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THE FOCUS OF THIS BULLETIN: FINANCING THE EXPANSION OF MONOCULTURE TREE PLANTATIONS

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  The expansion of large-scale monoculture tree plantations in the global South dates back to the 20th century, becoming particularly marked in the 1960s, and is expected to continue at an ever increasing rate in the 21st century alongside the growing globalization of the economy and markets.

- "Paper Dragons": Timber Plantation Corporations and Creditors in Indonesia
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- Mozambique: Industrial tree plantations generate profits for investors, negative impacts for peasant communities
  Mozambique is a prime example of a country in the global South that has attracted significant financing in recent years for the expansion of industrial tree plantations. This money has not only been invested by traditional financial institutions, like conventional banks, but also and above all by various types of investment funds, both directly and indirectly. The result has been increased land grabbing in a country where the majority of the population depends on agriculture and food production for survival.
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OUR VIEWPOINT

- The financing of industrial tree plantations in the global South in times of crisis: What crisis?

The news reports out of Europe and the United States describe situations of severe financial-economic crises, with little or no economic growth, a lack of investment and high unemployment. Yet since this crisis began roughly five years ago we have also seen intensive and increasingly greater investment in land and industrial plantations of trees and other crops in Latin America, Africa and Asia, through a variety of investment funds, most of them based in the crisis-stricken industrialized countries of the global North. These include pension funds and funds specifically geared to “timberlands” investments. So what kind of crisis are we talking about?

It is obviously not a crisis involving a shortage of money. These investment funds appear to handle enormous amounts of assets, as demonstrated, for example, by the article in this issue on the operations of these funds in Mozambique. On one hand, it is not easy for the public to understand how these funds work. On the other hand, there is a rather clear and similar message implicit in all of them: we can offer you, the investor, “attractive returns”, i.e., good profits. And due to the competition among all these different funds, what investors are looking for are investments that can generate better returns, bigger profits, with little concern for the activity involved or where it is carried out – as long as there is a good “climate” that ensures the “safety” of investments. This is what is happening, for example, in many countries of the global South where governments have opened their doors to these investors.

The high unemployment in the countries where the big investment funds are based and the tragedies suffered by the individuals, families and communities affected appear to be of little concern to them: what moves them, above all, is the search for opportunities to increase their capital.

Judging by the information published by the investment funds themselves, the crisis doesn’t affect them. They repeatedly talk about “opportunities” and display unbridled ambition. They would have us believe that planting thousands of hectares of industrial plantations can improve the living conditions of rural communities.

In fact, however, when these communities find themselves affected by large-scale industrial tree plantation projects, they face the beginning or worsening of a situation of genuine crisis. Conflicts over land, the loss of biodiversity, threats to food sovereignty, problems with water resources, and labour conflicts among the minority of community members who obtain employment are some of the impacts most widely denounced by local communities.

There is another, more profound crisis behind this: the choice made by governments who facilitate private investment in mega projects and do not prioritize policies to address the most urgent needs and most basic rights of the majority of the population. WRM has never come across a single case of the promotion of large-scale monoculture tree plantations in which communities have been duly consulted, or their rights have been respected. What's more, these communities often have very different proposals: they ask for support to promote family and peasant farming, to have access to housing, and to high quality, differentiated education that is geared to their own reality, among other requests. Usually, governments claim that they do not have the resources needed to comply with these requests.

In fact, however, the investment required to satisfy these demands is minuscule, especially compared to the sums of money mobilized for investment in agribusiness and other activities that cause severe impacts on the population and the environment. Moreover, these large-scale projects tend to be provided with resources, guarantees and public incentives – in which a growing role is also being played by big public banks in the countries of the global South – generally for the purpose of producing raw material or merchandise that is exported and/or accessible only to a minority of the population, in order to maintain a system of production and consumption that is largely excessive and destructive to the environment.

The insistence on this path – on this model that serves the logic of the accumulation of capital for a small elite, while social and environmental inequalities are maintained and increased – is perhaps one of the worst crises that the world is facing today.

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THE FOCUS OF THIS BULLETIN: FINANCING THE EXPANSION OF MONOCULTURE TREE PLANTATIONS

- Old and new investors behind the expansion of industrial tree plantations

The expansion of large-scale monoculture tree plantations in the global South dates back to the 20th century, becoming particularly marked in the 1960s, and is expected to continue at an ever increasing rate in the 21st century alongside the growing globalization of the economy and markets.

The capitalist logic of permanent economic growth as a necessary requirement for so-called development results in continuous efforts to boost production, increase consumption, and invent new products to foster continued market growth and the further expansion of trade. The huge sums of money generated through these transactions have also given rise to a rising spiral of exploitation of ecosystems and people, with the corollary of the concentration of control and ownership of resources on the part of wealthy elites, and the exclusion and plunder of the large majority of the population.

Setting the scene

To enable this process, the International Monetary Fund (IMF) and World Bank have imposed, particularly since the late 1980s, recipes for measures that serve in one way or another to privatize or open sectors of the economy to the international market and the expansion of financial transactions. The necessary framework for this has been provided by the WTO and free trade agreements, which have gradually deepened the liberalization and globalization of trade.

In the case of the forestry sector, the funds that have enabled the expansion of industrial monoculture tree plantations have come in different forms: 1) direct investments, which currently represent the largest share of private sector investment in this area, primarily from transnational companies with resources supplied by multilateral and national development banks as well as private banks; 2) indirect investments, for example, through investment funds, which are coming to play an ever greater role; 3) financing schemes like the CDM and REDD+; 4) direct fiscal incentives, such as tax exemptions or subsidized loans to promote investment, and indirect fiscal incentives, including support for research, training, extension and even commercial information; and 5) construction of the infrastructure needed for the complex logistics of production for export (roads, ports, waterways, etc.), in order to foster the development of the plantation industry. In all cases, the companies and investment funds involved have been provided with access – sometimes free of charge, sometimes by paying minimal amounts for the use of water or land – to valuable “natural resources” and cheap labour, which has allowed them to increase their reach, their capital, and thus their profits.

In addition to these mechanisms, the expansion of industrial tree plantations requires a launching pad that is created by governments, through the adoption of institutional, policy and macroeconomic reforms that establish the institutional and legal framework needed to promote the development of the sector. This has other offshoots, such as, for example, the influence over governments sought by companies through the financing of the electoral campaigns of candidates with good chances of winning elections, or through other illegal payments, as has been denounced on numerous occasions.

Then there are the public and private actors who supply the funds to buy the land, when necessary; to buy the machinery, imported from the global North; to plant the trees; to pay the workers, or the outsourcing companies; and to build the factories and plants. In Latin America especially, significant areas of land are owned by private pulp and paper companies. They plant eucalyptus and pine trees to obtain raw material that is then mainly exported to the global North, where most value-adding activities tend to be carried out, using high-tech machinery for the manufacture of high-quality paper. In the meantime, the growing use of wood for energy production (see WRM Bulletin 186) has increased demand and opened up new areas for investment, given the need for additional large areas of tree plantations and the development of the infrastructure required for the final product to reach the market. In addition, consulting firms like the Finnish company Pöyry, which has operations in 50 countries and is active in the pulp and paper sector, are also important agents for the promotion of industrial tree plantations, reinforcing the model of production based on large-scale monoculture plantations, identifying new markets, designing "forestry plans" and conducting environmental impact assessments.

Where does the money come from?

For the most part, the financing for investments in industrial tree plantations and pulp mills has come from commercial and development banks, through lines of credit and loans, or targeted subsidies in the case of public banks. According to a report by Chris Lang (http://chrislang.org/2007/06/30/banks-pulp-people-part-1/), between 2000 and 2006, pulp and paper companies raised USD 215.5 billion on the international capital markets, and while development banks had provided only USD 1.9 billion to the sector over the previous decade, they were beginning to play an increasingly greater role. A prime example is the Brazilian Development Bank (BNDES), which has adopted a proactive role in supporting the "forest plantation" sector, as well as financing the merger of companies to create Brazilian pulp and paper giants that are more competitive on the global market; in this case it has ended up becoming the biggest shareholder in these companies.

Other fundamental actors include multilateral agencies like the United Nations Food and Agriculture Organization (FAO), as well as multilateral development banks, particularly the World Bank and its private sector arm, the International Finance Corporation (IFC), the European Investment Bank (EIB) and Nordic Investment Bank (NIB), and regional banks like the Asian Development Bank (ADB). All of them finance tree plantation company consultancies and projects as "arbiters of quality, in which role they are implicitly recognized by the private sector," according to a report from the Center for International Forestry Research (CIFOR).

Public funds from the global North are also being used to finance the expansion of industrial tree plantations through bilateral agencies, such as the Swedish International Development Cooperation Agency (SIDA). A number of Swedish investment funds own shares in the Swedish-Finnish pulp and paper giant Stora Enso and are involved, alongside SIDA, in industrial tree plantation projects in

Mozambique (see the article on Mozambique in this edition). Another example is Green Resources, a company financed with Norwegian public funds, which has invested in thousands of hectares of industrial tree plantations in Uganda and Tanzania– replacing natural grasslands – in order to obtain carbon credits by way of the Clean Development Mechanism (CDM). If the CDM Executive Board approves the project, Green Resources will sell the credits to the Norwegian oil company Statoil (see http://www.wrm.org.uy/publications/EJOLTplantations.pdf).

Governments tend to have their own interests tied to the projects. In this case, as in others, the country's interests work in favour of the project, thus favouring the transnationals: the Norwegian government is seeking to obtain 400,000 carbon credits from the Tanzanian project, of the six million credits the country wishes to acquire as part of its carbon emission reduction commitment under the Kyoto Protocol.

New financial actors

These traditional investors have been joined by institutional investors who did not use to be involved in the forestry sector, but have now turned to this market following the successive economic-financial crises that have exposed the high degree of volatility of financial markets. Industrial monoculture tree plantations have been turned into "forestry assets". One of the biggest attractions of this new class of assets is their resilience to financial crises, as well as the fact that they represent a relatively safe long-term investment offering attractive returns relative to their low degree of risk, and are thus a good means of risk diversification. According to figures from FAO, investment in "forestry assets" had reached 50 billion dollars in 2011.

There are two main groups of professional investors that deal with industrial tree plantations as forestry assets:

* Timber Investment Management Organizations (TIMOs) (see WRM Bulletins 170 and 182), which act as investment brokers for institutional clients like pension funds, insurance companies and private equity funds, acquiring timberland properties which then yield profits through real estate speculation and timber production.

* Real Estate Investment Trusts (REITs), which have a different structure from TIMOs and greater liquidity.

Both groups facilitate access to the forestry sector for investors, and operate in the countries with the most "productive" industrial tree plantation industries, including Brazil, Chile, Canada, Uruguay, Australia, New Zealand, and a number of Central American and Eastern European countries.

Other financial vehicles involved in forestry sector investments include exchange-traded funds (ETFs), a mechanism through which investors can purchase stocks with the advantage of greater liquidity, meaning they can easily buy and sell stocks and invest small amounts. Fixed capital funds are collective investment schemes in which investors purchase a limited number of stocks and get back the capital plus the profit earned after a preset period.

According to a United Nations report (http://www.un.org/esa/forests/pdf/AGF_Study_July_2012.pdf), TIMO investments in industrial tree plantations converted into forest assets figure among the largest private sector investments in this sector in Latin America and the Caribbean. During the period 2006-2011, these investment vehicles accounted for 12% of the total private investment in the forestry sector in the region, at an average of USD 323 million annually.

Pension funds, through TIMOs, have acquired a significant presence in forestry investment. The Ontario Teachers' Pension Plan, which administers the pensions of the province of Ontario’s 250,000 active and retired teachers, making it Canada’s largest pension fund manager, has 79 billion dollars invested in assets including 2.3 billion in global infrastructure and “timberland assets” or tree plantations.

Of the total “timberland fund” investments in Latin America and the Caribbean, around 68% have been invested in Brazil, through funds such as Cambium, Claritas, Florestal Brasil Investment, FC, Galtere, Global Forest Partners, GTF, Hancock Timber Resource Group, Phaunus, Quadris, Resources Management Services, Timber Value, the Timber Group, Terra Capital and Brookfield Asset Management. A Brookfield private timberlands fund in Brazil, in which institutional investors include the Ohio Police and Fire Pension Fund (OP&F) and the New Mexico Educational Retirement Board (NMERB), administers more than 95,000 hectares of pine and eucalyptus plantations in the states of Santa Catarina, Paraná, Minas Gerais and Mato Grosso do Sul.

In the meantime, the California Public Employees' Retirement System – the largest public pension fund in the United States, with over USD 245 billion in assets – recently invested in Brazil through the U.S. investment group Global Forest Partnership (GFP), which administers pension funds around the world and owns 250,508 hectares of plantations in Brazil.

GFP also operates in Uruguay – the small South American country that has received 14% of all timberland fund investments in Latin America – where it controls 140,595 hectares of tree plantations through four companies (see the article on Uruguay in this edition). Argentina has received 12% of timberland fund investments, while Chile has received 6%, through GMO Renewable Resources, the forestry investment fund Lignum, and the European private equity fund Orion Capital.

In the region of Southeast Asia, there are very few investment funds involved in the forestry sector, largely due to perceived political risks and land control issues, according to Andrew Steel, the CEO of the specialist investment advisor Treedom Investments. Nevertheless, Steel added, there has been growing interest from “global players” as well as Asian institutional investors, such as the Agricultural Bank of China, in investing in tree plantations. He noted that his own organization is investing in the forestry sector in Thailand and also has its sights set on Indonesia, Vietnam, India, Laos, Malaysia and Sri Lanka. Steel also mentioned New Forests, a timberland investment fund based in Sydney, Australia, the U.S.-based Global Environment Fund, and GreenWood Resources, a U.S. company that manages investments in tree plantations, as other global firms that have raised significant capital for investment in the region (http://www.facebook.com/permalink.php?id=160084030748846&story_fbid=326790394078208) .

New trends: The greenwashing of certification extended to financing

WRM has repeatedly denounced that the labelling of any product obtained from large-scale industrial plantations – whether of eucalyptus, pine, oil palm or rubber trees, or any other crop – as “sustainable”, as in the case of the FSC’s certification of millions of hectares of tree plantations around the world, is blatantly misleading. These certification schemes essentially ignore the complexity and impacts of all large-scale monoculture plantations established for industrial purposes. And now the new and old actors that finance these plantations are increasingly using this mechanism to “guarantee” to the people who put money in their banks or investment funds that they are contributing to “sustainable development” or the “green economy” – the same promises that the companies already make to the purchasers of their products. As a result, an ever growing number of corporate and financial actors continue to uphold the fraud that this certification represents.

In the past, banks worried about their reputation would sometimes withdraw certain investments in response to denunciations made by NGOs on the negative impacts caused by a particular company. Today, however, companies are joining forces with banks and other financial institutions in initiatives like the Roundtable on Sustainable Palm Oil (RSPO). The RSPO's members include 11 major banks and investors, including the IFC (the private arm of the World Bank), private banks like HSBC and Rabobank, and the investment fund Generation Investment Management (http://www.rspo.org/en/member/listing/category/Banks%20and%20Investors). The latter, co-founded by Al Gore in 2004, claims that its investment approach is based on the idea that "sustainability factors" will drive a company's returns over the long term, while global challenges, like climate change, pose "risks and opportunities" (see http://www.generationim.com/about/). While two of the financial institutions that are RSPO members are based in Southeast Asia, the majority are from industrialized countries of the global North.

Certification continues to advance because it seems like a good business that benefits both the plantation companies and the certification agencies that endorse their products and clear the way for business in the so-called "green" and "sustainable" economy. And now it is also increasingly serving to benefit financial institutions.

The Principles for Responsible Investment is another initiative spearheaded by institutional investors in partnership with the United Nations Environment Programme (UNEP) and the United Nations Global Compact. The initiative proposes six principles to be followed by investors so that "environmental, social, and corporate governance issues" do not affect the performance of their investment portfolios (http://www.unpri.org/about-pri/the-six-principles/). The signatories include 742 investment managers, such as banks, investment funds and pension funds (http://www.unpri.org/signatories/signatories/#investment_managers).

The World Bank: an old major driver of industrial plantations with a new face

The Forest Investment Program (FIP) is a financing mechanism of the Strategic Climate Fund (SCF) and more broadly the Climate Investment Funds (CIFs). It aims at assisting Southern countries to reach their REDD goals by providing funds. It is administered by the World Bank.

Critics warn that FIP will be used to expand Bank finance of tree plantation projects under the guise of 'enhancement of carbon stocks' and 'reforestation'.
It is not at all clear what the FIP intends with its plans for 'increased private sector support for alternative livelihoods' nor how this might impact on indigenous peoples and traditional communities. Past 'alternative livelihood' efforts in forests supported by the World Bank and GEF have often not generated significant local benefits for communities, and in some cases have left local people worse off .

Although the FIP's operational guidelines were revised to reference the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), specific criteria to comply with UNDRIP and/or to include free, prior and informed consent of affected indigenous peoples have not been incorporated. Furthermore, recommendations by civil society observers that FIP guidelines should comply with relevant international environmental and human rights agreements were rejected.

Source: the Heinrich Böll Foundation and Overseas Development Initiative's website, climatefundsupdate.org; and "The World Bank's Forest Investment Programme

(FIP): core elements and critical issues", http://www.forestpeoples.org/sites/fpp/files/publication/2010/08/fipbriefingoct09eng_0.pdf

Good investment returns – for whom?

These massive movements of money are a manifestation of how the economy has been turned into financial playing field, where increasingly powerful agents take the lead, with the ultimate goal of boosting their profits. The growing participation of investment funds in promoting the expansion of industrial tree plantations also implies the growing participation and influence of financial capital in this sector, seeking higher returns and creating new forms of speculation.

Given that social and environmental considerations are the lowest priorities, and are addressed through certification and other initiatives supposedly based on the principles of "sustainability", the one issue that weighs on investors is the fact that the cost of pouring so much public money into these companies has become increasingly higher. One example is that in 2000, a pulp mill built by Aracruz in Brazil cost one billion US dollars, while today, the new pulp mill that Suzano plans to open later this year in Brazil, in the Maranhão region, has a price tag of three billion US dollars. There are various factors driving up the cost of these investments. One is the increase in land prices due to increased speculation as a result of land grabbing for different "mega" projects (agribusiness, mining, mega-dams, etc.). In the meantime, equipment and machinery, such as those used for pulp production, are becoming ever more sophisticated and productive, with the incorporation of more advanced technology, and are thus more expensive as well. In the example cited here, most of the start-up capital for these multi-million dollar investments is money collected from Brazilian taxpayers, poured into the company through the public development bank, BNDES. However, there are very few returns on these investments for the Brazilian people. Those who lose their territories are the Brazilian rural communities, and those who are the first to pay the cost of any economic-financial crisis are the companies' workers, earning meagre wages and working ever longer hours, denied their labour rights through outsourcing. Those who benefit most are undoubtedly the investors, shareholders and intermediaries, seeking the profits generated by the production of timber and pulp for export.

In the meantime, the social character of workers' pension funds is perverted as they are transformed into anonymous speculative funds, with no transparency, so that investors do not even know what is being done with their money and what they are financing. At the other end of the equation, that of the communities and plantation and pulp mill workers, the growing trend towards institutional investments in "forestry assets" will undoubtedly mean more repression and persecution, in order to protect, at any cost, the "safe" investments of anonymous, faraway investors.

A new field of struggle has been opened against financial institutions, not only those we were already familiar with, but also this new range of investment funds of various types. New strategies and new alliances will be needed to put life before profits, and not vice versa.

Sources: (1) Investments in timberland: investors' strategies and economic perspective in Brazil; Bruno Kanieski da Silva, Piracicaba 2013; (2) "Agentes Empresariales del Agronegocio, Uruguay Informe 2012", Redes Amigos de la Tierra y Uruguay Sustentable, http://www.redes.org.uy/wp-content/uploads/2013/03/Agentes-Agronegocio-Baja.pdf; (3) "La Inversión Extranjera Directa en América Latina y el Caribe", CEPAL, http://www.cepal.org/publicaciones/xml/5/49845/LaInversionExtranjeraDirectaDocIinf2012.pdf; (4) "An

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- "Paper Dragons" : Timber Plantation Corporations and Creditors in Indonesia

The emergence of "Paper Dragons"

In Indonesia's business terms, the word 'dragon' is a symbol of success and grandeur of a family's business kingdom or a business group. The term used to be highly popular during the late President Soeharto's regime, which helped some natural resource-related vertically-integrated business giants to emerge, among others the Sinar Mas Group, the Radja Garuda Mas Group, the Barito Pacific Group, the Kalimanis Group, the Astra Group, the Salim Group, the Lippo Group to name a few. Almost all of these groups run a land-based business, including timber plantations, commonly called Hutan Tanaman Industri (HTI) in Indonesian.

When HTI or Timber Plantation as a forest management model was introduced in the 1980s, it was said to represent a business model that would rehabilitate forests degraded by logging concessions (HPH). Facts, however, show that timber plantation permits were granted on ex-HPH areas that still contained enormous volumes of timber – which were available for logging under the new scheme. Over the years, the average planting realization has never exceeded 50% of that which should have taken place based on the planting permits issued.

Of all the “dragons”, only a few are engaged in the timber plantation business, namely the Sinar Mas Group, the Radja Garuda Mas Group, Kiani Kertas, Barito Pacific and the Kalimanis Group. Other groups are not as big. The Sinar Mas Group and the Radja Garuda Mas Group establish a special division to run the business. The Sinar Mas Group is known to have Sinar Mas Forestry (SMF) to run its estate business and Asia Pulp and Paper (APP) to manage the mills. The Radja Garuda Mas Group is famous for its APRIL and RAPP. The Barito Pacific Group is also well-known for its timber plantation concessions, PT IFA, and PT Tanjung Enim Lestari (PT TEL), which are a collaboration with Marubeni Corporation and Nippon Paper Company in the paper business in South Sumatra Province.

Besides getting support from Soeharto's regime, particularly through ease of licensing, a Reforestation Fund and allocation of concessions on ‘timber forests’, the dragons' business in the timber plantation sector was backed by tens of European funders such as Nordea (Denmark/Sweden), Bankgesellschaft Berlin, Bayerissche Landesbank, IKB Deutsche Industriebank, Norddeutsche Landesbank (all from Germany), Credit Suisse (Switzerland), ING, Fortis, Rabobank, ABN Amro (all from the Netherlands) and Barclays (United Kingdom). Support was also provided by Export Credit Agencies (ECA) such as Hermes Germany. The World Bank, through one of its agencies MIGA (Multilateral Investment Guarantee Agency), in the early 2000s also showed interest in the pulp-paper business. They intended to provide business insurance support to United Fibre System (UFS), which planned to establish a giant pulp-paper mill in South Kalimantan Province. The project, however, has not been realized to date due to strong opposition from civil society organizations.

The apparent defeat of the “ Paper Dragons”

The “dragons” might, with all the privileges they had, did not necessarily mean they always survived in the business. In 1997, when Indonesia was overwhelmed by the global economic crises, the “dragons” were also greatly suffering. The Radja Garuda Mas Group was going through hard times with its US$1.4 billion debt as well as Asia Pulp & Paper (APP) with its US$1.2 billion debt. But they were too big to fail in the plywood industry.

Most of the “dragons” had set up a bank under their control. The Sinar Mas Group set up Bank International Indonesia (BII), the Radja Garuda Mas Group controlled the Uni Bank and the Kalimanis Group owned Bank Umum Nasional (BUN). All of these banks went bankrupt and exacerbated the country's economic contraction. To address this, the government of Indonesia created a banking facility called Bank Indonesia Liquidity Support (BLBI) disbursing 144.54 trillions Indonesian Rupiah (IDR).

The facility, however, could do nothing to save the Dragons' banks, and it even led to huge non-performing loans as these giant corporations channeled the aid to their own companies. About IDR28 trillions of non-performing loans came from these forestry giants.

However, the situation did not last long. After about 3 years, the Dragons rose again, with greater economic power. The Jakarta Stock Exchange (BEJ) showed that prior to the economic crises these economic giants controlled about 38% of the national economic assets, but after the crises their hold was even greater, amounting to 52%. The economic crises, which occurred simultaneously with the political transition, turned out not to be strong enough to overturn these Paper Dragons' economic power. Not only was their economic asset increasing, the Forestry Ministry was also convinced that the timber plantation sector was the strong and prospective forestry business. . This, in turn, stimulated the government to issue policy support for the expansion of the timber plantation industry after the economic crises.

The Might of Old “ Paper Dragons” and the Emergence of New “ Dragons”

The 1997-1998 economic crises, which also impacted the forestry sector, built the confidence of the forestry bureaucrats that the timber plantation (HTI) sector was solid, strong and prospective. Since the early 2000s the Forestry Ministry has been determined to accelerate growth of the sector by promoting improved plant quality, extended concessions, and by inviting investments in upstream-to-downstream forestry industry and increasing the capacity of mills. Ex-logging concessions (HPH) have been turned into timber plantation concessions (HTI) through auctions or transfer of management. New mills are to be set up and the capacity of old mills is to be increased as the timber plantation sector grows.

The Sinar Mas Group (SMG), through its forestry division Sinar Mas Forestry (SMF), has expanded massively. In Jambi Province, SMF has expanded the concession of its local company PT Wira Karya Sakti (PT WKS) by 60,000 hectares. In addition, it affiliates with PT Rimba Hutani Mas (PT RHM) and PT Tebo Multi Agro (PT TMA), giving SMF control over the total 360,000-hectare concession in Jambi Province.

In addition to Jambi, SMF has also expanded its concessions in West and East Kalimantan provinces. In West Kalimantan they have taken over the timber plantation of PT Finnantara Intiga, and of PT Surya Hutani Jaya, PT ITCI and Balikpapan Forest Industry (PT BFI) in East Kalimantan. In South Sumatra Province, they have also been expanding massively, currently controlling a total of 5 concessions, namely PT Bumi Mekar Hijau (PT BMH), PT Sebangun Bumi Andalas (SBA Wood), PT Bumi Andalas Permai (PT BAP), PT Bumi Persada Permai PT BPP) and PT Rimba Hutani Mas (PT RHM). With such a movement, SMF has gradually become a timber plantation “dragon” controlling concessions covering more than 1 million hectares.

The Sinar Mas Group, through its pulp and paper division APP (Asia Pulp and Paper), caused a stir in mid-2012 when it proclaimed it would set up a pulp-paper mill in the district of OKI, South Sumatra Province. Under the name of PT OKI Pulp and Paper Mills, the mill is set to produce 2 million tonnes of pulp annually. The initial investment stands at US$3 billion. According to Badan Koordinasi Penanaman Modal Indonesia, Indonesia's Investment Coordinating Board, all the company's capital comes from foreign sources, i.e. 99% from PT Muba Green Indonesia (Singapore) and 1% from Green Unity Holding Pte, Ltd (Singapore).

The Radja Garuda Mas Group (RGM Group) has never been idle; not only have they expanded their concessions, they have also developed a partnership with some local companies to secure supply of raw materials. PT Sumatera Sylva Lestari (PT SSL) is one of the local companies partnering with them.

In addition to these two giant “dragons” in the timber plantation sector, there are other “dragons” in the sector, both the resurrected ones and newcomers. A subsidiary of the Korindo Group, PT Korintiga Hutani, controls more than 95,000 hectares of timber plantation concessions in 2 districts in Central Kalimantan Province. In Jambi Province, the Barito Pacific Group has re-activated its timber plantation company under a new name, i.e.PT LAJ. The AMS group, which has no experience in the forestry business, has put some investment in the timber plantation sector under the name of PT AAS (Agronusa Alam Sejahtera). PT AAS does not produce pulp and paper, but raw materials for furniture for export purposes.

In the eastern part of Indonesia, timber plantations are massively expanded by the Medco Group, an energy-based company. Through the national program called Merauke Integrated Food and Energy

Estate (MIFEE), it is cooperating with a South Korean corporation to develop an industry based on the alternative energy raw material called “pellets”, which is made of compressed timber shavings (from timber plantations). is the pellets are used to replace fossil fuel (see WRM Bulletin 186 for the impacts of using biomass for energy production).

Up to this point, it can be seen that expansion of the timber plantation sector with all its downstream industry has been massiv, supported by Indonesia's policies, the global market and international corporations. The timber plantation sector is integrated not only with the pulp and paper industry but with non fossil energy and carbon industry as well. The situation will open more room for companies to get engaged in the timber plantation sector to support the global consumption trend, at the expense of demolition of local villages.

By Rivani Noor, Executive Head of Yayasan CAPPA-Ecological Justice, also member of Yayasan SETARA-Jambi' Board and of Indonesia Working Group Siemenpuu Foundation-Finland, e-mail: rivani@cappa.or.id

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- Mozambique: Industrial tree plantations generate profits for investors, negative impacts for peasant communities

According to figures from the United Nations Food and Agriculture Organization (FAO), there were 62,000 hectares of industrial monoculture tree plantations in Mozambique in 2010. However, the country has recently been targeted by financers eager to significantly increase this area. Actors from Europe, the United States, Brazil and South Africa have set their sights on expanding it to roughly 1.4 hectares of tree plantations, primarily of eucalyptus and pine, but also oil palm, according to a study on land grabbing conducted in 2011 by the local peasant farmer organization UNAC and Environmental Justice/Friends of the Earth Mozambique. (1)

To guide investors, the Finnish forestry consulting firm Pöyry noted in 2011 that there is growing interest in investing in Africa because of the availability of land, low labor costs and fast rates of tree growth. Tree plantations in Africa could help to meet the growing demand for biomass as an energy source in Europe, to supply the pulpwood and timber markets in Asia, and to develop local markets, it adds. According to Pöyry, these represent “attractive opportunities for forest investors.” The firm also states that for a fee of 7,000 British pounds – around 11,000 U.S. dollars – potential investors can acquire a full study on tree plantations in Africa with detailed information on 24 countries, including Mozambique. (2)

Northern European countries with large corporations in the tree plantation and wood processing sectors – Norway, Sweden and Finland – are the source of a large part of the investments in industrial tree plantations in Mozambique by companies and investment funds. For example, Green Resources of Norway plans to invest in approximately 180,000 hectares of pine and eucalyptus plantations in the provinces of Nampula, Cabo Delgado and Niassa, on its own plantations and others owned by third parties, for a range purposes, including “carbon sequestration” and the sale of carbon credits through mechanisms like the CDM and REDD. The company’s strategy is to offer its shareholders important long-term returns, with the promise of bigger profit margins than those offered by other investors. Green Resources’ biggest shareholder is the investment company Phaunos Timber Fund Limited, which owns a 29.5% stake in the company. (3) Phaunos has approximately 519 million dollars in assets and specializes in so-called “timberland” and timber-related investments, such as tree plantations. (4, 5) Another major Green Resources shareholder is NewAfrica Ltd., an investment fund that holds 20.7% of shares, while the rest are divided among other investors with smaller stakes in the company, such as Storebrand, one of Norway’s biggest insurance companies.

This Nordic interest in Mozambique is also reflected by the Global Solidarity Forest Fund (GSFF), an investment fund based in Sweden, which manages investments from the Lutheran Church of Sweden and the Lutheran Church of Norway through the Norwegian Lutheran Church Endowment (OVF). Another investor in the GSSF is APB, the Dutch pension fund for government employees, education and public sector workers, and one of the world’s three largest retirement funds. Regarding its involvement in the tree plantation business in Mozambique, APB stated, “We have made this investment [in GSFF] because of the potential for attractive investment returns” – in other words, for the potential profits. APB currently manages a whopping 362 billion dollars in assets. (6)

Companies from other countries involved in the tree plantation sector in Mozambique include the UK-based New Forest Company (NFC), which has invested in the country through the Malonda Foundation, a Mozambican government agency that promotes rural development in the province of Niassa – with a special emphasis on the expansion of tree plantations and the establishment of different companies, like Chikweti. Through its joint project with the Malonda Foundation, NFC is to establish 40,000 hectares of tree plantations, of which 3,200 hectares were planted between 2007 and March 2011. NFC also offers “attractive returns” to its investors. (7) According to Oxfam, NFC has attracted investment from such institutions as the European Investment Bank and the Agri-Vie Agribusiness Fund, an investment fund that focuses on agribusiness in Africa. Agri-Vie itself is backed by, among others, the International Finance Corporation (IFC), which is the private sector lending arm of the World Bank, and the transnational bank HSBC. (8) From the neighbouring country of South Africa, home to a number of large companies in the industrial tree plantation sector, Komatiland Forests Ltd. purchased 80% of the share capital in the formerly state-owned Mozambican company IFLOMA in 2004. IFLOMA’s plantations are located in the province of Manica, which Komatiland considers to be an ideal location from which to serve the South African market, although it also considers Zimbabwe and Mozambique as potential markets. (9)

There are also a number of plans for investments in industrial oil palm plantations in Mozambique. For example, MedEnergy Global – a company that is based in the UK, but is owned by an Italian family that made its fortune in the energy sector – is undertaking a 10,000-hectare oil palm plantation project in the province of Cabo Delgado. (1) Meanwhile, the Brazilian transnational mining company Vale and Embrapa, the Brazilian government’s agricultural research agency, announced in 2011 that they would jointly establish 30,000 hectares of oil palm plantations in Mozambique. (10) Vale, one of the world's biggest mining companies, is already involved in oil palm plantations in Brazil, geared to the production of "green" fuel for the trains that transport its iron ore from the Amazonian state of Pará to export ports.

Finally, the Swedish International Development Cooperation Agency (SIDA) has provided funding to the Malonda Foundation in Niassa for the promotion of tree plantations. Niassa is, without a doubt, one of the provinces that have attracted the most interest for the expansion of industrial tree plantations in recent years. The expansion of pine and eucalyptus plantations in the region has already resulted in various negative impacts, particularly land conflicts between local communities and companies like Chikweti, which have taken over areas that are essential to these communities for food production. The expansion of industrial tree plantations therefore threatens food sovereignty while deepening inequalities in this region of a country where 64% of the population is rural and 55% lives below the poverty line. There have also been conflicts between the workers and companies over working conditions.

According to SIDA, Mozambique is one of Sweden's main countries for international cooperation because of "the Mozambican government's methodical work on poverty issues." (11) However, organizations like UNAC, which represents Mozambican peasant farmers, have denounced that investments in large-scale industrial tree plantations have the opposite effect: they increase poverty. In Sweden, the development of the tree plantation sector for pulp and paper production and other purposes represented one of the main sectors of the country's economy. In Mozambique, however, this type of investment can have a very different impact, as stressed by UNAC at its most recent assembly: "The government's insistence on promoting mega projects will disproportionately benefit the big transnational corporate powers, while threatening the essence of our life as peasant farmers. Some people and certain institutions mistakenly believe that mega projects will reduce poverty. But UNAC believes that unless the profits from these projects result in an equitable national distribution of income, aimed at promoting other sectors such as family agriculture (food production), the outcome could be the exact opposite, because the mega projects could displace and worsen the precarious situation of peasant farmers." (12)

This brief overview of the financing of industrial tree plantations in Mozambique demonstrates the significant participation, both direct and indirect, of various types of investment funds, which, with the authorization of the Mozambican government, invest millions of dollars and euros in the acquisition of land and the establishment of monoculture plantations in the country. However, more detailed study is needed to determine exactly what these funds are, who is behind them, and how they operate. One conclusion we can safely draw is that what all of these investors have in common is the search for "attractive returns", that is, the potential profits, the main reason that investors become involved in tree plantation projects, and the main message and promise of consulting firms like Pöyry.

However, for the rural population of Mozambique – who have never been consulted about whether they want this investment which is increasing the area of land occupied by industrial tree plantations around their communities – this expansion has resulted in a series of highly negative impacts, in regions like Niassa, for example. And, as UNAC has pointed out, the continued expansion of large-scale industrial tree plantations will undoubtedly make the Mozambican peasant farmers' struggle for survival even more difficult.

Sources: (1) http://www.unac.org.mz/index.php/publicacoes/35-os-senhores-da-terra-analise-preliminar-do-fenomeno-de-usurpacao-de-terra-em-mocambique ; (2) http://www.poyry.co.uk/sites/www.poyry.co.uk/files/162.pdf e http://www.poyry.com/sites/default/files/imce/files/africanplantationforestry_-_june2011-lfwp-br.pdf; (3) http://www.greenresources.no ; (4) http://www.phaunostimber.com/profile.html ; (5) http://www.wrm.org.uy/boletim/182/opiniao.html ; (6) http://www.wrm.org.uy/publicaciones/EJOLT_POR.pdf ; e http://en.wikipedia.org/wiki/Stichting_Pensioenfonds_ABP (7) http://www.newforests.net/ ; (8) http://www.oxfam.org/en/grow/policy/new-forests-company-and-its-uganda-plantations-oxfam-case-study; (9) http://www.safcol.co.za/index.php?option=com_content&view=article&id=41&Itemid=13; (10) http://cade.cocolog-nifty.com/file/Mozambique-GRAIN.pdf; (11) http://www.sida.se/English/Countries-and-regions/Africa/Mozambique/Our-work-in-Mozambique/ ; (12) http://www.unac.org.mz/

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- Uruguay: New funds for industrial tree plantations

It was recently reported that the pulp and paper consortium Montes del Plata, a joint venture between Swedish-Finnish forestry giant Stora Enso and the Chilean corporation Arauco, has sold 45,000 hectares of land in the departments of Tacuarembó and Rivera, most of it covered by tree plantations, to the U.S. investment management firm GMO. (1)

A global firm headquartered in Boston, GMO manages USD 110 billion in assets, for clients that include endowments, pension funds, public funds, foundations and cultural institutions, as well as offering a range of investment options such as debt and stock investment funds. Its subsidiary GMO Renewable Resources focuses on the management of forestry sector investments. In Uruguay, GMO Renewable Resources already controlled 37,000 hectares of industrial plantations in the departments of Rivera, Tacuarembó and Cerro Largo (according to a 2009 report by the specialized consulting firm Rosario Pou & Asociados).

The reason behind the recent sale of the Montes del Plata plantations to GMO is probably the fact that they are located relatively far away from the pulp mill that Montes del Plata is building in Conchillas, in the department of Colonia. According to company sources, the cost of transportation make it unviable to continue producing the raw material such a long distance from the mill.

There are a number of local pension funds that have invested in industrial tree plantations in Uruguay in the past, including the Caja de Jubilaciones y Pensiones Bancarias (which represents bank workers), la Caja de Profesionales Universitarios (university-trained professionals) and Caja de Jubilaciones y Pensiones Notariales (notaries). But recently they have been joined by foreign pension funds making medium- to long-term investments in the sector.

One of them is the Dallas Police & Fire Pension Fund (based in the U.S. city of Dallas, Texas), which has invested in Uruguayan tree plantations through the Regions Timberland Group (RTG). Founded in the U.S. city of Atlanta, Georgia in 1981, RTG operates as a business unit of the Regions Bank, based in the same city, and is a pioneer in so-called timberland investing for institutional investors. The group started its activities in Uruguay in 2005, with the creation of the Southern Cone Timber Holdings, LLC investment fund and the founding of Taurion S.A. Timberlands. It subsequently added the management of tree plantations under the ownership of the investment funds Criollo Madera (Monte Fresnos S.A) and Bosques del Sur (Ponte Tresa S.A). RTG is also the registered owner in Uruguay of the companies Monte Fresnos S.A and Ponte Tresa S.A. and has established the investment funds Criollo Madera and Bosques del Sur. The timber produced by these companies is intended mainly for the production of pulp, saw timber, energy and other purposes, both for export and the domestic market. (2)

All Pensions Group (APG), one of the world's biggest pension fund administrators, has a timberland investment fund and is also active in Uruguay.

According to a study conducted by REDES Amigos de la Tierra (3), Global Forest Partners (GFP), a U.S.-based investment group that administers pension funds around the world, owns four forestry companies in Uruguay: Forestal El Arriero (which controls 26,000 hectares), Forestal Oro Verde (50,000 hectares), Forestal Tekoayhu (50,000 hectares) and Forestal Tierra Verde (14,000 hectares). In all, this investment group's land holdings in Uruguay total 140,595 hectares.

Other actors who have come to play a significant role in Uruguay as investors in tree plantations are forestry investment funds. According to the abovementioned report, one of these is Forestal Atlántico Sur (FAS), which emerged from a joint venture partnership between Forestal del Sur (Chile) and Peter Lyford-Pyke (Uruguay). It began to operate in Uruguay in 2006, specializing in commercial activities aimed at the export of timber for pulp production. In late 2012, FAS bought 30,000 hectares of land in southeast Uruguay and the Spanish company ENCE's installations in Uruguay.

According to investors in the forestry sector, Uruguay is attractive despite the fact that sometimes "the legislation is changed" with regard to taxation, an allusion to the approval of the Impuesto a la Concentración de Inmuebles Rurales (Rural Property Concentration Tax), which was subsequently revoked and replaced with the Impuesto al Patrimonio (Net Worth or Equity Tax).

Creating a favourable climate for foreign investment

The treatment of foreign investment on an equal footing with national investment has not only attracted the installation of the world's leading forestry and tree plantation companies but also a number of investment funds such as GMO, RMK, GFP, FAS and others.

There are also a number of special tax benefits that serve to promote foreign investment in general and in the forestry sector in particular, including the following:

* Between 20% and 100% of the amount invested can be discounted from the Income Tax on Economic Activity (IRAE), depending on the classification of the project.

* This income tax is set at a flat rate of 25%

* Moveable goods (equipment, machinery, etc.) that form part of the company's fixed assets or are used in building construction are exempted from the Net Worth or Equity Tax (IP).

* Purchases of materials and services for construction are exempted from Value-Added Tax (IVA).

* Fixed assets required for the project are exempted from import duties as long as they are deemed non-competitive with national industry.

Source: "Uruguay. Información sobre sector forestal e inversiones", March 2013, Rosario Pou & Asociados, http://www.uruguayforestal.com/informes/uruguay.pdf

In general terms, Uruguay is considered a good place to invest because it is politically stable, with a high literacy and low crime rate. In terms of industrial tree plantations, another perceived advantage is that these are primarily established on grasslands, and therefore do not interfere with natural forests. (4)

This last point, however, totally disregards the crucial fact that industrial tree plantations are destroying Uruguay's primary natural ecosystem – grasslands – which traditionally served as the basis for its main economic and productive activities. Moreover, the establishment of monoculture plantations of fast-growing trees in the recharge areas of aquifers and the headwaters of rivers is posing a serious threat to the country's water sources, as in the case, for example, of the Santa Lucía River, which supplies drinking water to Montevideo and its metropolitan area.

But what do these types of investments imply? In the first place, the arrival of new actors to swell the ranks not only of the pulp and paper industry, but also other business sectors associated with industrial tree plantations, pouring more and more money into the expansion of these large-scale plantations, at the cost of the lives and future of communities and ecosystems. At the same time, these new investment funds, comprised of the money of anonymous investors who often have no idea how their savings and contributions are being used – a fact that additionally distorts the social character of workers' pension funds, for example – have now joined with the big financial actors who are driving the commodification of nature, turning it into a market that is increasingly speculative, concentrated and a source of injustice and inequality. The local communities struggling to preserve their territories, livelihoods, identity and future must now confront an ungraspable, faceless adversary. This is a new challenge that must be tackled in the fight against the relentless expansion of large-scale industrial tree plantations, which already cover more than a million hectares of Uruguayan territory.

By Elizabeth Díaz, Grupo Guayubira, info@guayubira.org.uy, http://www.guayubira.org.uy/

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(2) http://www.regionstimberland.com/pdfs/RMK_Management_Plan-English.pdf
(3) “Agentes Empresariales del Agronegocio, Uruguay Informe 2012”, Redes Amigos de la Tierra y Uruguay Sustentable, http://www.redes.org.uy/wp-content/uploads/2013/03/Agentes-Agronegocio-Baja.pdf
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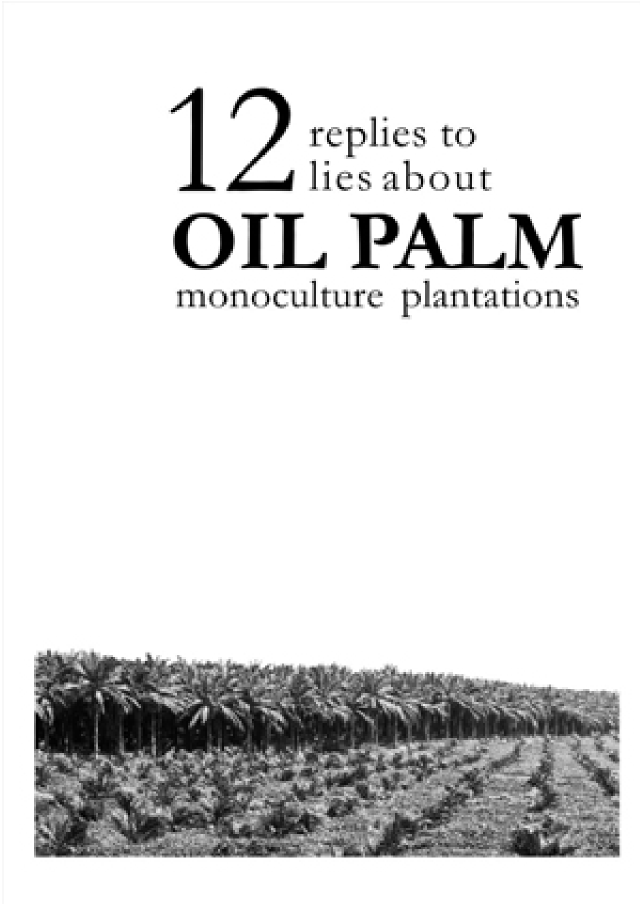
A NEW TOOL FOR COMMUNITIES

- Oil palm: 12 Replies to 12 Lies



Focusing on the claims made by the oil palm industry to “sell” their industrial plantations, the World Rainforest Movement (WRM) has produced a new booklet which is available in English at http://wrm.org.uy/publications/12_replies_to_12_lies_about_oil_palm.pdf (Also available in Spanish, Portuguese and French).

The report aims at strengthening the struggles of all those who are opposing large-scale oil palm plantations in the global South. After expanding in Indonesia and Malaysia for decades, large expansions have more recently been occurring in rural areas in countries in Africa and Latin America. These expansions of industrial oil palm plantations once and again preclude the way of life of rural communities as well as their proposals for how land be used in ways that improve their well-being. The purpose of showing the lies behind the oil palm industry’s claims adds to the efforts towards dismantling a socially and environmentally destructive model of production, commercialization and consumption.

The booklet focuses on twelve lies, namely:

*Oil palm companies use land in remote areas or in areas not effectively used, or so called marginal lands.
Soil fertility and availability of water are key factors that determine where oil palm companies will establish their plantations. Hence, lands used for agriculture and cattle raising, and even forests are taken over by oil palm plantations.

*The compensation paid to people for losing access to land is adequate.
Many people in the global South hold customary rights to the land they use and on which they have often lived for many generations. When they lose access to land as a result of the establishing of a large scale oil palm plantation, the rules established by the national government for how to calculate such "compensation" often exclude lands under customary use. So, in most cases they do not receive any compensation at all or are paid very low amounts and sometimes only for the crops grown on part of the territory used by a community.

*The palm oil industry contributes to food security.
Malaysian and Indonesian rural communities can tell otherwise. Apart from outright loss of the land, decrease in local food production occurs when indigenous peoples and peasants stop producing crops for local markets because they start to work for oil palm companies and do not have time to work on their lands. Also, rising prices of staple foods is common, linked to a more general trend of speculation. These are some of the trends that undermine the livelihoods and thus the food security, and in general, the food sovereignty of thousands of rural communities where oil palm companies have been expanding their plantations.

*Oil palm plantations have a minimal need for water and for chemical inputs.
How "minimal" can the impact of a large scale plantation be for local inhabitants? Oil palm plantations often cover thousands and thousands of hectares, and the "minimal needs" become large amounts of agrotoxins and fertilizers, applied to guarantee the high production that the companies pursue. Together with the effluent of the mills where oil palm fruit is processed to obtain the crude palm oil, the pesticides and fertilizers, too, pollute rivers and streams used by people to obtain drinking water, for bathing and washing clothes.

*Oil palm plantations conserve the environment and contribute to reducing global warming.
How can a notorious driver of deforestation contribute to reducing global warming? Indonesia and Malaysia, where most of the world´s oil palm plantations are located, are the evidence for the destruction of forests by oil palm plantations while the same is happening in Africa and Latin America with the increasing expansion of oil palm plantations.

*Companies say they are committed to listening to communities that will be affected by the plantations or that are already affected by oil palm plantations, and address their demands.
Top-down projects leaving no option to say no, pressure, promises of jobs and/or some social project are some of the strategies of the companies. When companies are contacting communities, it is usual for them to come to inform the community about the company plans so communities will not hinder but rather support them.

*Oil palm plantations create many jobs and thus contribute to employment in the region.
The jobs in oil palm plantations are usually badly paid and it is common for workers on oil palm

plantations to work as day laborers, without contract or any additional benefits. In some countries, outsourcing of labor is a way of evading legal social obligations while it is also an anti-trade union tool that promotes informal and precarious labor. Furthermore, workers have to carry out hazardous activities like applying pesticides, with severe negative impacts on their health, often lacking access to safety equipment. Communities complain that most of the jobs are in the first years when the oil palm plantations are established and that afterwards few jobs remain. In the case of female workers, besides facing a double work load, harassment by foremen or security guards from the companies is also a common reality.

*Involving peasant farmers in planting oil palm in expansion regions offers additional benefits and is an excellent alternative for them.
In the case of the smallholders, such as in Indonesia, they are seldom consulted about the oil palm project by which on the one hand they are forced to give up their customary lands, including forest lands they often depend on in many ways, while on the other hand, they get in return a 2-hectare plot of oil palm with a sort of "land title". Apart from assuming a debt to establish the plantations that they often have difficulties to pay back, this means a violation of their customary land rights and often results in conflicts, of which hundreds exist today in Indonesia.

*Oil palm plantations improve the supply of basic services to the residents (roads, clinics, schools).
Though often a network of roads throughout the plantations is set up by the oil palm company, its routing is mainly to facilitate the transport of the harvested fruits. The road can thus either benefit the communities or jeopardize them, for example when the company changes the course of roads traditionally used by communities. When it comes to building and offering schools and health services, communities often complain that these promises are delayed or not fulfilled.
At the end of the day, it is much more the company that benefits from government measures to ´help´ them – getting concessions for low or no fees and other advantages such as tax breaks, subsidies, loans with low interest rates, etc. - than that communities benefit from the company´s initiatives to support communities.

*Oil palm companies contribute to sustainable development of countries.
India and China are the main global importers of palm oil, followed by the European Union. However, Europe remains by far the biggest per capita consumer of palm oil and vegetable oil in general, due to its excessive consumption pattern that includes the use of oil palm in a large range of different supermarket products, different from China´s and India´s use which is largely related to basic use for cooking purposes. The present expansion of oil palm plantations in Africa and also in Latin America is most often about supplying outside markets like the European Union (EU), where refining of the crude oil and transforming it into final products takes place. The jobs and wealth created around these activities do not benefit people in the producing countries.

*The palm oil industry is committed to a number of high standards like ethical conduct.
The reality of the conduct of the palm oil sector in countries like Indonesia fails to substantiate these claims. To the contrary, the sector has been involved in cases of corruption, graft, and bribery as well as rent-seeking by politicians, public and government officials. Furthermore, many cases of violence have been reported in the hundreds of conflicts with local communities that companies are involved with.

*RSPO guarantees sustainable oil palm.
RSPO suffers from structural problems that make it impossible to deliver this promise: the huge majority of its members are the big global players in the palm oil sector who maintain and fuel a

model that guarantees huge quantities of “cheap” palm oil, mainly to fulfill demand in industrialized countries and for emerging markets, and generates enormous profits for them.
Another problem is that RSPO does not differentiate between different scales of operation, applying the same criteria to small plantations and to monocultures of tens or hundreds of thousands of hectares that per definition are never sustainable for local people and nature.
Much closer to a sustainable way of producing palm oil and many products based on it are the traditional systems of growing oil palm and processing palm oil for products sold on local and regional markets. These traditional oil palm economies are still practiced in many western and central African countries and in a specific region in Brazil. These diversified traditional palm oil systems, where palm oil is grown in agroforestry or intercropping schemes provide significantly more benefits for local and national economies in these countries, at a much lower environmental cost. RSPO just serves as a form of “greenwashing” of oil palm plantations and their image.

The booklet concludes that the presented claims of the palm oil industry are not only misleading, many times they are also false, including the statement that they improve the wellbeing of local communities. For most people life indeed changes dramatically with the invasion of oil palm plantations in their territory, but for the worse.

Hundreds of resistance struggles taking place in oil palm expansion areas in Latin America, Africa and Asia are testimony that communities do not easily accept all these impacts imposed on them. They struggle for recognition of their land rights and territories, and demand support for their alternatives to large scale plantation development.

Stronger alliances among communities and organizations in consumer countries and countries with large oil palm plantations are needed to more effectively challenge the ongoing expansion of oil palm plantations. Besides exposing the lies and empty promises of oil palm companies, this will need solidarity with those defending the territories and forests on which communities in Asia, African and Latin American countries depend and that are at risk of being taken over by oil palm plantations. Solidarity is also needed with those working towards different production and consumption models which are not based on further destruction of forests and peoples’ livelihoods in the global South.

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PEOPLES IN ACTION

- India: The Uttarakhand tragedy is not natural

India Climate Justice, a collective of social movements, trade unions, other organizations and individuals, has issued on last June 25 a statement stressing that the devastating loss of life, livelihoods, and homes in Uttarakhand and beyond, caused by extreme unseasonal rains in North India, is a tragedy that indicates a global warming induced climate change phenomenon.

The Uttarakhand disaster is not natural: extensive deforestation of mountain tracts, by the state and due to “development” projects, has led to soil erosion and water run-off, thus destabilizing mountain slopes and contributing to more intense and frequent landslides and floods; hundreds of small, medium and large dams across the Himalayan states have been built or are planned; sand mining along river banks has intensified water flows into rivers. An already fragile ecosystem has been destabilized.

India Climate Justice believes that adaptation to disasters does not just mean desperate rescue work during and after the event, but also reducing vulnerability and risk before. Effective adaptation involves a series of measures that need to be adopted on a war footing. The sustainable development of a hill economy, and equity "not profit for a few" should be at its core.
See the open letter at http://sandrp.wordpress.com/2013/06/25/climate-justice-statement-on-the-uttarakhand-catastrophe/

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- Mozambique: Farmers call for resistance to land-grabbing

Members of the National Peasants Union, known as UNAC, in Mozambique, and representatives of international nongovernmental organizations following the Tokyo International Conference on African Development have called on the governments of Japan, Brazil and Mozambique to halt the ProSavana program.

Sponsored by Japan and Brazil, the ProSavana program will facilitate foreign investment for large-scale farming in a vast area of savanna in northern Mozambique, encompassing more than 10 million hectares in three provinces. UNAC warns that the project will jeopardize the local production system based on family-run agriculture and will result in land-grabbing.
See http://www.japantimes.co.jp/news/2013/05/31/national/mozambique-farmers-seek-halt-to-aid-project/#.UdHiyqwSukw

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- Open letter on EU biofuels policy

More than 100 organisations (including a number of coalitions representing many more groups) signed up to an Open Letter to EU decision makers on EU biofuels policy - and from every continent.

The letter was sent to all relevant MEPs expressing "concerns regarding the economic, social and environmental cost of EU biofuels policy. Urgent action is needed to halt the expansion of land-based biofuels (i.e. biofuels, or agrofuels, made from food crops or dedicated energy crops) which bring few or no climate benefits while putting extra pressure on scarce land resources, especially for food and feed." They also stressed that "Mounting evidence paints a clear picture of the costs on people and planet, such that ten major international organisations including the OECD, World Bank, IMF, FAO have jointly called for 'G20 governments [to] remove provisions of current national policies that subsidise (or mandate) biofuels production or consumption'. It's time to stop ignoring the evidence."

The letter can be read at
http://eu.ifoam.org/sites/default/files/page/files/ngo_policy_biofuels_letter_20130617.pdf

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- Ecuador: Vigil for Yasuní

After the Ecuadorian president announced plans to carry out an evaluation on securing financing for the Yasuní-ITT project, reflecting a clear interest in oil drilling, the 'Guardians of Yasuní' initiative organized a vigil in defence of the national park and its forests. The organizers stated: "Sumak Kawsay (Living Well) is possible without oil, as has been demonstrated by the great diversity of life in Yasuní alongside the peoples who have coexisted with it for thousands of years. No amount of money can make it worth destroying this piece of paradise in Ecuador. The country and the entire world have already decided: We want to leave the oil in the soil in Yasuní."

The candlelight vigil and demonstrations were held on June 4 to spread the message that "Yasuní without oil is possible!" For more information see http://www.facebook.com/events/358858294236845/

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RECOMMENDED

- "Carbon discredited: why the EU should steer clear of forest carbon offsets", published by FERN and Friends of the Earth France, explains why forest carbon projects fail to provide climate, environment, development or financial gains. The organisations demand that the EU, California and any other carbon markets to steer clear of international forest offset credits. The document is available at http://www.fern.org/nhambita

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- " El modelo forestal pinochetista y los intentos expansionistas de irresponsables políticos y empresarios" (The Pinochet forestry model and the expansionist efforts of irresponsible politicians and business owners), by Mapuexpress Informativo Mapuche, an independent news agency operated by a Mapuche indigenous organization. A selection of news stories, opinion pieces and background material related to the discussion of a bill presented by the Chilean government for approval with "great urgency", which seeks to extend Decree Law 701 for another 20 years. This law, adopted during the military dictatorship of Augusto Pinochet, established the conditions for the expansion of monoculture pine and eucalyptus plantations. While significantly benefiting two powerful local business groups, Matte (CMPC) and Angelini (Arauco-Celco), the plantation model has caused the devastation of territories and populations and the destruction of rural life in social, environmental, cultural and economic terms. http://www.mapuexpress.net/?act=news&id=10466