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International Environmental Intelligence Brief

DCI Environmental Center

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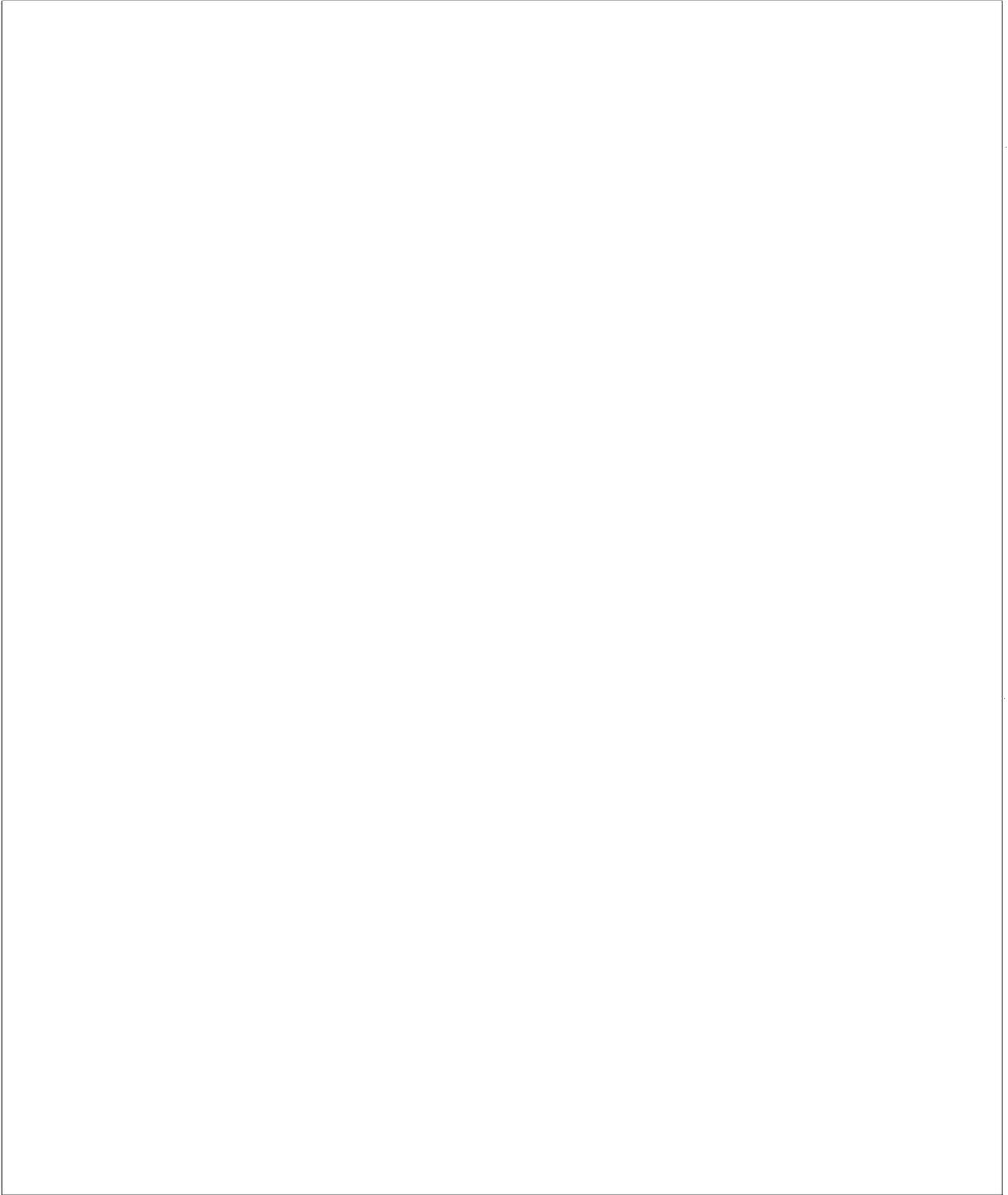
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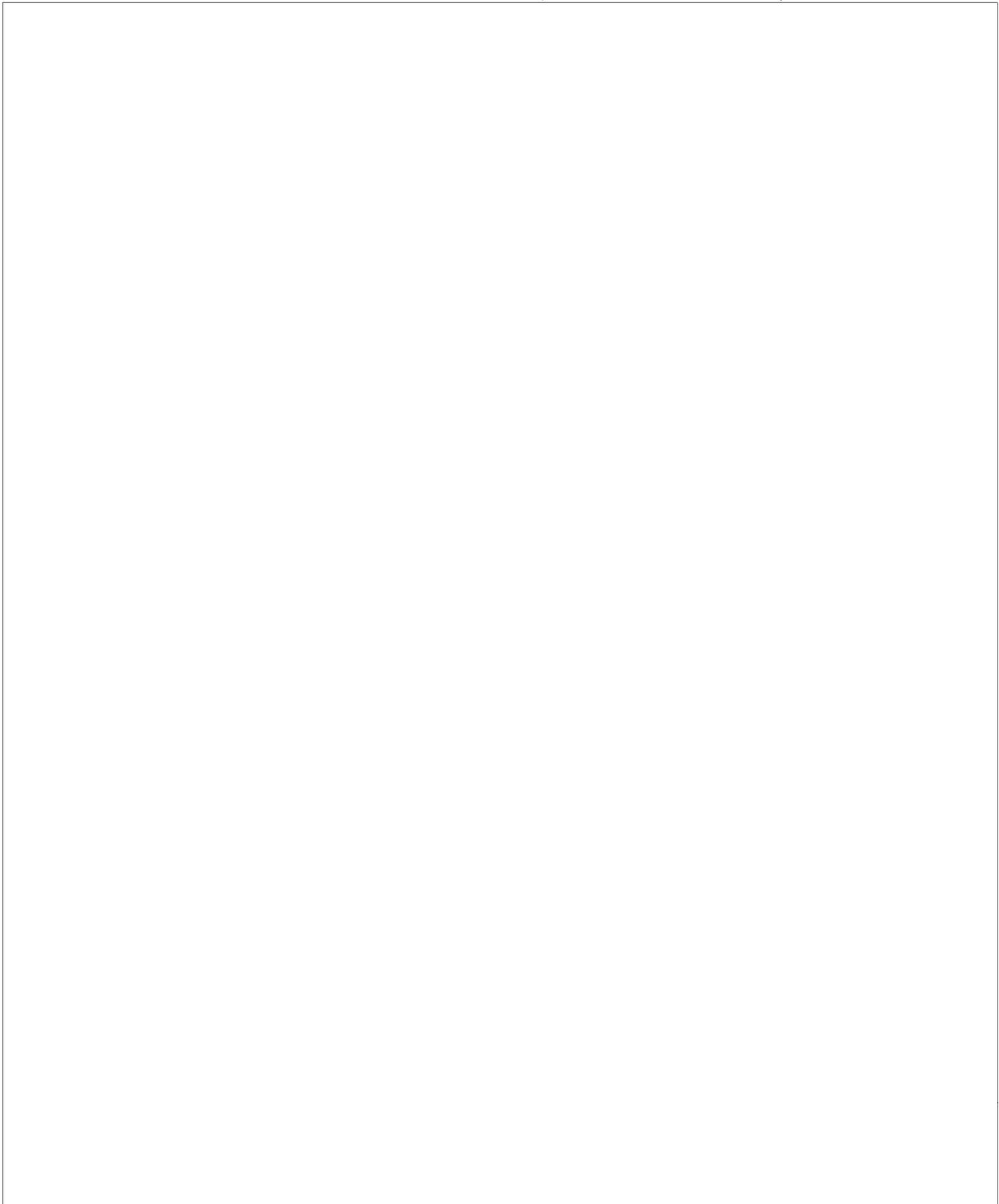
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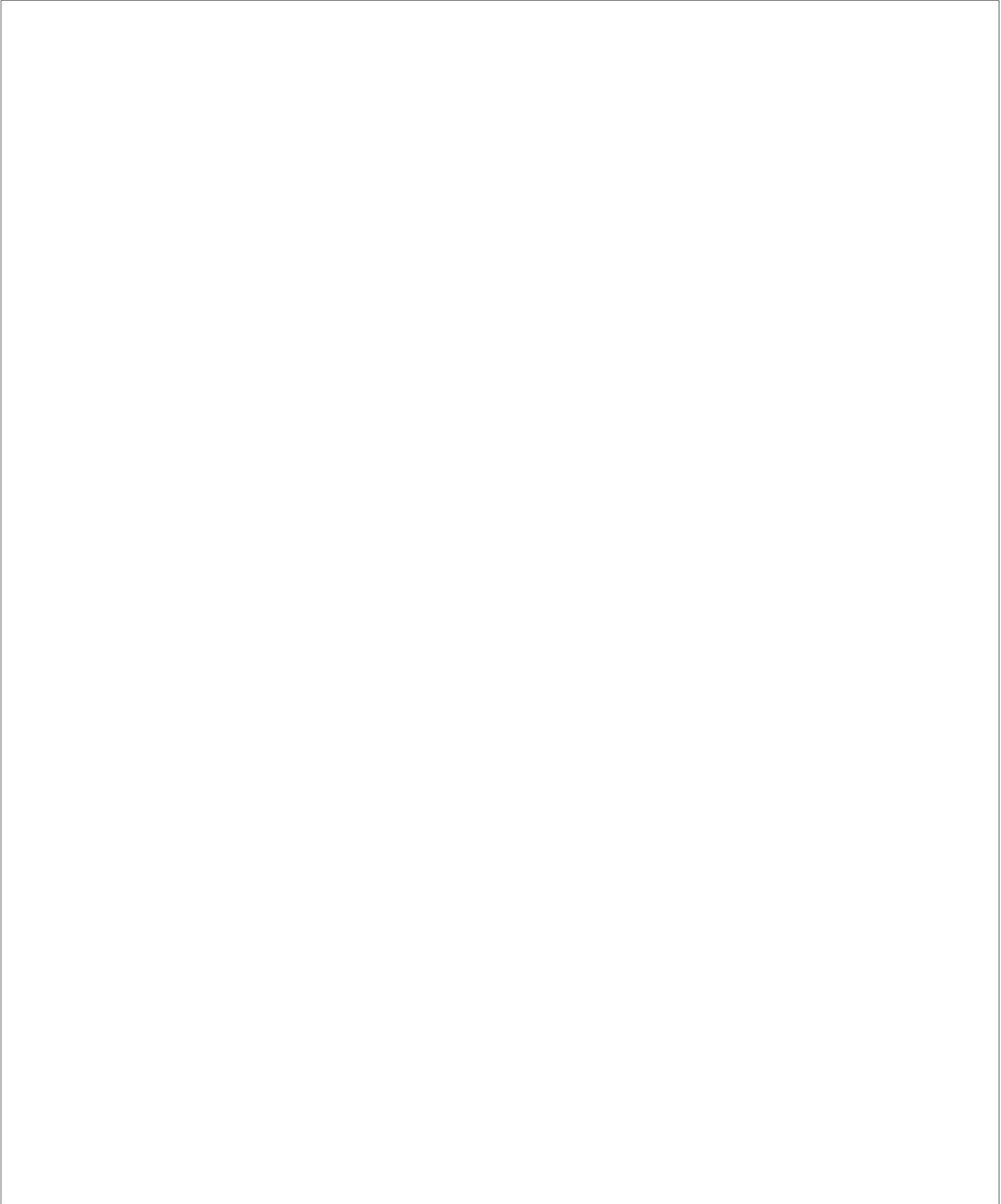
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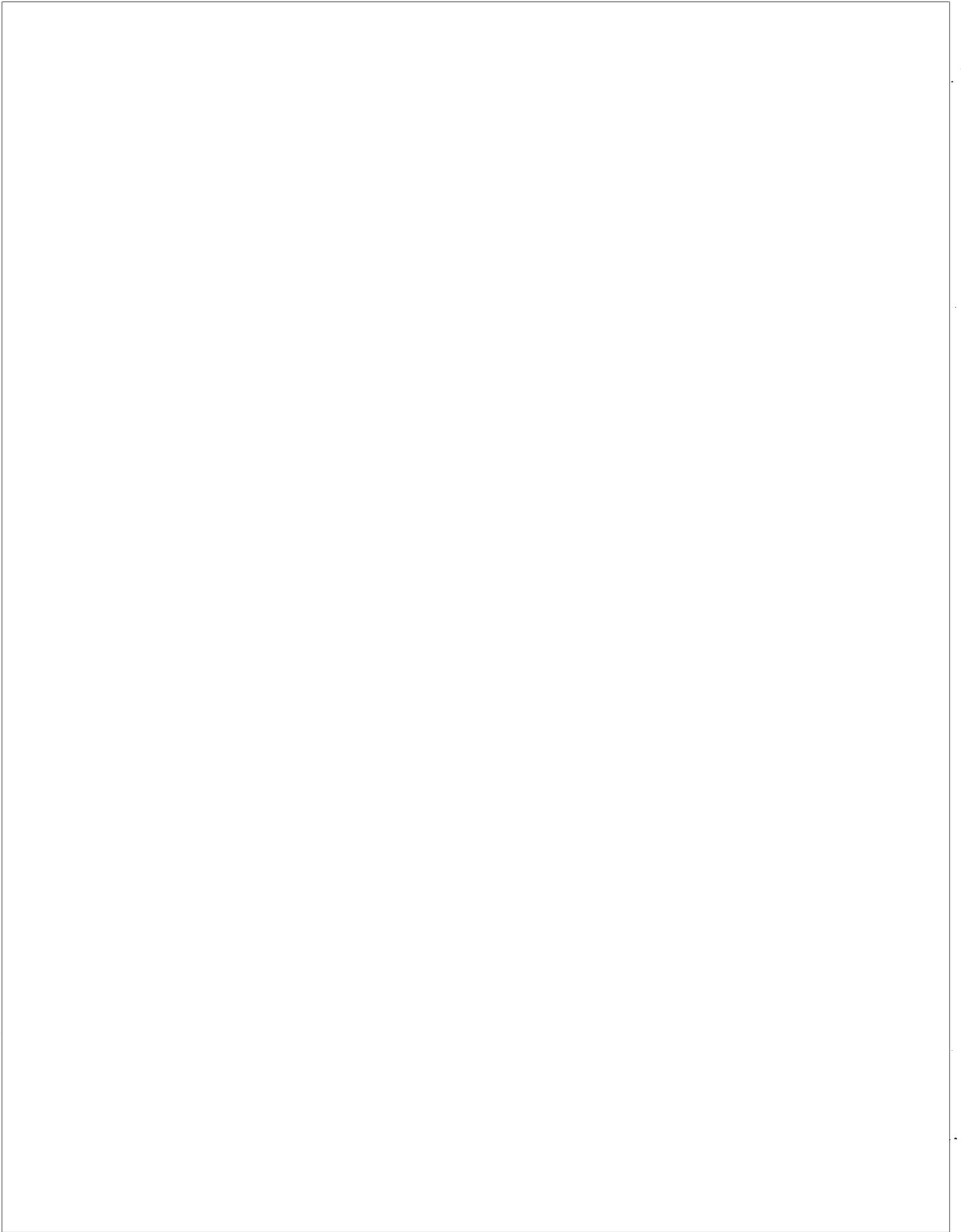
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Factors Driving Japan's Environmental Aid to China

The generous aid package announced during Hashimoto's recent visit to China is evidence of Tokyo's increasing interest in cooperation to alleviate Chinese environmental problems, a trend in aid policy that began in the early 1990s. According to press reports, the package includes loans for the installation of desulfurization equipment at coal-burning power plants and the establishment of a model city—possibly in Dalian—where all industrial and residential waste would be recycled.

—The 0.75-percent interest rate—less than one-third of Tokyo's usual concessional loan rate of about 2.5 percent—underscores the importance Japan attaches to the package; it also will extend the loan for 40 years, 10 years longer than usual.

rain from China as one of the major reasons for offering assistance to Beijing on environmental issues. A Japanese Government-affiliated research institute recently produced computer simulations showing that pollutants from not only northeastern but also southern China eventually can end up in Japan.

Tokyo also has commercial motives for pursuing environmental projects in China. Although the loans are untied, Japan's highly developed environmental technology industry stands to reap large benefits. Hashimoto has a personal interest in this industry's performance, having once headed a Diet group set up to promote opportunities for Japanese business in international environmental projects.

The aid package also addresses, over the longer term, Tokyo's growing concern about environmental damage in Japan from acid rain originating in China. In a major speech delivered on the eve of his China trip, Hashimoto cited the "direct effect" of acid

War Hits Congo's National Parks [redacted]

Poor internal security and refugee flows have taken their toll on Kinshasa's national parks and wildlife, including several endangered species. Looters stole vehicles, radios, and firearms from three national parks in the eastern part of the country earlier this year, leaving rangers powerless against poachers. [redacted]

— Sudanese hunters have killed at least seven of the remaining 31 white rhinoceroses and decimated other species in Garamba National Park, [redacted]

[redacted] at least four endangered mountain gorillas have been killed in recent months. The World Wildlife Fund says poachers have slaughtered 90 percent of the park's hippopotamuses population in the past year.

— Fleeing Hutu refugees seeking food probably contributed to the decimation of the park's wildlife. [redacted]

Congo's new Environment Minister publicly pledged to seek government support for conservation efforts after discussing the plight of the parks with Ambassador Simpson last month. Kinshasa's inability to pay civil servants and the military, however, suggests conservation funding will be scarce.

— Provincial officials and local villages are conducting surveillance patrols to

thwart hunters and are implementing other *ad hoc* antipoaching measures, [redacted]

— NGOs and local populations are unlikely to reduce the risk to protected wildlife without significant government or external assistance. [redacted]

[redacted] *the government will use the military to suppress poaching. Park rangers will be rearmed after receiving proper training. The Congolese military, however, has its hands full with insurgencies and insecurity in the east and is unlikely to provide short-term relief to the parks.* [redacted]

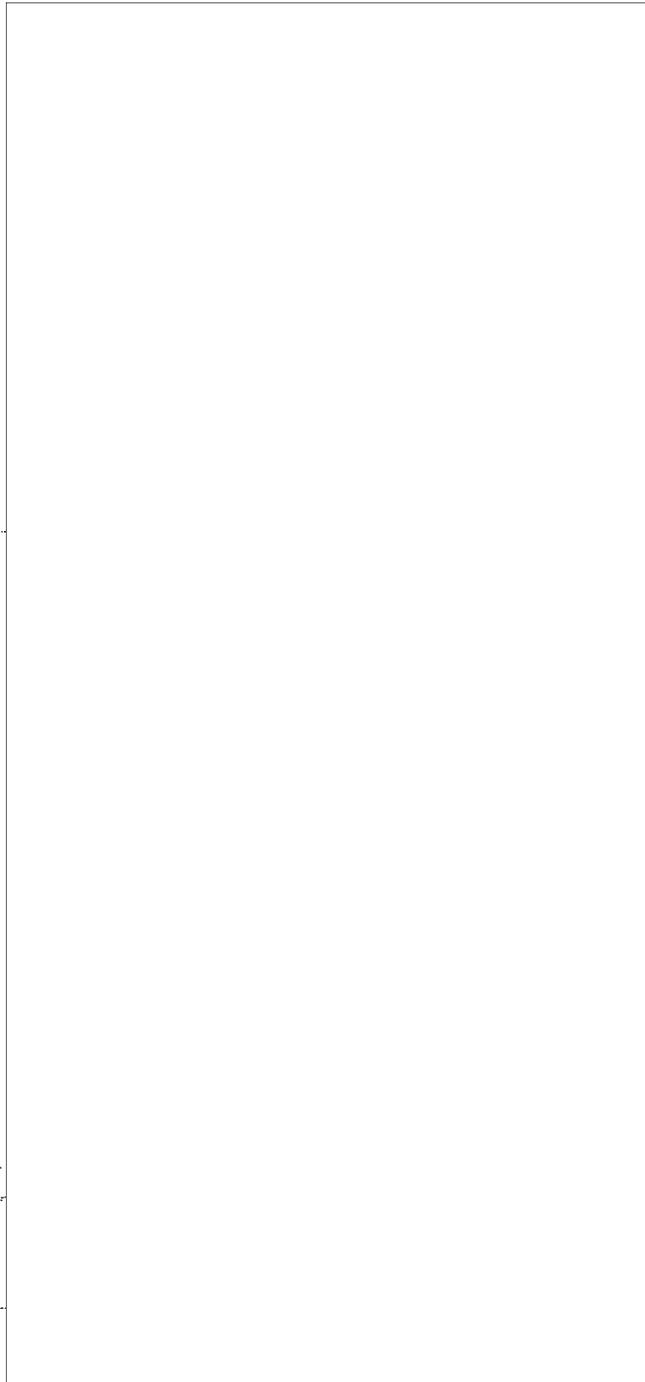
China Hooked on Coal [redacted]

China plans to rely on its abundant and cheap coal reserves to supply its fast-growing demand for energy, based on official projections. Coal consumption—1.3 billion tons last year—is projected to nearly triple by 2015. [redacted]

Although there are potential substitutes for coal, these face resource, infrastructure, and technological constraints that would increase China's capital costs and dependence on imported fuels while yielding only a modest environmental benefit, according to a CIA analysis. Beijing, however, has not found sufficient proved reserves to increase production of oil or gas substantially.

- China already is pursuing the most economically feasible hydropower projects, including the Three Gorges Dam.
- China relies heavily on foreign equipment for its few nuclear and renewable energy projects. [redacted]

The higher costs for alternative energy and Beijing's reluctance to rely on foreign energy sources probably rule out a substantial change in China's energy plans in the near term. Signs that Beijing may be willing to implement a modest coal-substitution plan would include movement to achieve market prices for energy supplied to state enterprises, easing of restrictions on foreign equity involvement in energy development and equipment sales, and changes in environmental policy. [redacted]



[Redacted]

Solomon Islands: Brighter Prospects for Tropical Forests? [Redacted]

The recent election by the legislature of Bartholomew Ulufa'alu as the Solomon Islands' new Prime Minister could lead to reforms needed to curb the rapid depletion of the islands' tropical forests. [Redacted] Ulufa'alu's possible choice of Manase Sogovare, locally regarded as a straight shooter, as finance minister already has logging interests worried.

[Redacted] logging interests may purposely reduce exports in the coming months to reduce government revenue and prompt a vote of no confidence. [Redacted]

The election results may reflect, in part, growing popular discontent with the former debt-ridden administration's questionable forestry policies and officials' alleged corrupt business dealings with logging companies. [Redacted]

—The Mamaloni government was unable to enforce the code of logging practices the country adopted early this year. [Redacted]

[Redacted] Solomon Islands Development Trust, an indigenous NGO, has taken an increasingly high-profile political stance to complement its environmental activism. [Redacted]

[Redacted] SIDT has been conducting polls and public campaigns to increase citizen awareness of government corruption and illegal logging practices. [Redacted]

Falling tropical timber prices—spurred by consumer preference for softwoods, the devaluation of Asian currency, and the need to regain foreign aid the country lost because of its failure to adopt sustainable logging practices—could force a more serious look at reforms.

—Conversely, mounting financial problems could push the incoming government deeper into the arms of foreign logging companies for instant financial gratification, at the expense of its rapidly shrinking forest resources. [Redacted]

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Brazil Struggling to Limit Amazon Exploitation

President Cardoso has tapped the Brazilian Environmental Agency (IBAMA) to implement his controversial forestry decree announced last month. The measure allows firms to buy five-year concessions to harvest up to 5,000 hectares of timber—followed by a 30-year moratorium to allow reforestation. Brasilia plans to extend similar concessions to 26 additional Amazon national forests.

—The decree enables IBAMA to gain greater federal control over timber extraction; the government reports that less than 1 percent of forests under exploitation is subject to congressionally required management procedures.

IBAMA appears ill-suited to handle its expanded mandate. Even before assuming new missions the agency was understaffed, underfunded, and had begun selling off properties to finance its restructuring efforts,

—The president of IBAMA has accused his subordinates of overlooking environmental abuses and falsifying environmental impact statements in exchange for bribes.

—IBAMA's enforcement capabilities are notoriously weak. Last year it collected only 0.2 percent of the environmental fines it levied.

To boost their sagging efforts, Brazilian officials plan to use President Clinton's trip in October to press for enhanced

cooperation. IBAMA officials are hoping to secure the loan to several C-130 aircraft from NASA to boost monitoring capabilities in the Amazon.

IBAMA President Eduardo Martins—the ninth director in five years—is a dedicated environmentalist. In a controversial interview last month, he claimed that the administration's environmental efforts are accomplishing little, and he lamented the lack of support for IBAMA in Congress.

Environmental Issues Nag Chilean Government

Smog emergencies before and during Congressman Gephardt's recent visit highlight Santiago's difficulty in grappling with domestic and international expectations for improved environmental performance. Officials in Santiago—listed by the WHO as the world's third-most-polluted city—admit that they lack the resources to adequately enforce their environmental laws

— Nonetheless

Chile prefers that environmental provisions be laid out clearly in any US-Chile trade accord so that they do not arise later as nontariff barriers.

Chile is under growing pressure from environmental NGOs and other interest groups to mitigate pollution and better manage natural resources before negotiating a free trade accord with the US.

Santiago has declared more than 13 smog emergencies this winter, and public outrage over pollution-related illnesses has led to calls for more government action, according to press reports.

— The environmental agency CONAMA is asking the government to lower legal thresholds of airborne particulates—already three times higher than acceptable US levels—and to establish more stringent rules to combat smog by next April.

— Most political leaders, however, are likely to resist imposing new policies, such as proposed gasoline taxes that industry and consumers would view as too costly.

At the same time, pollution-related costs are mounting. CONAMA estimates that each smog emergency costs the government and the private sector \$500,000 and severely strains public health services.

Public controversy over hydroelectric and forestry projects, as well as concerns about sovereignty, have added to the debate over environmental policies. In June, for example, activists occupied government offices to protest the planned \$500 million Ralco Dam on the Bio Bio River.

— Santiago is still trying to smooth things over with US investors after Chile's Supreme Court last spring overturned the government's approval of a major sustainable logging project in southern Chile.

— Environmental groups hailed President Frei's decision to permit a US citizen to turn private land holdings into a nature preserve, but logging firms and nationalist groups claim it undermines Chile's sovereignty and will discourage development of the country's natural resources, according to press reports.

**US Bases Draw Environmental Scrutiny
in Panama**

The Panamanian press is focusing on unexploded ordnance at firing ranges, the alleged presence of chemical weapons and depleted uranium, and contamination of the US World War II site of San Jose Island. Participants at a recent environmental conference demanded that Washington either pay cleanup costs or compensate Panama for the diminished value of contaminated lands.

—The government has proposed a memorandum of understanding asserting that Washington's responsibility to clean up former military sites will extend beyond 31 December 1999, when US troops are scheduled to leave.

—Panama City also wants to establish a new bureaucracy to monitor environmental issues and remediation efforts.

Possible contamination of the reverting areas stirs nationalistic feelings among many Panamanians, and the issue could become a significant bilateral irritant. Unexploded ordnance in the Canal operating areas would be particularly troublesome as the treaties stipulate that all parts of the Canal be turned over "in operating condition."

France's New Government Gives Boost to Environment Policy [redacted]

Jospin has demonstrated a strong interest in environmental issues by approving the various initiatives of Environment Minister and Green Party member Voynet. Since the June election, for example, Voynet has closed the Super-Phenix fast breeder reactor program, which has been the target of broad public criticism for poor management and cost overruns, [redacted]

—She halted construction on the Rhine-Rhone canal in response to criticism that the project would remove whole villages in its path, according to press reports.

—She responded to pollution alerts in major French cities this summer by promoting an "eco-tax" on private auto emissions; revenues would go toward expanding public transport. [redacted]

In addition, Voynet has taken steps indicating the Jospin government has decided on a more positive approach to EU environmental actions than its predecessor. In Brussels, for example, she endorses the EU's program for stricter fuel specifications on gasoline and diesel emissions, according to press reports.

—EU legislation on lower emissions—which the previous French Government did not fully support—is expected to be ready for implementation by 1 January. [redacted]

Voynet probably will advocate in the EU Environment Council that France join Austria, Denmark, Germany, the Netherlands, and the UK in pressing for a 10-percent cut by 2010 in the 1990 level of carbon emissions from fossil fuel combustion.

—The previous French Government was reluctant to enforce carbon emission reductions because of expected public opposition. [redacted]

Even with Jospin's support, formidable political, bureaucratic, and financial obstacles to Voynet's policies remain. Historically, the French public is not as closely tuned to environmental issues as the Germans and Dutch because government programs lack specific standards and procedural mechanisms that would bring these issues closer to home. [redacted]

—The government's environmental functions reportedly are scattered across a number of agencies, and there is no interministerial council to coordinate policy.

—The Environmental Ministry is weak as compared with other ministries such as the Infrastructure, Transport, and Housing Ministry, which is 20 times the size of the Environment Ministry and receives a substantially larger share of government funding, according to press reports. [redacted]

Finland and Russia Join Forces to Protect Kareliyan Forest

[redacted] Finland and Russia late last month agreed to work together to improve logging practices in Russian Kareliya and to protect the relic forests along the Russia-Finland border. The two countries plan to set up a joint commission as part of a Finland-financed biodiversity program.

—The commission will define boundaries of sites where timber felling will be restricted or forbidden,

[redacted]

—Finland contributed roughly 25 percent of the Kareliyan environment ministry's budget last year. [redacted]

Finland's efforts to promote forest protection and sustainable logging practices in Russia stem from commercial interests and security concerns, in addition to historical and cultural sentiments.

[redacted] Kareliyan timber is big business for Finland's wood industries.

—Last year, 80 percent of Finland's timber exports were birch pulpwood from Russian Kareliya, [redacted]

[redacted]

—[redacted] Helsinki considers the potential for environmental disaster in Russian Kareliya to be its chief security threat. [redacted]

Finland expects slow progress on cooperative efforts with Russia because of resource ownership disputes, inconsistent

followthrough, and corruption among Kareliyan officials [redacted]

[redacted] Critics say it will take years for a comprehensive environmental consciousness to develop in Russia, and vast forest stands may well be lost by then.

[redacted]

[redacted] *a Russian forestry industry inspection commission in July reported that Russian, Finnish, and Swedish logging companies have been logging illegally in the Kareliyan forest.* [redacted]

[redacted] *loggers have been understating the amount of timber they harvest, falsifying documents, and dodging taxes. Actual logging is reportedly at least 140 percent more than what loggers report.* [redacted]

Finland and Northwestern Russia



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Seeking Consensus in Kuala Lumpur on Hazardous Waste Trade [redacted]

The Basel Convention's Technical Working Group appears ready to submit at the Conference of Parties in Kuala Lumpur next month a final list of wastes that will be banned for export starting in January and those that can still be exported for recycling. If the parties adopt the list, they will end a debate that began in 1994 when the Basel parties—at the urging of the Nordic countries, China, and much of the G-77—agreed to ban immediately all hazardous waste shipments from OECD countries to non-OECD countries for disposal and to ban wastes exported for recycling by next year.

—The debate has centered on whether to include in the ban wastes such as scrap metals, plastics, and paper considered by the US and many other OECD countries to be recoverable commodities.

—At the last Conference of Parties in 1995, some developing countries—led by Brazil, Chile, South Korea, and South Africa—broke ranks with the G-77 on the grounds that a total ban would deprive them of cheap secondary materials and contravene WTO free trade rules. [redacted]

The OECD to non-OECD country ban still stands, but [redacted] a growing number of parties want to incorporate the TWG's waste lists into the legal framework of the Basel Convention as soon as possible. At a meeting of the Basel Implementation Committee in June, Chile and the EU,

among others, said they supported formal adoption of the waste lists, [redacted]

—These countries, along with Canada and Japan, argue such an amendment would limit the scope of the ban and end ambiguity over which wastes are banned from being traded. [redacted]

As a nonparty to the convention, the US still will be required to develop bilateral agreements in order to export or import waste for recycling. Such agreements exist with Malaysia and Singapore, and one is being negotiated with Brazil.

— [redacted] there is growing support for codification of the Convention's Article 11 that would permit bilateral hazardous waste trade agreements to continue even after the trade ban takes effect in January. [redacted]

Calendar**Selected International Environment-Related Meetings**

<i>Date</i>	<i>Forum</i>	<i>Venue</i>
29 September-10 October	First Conference of Parties to the Desertification Convention	Rome
1-3 October	First Organizational Session of the Intergovernmental Forest Forum	New York
6 October	White House Conference on Climate Change	Washington
7-14 October	Fifth Conference of Parties to the Basel Convention	Kuala Lumpur
13-17 October	Ad Hoc Expert Group Meets on Biosafety	Montreal
13-22 October	Eleventh World Forestry Congress	Turkey
20-24 October	UNECE/LRTAP Working Group Meeting on Persistent Organic Pollutants	Geneva
20-31 October	Preparatory Session on Climate Change	Bonn
27-28 October	NATO Committee on Challenges to Modern Society (CCMS), Fall Plenary	Madrid
27-31 October	Nineteenth Meeting of Parties to the 1972 London Convention for the Prevention of Marine Pollution by Waste Dumping	London
25-26 November	APEC Workshop on Environmental Technology Exchange	Osaka
25-29 November	APEC Summit	Vancouver
30 November	Defense Ministerial of the Americas	Cartagena
1-12 December	Third Conference of Parties to the Climate Change Convention	Kyoto