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International Environmental Intelligence Brief

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Busy Global Environmental Agenda This Year

Strategies to implement the Kyoto Protocol on climate change under the Buenos Aires Action Plan approved in November will be the focus of several high-level meetings this year. A major challenge for US negotiators will be to encourage more Group of 77 members to accept, at least in principle, voluntary carbon emissions reduction commitments.

- With the backing of Argentina—which in November indicated its intent to establish a target—Chile may try to bring together representatives from about 15 developing and five developed countries to discuss steps they would need to take to assume emissions commitments.
- The hardline stance China, India, and Saudi Arabia have taken in the past suggests they will remain firmly opposed to such commitments at the next Conference of Parties in Bonn in October.

Negotiators again will seek ways to implement an emissions trading regime and other flexibility mechanisms under the protocol. EU members favor a cap on use of these mechanisms, with Germany and some others wanting to limit to 50 percent or less the share of emissions reduction countries can claim from international emissions trading

Biosafety Protocol To Be Completed

The final talks in February on the Biosafety Protocol to the Convention on Biological Diversity that will control the trade and release of genetically modified organisms (GMOs) will be contentious. The results, which are to be submitted to a special follow-on Conference of Parties to the Convention, could significantly affect more than \$10 billion in US trade in agricultural and pharmaceutical products.

- Negotiators will focus on avoiding looming US-EU trade disputes over the EU's insistence that GMO products be separated and labeled and its rejection of some GMO imports because of environmental and safety concerns.
- US exports of gene-altered soybeans and corn—and the 60 percent of processed foods that contain them—could be affected.

Chemical Treaty Moving Forward

Progress is likely this year on the draft treaty on persistent organic pollutants (POPs) because most countries have agreed to ban at least 12 chemicals. Key to achieving a treaty will be arriving at a consensus on how to add chemicals and to address liability and compensation demands from developing countries for disposal of obsolete POPs.

- The UK and other EU members may try to broaden the treaty to include chemicals banned under a recently concluded protocol on long-range transboundary air pollution.
- Developing countries will push for exemption for DDT and a fund to aid conversion to alternative chemicals

Selected International Environment-Related Meetings, 1999

20–22 January	Climate Change: Meeting of Umbrella Group	Sydney
25–29 January	Second Meeting of the Intergovernmental Negotiating Committee for Persistent Organic Pollutants	Nairobi
1–5 February	UNEP Governing Council Meeting	Nairobi
15–19 February	Sixth Session of the Open-Ended Ad Hoc Working Group on a Biosafety Protocol	Cartagena
22–23 February	Extraordinary Session of the Conference of Parties to the Biodiversity Convention	Cartagena
24–26 February	UN Commission on Sustainable Development Donors' Conference for Small Island States	New York
March	G-8 Environmental Ministerial	Bonn
1–5 March	UN Commission on Sustainable Development Ad Hoc Working Group on Oceans	New York
29–30 March	OECD Environment Policy Committee	Paris
19–30 April	Seventh Session of the Commission on Sustainable Development (CSD-7)	New York
3–14 May	Third Session of the Intergovernmental Forum on Forests	Geneva
10–18 May	Seventh Conference of Parties to the Ramsar Convention (Wetlands)	San Jose
31 May–2 June	ECOSUD 99—Second International Conference on Ecosystems and Sustainable Development	Lemnos, Greece
31 May–11 June	Climate Change Convention Subsidiary Bodies Meeting	Bonn
4–8 October	Biodiversity Convention Expert Panel on Access and Benefit Sharing	TBD
25 October–5 November	Fifth Session of the Conference of Parties to the Climate Change Convention	Bonn
15–26 November	Third Session of the Conference of Parties to the UN Convention to Combat Desertification	Recife

Post-Buenos Aires Agenda for Climate Change Looks Daunting [redacted]

In the wake of the Buenos Aires meeting last November, key players have set an ambitious agenda for their meetings in Bonn in June and October but are still far apart on how to develop the modalities of the Kyoto Protocol. With the exception of Argentina and Kazakhstan, developing countries continue to resist commitments on emissions. [redacted]

The Umbrella Group of non-EU developed countries in mid-January met in Australia to work on the flexibility mechanisms—international emissions trading, a clean development mechanism (CDM), and joint implementation of energy-saving projects. The Group levied assignments to the US, Japan, and Australia to advocate Group positions on each of the three mechanisms respectively, [redacted]

- Russia has proposed to use its prospective revenue from emissions trading for structural adjustment of its economy rather than for monitoring its emissions—a move opposed by the US. [redacted]

Meanwhile, the EU's agenda is affected by disarray over extraneous issues. Germany appears unable to offer leadership—even though it holds the EU presidency until July—because it is embroiled in a domestic debate among the parties in the coalition government, the nuclear power industry, and Bavaria over the pace of phasing out nuclear reactors in the German utility sector.

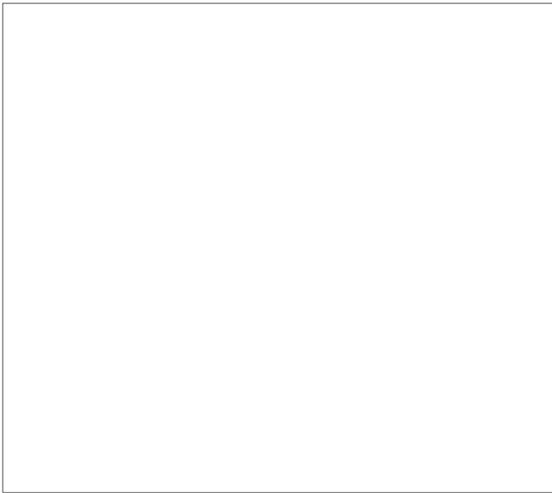
- The Greens want to force the pace and the Socialists want to go slower, while the industry and Bavaria oppose early reactor retirements.

- Germany is at odds with France and the UK over compensation for possible cancellation of nuclear recycling contracts with them, putting Bonn in a difficult position to promote an activist agenda for the EU on climate change, including its proposal for harmonization of higher energy taxes. [redacted]

Some other EU members, however, have a coherent agenda focused on preparing a strategy paper for member states by June. They urge the EU to apply the Kyoto flexibility mechanisms to the internal EU market, integrate the CDM into the EU's policies with developing countries and coordinate energy taxes and voluntary emissions reductions. [redacted]

Chinese Gas Supply Increase Faces Large Hurdles

Chinese officials—in part because of environmental concerns and the need for petrochemical feedstock—project Chinese demand for gas in 2010 will reach 90 billion cubic meters (bcm) of gas. The current demand of 21 bcm is largely satisfied by domestic production, but key impediments to expansion include a modest gas resource base, minimal pipeline infrastructure, and the absence of a clear gas development strategy.



Domestic long-distance gas transport infrastructure to exploit China's reserves, however, virtually is nonexistent, and Beijing's plans for pipelines and for the financing of gas-sector development remain vague. Foreign participation in China's gas sector will remain modest for the next decade unless Beijing creates a more favorable investment climate for the sector.

- US and other foreign firms could provide technical assistance to improve recovery at Chinese gasfields as well as access to project financing and foreign gas supplies.
- Measures needed to improve the prospects for profitable operations include gas price increases, improvements in the legal system, and bureaucratic streamlining.

Beijing could turn to liquefied natural gas—most likely from established producers in Southeast Asia and Australia—and to pipeline gas from Russia or Central Asia to help meet its requirements. High costs and long lead times to build infrastructure, however, suggest gas from these sources will not contribute much to China's gas supply in the medium term.

- Beijing recently announced that its first LNG project—a 4 bcm power plant in Guangdong to be completed in 2005—can move out of the prefeasibility study stage.

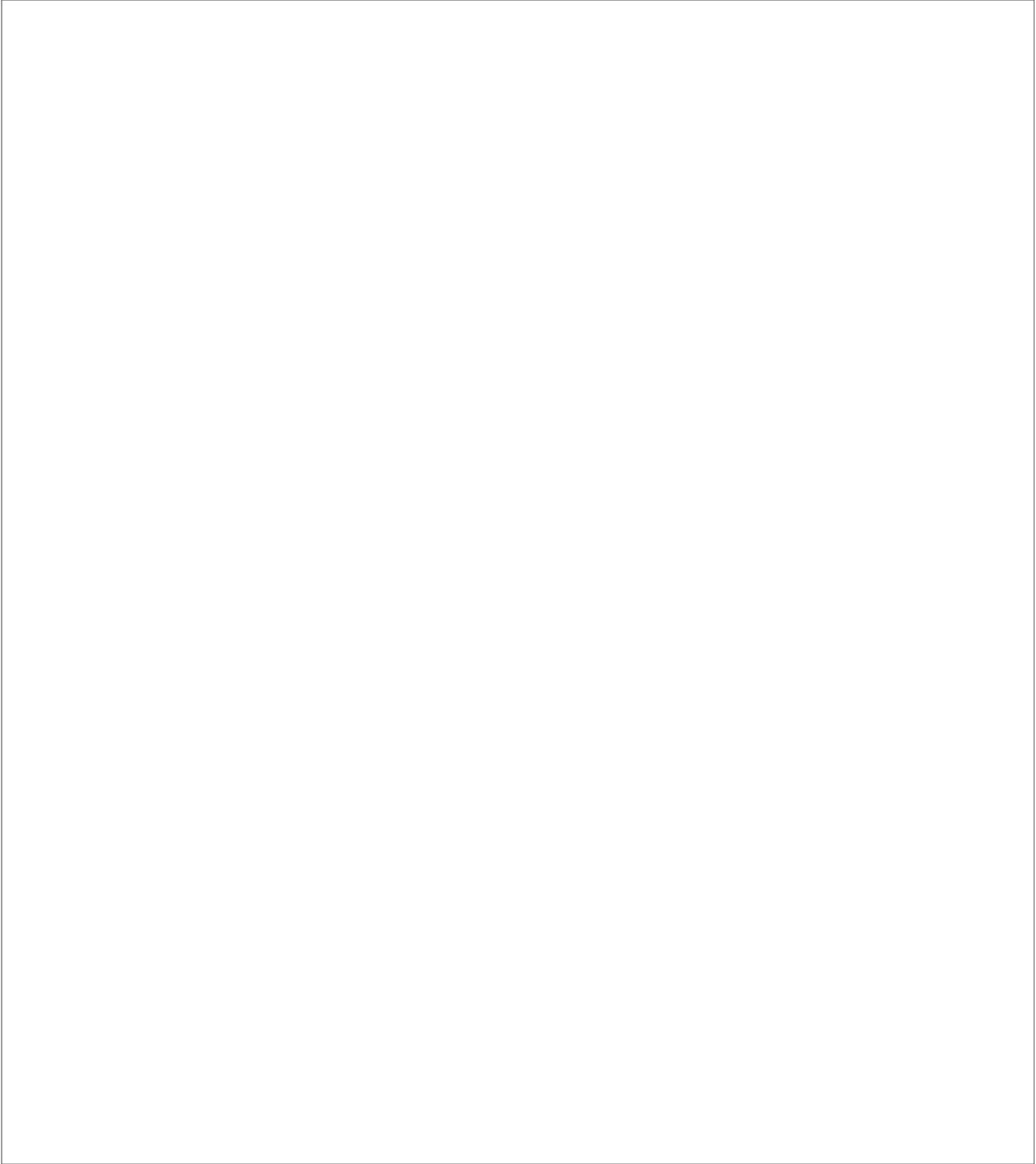
— [redacted] pipeline gas is unlikely to be fully on stream until about 2010, [redacted] Each proposed pipeline project will cost at least \$7 billion, according to media reports [redacted]

Even with imports and substantial foreign involvement, CIA estimates gas will not displace a substantial amount of coal in the country's total energy mix or provide much more than 2 percent of total primary energy—its current share—in 2010. Because of its continued small share of China's total energy, increased gas use is unlikely to slow the country's carbon dioxide emissions growth.

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Weaker La Niña in Southeast Asia Brings Unexpected Benefits

[redacted]
[redacted]
[redacted] a weak to moderate La Niña in Southeast Asia this year rather than the moderate to strong event forecast earlier. The data indicate La Niña conditions will peak in February or March and will continue into June. [redacted]

Southern Kalimantan, southern Sumatra, and the rest of Indonesia—particularly West Java—have received nearly normal seasonal rainfall over the past 30 days. Malaysia, northern Kalimantan, and the southern Philippines have received above normal rainfall, but regional meteorologists say the increase may be the result of the normal monsoon rather than La Niña.

- Floods and landslides—made worse by the reduced vegetation from the fires of 1997-98—have killed at least 85 in Indonesia and have disrupted the production of cocoa, coffee, palm oil, and pepper, according to press reports.

La Niña—marked by cooler than normal sea-surface temperatures in the central and eastern tropical Pacific Ocean—generally results in above normal seasonal precipitation throughout most of Southeast Asia. Because the drought and forest fires associated with the EL Niño of 1997-98 left many areas susceptible to flooding and erosion, government officials were concerned that a strong La Niña would create a humanitarian disaster.

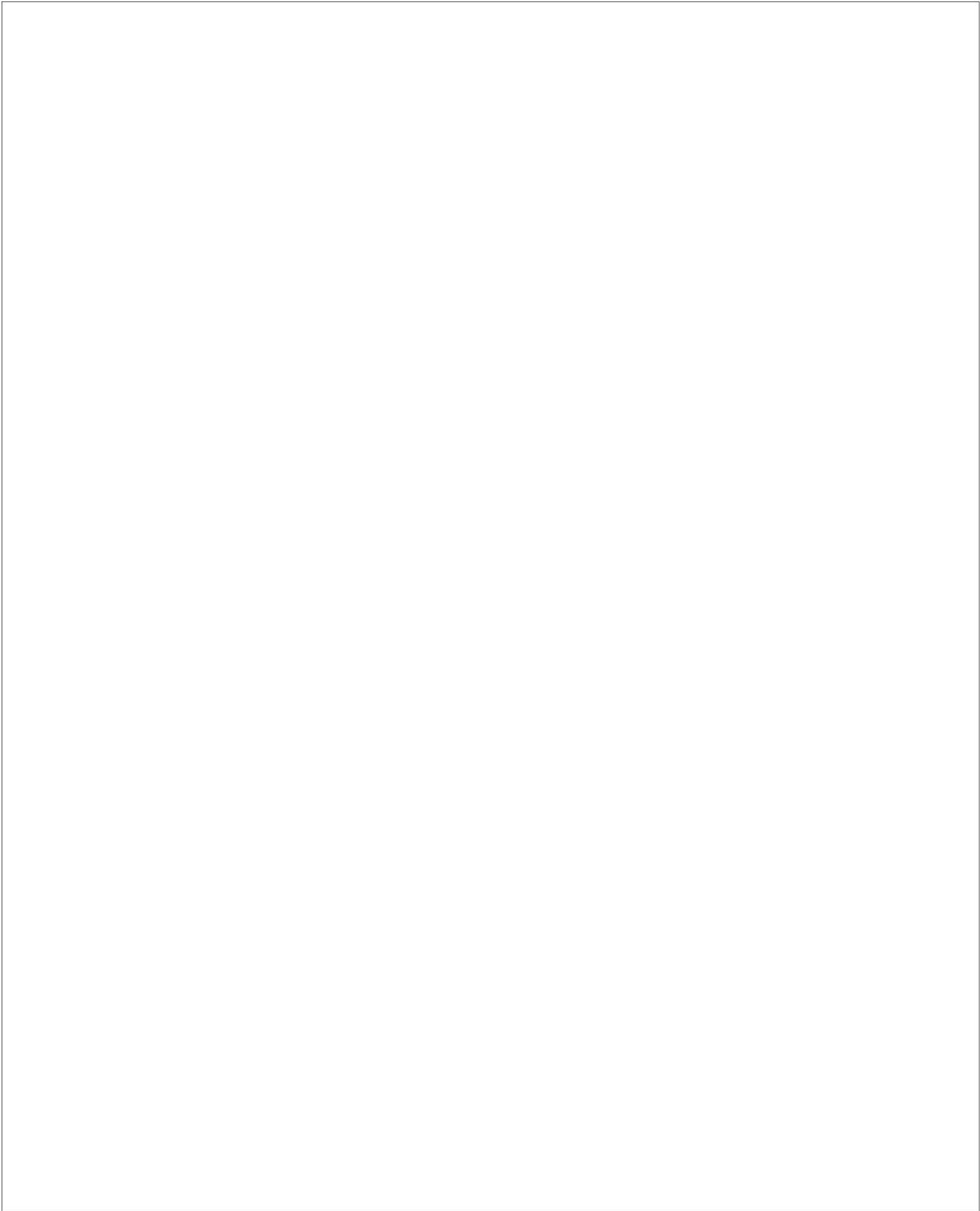
Rain Makes Grain

The Philippine Government says the moderate rains brought by La Niña have allowed farmers to plant more corn, vegetables, and other crops and may help the agricultural sector recover, according to press reports. Officials say a less destructive La Niña could help increase rice production by more than 9 percent this quarter—as compared with the first quarter of last year—reducing rice imports.

Favorable weather in Indonesia since the planting of the main rice crop late last year has increased [redacted] estimate for milled rice production this year to 33 million tons, an increase of 9 percent from the poor crop last year and 4 percent above the recent average.

- Jakarta's aggressive imports of rice last year—25 percent of world trade—have bolstered rice stocks to more than 2 million metric tons.

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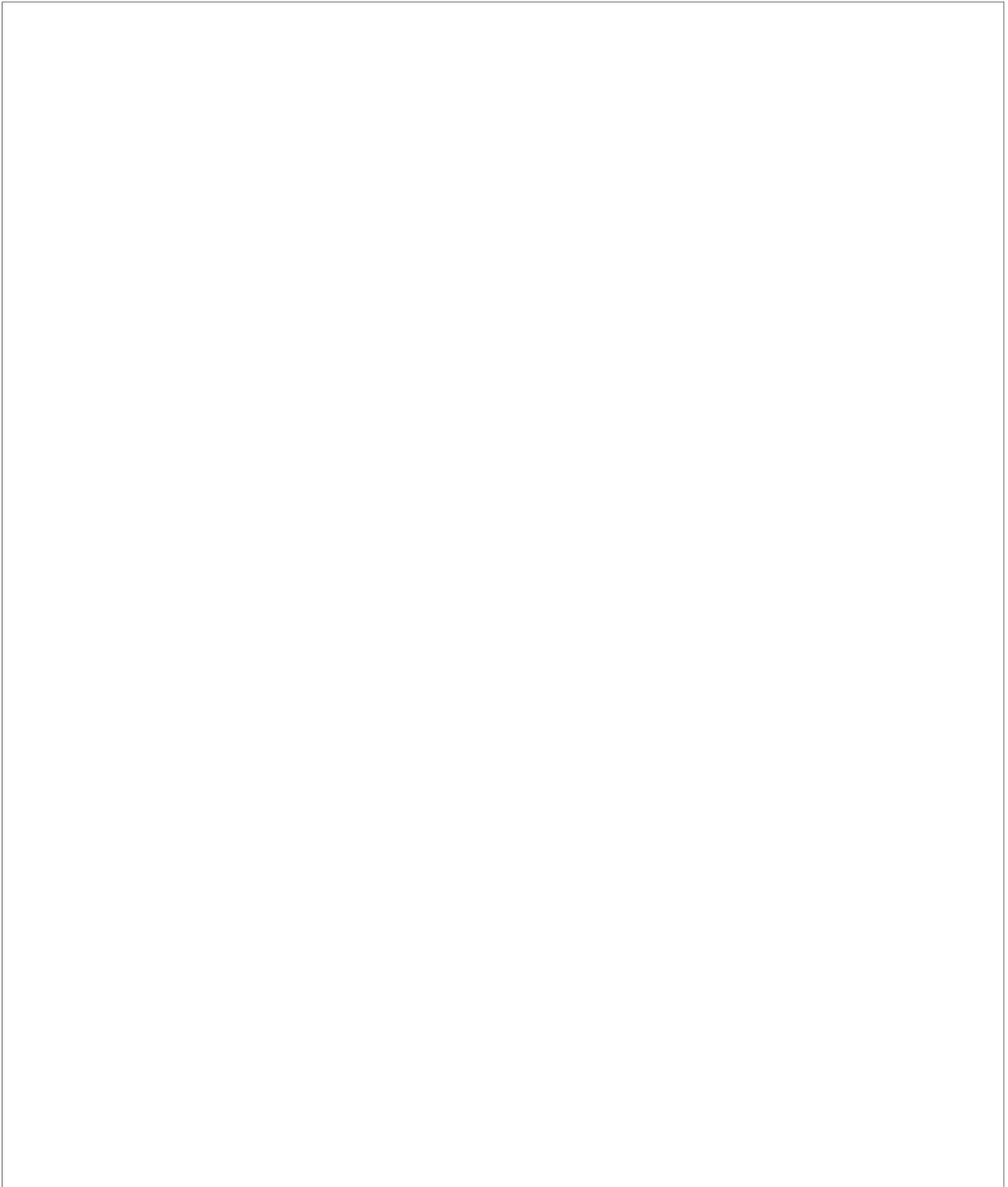
**Cameroon Seeking Solution to Dangers of
Gaseous Lake** [redacted]

[redacted]
[redacted]
[redacted] the fragile natural dam at the northern end of Lake Nyos in Cameroon has been eroding rapidly in the few centuries since it was created. A failure could affect as many as 10,000 people, sending more than 40 million cubic meters of lake water down the Kumbi and Katsina Ala Rivers to the densely populated Benue Plateau and the low lying city of Katsina Ala in Nigeria almost 225 km away.

[redacted] A flood could also release a larger, more deadly cloud of carbon dioxide than the one disgorged from the lake in 1986 that killed more than 1,700 people. The threat of a carbon dioxide release is increasing even without failure of the dam, because the concentration of the gas—continuously recharged by underground springs—is approaching the level that existed before the 1986 discharge.

[redacted]

The Government of Cameroon has made a proposal for Japanese funding to reduce the gas concentration in the lake by pumping gas-rich bottom water to the surface. Once the threat of a carbon dioxide release was mitigated, the lake would be drained to below the base of the natural dam to eliminate the threat of a flood [redacted]



**Organized Crime Syndicates Tied to
Environment Abuses** [redacted]

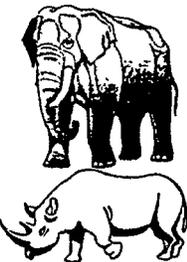
The involvement of organized crime syndicates in activities such as dumping of toxic waste and trafficking in endangered species could bring them several billion dollars annually. Companies owned by Italian crime groups have won contracts from local governments in Italy to dispose of toxic waste.

- Italian officials last October were investigating an unspecified Ndrangheta family for dumping radioactive waste off Italy's southern coast and a Camorra clan for disposing 30 million metric tons of toxic waste near Naples, according to press reports.

- Ethnic Chinese syndicates—including members of the Wo Shing Wo and 14K groups—smuggle endangered species and rhino horn and ivory from South Africa to Asia, [redacted]

Few governments have recognized these activities and the effects on the environment, and others may turn a blind eye to them. Press reports say a crime group involved in stealing mahogany and other high-quality timber from the Amazon forest has ties to officials in Brazil's Institute for the Environment, which is responsible for forest management. [redacted]

Selected Criminal Groups' Involvement in Environmental Abuses

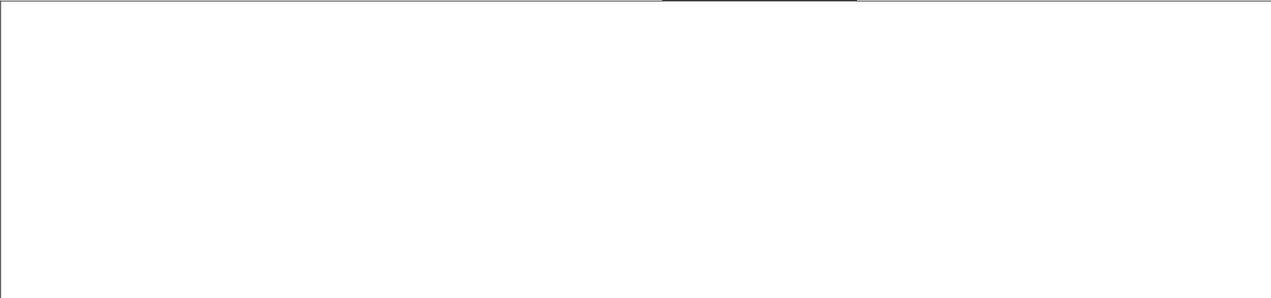
Activity	Organized Groups Involved	Estimated Dollar Value	Comments
 Toxic waste dumping	Italians (Ndrangheta and Camorra)	\$3.5 billion	Italian organized crime groups control dumpsites, transportation and disposal of illegal waste, and the local administrations that contract to the disposal companies, according to press reports.
 Illegal trade in endangered species	Chinese Triads (Wo Shing Wo and the 14K Wau), Italians and Russians	\$2-6 billion	Chinese organized crime groups are prominent traffickers in endangered species between Africa and Asia, Russian organized crime groups may earn as much as \$3 billion annually from fish poaching.
 Ozone depleting substances (CFCs)	Unknown	Unknown	Unidentified syndicates were involved in the smuggling of 800 metric tons of CFCs and halon gas from China to Europe and the US last year, according to press reports.
 Deforestation	Asian, Italian and Turkish	Unknown	Asian, Italian, and Turkish crime syndicates have been accused of burning and cutting forest areas for construction purposes and personal gain.

In Brief



Danube Little Hurt

The diesel fuel spills in January in the Danube—causing slicks as big as 55 km long and 300 meters wide—pose little lasting threat to the environment or to Bulgaria's Kozloduy nuclear power plant. Because the diesel fuel will evaporate with little residue as it flows downstream, severe damage to plant life is unlikely. Romania and Bulgaria are cooperating to warn Danube water consumers and to carry out cleanup measures. Press reports say the Kozloduy plant has implemented a plan for cooling its reactors in the unlikely event that its riverside pumping stations must shut down.



Russian Trial Halted

A judge in late January temporarily halted the contentious treason trial of Russian Navy journalist and environmentalist Grigoriy Pasko, ordering defense attorneys to cease talking about the case to the media. The gag order will allow the FSB to emphasize Pasko's alleged criminal activities publicly without having to refute the "environmental whistle blower" defense Pasko's attorneys have advanced.