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GMO Debate Widening

The dispute over trade in genetically modified organisms (GMOs) has revolved around US-EU agricultural trade, but recent food safety scares in Europe and the potential disruption of the multibillion-dollar global trade in agricultural commodities are causing concern among a wider audience. The absence of harmonized trading rules for genetically modified products is prompting many countries to adopt a cautious approach to products derived from biotechnology.

In Brazil—the second-largest soybean exporter, in which an increasing percentage of land is planted with genetically modified seeds—legislators are debating bills that would regulate the distance of GMO crops to water basins and human development. Argentina—the third-largest soybean exporter—is concerned about an EU regulation requiring labeling of all GMO-derived products, according to press reports.

Claims that processed foods now on the market derived from genetically modified corn, soybean, wheat, or rapeseed are harmful to humans are not sound, according to a survey of scientific reports. Nonetheless, the mishandling of recent food safety scares in Europe—none of which are involved GMOs—has exacerbated public skepticism there about government assurances about the safety of genetically modified food.

Following the G-8 leaders' endorsement of an international inquiry into biotech and GMO safety, the European environment ministers last week agreed to press their governments to suspend GMO approvals until EU legislation on defining, testing, and labeling of GMOs is completed, a process that could take 18 months,

Concerns over GMOs will hurt US exporters this year. The US last year lost \$200 million because of canceled GMO corn export contracts to the EU,

Future of Biosafety Protocol Uncertain

Divergent positions on GMOs topped the agenda in talks in Montreal in late June on the proposed biosafety protocol and new plant technologies under the auspices of the UN Convention on Biological Diversity. Countries such as India, Germany, Mexico, Norway, and the Philippines oppose field testing of plant technologies—including emerging “genetic use restriction technologies” that can render GMO seeds sterile—but Egypt is testing a newly discovered strain of Bt, a popular organic pesticide, and Australia announced it will fund \$11.5 million in biotech support in its 1999-2000 budget,

- Most developing countries still want the protocol to include rules governing access to genetic resources and guarantees for benefit sharing and technology transfer.

Climate Change Meeting Ends on Positive Note [redacted]

After lengthy negotiations in mid-June in Bonn, G-77 stalwarts China, India, the Philippines, and Saudi Arabia dropped their opposition to the development of a draft text on implementing the flexible mechanisms under the Kyoto Protocol—joint implementation, emissions trading, and the Clean Development Mechanism (CDM). [redacted]

[redacted] this about-face most likely resulted from pressure by the African caucus, Latin American countries, and the Alliance of Small Island States, which see significant advantages accruing to them from implementation of the mechanisms.

- The Malaysian chair, the EU, and the Umbrella Group—Australia, Canada, Iceland, Japan, New Zealand, Norway, Russia, Ukraine, and the US—held firm on producing a draft text.
- The text will be submitted in October to the conference of parties to the climate change convention in Bonn. [redacted]

The G-77 used the talks to expand on their views for the CDM as a vehicle for capacity building in their countries. The group did not refer to private-sector firms as the principal source of funding for CDM project investments—only Uganda noted that the CDM will be difficult to implement with the limited public resources available. [redacted]

Talks Evoke Battles Ahead [redacted]

Arguments in Bonn that may resurface in October include one by the Philippines—based on tortured legal reasoning—that emissions trading will have to lie outside the Kyoto Protocol, and by Germany that developed-country emissions targets carry an obligation to make most of the emissions reductions domestically rather than through the flexible mechanisms. Some other EU members backed Germany's view, but the UK, which had made a bid for the London financial district to host international trading between buyers and sellers of emissions allowances, sat silently.

- The Marshall Islands advocated a "tax" on the commercial earnings from all three mechanisms to finance a so-called adaptation fund to help vulnerable island states address climate change. [redacted]

Finland in EU Presidency Will Be Restrained on Climate Change

Finland's EU presidency, which begins 1 July, will be more reserved on climate change policy than Germany's relatively unrestrained approach. Germany in May drove a policy decision to cap emissions trading through the EU Environment Council that was difficult for non-EU parties to the climate change convention to accept.

The new Finnish coalition government has a Green Party environment minister, but a government-wide committee will determine Finland's policy on climate change, according to press reports. This will temper Minister Hassi's recent personal endorsement of Germany's proposal for a harmonized EU energy tax to limit carbon emissions.

- Press reports suggest Finance Minister Niinisto—who has become personally involved in climate policy—will oppose higher energy taxes.

A balanced approach will help restrain the EU Environment Council from taking more extreme positions on emissions trading or on carbon taxes. Prime Minister Lipponen favors emissions trading as a mechanism to reach the Kyoto targets.

- Finnish pragmatism will be welcomed by Belgium, Ireland, the Netherlands, Sweden, and the EU southern tier, which opposed a number of German environmental initiatives during Bonn's presidency.

Promoting Policy Integration

Finland will strive to integrate environmental concerns into economic policies. The Finns argue that effective climate policy requires an integrated approach for the energy, transport, agricultural, and forestry sectors of the economy to reduce greenhouse gas emissions.

- Climate policy integration, nonetheless, is difficult for Finland, which depends on imported coal and oil and on the pulp and paper industry as its largest industrial sector.

The so-called Millennium Declaration that the EU summit at Helsinki will issue in December will be consistent with pronouncements at the Vienna summit last December and the Cologne summit last month on environmental and climate policy integration.

Egyptian Megaprojects Pose Danger to Nile River Balance

Egypt is highlighting progress on the South Valley Development Project, the centerpiece of its desert reclamation scheme to create economic opportunity, boost GDP growth, and relieve overcrowding along the Nile and in the Delta. Hydrological analysis indicates that full implementation of South Valley and several smaller, planned reclamation areas along the Nile would reduce the outflow to the Mediterranean to well below the minimum required to control salinity in the Delta, carry pollutants out to sea, and maintain ecologically sound coastal estuaries.

- Cairo by 2017 plans to initiate export-oriented farming at Toshka, the main South Valley site, as well as to develop industrial, mining, tourism, and transportation infrastructure, including tow airports.
- The government claims a variety of water-saving techniques—increasing groundwater pumping, reusing drainage water, and using less water-reliant crops—will compensate for water used by these megaprojects.

these alternatives would be prohibitively expensive to implement, and they might increase salinity in the delta. Major reductions in water use for irrigation elsewhere in Egypt also could ensue, potentially decreasing the amount of water available to farm existing, more fertile, land that uses less water per crop than the newly developed arid areas.

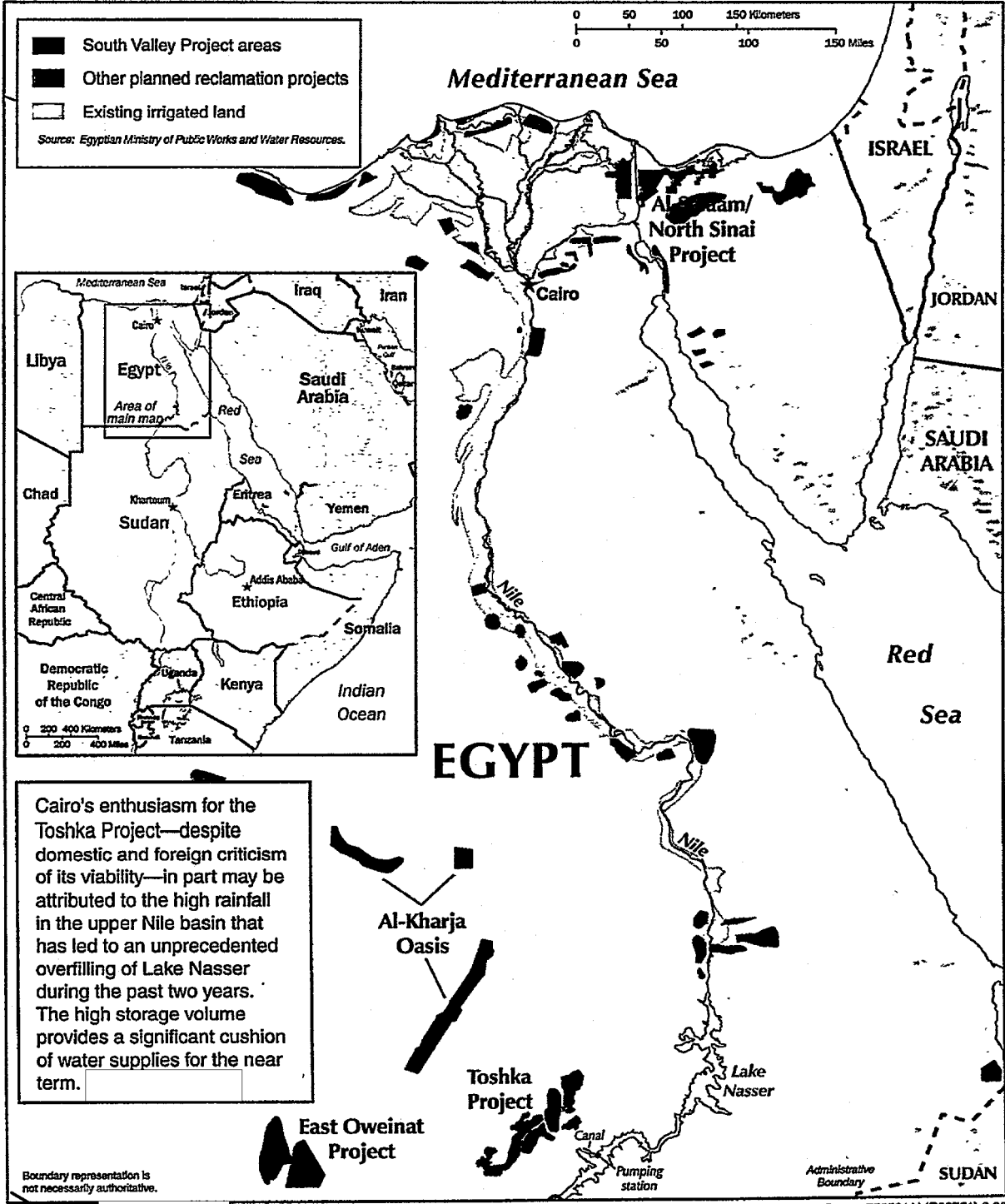
In response to such concerns, the government has scaled back the South Valley Development Project. Recent statements by World Bank officials indicate Egypt has shelved development at Al-Kharja.

the East Oweinat Project will rely on groundwater alone.

Moving ahead with Toshka could compel Cairo to curtail development of the dozens of other planned reclamation projects along the Nile. Any large-scale diversion will strain Egypt's relations with its upstream neighbors, principally Ethiopia and Sudan.

- Both countries, however, suffer from internal political and economic dislocations that prevent them from using Nile water to its fullest extent.

Egyptian Reclamation Projects



Cairo's enthusiasm for the Toshka Project—despite domestic and foreign criticism of its viability—in part may be attributed to the high rainfall in the upper Nile basin that has led to an unprecedented overflowing of Lake Nasser during the past two years. The high storage volume provides a significant cushion of water supplies for the near term.

Boundary representation is not necessarily authoritative.

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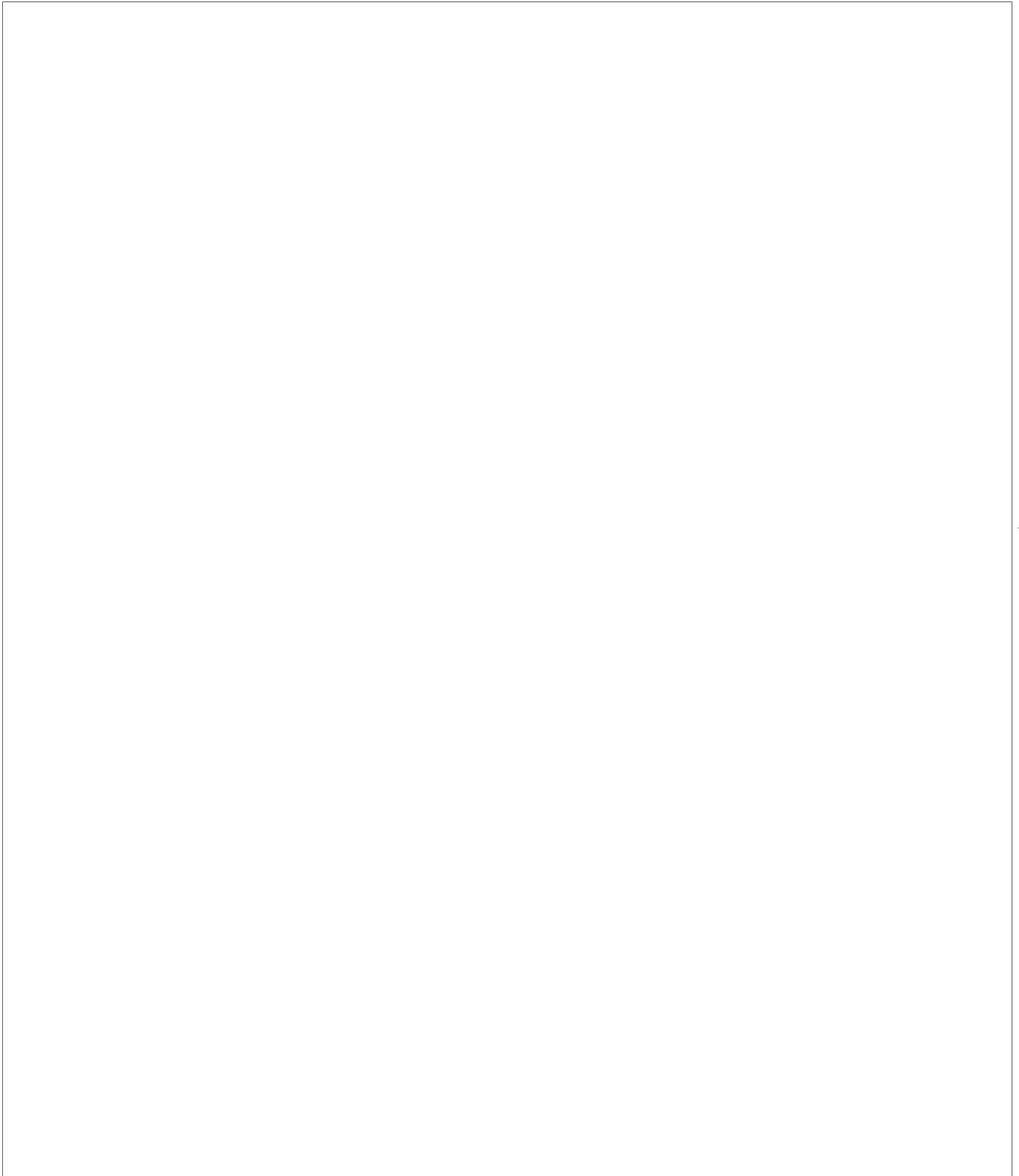
Mexican Saltworks May Endanger World Heritage Site [redacted]

Alleged environmental violations within the El Vizcaino Biosphere Reserve—at the largest solar evaporation saltworks in the world—include two releases of saturated brine, each about 4 million gallons, according to press reports. The releases can reach concentrations 300 times that of normal seawater and may have originated from an underwater outlet pipe; [redacted]

- The saltworks is managed by Exportadora de Sal (ESSA) and is a joint venture of the Mexican Government and the Mitsubishi Corporation.
- ESSA and government scientists dispute whether the first brine release 18 months ago was responsible for the deaths of 94 sea turtles. [redacted]

ESSA has proposed a new saltworks within the second lagoon at El Vizcaino, which is the last undeveloped gray whale calving area on the Baja Peninsula. Mexico's Environment Secretary rejected ESSA's initial proposal for this saltworks and will rely on an international science advisory committee to determine if the new proposal is compatible with the environmental objectives of the protected area, according to press reports.

- Environmental groups have petitioned UNESCO to place El Vizcaino on the "World Heritage in Danger" list—an action that is likely because of the increased threat to the site if the Mexican Government accepts the proposal [redacted]



Russian Atomic Energy Minister Lobbies To Import Spent Nuclear Fuel [redacted]

An official press report in late June said Minatom has offered the government a \$5 billion loan repayable over 20 years if it will support a legislative amendment that would allow Russia to import spent nuclear fuel for storage and reprocessing. This article noted that the loan would provide an alternative to IMF credits and would help the government resolve wage and pension arrears before the legislative and presidential elections.

- If the Duma were to pass the legislative amendment early in its fall schedule, proceeds for fuel reprocessing could begin to flow to the federal budget before the presidential election. [redacted]

Minister Adamov first announced in February that Minatom would seek changes in existing legislation that would permit Russia to import as much as 1,000 tons of spent nuclear fuel for management and reprocessing. In a letter addressed to then Premier Primakov, Adamov estimated that the venture potentially could generate \$10-15 billion a year in revenue—a figure that is unrealistically high.

- In a televised interview, Adamov touted the commercial and environmental benefits of reprocessing spent fuel. [redacted]

Environmentalists and other Adamov critics, led by Most-Media executive Gusinskiy, charge that Minatom lacks the capacity to reprocess the fuel and merely intends to obtain the reprocessing fees up front and then store the spent fuel indefinitely. In addition, Adamov's critics allege that Minatom is "lobbying" the Duma to the tune of \$20 million to get the amendment passed. [redacted]

[redacted] The Communist, Agrarian, and People's Power factions are supporting Adamov's initiative, according to the media.

- At the same time, Adamov's supporters charge that Gusinskiy is financing environmental groups and the Duma's environmental committee, who oppose the law. [redacted]

The debate over Minatom's plan to import and reprocess spent nuclear fuel is the latest political battle to rage over Minatom. Adamov is supported by Kremlin insiders Berezovskiy and Abramovich, who expect to profit from the trade in nuclear fuel. Adamov's strongest critic is Gusinskiy, who couches his opposition in terms of Adamov's cooperation with Iran and environmental protectionism, but financial matters may be the root cause.

- Gusinskiy suffered financially last fall when Adamov withdrew some Minatom accounts from Most-Bank, according to numerous press accounts.
- According to press reports, Gusinskiy is trying to secure the reappointment of Adamov's predecessor, Viktor Mikhaylov. [redacted]

Aral Sea Storm Breaches Earthen Dam

[redacted]
[redacted] an earthen dam, built to replenish the Northern Aral Sea, was breached in several locations by a powerful storm in late April. [redacted]

- Kazakhstan's economic turmoil probably will delay dam restoration efforts. [redacted]

The dam is located north of the Uzbekistan border but south of the Syrdariya River and cuts off the river's flow to Uzbekistan and the lower Aral Sea. [redacted]

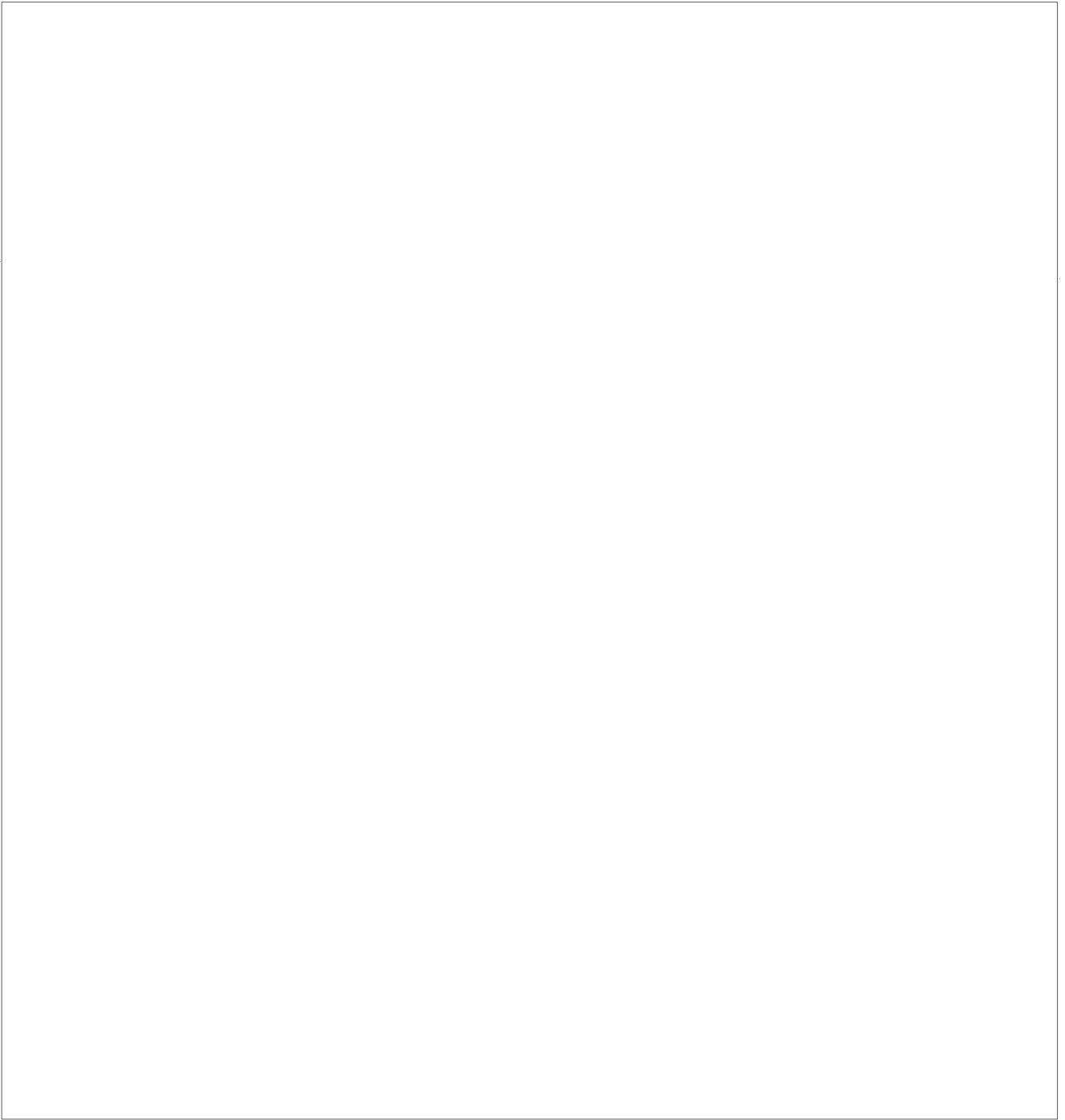
[redacted] Uzbekistan officials have not publicly protested the dam's construction but are unhappy about it.

- If the Kazakhstanis decide to rebuild the earthen dam or replace it with a permanent structure, tension with Uzbekistan could arise over water allocation. [redacted]

Local Kazakhstanis in mid-1997 began constructing the earthen dam at the initiative of the mayor of Aral, a former northern Aral Sea port town stranded 36 km from the sea today. The dam was intended to bring the shore of the Aral Sea back to the town, thereby reviving the local economy and improving environmental conditions for human habitation and biodiversity.

- [redacted] the dam was replenishing the northern Aral Sea.

- Western press reports say water levels had risen 3 meters and spits of the sea had crept to within 12 km of Aral. [redacted]

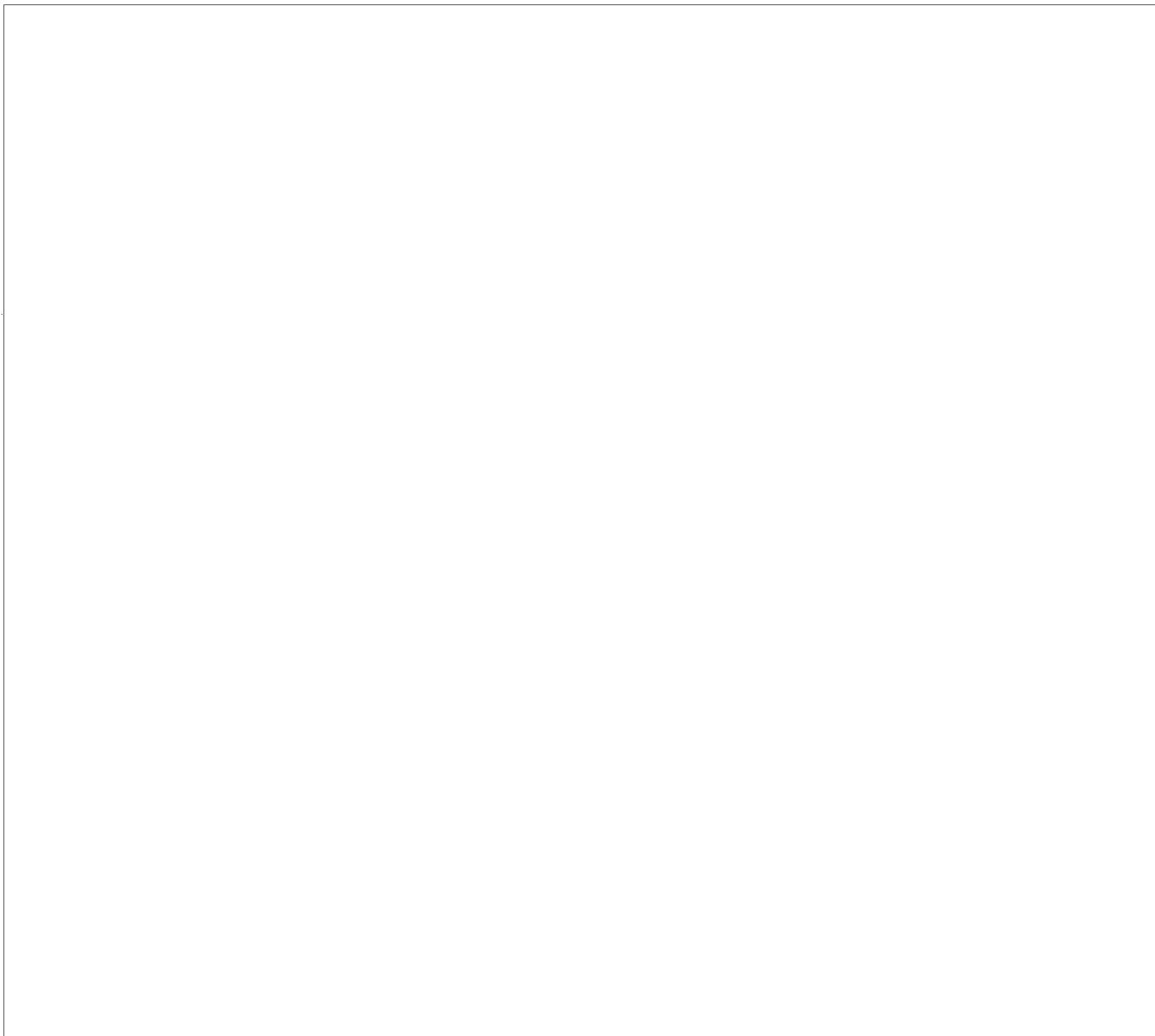








In Brief



Selected International Environment-Related Meetings

6-9 July	Workshop on Destruction Technologies for Persistent Organic Pollutants	Moscow
12-16 July	FAO Negotiating Committee for a Legally Binding Instrument on Prior Informed Consent (PIC) for Hazardous Chemicals in International Trade	Rome
14-16 July	Meeting of the Executive Committee of The Montreal Protocol Multilateral Fund	Montreal
28-30 July	Hemispheric Energy Ministerial: Clean Energy Initiatives	New Orleans
30 August	Basel Convention Ad Hoc Working Group on Liability	Geneva
6-11 September	Third Session of the POPs Intergovernmental Negotiation Committee	Geneva
9-13 September	APEC Senior Officials Meeting	Auckland
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
30 November - 3 December	WTO Ministerial	Seattle
6-10 December	Fifth Conference of Parties to the Basel Convention	Basel
10-16 December	Sixth International Conference on Acid Rain Deposition: Acid Rain 2000	Tsukuba, Japan
31 January - 4 February 2000	Subsidiary Body for Scientific Technical, and Technological Advice to the Biodiversity Convention	Montreal