

# GREENPEACE

## M for Money

**AT LEAST US\$15 BILLION ANNUALLY**

**TO IMPLEMENT THE CONVENTION ON BIOLOGICAL DIVERSITY**

**IN ANCIENT FORESTS**

**The fate of the world's ancient forests<sup>1</sup> hangs in the balance. World governments and people must choose now to SAVE or DELETE the world's remaining ancient forests. The choice will be our lasting legacy.**

The lack of political and financial commitment to forest protection is reflected by the status of ancient forests today<sup>2</sup>. Only 20% remains intact. Yet these forests harbour as much as two-thirds of all terrestrial biodiversity. Logging and other human activity threaten these critically important habitats. If this trend in ancient forest destruction continues, many of the unique plant and animal species of the ancient forests face extinction. The peoples that depend on these forests for their traditional ways of life and culture also face ruin.

Since the 1992 Rio Earth Summit, the Global Environment Facility (GEF) – the financial mechanism for the Convention on Biological Diversity (CBD) – has allocated only around US\$505 million towards the protection of all forests<sup>3</sup>. This amounts to as little as US\$63 million per year.

It is time for governments to turn the tide of destruction at the Ancient Forest Summit<sup>4</sup> in April 2002. Time NOW for governments to put real money behind their agreements. Greenpeace estimates that at least US\$15 billion is required annually for the next ten years to implement the moratoria and measures necessary to safeguard the world's remaining ancient forest from further degradation and destruction<sup>5</sup>.

The measures proposed encompass all types of ancient forests and key ecological forest areas, and they include financing not only for conservation areas, but also for compensation of affected parties during the period of the moratoria:

1. **Moratoria** and participatory mapping of ancient forests, including assessments of their biodiversity values and conservation needs;

<sup>1</sup> Primary/ natural/old growth forests that have been shaped largely by natural events and which have not been impacted by large-scale human activities.

<sup>2</sup> Greenpeace (2001): *Save or Delete*, [www.greenpeace.org/saveordelete](http://www.greenpeace.org/saveordelete); see also UNEP (2001), *An Assessment of the Status of the World's Remaining Closed Forests*, UNEP/DEWA/TR 01-2.

<sup>3</sup> GEF "Biodiversity Portfolio Highlights", Financial Years 1992 to 2000.

<sup>4</sup> The 6<sup>th</sup> meeting of the Conference of the Parties to the CBD, 8-19 April, The Hague, The Netherlands.

<sup>5</sup> For further information on measures and moratoria, see Briefing Papers "*M for Measures*" and "*M for Moratoria*" at [www.greenpeace.org/saveordelete](http://www.greenpeace.org/saveordelete).

2. Implementation of **Measures** to protect ancient forests, including **law enforcement, effective management** of existing protected areas, establishment of a comprehensive, adequate, representative and effective **system of protected areas**, ecologically responsible **sustainable use** by local and indigenous communities and **restoration of native forest biological diversity**.

## ▪ Spending to save

**US\$15 billion annually is a small price to pay** balanced against the substantial threats facing the world's remaining ancient forests and their associated biodiversity. The risk of extinction facing some of the most precious ecosystems and species on the planet is real.

At present, only about US\$1.5 billion is spent each year on general environmental protection, including biodiversity conservation, by OECD countries. Spending on biodiversity itself receives only one-tenth of this figure, amounting to US\$150 million.<sup>6</sup>

**Economic losses often take place at public expense. US\$15 billion annually is a fraction of the substantial direct costs and serious negative economic impacts of forest crimes such as illegal logging, 'perverse' subsidies, 'natural' disasters, short-sighted economic decisions – all of which contribute to forest loss and degradation.**

## Forest crime

Forest crime is common in both developing and industrialized nations, and in all major types of ancient forests – boreal, temperate, and tropical. It does not stop at illegal logging – the entire industry from illegal transport, industrial processing, to trade operations, all the way down the line to markets and the consumer is implicated<sup>7</sup>.

A global fund of US\$15 billion per year clearly pales in comparison with the losses to national budgets from tax evasion associated with illegal logging and trade, which runs to billions of dollars a year.

For example, during the eighties, illegal logging and trade was so widespread in the Philippines that the country lost an average of **US\$1.8 billion** a year<sup>8</sup>.

In the Brazilian Amazon, illegal logging trade is worth four times that of the legal trade. The government itself estimates that 80% of all logging in the Brazilian Amazon is illegal in origin<sup>9</sup>. There are no recent figures estimating Brazil's current economic loss from illegal logging, however in 1993 the newspaper *Estado de Sao Paulo* estimated that **US\$1.2 billion** per year was being lost to the economy, mainly due to tax fraud.<sup>10</sup>

More recent figures are available for Indonesia, where the level of illegal logging is estimated to be between 50%-73%. Forest crime is estimated to have cost the government some **US\$3.5 billion** per year in the mid-nineties.<sup>11</sup>

Illegal logging is reported to be widespread in other ancient forest regions including Russia, Cameroon, Gabon, Papua New Guinea.

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<sup>6</sup> Creditor Reporting System (CRS) database, 1998, OECD.

<sup>7</sup> Contreras-Hermosilla, Arnoldo (2000): *Forest Law Enforcement*, World Bank, June 2001.

<sup>8</sup> Environmental Investigation Agency (1996): *Corporate Power, Corruption and the Destruction of the World's Forests* – cited in Contreras-Hermosilla 2000.

<sup>9</sup> Secretaria de Asuntos Estratégicos (1997): *Forest policy – lumbering exploitation in Amazonia*.

<sup>10</sup> Estado de Sao Paulo: 8 Aug 1993.

<sup>11</sup> World Commission on Forests and Sustainable Development, 1999 – cited in Contreras-Hermosilla, Arnoldo 2000:

## **‘Perverse’ subsidies**

US\$15 billion represents just ONE percent of the **US\$1500 billion spent each year on perverse, environmentally destructive subsidies**<sup>12</sup>.

Environmentally damaging, so-called ‘perverse subsidies’ contribute to forest loss and degradation by providing logging companies cheap access to ancient forests on public land, thereby reducing government revenues available to fund law enforcement and forest management.<sup>13</sup> In Canada alone, the government is estimated to waste between US\$2 billion and \$2.7 billion a year subsidising logging activities that are environmentally and economically damaging through under-priced stumpage.<sup>14</sup>

Compared to what is spent on subsidies annually, US\$ 15 billion is a small sum of money. According to Mike Moore, Director General of the World Trade Organisation (WTO), **\$15billion is only 18 days worth of subsidies.**<sup>15</sup>

## **Natural disasters**

The International Red Cross recently estimated that had US\$40 billion been spent preventing ‘natural’ disasters, global economic losses in the 1990s could have been reduced by US\$280 billion.<sup>16</sup>

The Chinese government is now spending around US\$1 billion a year over the next ten years on the implementation of a logging ban in areas seriously affected by flooding – the consequence of excessive logging. The ban has resulted in a massive 75% reduction in timber production in the regions affected. This is expected to lead to a deficit of 75 million cubic metres of timber by 2003,<sup>17</sup> which will increase China’s trade deficit.

## **Short-sighted economic activities**

„Boom-and-bust industries“ such as timber harvesting followed by cattle ranching suffers rapid decline in economic income after a first period of growth. For 1 million ha forest in the Amazon, it is estimated that for the economic activity, measured by the gross revenue from timber harvesting, processing and cattle ranching will fall from US\$ 100 million in the eighth year to below US\$ 5 million in the twenty-third.<sup>18</sup>

## **Funding protection**

Below are recent estimates of the cost of establishing a global system of protected areas, estimates of how much should be spent on forest activities in general, and examples of regional spending.

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<sup>12</sup> Myers, Norman (1998): *Lifting the veil on perverse subsidies*, Nature 392, p. 327. See also WRI (2000): *Perverse Habits: The G8 and subsidies that harm forests and economies*, [www.igc.org/wri/forests/pdf/g8\\_sizer.pdf](http://www.igc.org/wri/forests/pdf/g8_sizer.pdf)

<sup>13</sup> WRI (2000): *Perverse Habits: The G8 and subsidies that harm forests and economies*, [www.igc.org/wri/forests/pdf/g8\\_sizer.pdf](http://www.igc.org/wri/forests/pdf/g8_sizer.pdf).

<sup>14</sup> See Footnote 14 and Sierra Legal Defence Fund (2001): *Stumpage Sellout. How forest company abuse of the stumpage system is costing B.C. taxpayers millions*. [www.sierralegal.org](http://www.sierralegal.org).

<sup>15</sup> Cf. citation in Greenpeace (2001): *Safe trade in the 21<sup>st</sup> century. The Doha edition*, p. 11. [www.greenpeace.org/politics](http://www.greenpeace.org/politics).

<sup>16</sup> International Federation of Red Cross and Red Crescent Societies (2001) *World Disasters Report 2001* [www.ifrc.org/publicat/wdr2001/chapter1.asp](http://www.ifrc.org/publicat/wdr2001/chapter1.asp)

<sup>17</sup> Chunquan, Zhu.. Pers com Phil Aikman August 2001, Greenpeace International, with Forest Programme Officer WWF China.

<sup>18</sup> Schneider, Robert.R, Eugenio Arima, Adalberto Verissimo et al. (2000): *Sustainable Amazon: Limitations and opportunities for rural development*, World Bank and Imazon, p. 18.

- The German Advisory Council on Global Change estimates that, including land purchases and compensation for loss of use, additional funding of approximately US\$21.5 billion per year is needed for a world-wide system of protected areas.<sup>19</sup> While this sum covers all ecosystems, it does not include moratoria, mapping and conservation value and needs assessments for ancient forests, or funding for the requisite law enforcement mechanisms.
- The well-known scientist Edward O. Wilson estimates that about US\$4 billion would prevent most of 'the remaining tropical forest wilderness' in the Congo, the island of New Guinea, and the Amazon from being logged or otherwise destroyed.<sup>20</sup>
- Chapter 11 of Agenda 21 states that US\$31.25 billion per year is necessary for all forest activities, of which an estimated US\$5.67 billion is needed from the international community.<sup>21</sup>
- At the 'Millennium Forum Declaration and Agenda for Action' in May 2000 in New York, representatives from over 1000 civil society organizations from more than 100 countries urged the UN to establish a Global Habitat Conservation Fund of at least US\$5-10 billion annually. This would be used to provide a comprehensive protection plan for critically threatened ecological habitats world-wide.<sup>22</sup>
- Between 1993 and 1997, 14 European nations spent an estimated US\$11 billion on forest conservation easements<sup>23</sup> and over 20 million hectares of forest in Europe has been set aside for long-term conservation.<sup>24</sup>
- The US Conservation Reserve Program alone spends about US\$1.5 billion annually to contract 12-15 million hectares for conservation nationally.<sup>25</sup>

**For further information see  
[www.greenpeace.org/saveordelete](http://www.greenpeace.org/saveordelete)**

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<sup>19</sup> German Advisory Council on Global Change (WBGU) (1999): *Conservation and Sustainable Use of the Biosphere*, p. 393.

<sup>20</sup> 2 May 2001, at the National Science Foundation in Arlington, Virginia, reported by National Geographic News, 3 May 3 2001, D.L. Parsell.

<sup>21</sup> [www.un.org/esa/sustdev/agenda21text.htm](http://www.un.org/esa/sustdev/agenda21text.htm)

<sup>22</sup> [www.millenniumforum.org/html/papers/mfd26May.htm](http://www.millenniumforum.org/html/papers/mfd26May.htm).

<sup>23</sup> A conservation easement is a legal agreement between a landowner and a qualified conservation organisation that permanently limits a property's uses in order to protect its conservation values.

<sup>24</sup> OECD (1997): *The environmental effects of agricultural land diversion schemes*, Paris.

<sup>25</sup> Clark, D., D. Downes (1999): *What Price Biodiversity? Economic incentives and biodiversity conservation in the United States*. CIEL, Washington D.C.