon is stored in nearly all objects around us, but we cannot see it. Nevertheless, at climate talks negotiators and scientists have re-invented carbon as a new and invisible commodity, to be traded through the establishment of carbon projects such as plantations. An increasing number of these projects are being implemented in different countries despite the Kyoto Protocol not being in force yet. Unless something is done about it, we will be facing scores of plantation projects in the South aimed at "sequestering" carbon from the atmosphere.

Negotiators at the Kyoto Protocol have created something called the Clean Development Mechanism (CDM). This mechanism allows for tree plantations to act as so-called "carbon sinks" which allegedly absorb CO<sub>2</sub> emissions, and store carbon in the wood biomass, while simultaneously releasing oxygen. Unfortunately the mechanism in question has little to do with clean development. Its worst aspect is the promotion of large-scale tree plantations, and the explicit inclusion of plantations of genetically engineered trees.

An example is the Forests Absorbing Carbon Dioxide (FACE) foundation; an initiative created by a consortium of Dutch electricity utilities. The aim of FACE is to plant trees in Uganda and in the Ecuadorian Andes in



To protect this last tract of closed-canopy forest, the powerful conservation organization created the Mbaracayú Forest Nature Reserve. In the process, it shoved the Aché off to the side in settlements and gave them only limited rights to the land. There, the Aché have been exposed to aggressive evangelization and live as foreigners and paupers next to the land that sustained them for centuries. Meanwhile, the nature conservation organizations behind the reserve grow richer from both corporate and public grants.

#### **the role of international financial institutions**

From the outset, the World Bank's IFC worked hand in hand with TNC, putting the rights of the Aché second to land conservation. It devalued the land from \$7 million to a more affordable \$2 million, responding most likely to TNC's lobbying of World Bank directors and the intervention of high-ranking US officials. In 2002, the Global Environment Facility (GEF) granted \$998 513 for biodiversity conservation to Fundación Moises Bertoni (FMB), the private foundation running the reserve that was set up with support from TNC. The Inter American Development Bank contributed around \$580 000 to develop an agro-industrial complex in the area, designed to purchase and process regional produce at prices convenient for the producers.

Aché leaders, who prefer to remain anonymous, say they don't know exactly how much money has been raised, but it's obvious that investments in Aché settlements are meagre at best, not even a fraction of what has been raised for park management.

#### **corporations, TNC score on carbon deals - aché lose**

One of the main threats to the world's forests is climate change. It comes as no surprise then that two of the largest corporate donors to Mbaracayú Forest Nature Reserve are egregious emitters of greenhouse gases in search of an image boost: British Petroleum (BP) and AES Corporation, a US electricity generation and distribution giant.

AES Corporation's "Mbaracayú Conservation Project" was designed to offset carbon dioxide emissions from their Hawaii plant, a 180-megawatt coal-fired cogeneration plant on the island of Oahu. Under climate agreements, corporations can offset, or "sequester", their carbon emissions by planting trees elsewhere. When TNC approached AES with its "emissions credits for protected forests" idea, AES was quick to sign on, despite the fact that the issue of the

Aché's rights remained unresolved. The project was too attractive as a less costly, image-boosting alternative to US clean air regulations. The company planted fruit trees and cash-producing indigenous trees, paid \$500 000 to IFC in 1991 to help purchase the reserve, and further contributed \$1.5 million to the reserve's trust fund.

Meanwhile, oil giant BP contributed to a joint research project between FMB and Cambridge University on a cerrado site of exceptional global importance within the reserve. When questioned about taking money from these corporations, FMB's officials responded that all contributions are welcome, even if they come from sources whose daily activities destroy forests around the world. The Aché have a different perspective: they see millions of dollars being raised to help plants and animals, but little to help them – the people who have lived sustainably for centuries on this land and who call it home.

order to absorb the CO<sub>2</sub> which they emit in the Netherlands. It may sound like an improbable idea, but some 50 000 hectares of trees have already been planted in these two countries. Moreover, in their glossy brochures, the project is presented as a great success: indigenous communities are happily planting pine trees; they are reforesting their degraded environment and have even been certified by the Forest Stewardship Council (FSC).

However, research carried out on these plantations in Ecuador, showed little in common with the brochures. This was not a degraded environment but a "paramo" ecosystem, consisting of grasslands 3000 meters above sea level, which had never been a forest. One of the plantations was a total disaster. The alien pine trees from Mexico were very weak and yellow in colour. Growth was extremely slow, and animals had eaten most of the trees' main shoots. Besides this, local people were unhappy with the whole project.

To make matters worse, half of the plantation had been burnt, resulting in the release of CO<sub>2</sub> back into the atmosphere. This is not an uncommon event for tree plantations, which are highly prone to fires. More importantly, it highlights how volatile this kind of carbon storage is, and the unreliability of the system.

Monoculture tree plantations appropriate large areas of land and in the process are often a direct and indirect cause of deforestation. They deplete water resources and destroy biodiversity. What's more, case studies show that local communities become impoverished when plantations replace the natural resources they depend on for their livelihoods.

It is thus obvious that large-scale tree plantations are a bad idea. In spite of this, climate negotiators are promoting them as a "solution" to climate change. Perversely, countries that are already implementing CDM projects are usually portrayed as the "good" guys in climate negotiations, such as the Netherlands, Spain, and Norway. The fact that the Forest Stewardship Council is certifying plantations has only enhanced the status of CDM-related plantations as a 'sustainable' solution.

Regardless of the facts, governments in the South are continuing to make agreements with their polluting Northern counterparts. Recently, the Uruguayan and Spanish governments agreed to plant 30 000 hectares of eucalyptus per year to absorb Spanish companies' emissions. In total some 150 000 hectares of "carbon sinks" are planned in Uruguay, just for emissions from Spanish companies.

### biological richness and biopiracy

The Mbaracayú Forest Nature Reserve is a prime example of a minimally altered primary forest and home to approximately 48 percent of all mammal species and 63 percent of all bird species found in eastern Paraguay. The reserve's pristine status means the area is also fertile ground for biopiracy, the exploitation of species of potential commercial value. Currently, FMB is tapping the Aché's traditional knowledge of the area, employing Aché men in research activities. The Aché are asked to help inventory the fauna and flora, but are given no control over the information they share nor its flow through academic, research, and commercial circles. To little avail, Indigenous Peoples' organizations and support groups constantly raise questions about this practice's equity and fairness.

### environmental impacts

Given the shameless destruction of Paraguay's forests, the Mbaracayú Forest Nature Reserve is widely considered a successful conservation endeavour. Ironically, however, its success is also its failure. According to FMB itself, the reserve and its buffer zone are quickly becoming an "island of trees in a sea of deforestation". FMB's own research shows that the reserve is not enough to maintain the population viability of keystone species such as the harpy eagle. And as the surrounding forests disappear, the Aché also may need to become over-dependent on this last forest remnant, using it not only for hunting and gathering purposes, but for the full development of their traditional lifestyle. In other words, creating islands of pristine environment is not a real solution to either protecting the environment or the traditional lifestyle of Indigenous Peoples. Only sustainable forest management, based on the unity the Aché achieved with the forest for centuries, can protect the forests for today and future generations.

Investments in the reserve and local infrastructure – health, schools, land purchases, etc – have surpassed \$15 million, according to FMB's reports. From a conventional point of view of development, the investments are welcome. But not for the Aché. Missionaries and conservation interests have made decisions for them, forcing the Aché to accept a sedentary and marginalized life at the doorstep of what rightfully belongs to them. Many Aché claim they are now trapped between the expansion of agriculture and the static conservationist position: the Aché must now abandon their traditional ways, become farmers, and accept a modern lifestyle with no option of return.

*more information:*

*Full case study to be published in the publication 'Life as Commerce' by the Global Forest Coalition and CENSAT Agua Viva / Friends of the Earth Colombia. Downloadable from: [www.wrm.org.uy/GFC/](http://www.wrm.org.uy/GFC/)*



### one the new market: selling our carbon

Communities and NGOs throughout the South, from Ecuador and Uruguay to Brazil, Indonesia, Thailand and South Africa are campaigning against monoculture 'carbon sink' plantations. The idea of carbon sinks is unrealistic and the pretence that tree plantations may in any way be a solution is being challenged. More realistic alternatives to climate change have been proposed and playing roulette with an invisible dice is not among them.

*more information:*

World Rainforest Movement: [www.wrm.org.uy](http://www.wrm.org.uy)

Friends of the Earth Uruguay: [www.redes.org.uy](http://www.redes.org.uy)

CDM Watch: [www.cdmwatch.org](http://www.cdmwatch.org)

Sinkswatch: [www.sinkswatch.org](http://www.sinkswatch.org)

the full text of the Nature for Sale report is available in English, Spanish and French on <http://www.foei.org/publications/pdfs/privatization.pdf>, <http://www.foei.org/esp/publications/index.html> and <http://www.foei.org/fr/publications/index.html>.  
for copies of "The New Merchants, Life as Commodity" published by the Global Forest Coalition and CENSAT Agua Viva, please check: <http://www.censat.org/Documentos/Ambientalismo/LosNuevosMercaderesIngles.pdf>

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**friends of the earth** Friends of the Earth International (FoEI) is the world's largest grassroots environmental federation, with 71 national member groups in 70 countries and more than one million individual members. With approximately one million members and supporters around the world, we campaign on today's most urgent environmental and social issues. We challenge the current model of economic and corporate globalization, and promote solutions that will help to create environmentally sustainable and socially just societies.

**friends of the earth has groups in:** Argentina, Australia, Austria, Bangladesh, Belgium, Belgium (Flanders), Bolivia, Brazil, Bulgaria, Cameroon, Canada, Chile, Colombia, Costa Rica, Croatia, Curaçao (Antilles), Cyprus, Czech Republic, Denmark, El Salvador, England/Wales/Northern Ireland, Estonia, Finland, France, Georgia, Germany, Ghana, Grenada (West Indies), Guatemala, Haiti, Honduras, Hungary, Indonesia, Ireland, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Macedonia (former Yugoslav Republic of), Malaysia, Mali, Malta, Mauritius, Nepal, Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Palestine, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Scotland, Sierra Leone, Slovakia, South Africa, Spain, Sri Lanka, Swaziland, Sweden, Switzerland, Togo, Tunisia, Ukraine, United States, and Uruguay.

*(Please contact the FoEI Secretariat or check our website for FoE groups' contact info)*

**global forest coalition** The World Rainforest Movement is one of the founding members of the Global Forest Coalition, an informal and inclusive coalition of Non-Governmental Organizations (NGOs) and Indigenous Peoples' Organizations (IPOs) engaged in the global policy debate related to forests. The coalition, which was established at the last session of the Intergovernmental Forum on Forests in February 2000, aims to facilitate the informed participation of a broad group of NGOs and IPOs in the global policy debate relating to forests, and to promote and monitor the implementation of the commitments made during this debate.

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**friends of the earth**  
international secretariat

P.O. Box 19199  
1000 GD Amsterdam  
The Netherlands  
Tel: 31 20 622 1369  
Fax: 31 20 639 2181  
E-mail: [info@foei.org](mailto:info@foei.org)  
Website: [www.foei.org](http://www.foei.org)

**global forest coalition**  
international secretariat

Legmeerstraat 77,  
1058NC Amsterdam  
The Netherlands  
Tel/Fax: 31 20 614 0264  
E-mail: [lovera1@conexion.com.py](mailto:lovera1@conexion.com.py)  
Website: [www.wrm.org/ug/GFC](http://www.wrm.org/ug/GFC)

**editorial team** Jens Christiansen (Movementsmedia), Ronnie Hall (Friends of the Earth UK), Helen Chandler, Marijke Torfs, Marta Zogbi, Simone Lovera (Friends of the Earth International), Dena Leibman

**design** Tania Dunster, KÍ Design, [ki\\_designnl@yahoo.co.uk](mailto:ki_designnl@yahoo.co.uk)

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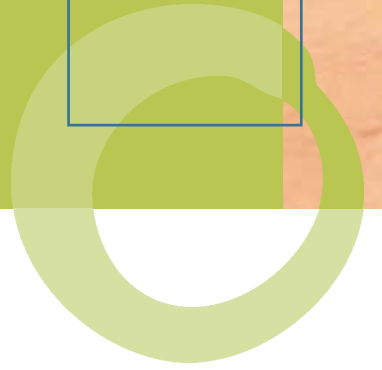
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