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International Environmental Intelligence Brief

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Postmortem on Bonn Climate Talks

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The negotiations earlier this month in Bonn suggest G-77 developing countries will stall implementation of the Kyoto Protocol's flexibility mechanisms--international emissions trading, joint implementation, and the Clean Development Mechanism (CDM)--until they learn more about them. Their delegates prevented forward movement but submitted a list of questions about the mechanisms and crowded into seminars offered by the US EPA, UNCTAD, and the World Bank. [redacted]

- [redacted] Indian Ambassador Sharma, [redacted] listened to EPA explain how emissions trading works.
- The Alliance of Small Island States and some African states now say they understand the concept, and Argentina--host of the next round of climate talks in November--went so far as to call for early implementation of emissions trading and the CDM, according to press reports. [redacted]

Financial and technical assistance may be key to bringing the G-77 on board. The G-77 in Bonn renewed demands for resource transfers as the implicit bargaining chip for cooperation on flexibility mechanisms.

- China proposed a technology transfer mechanism--parallel to the flexibility mechanisms for developed countries, [redacted]

Meanwhile, the so-called umbrella group of non-EU developed countries continued to discuss the modalities of emissions trading among themselves. Russia and Ukraine helped further the talks. [redacted]

EU Left Following Rather Than Leading

[redacted]

The UK presidency took note of developing countries' interest in emissions trading by opposing "tropical hot air"--emissions reductions that those countries would make by trading rather than by making reductions at home. Germany anchors the EU position by insisting emissions reductions be made at home with a cap for all three flexibility mechanisms, [redacted]

[redacted]

OPEC revived its demand for compensation from the potential effects of emissions reductions on oil imports. The Saudis, however, said emissions trading will lessen the impact on US oil imports as emissions reductions are made elsewhere. [redacted]

Concrete decisions were lacking at Bonn in part because of the absence of Argentine Ambassador Estrada, who was a leading architect of the Kyoto consensus, in the chair to push the negotiations forward. Argentina did not find a position in the government for him after Kyoto; he attended the Bonn talks as an NGO representative. [redacted]

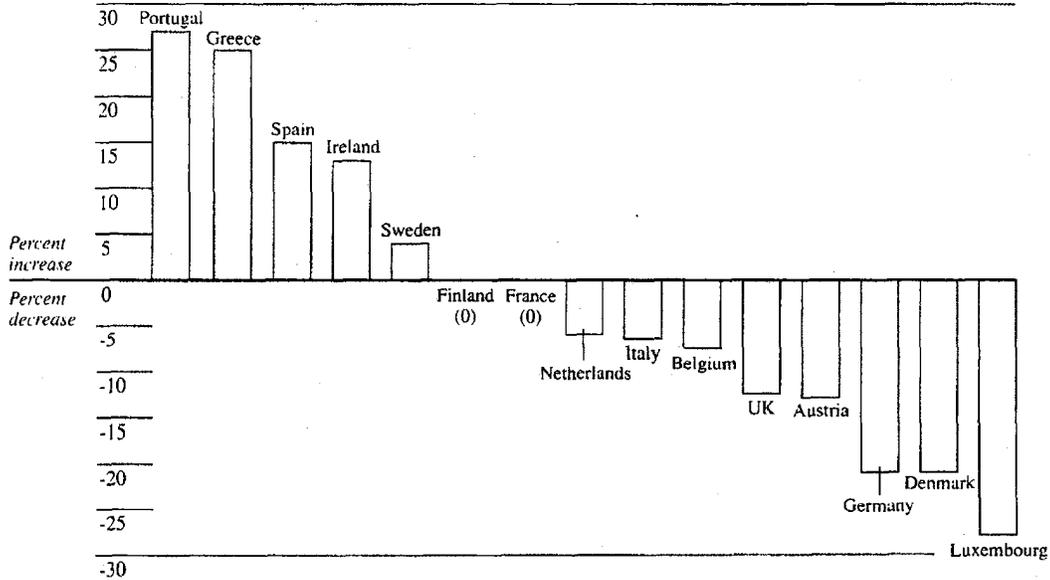
EU environment ministers last week compromised on their national targets to meet the EU's overall Kyoto target of an 8-percent reduction by 2008-2012 from 1990 or 1995 levels for six greenhouse gases, according to press reports. The Netherlands--under strong economic pressure--achieved its objective of weakening its reduction target to 6 percent from 10 percent. The targets for most other members were weakened slightly, while those for the UK and Sweden were tightened. [redacted]

**Proposed UK
Emission Target
Reallocation,
June 1998**

Percentage aggregate emission change by 2008 to 2012 from 1990 for carbon dioxide, methane, and nitrous oxide, and from 1990 or 1995 for hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

	Old target	UK Proposal, May 1998	EU Compromise, June 1998
Austria	-25	-20.5	-13.0
Belgium	-9	-10	-7.5
Denmark	-22.5	-25	-21.0
Finland	0	0	0
France	0	0	0
Germany	-25	-22.5	-21.0
Greece	30	23	25.0
Ireland	15	11	13.0
Italy	-7	-7	-6.5
Luxembourg	-30	-30	-28.0
Netherlands	-10	-8	-6.0
Portugal	40	24	27.0
Spain	15	15	15.0
Sweden	5	5	4.0
UK	-10	-12	-12.5

New Target Allocation, 1990 to 2008-12



China's Stealthy Kyoto Protocol Move

China signed the Protocol on 29 May.

- The signing is consistent with recent indications that China's policy on the environment is softening.

Low-Cost Gesture . . .

The Chinese leadership may have decided to sign now to smooth the way for participation in the Bonn meeting that began yesterday, which is to help set the stage for the Buenos Aires Conference of Convention Parties this fall. In addition, the Chinese may have signed as a gesture to Washington in advance of the visit of the US National Security Adviser to discuss the Summit.

The signature lets China declare that it is taking climate change seriously while not actually committing itself to limit greenhouse emissions. When China's National People's Congress Standing Committee ratifies the protocol, as a developing country it will be exempt from setting emission reduction targets or cataloging potentially harmful emissions.

- Ratification would make China eligible for additional financial and technological assistance and would let it help elaborate the Clean Development Mechanism.

. . . Quietly Executed

The Chinese may have kept the signing low-key to avoid recrimination from other G-77 hardliners, who may interpret it as a betrayal of past pledges to support the G-77 against any efforts to impose restrictions on the emissions of developing countries. The move may increase the pressure on India to sign, but India sees no need for voluntary commitments by developing countries.

- We have seen no reaction to the Chinese signing from other capitals.

Mexico, Panama, and El Salvador signed the Kyoto Protocol in mid-June, bringing the number of signatories to 40. The Protocol will enter into force 90 days after 55 countries--including those accounting for at least 55 percent of the emissions of developed countries--have formally ratified the Protocol.

France: Jospin Maintains Shaky Alliance With Greens

The electoral alliance Jospin forged with the Green Party last year still holds with Dominique Voynet of the Greens remaining as Minister of Regional Development and Environment with her agenda for advancing France's environmental policy. Jospin, however, does not always agree with her recommendations.

Voynet advocates an "eco tax" on private auto emissions with the revenue earmarked for expanding public transport. Jospin's views on this tax will not be known until August, when he reviews the budget for next year, but Finance Minister Strauss-Kahn last week suggested that new environmental taxes will be in his budget proposals to Jospin, according to press reports.

Voynet continues her verbal war with the French nuclear industry, accusing it last month of concealing leaks of radioactive contaminants en route from German and Swiss power stations to the La Hague reprocessing facility. She has demanded guarantees that the government's planned geological storage of nuclear waste be leak proof and irreversible.

— Jospin is not as antinuclear as Voynet and agreed with the Industry Ministry and the nuclear energy community to restart the Phoenix fast-neutron demonstration reactor for research on spent nuclear fuel, according to press reports.

French diplomacy suggests Voynet is losing the battle against international emissions trading for implementing the Kyoto Protocol. She was among the G-8 environment ministers who insisted in April on a trading cap to ensure that most reductions are made domestically.

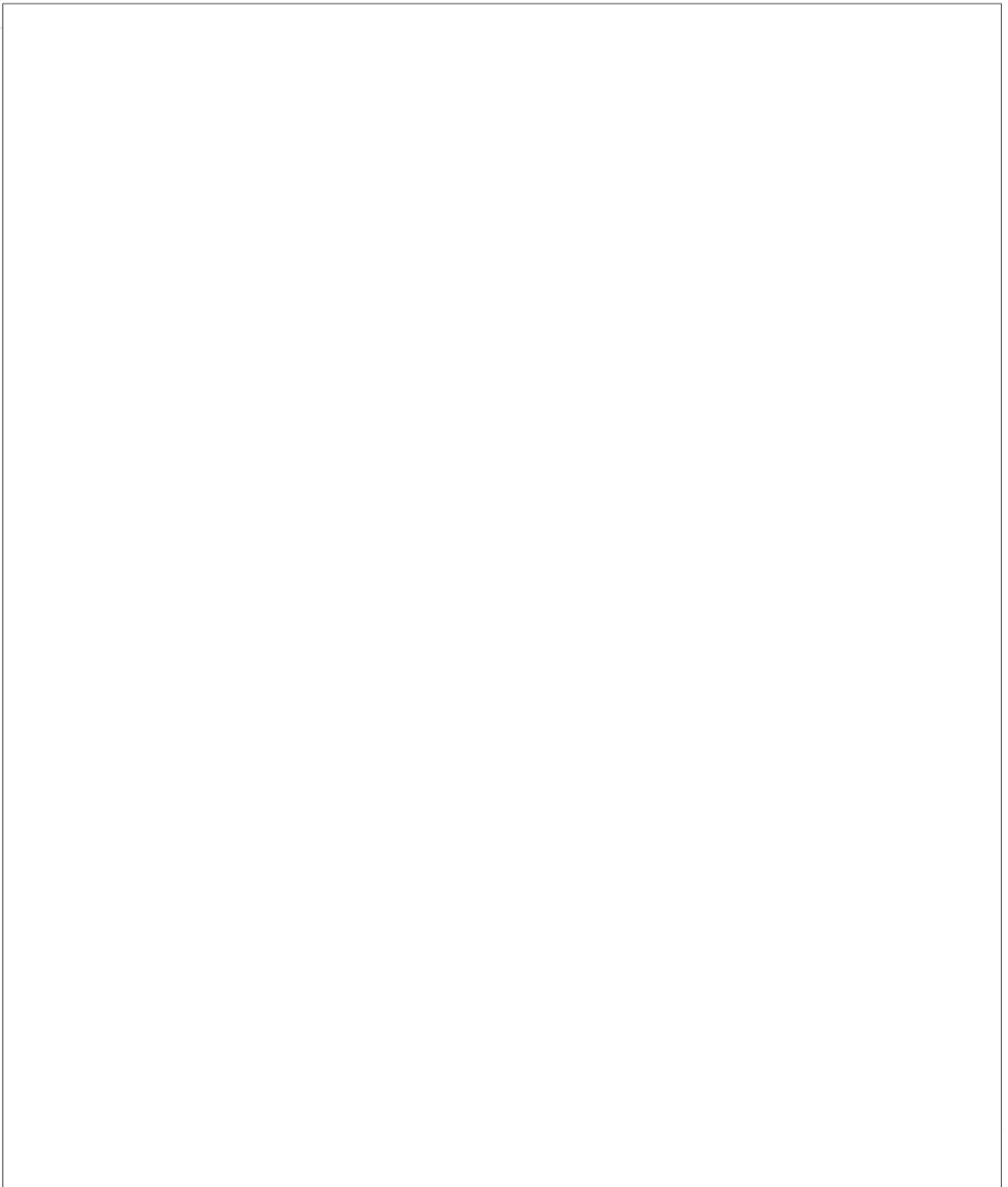
Voynet has lost the policy debate over France's role in EU burden sharing to reach the EU's Kyoto target. France has continued to insist on zero emissions reductions from its 1990 baseline--despite Voynet's advocating further reductions--suggesting Jospin was persuaded by the Foreign and Industry Ministries rather than by Voynet.

— France's dependence on nuclear reactors for nearly 80 percent of its power generation means it has little room for major emissions reductions at home.

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Central America Fires Affecting Economy and Health

Fires in Guatemala this year have damaged more than 150,000 hectares, mostly in the north around Central America's largest remaining rain forest. More than 60,000 hectares of Honduran forests have burned.

Most major airports have been closed for extended periods because of poor visibility. These closings have cost Honduras millions of dollars in air freight delays and lost service fees and have damaged tourism in Guatemala,

- El Salvador, the hemisphere's second-most deforested country, this year has reported some 1,130 fires--25 percent more than all of last year; the fires have damaged more than 100 nature preserves.

- The deterioration in air quality has led to an upsurge in respiratory ailments; Honduras, for example, reports a 25-percent increase in such problems,

- Nicaragua since December has reported 13,400 fires that have ravaged 800,000 hectares, including 470,000 hectares of forest.

The prevalence and persistence of the fires demonstrate the inability of regional governments to carry out long-range environmental management programs. The inability to cope with the emergency may bring political consequences.

Prolonged drought and higher temperatures induced by El Nino created the climatic conditions favorable for fires. Slash and burn agricultural practices, the extensive use of wood fires for cooking, and unregulated land clearance for commercial agriculture, ranching, and logging are responsible for starting many of the fires.

- Guatemalan President Arzu in early June dismissed the head of his environmental oversight agency.
- Environmental and medical groups in Guatemala have criticized local governments for their lack of preventive measures, inadequate responses, and failure to develop effective forest management plans, according to press reports.

- Regional governments have sought US and other international assistance, but they lack the money, equipment, and trained personnel for large-scale firefighting.

Biodiversity Conference Leaves Some Issues Unresolved

The Fourth Conference of Parties to the Convention on Biodiversity that ended last month in Bratislava adopted an ambitious plan of work for the conservation and sustainable use of biodiversity in marine and coastal areas, according to press reports and international environmental groups. Delegates, however, left for further debate the promotion of intellectual property rights and ensuring access to genetic resources for research.

The conference launched a working group to assess the role of indigenous or traditional knowledge in conserving and using natural resources and to propose legal protection for this knowledge. Representatives of firms in developed countries will caution that treating indigenous knowledge as "trade secrets" would limit investment in pharmaceuticals, biotechnology, and agricultural research; they will insist that commercial benefits and patents go to those who research and develop genetic materials.

- Brazil, China, India, and African countries will reiterate demands that they receive compensation for allowing multinational firms from rich nations to exploit their genetic resources.
- At the conference, several developing countries proposed that such firms buy "exploration" licenses or conclude agreements with host countries for equitable profit sharing.

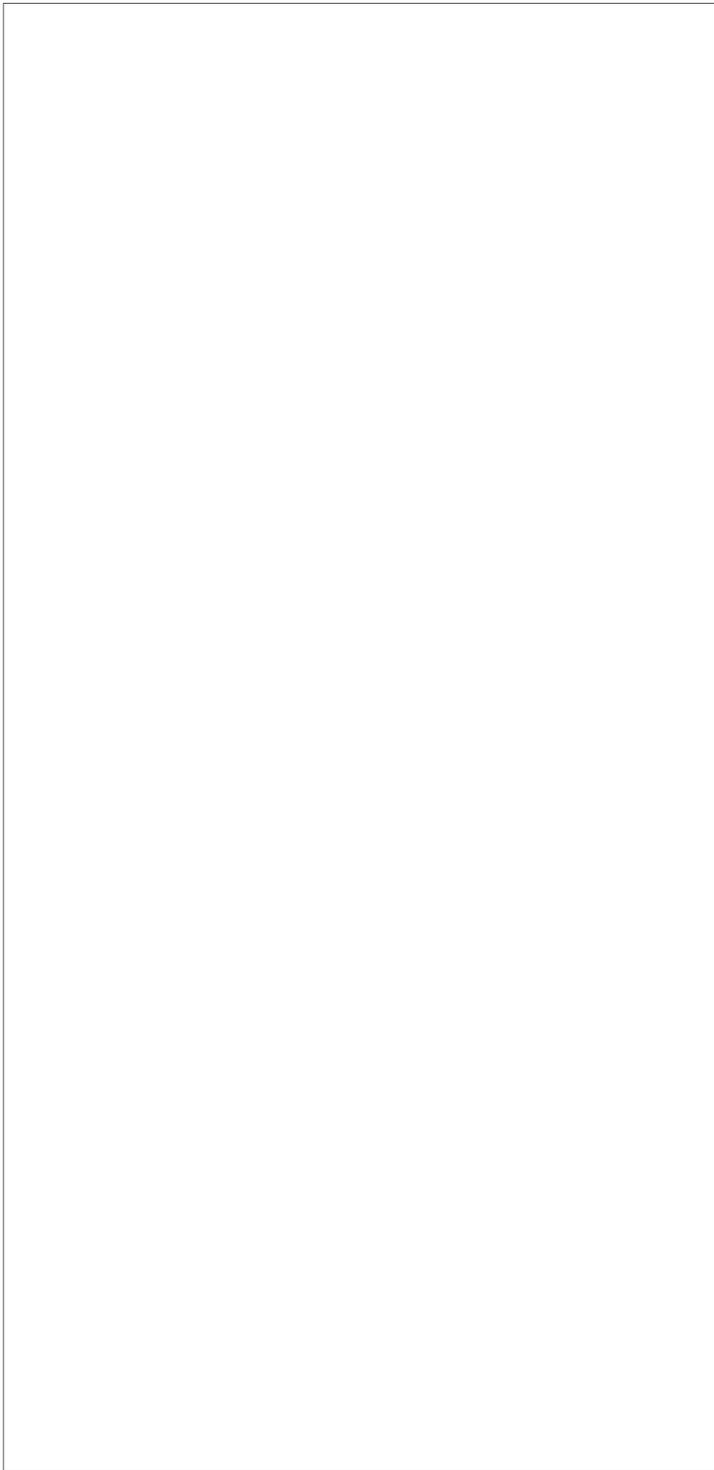
Biosafety Protocol Still Contentious

The proposed biosafety protocol regulating the production, use, and shipment of genetically modified organisms (GMOs) generated major debate in Bratislava. The Convention's working group on biosafety this year will prepare a final draft to present at a special sessions next February to consider formal adoption of the protocol.

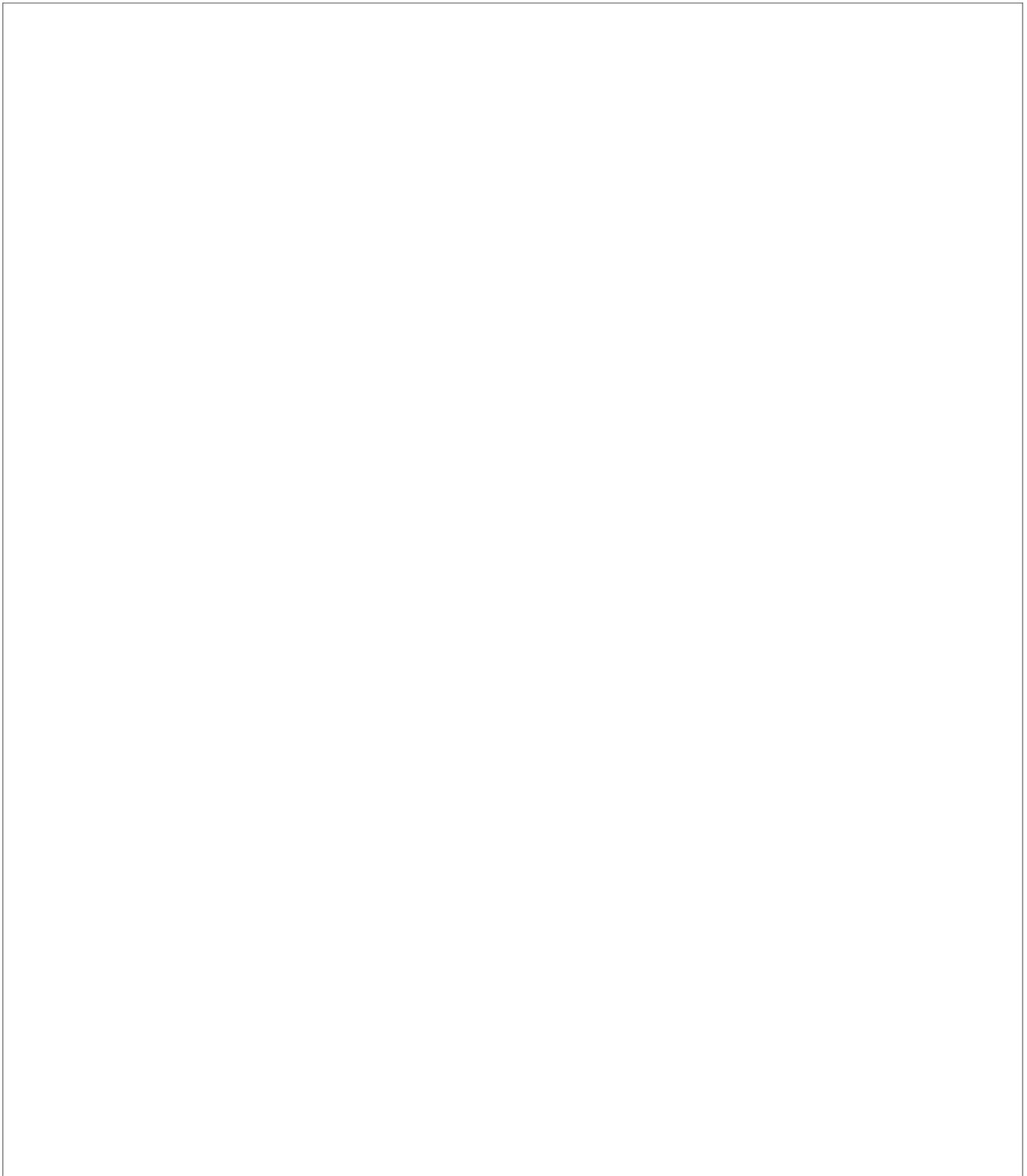
- More than \$60 million in US trade in pharmaceuticals, agricultural products, and other materials derived from biotechnology would be affected by a strict protocol.
- Differences remain over whether a protocol would control movement of GMOs among Convention parties only or include nonparties; moreover, parties must define notification and prior informed consent responsibilities.

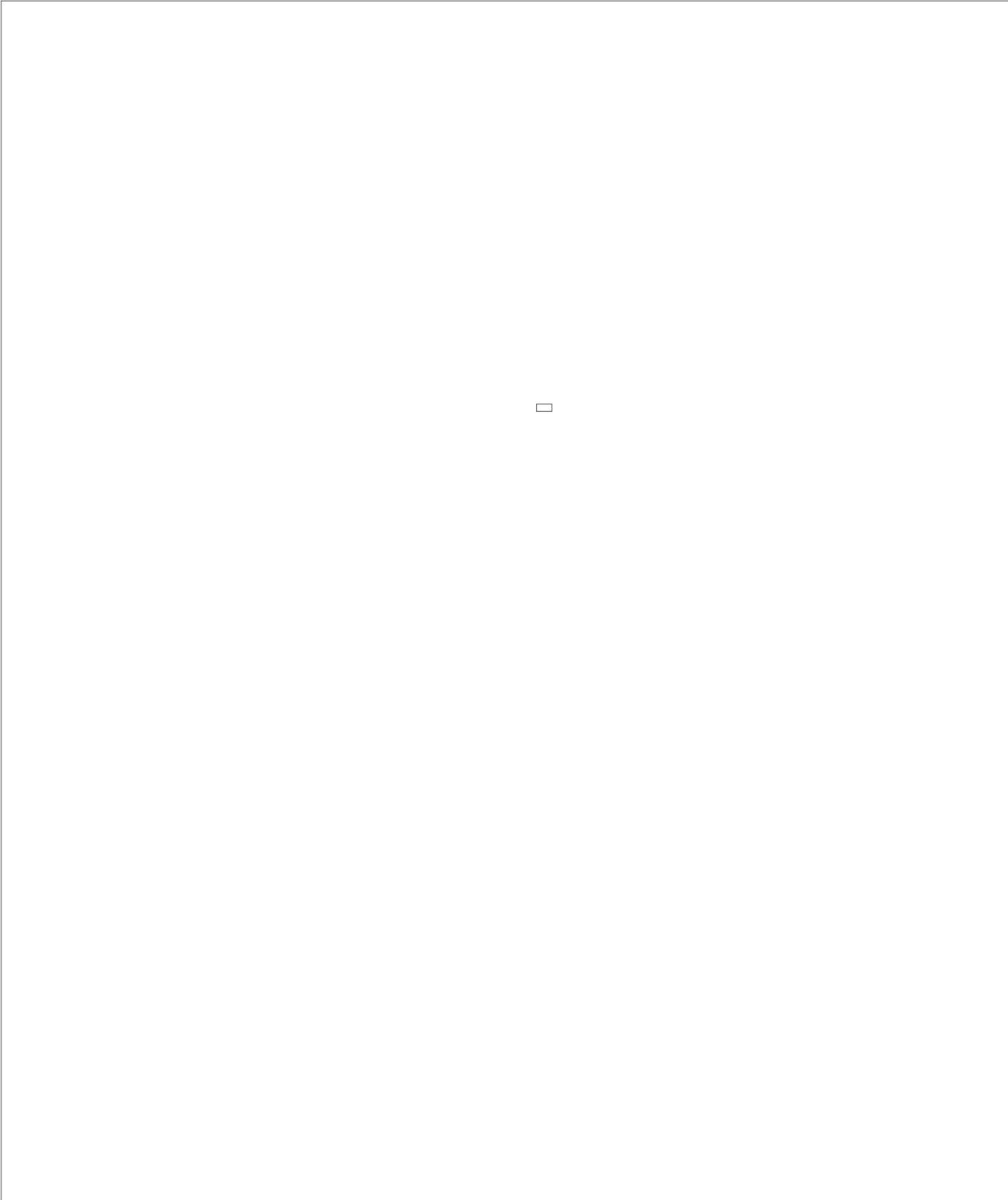
More than 170 countries are parties to the 1992 Convention on Biological Diversity. The US has signed but not ratified the convention. The next full conference of parties will take place in Nairobi in 2000.

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Environmental Threat Groups and Incidents [redacted]

- On 6 April 1998, a communiqué allegedly issued by the Puerto Rican-based terrorist group EPG-Macheteros claimed responsibility for the bombing of the north coast super aqueduct construction site in Arecibo, Puerto Rico which the group believes violates environmental laws.
- In 1996, clandestine groups closely associated with the Pan-Africanist Congress Party (PAC) in the eastern cape province of Dweza, South Africa deliberately contaminated a resource-rich coastal forest reserve with toxic chemicals because they opposed rival African National Congress (ANC) policies on local control of resources; PAC indicated after the incident that when people who deserve the benefit of the resources do not benefit, than no one shall benefit.
- According to press reports, in December 1995 members of the Revolutionary Armed Force of Colombia (FARC), Colombia's largest guerrilla group, blew up a pesticide warehouse in Une, Colombia causing the release of large volumes of toxic materials into the air and the evacuation of approximately 9,000 people living near the warehouse [redacted]

Environmental Cause Groups and Incidents [redacted]

- In December 1997, the Turkish Workers and Peasants Liberation Army (TIKKO) claimed responsibility for bombing the Parliamentary Constituency Office of Development to protest the environmental effects of gold mining operations of TVX Hellas (the Greek subsidiary of Canada's TVX Gold) located on Turkey's Halkidiki peninsula.
- According to press reports, in September 1997 militant environmentalists opposed to genetically-modified operational experiments on Irish soil destroyed a one-acre experimental sugarbeet crop in Ireland owned by Monsanto, a US biotechnology company.
- Chechen Greens in 1996 threatened violence against the Russian Government if Azeri oil is transported to the West through Chechnya, according to press reports.
- Since the early 1990s, an assortment of environmentalist groups and the Basque terrorist group ETA have conducted arson, letter-bomb and rocket attacks on construction companies and workers involved in the Guipuzcoa-Navarra Highway project in Spain because the groups oppose the project's potential damage to the local ecology. [redacted]



The Role of the Russian Boreal Forest in Carbon Exchange

The boreal forest region worldwide is one of the largest single reservoirs of terrestrial carbon, storing--particularly in the soil--about one-third of the carbon found in all terrestrial biomass, and forming a pool 35 percent larger than that of temperate and tropical forests combined. Two-thirds of the world's boreal forests are in Russia, which accordingly maintains a terrestrial carbon reservoir larger than any other nation

Opinions vary, however, on whether the Russian boreal forests are a net source or sink of atmospheric carbon, or whether they will remain so in light of projected climate change. Recent Russian Government studies conclude their forests are absorbing atmospheric carbon at a rate of 160 megatons per year, offsetting a significant amount of manmade emissions, and that the forests will remain an important sink beyond 2040.

- US scientists, however, claim that natural and man-induced disturbances such as logging, forest fires, and insect infestations--which send carbon into the atmosphere--have not adequately been addressed; they contend that the impact of these is as large or larger than the estimated sink rates.
- These scientists also contend that warming projected for the boreal region will yield more such disturbances and that increased soil respiration resulting from the drying of soils and a reduction in permafrost will further increase carbon transmission to the atmosphere

Proper management of Russia's boreal forests--and accurate calculation of carbon sequestration and transmission--has both economic consequences for Russia and implications for the Kyoto Protocol on climate change. The protocol specifies, for example, that a net reduction in greenhouse gas emissions resulting from afforestation or reforestation can be used to meet a country's emission target, provided that "the greenhouse gas emissions from sources and removals by sinks associated with those activities [are] reported in a transparent and verifiable manner."

- Under the protocol's joint implementation provision, other developed countries can receive emission credits for afforestation activities in Siberia.

Selected International Environment-Related Meetings

22 May-30 September	1998 Lisbon World Exposition (EXPO '98) Theme: The Oceans, a Heritage for the Future.	Lisbon
23-25 June	Fourth Environment For Europe Ministerial	Aarhus
29 June-3 July	First Intergovernmental Negotiating Session on Persistent Organic Pollutants	Montreal
16-17 July	Experts Meeting on the Proposed Global Disaster Information Network (GDIN)	Washington
17-28 August	Negotiating Session on the Biosafety Protocol	Montreal
24 August-4 September	Intergovernmental Forum on Forests	Geneva
24 August-4 September	Second Conference of Parties to the Convention to Combat Desertification	Dakar
1-3 September	APEC Senior Officials Meeting on Environment	Singapore
November	Tenth Conference of Parties to the Montreal Protocol	Cairo
2-13 November	Fourth Conference of Parties to the Climate Change Convention	Buenos Aires
4-6 November	Global Environmental Facility Council Meeting	Washington