

## Friends of the Earth Japan

# “Climate Injustice and the Responsibilities of the G8”: Biofuels, Financial Mechanisms and Forest

Climate change, food sovereignty, and energy crisis are global challenges of our time, and these issues are high on the agenda for the G8 Toyako Summit in Japan this year (July 7-9, 2008). Massive energy consumption by industrialized countries for decades has resulted in a huge cumulative amount of greenhouse gas emissions in our atmosphere, accelerating global climate change and exposing all of humanity to huge risks. Meanwhile, in some cases, measures by industrialized countries to fight climate change have caused damage in developing countries. For example, the promotion of biofuels in developed countries has been one key factor behind a surge in food and energy prices, squeezing access to food in developing countries.

G8 leaders must find some consensus about medium- and long-term goals for achieving substantial reductions in their GHG (Green house gases)emissions. During implementation, their measures to tackle climate change must not be allowed to cause damage in developing countries. Carbon credits must not be used as tool to escape from the obligations of industrialized countries to make real emission reductions.

We are witnessing a great injustice caused by industrialized countries' carbon emissions and the negative environmental and societal problems in developing countries from the so-called “solution”to climate change. We call it "Climate Injustice" ("Ondankakusa" in Japanese). We urge the leaders of industrialized countries, including the G8 to end this "Climate Injustice," and to take the actions described below.

### 1. Responsibility of G8 on Climate Change

**1. To prevent irreversible climate change, industrialized countries must reduce their GHGs emissions from 1990 levels by at least 40% by 2020. G8 countries should show leadership and commit themselves to cutting their dependence on fossil fuels.**

- G8 countries’ emission of GHGs consists 42.8% (2005) of the total global emissions. In recent years China and India’s increase are also remarkable. However, when it comes to comparing emission per capita, a single Japanese emits 2.5 times more than a Chinese and 8.9 times more than an Indian. A single American emits 5.1 times and 18 times more than the Chinese and Indian respectively. Furthermore, there is a very large difference for the responsibility to the climate change between industrialized countries and the developing countries if it is concerned historical emission piled up by industrialized countries since the Industrial Revolution.
- IPCC Fourth Assessment Report requires industrialized countries to reduce GHGs emissions by 25-40% until 2020 and also to support developing countries for mitigation of emission. However, industrialized countries need to lead this process and achieve

**Comparison of per capita CO2 emission and percentage to world emission (2005)**

country	Emission rate by country[%]*	Emission per capita [CO2-ton/人]
USA	22	19.8
CHINA	19	3.9
RUSIA	5.8	10.8
JAPAN	4.7	9.8
INDIA	4.5	1.1
GERMANY	3	9.9
UK	2.2	9.5
all AFRICA	3.5	1

Source: EDMC/Handbook of Energy & Economic Statistics in Japan 2008

\* percentage to total global emissions [%]

reductions of GHG emission of at least 40% by 2020. If industrialized countries do not achieve urgent and significant reduction of emission, then a huge proportion of the burden will fall on the global south in longer-term emissions reduction scenarios if there is a chance to avoid run away climate change.

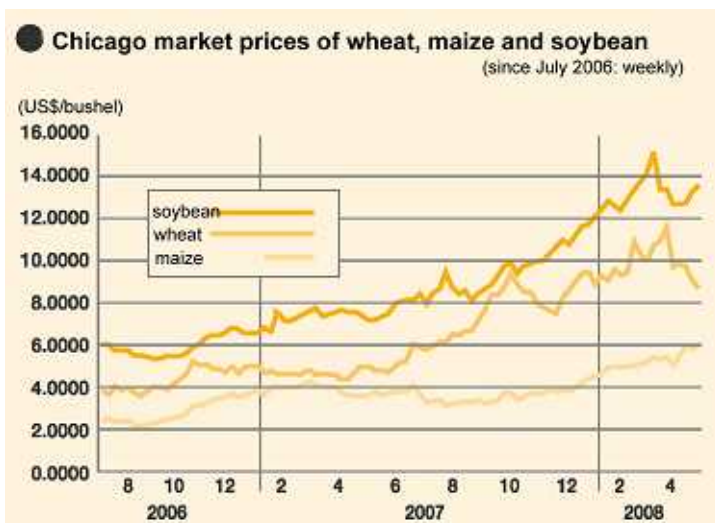
- Negotiations for the future framework post 2012 are underway in UNFCCC aiming to be agreed by the end of 2009. Based on the principle of “Common but Differentiated Responsibility”, it is required that each industrialized countries should take the lead and establish middle and long term targets of considerable reduction based on the highest proposal by the IPCC.

## **2. Biofuel and Food Sovereignty**

**2 . Industrialized countries should promptly halt any development, production and international trade of the biofuels grown in large-scale monoculture plantations. In addition, we call for a moratorium on any targets for introducing biofuels for transportation sector until the below-stated concerns are properly addressed.**

**3. In order to address the concerns on biofuels, criteria should be developed to limit biofuels in proper local use only. Discussions should incorporate a wide range of perspectives, including food issue, land-use issues, energy efficiency, effective use of resource, biodiversity, transportation policy, and cost-effectiveness. The development of criteria should be conducted through transparent processes.**

- In December 2007, The United States established the Energy Law which makes it obligatory to use 36 billion gallons of biofuel which will be more than 20% of all the transportation fuel, whilst the EU determined that it aims to use biofuel for at least 10% of fuel used for transportation by 2020. Also, Japan has declared its goal to introduce 500 thousands kiloliters of biofuels in 2010 and 6 million kiloliters by 2030.
- The current boom in biofuels have caused a dramatic increase in demand for crops like maize, sugarcane, soybeans and oilpalm that serve as feedstock for biofuels. The result has been a rapid increase in demand for agricultural land, which in turn could cause over-exploitation of land, ecosystem destruction, conflicts between biofuels and traditional land uses, and competition for water and agricultural land. Some of these impacts are already evident.
- The boom in biofuels, combined with the impacts of speculative funds, are boosting food and energy prices, with serious impacts on vulnerable groups, especially the poor in developing countries<sup>1</sup>.
- Not only might the use of biofuels be ineffective against climate change, but the destruction of forests and peat lands for biofuels can trigger the release of large amounts of greenhouse gases contained therein<sup>2</sup>.
- Even in the second generation biofuel, land and water are



<sup>1</sup> World food prices have increased 39% over the last year. This year, wheat has recorded the 28 years' highest price, while rice has recorded the 19 year's highest and increased 50% only for the two weeks. Food riots have happened in many developing countries such as Egypt, Guinea, Haiti, Indonesia, Mauritania, Mexico, Senegal, Uzbekistan, and Yemen.

<sup>2</sup> A report published on Science Magazine in February 2008, told that in order to increase US ethanol production by 56 billion liters by 2016, maize from 12.8 million hectares of US croplands are required. This will make additional demand of 10.8 million hectares croplands globally. US ethanol, said to reduce 20% greenhouse-gas emissions, need 167 years to offset the increased emissions from additional land use change, and the emissions will continue to be twice higher than US ethanol emissions over the period of 30 years.

necessary for the production of biomasses. There is a limit in the biomass quantity obtained without competing with the food production, land use and biodiversity. Therefore, it is difficult to substitute the fuel demand for present transportation.

- Simply switching to alternatives like biofuels will not provide fundamental solutions to climate change and other global threats. Comprehensive urban transport policies and other demand-side approaches to reduce fuel consumption are also necessary.

### **3. Climate Change Financial Mechanisms**

**4. Industrialized countries must support efforts of developing countries to tackle climate change, as an obligation based on their “climate debt” of historical emissions. Financial mechanisms should be established under the UN Climate Convention. Adaptation funds should be based on consensus regarding definitions and needs assessments reached through multilateral processes, and should be implemented as grants, not as loans.**

**5. Public funds now promoting investment, financing, and assistance for fossil fuels, which exacerbate climate change, should be shifted into sustainable, renewable energy and energy conservation.**

**6. Mitigation measures, including technology transfers, should be used to promote the shift to low-carbon societies and sustainable development in developing countries. “Clean technologies” should be clearly defined and used in ways that do not include investment and support for projects likely to have large negative environmental and social impacts (e.g., fossil fuels, biofuels, large-scale hydropower, nuclear power, etc.).**

**7. Assistance to developing countries should not be used as offsets to meet the obligations of industrialized countries to reduce their own emissions. Developed countries must make real reductions in their GHG emissions.**

- In the current negotiation process at UNFCCC regarding the post-2012 framework, key issues are ensuring participation of all industrialized countries including the US and newly developed countries like China, and establishing assistances for developing countries to participate.
- In order to ensure participation of developing countries which are more vulnerable to impacts of climate change due to insufficient financial resources and technology, there is a need of assistance by developed countries. However, such assistance is obligation to climate debt (i.e. duties of developed countries which have emitted green house gas in the past). Thus, the assistance is substantially different from voluntary support and investment for the purposes of profit-seeking. Hence, climate-related funds should not be established and managed to ensure the benefit of donors and investors, but satisfy the needs of concerned countries and their populations and should not be understood as overseas development aid but be additional to it.
- There are three kinds of assistance to developing countries required to tackle on climate change: (1) adaptation to impacts of climate change, (2) mitigation measures such as technical assistance to shift towards a society that do not depend on fossil fuel, and (3) measures against deforestation to reduce emission from deforestation and degradation. The significance regarding these measures in the negotiation for the post 2012 lies how to ensure enough funds for these three areas and how to manage these funds.
- Although, essentially, assistance to climate change measures for developing countries should be discussed and agreed in the

UNFCCC This January, Japan announced establishment of 'Cool Earth Partnership'<sup>3</sup> with 1250 billion yen (\$11.7billion) for five years. Also, the US, the UK, and Japan provided finance to the World Bank and announced new funds called 'Climate Investment Funds'<sup>4</sup>.

While it is important, considering its urgency, to proceed tackling with climate change even during negotiation for the post 2012, fast but rough establishment of funds bring about the below concerns-

1) Impact on global governance of climate change policy

- Although the CIFs contain the elements of pilot testing for assisting developing countries, institutional framework will likely to be established and managed under the intention of donor countries and investors. Whether intended or not, this will be an outstanding international framework of climate change policy to assist developing countries and may affect substantial impact on negotiation on post-2012 in the UNFCCC.
- Mitigation and adaptation on climate change should be regarded as obligation of developed countries, essentially. However, this will likely to bring imbalance of power between donors and recipients in the global governance of climate change policy. In practice, the Climate Change Japanese ODA Loan, will be provided only to a country which support Japanese position of climate change policy.
- Even if any fairer funds are established through negotiation of the UN, there comes a concern that financial resources may lack for those funds established under the UN, as the World Bank will have gathered significant amount.
- In addition, if adaptation and mitigation assistance lays disproportionate emphasis on loans, there is a danger that it may lead to new debt-burden, rather than support to developing countries. Especially adaptation assistance should be grant in principle considering its characteristics.

2) Target project

- Technology transfer for mitigation of green house gas emissions in developing countries should consider sovereignty of local community selecting energy and diverse characteristics of each regions, not preventing to achieve distributed energy society. If project selection criteria and/or processes are not appropriate, projects will tend to be large projects, which can get large amount of emission reduction, such as coal thermal power plant with "clean-coal technology", biofuels that accompanies large development of agricultural land, large hydro, and nuclear power plant. These projects may involve serious negative impacts on biodiversity and livelihood of the people. Further more, even though a project itself can reduce emission, it may delay necessary shift to non fossil-fuel society of the host country and may increase total demand of fossil fuel, when the country became huge energy-consumption society.
- The World Bank is a controversy institution in dealing with climate financing, as it increases investment in fossil fuel projects<sup>5</sup>.

3) Carbon trade and offsetting obligation of emission reduction target

- The Kyoto Protocol established the CDM where the emission reduction in developing countries can be counted as emission reduction in developed countries by implementing project to reduce emission in the developing country. However, looking at past experience of the CDM, investments are very limited both on countries, such

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<sup>3</sup> It contains (1) 250billion yen for adaptation measures and support of access to clean energy and (2) 1trillion yen for support of mitigation measures. (2) contains 500billion yen loan called 'Climate Change Japanese ODA Loan' for five years and private sector support etc amounted to 500billion yen (as maximum) for five years

<sup>4</sup> It consists of (1)"Clean Technology Fund" to assist transferring mitigation technology in developing countries and (2)"Strategic Climate Fund" to assist adaptation, forest management and clean energy in developing countries.

<sup>5</sup> Even after the appointment of the World Bank for creating a clean energy investment framework at the 2005 Glen Eagles Summit, it has increased investment to fossil fuel projects more so than renewable energy. On the other hand, the investment towards renewable energy and energy savings has increased only 28-40%.

as China and India, and types of projects, such elimination of chlorofluorocarbon and large hydro<sup>6</sup>. Projects that contribute to sustainable development (e.g. poverty reduction and renewable energy), which the mechanism originally has intended, are very limited. It is natural in market mechanism that carbon credit with low cost and large amount of emission reduction becomes competitive.

- CDM projects have additionality issues, even though every project is required to proof it. In other words, if the project is such that would have been planned without CDM, carbon credit will arise out of nowhere. After all, trade of carbon credits through CDM from developing countries who are not obliged to reduce emissions, raises questions as to whether it contributes to actual reduction in the earth as a whole.
- As diplomatic tactics in the negotiations towards the next framework has become increasingly active, the advanced countries, including Japan, the US, and the European countries, are active in financial contributions in technical transfers towards the developing countries. However, we see its background as (1) need to acquire large quantities of emission reduction credits from overseas, to avoid failing to accomplish the goals set by the Kyoto Protocol<sup>7</sup> and, (2) intention to develop future reduction credits from developing countries now as the next reduction target is likely to be increasingly severe.

#### **4. Forest-related measures**

**8. Recognize that the lack of good governance, violations of local peoples' rights, and the huge demand for and trade of forest and agricultural products are all factors contributing to the serious loss of forests. We demand the industrialized countries to take the lead in reducing the over-consumption of forest products and commercial crops.**

**9. Establish and apply mandatory legislation to avoid environmental and social destructions, in the context of investments and international trade that affect the production of forest products and commercial crops. The development of legislation should be conducted through transparent processes.**

**10. There is an urgent need to reduce emissions of greenhouse gases from deforestation and forest degradation in developing countries. Industrialized countries need to actively contribute to address this issue. However, development of any international forest framework like REDD (Reducing Emissions from Deforestation and Forest Degradation in Developing countries) should not only consider carbon-related functions but all of the multiple functions of forests. Any measures tackling deforestation in developing countries should not be offsetting developed countries emission reduction targets.**

- The world's forests are in peril. About 13 million hectares of the remaining forests are disappearing every year, and carbon emissions caused by forest loss are responsible for about 20% of global greenhouse gas emissions, with serious consequences for the global climate system.
- Major causes of the conversion of natural forests include industrial tree plantations for paper production, plantations for commercial crops such as palm oil, rubber, soy bean, and coffee, and infrastructure such as dam construction. These developments are driven by rising global demand. Ultimate causes are resource-intensive economies in G8 countries for

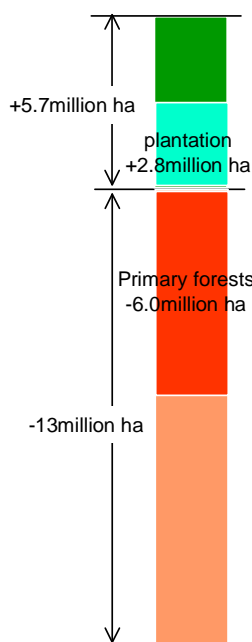
<sup>6</sup> Major host countries and its shares in total emission reductions: China (51.5%), India (14.3%), Brazil (8.7%), Korea (6.7%). Major sectors and its shares in total emission reductions: HFC (29.9%), energy (28.4)%, chemical (16.9%). (As of 16 June 2008)

<sup>7</sup> Japan's emissions in particular has, as of the end of 2006, increased 6.4% in comparison to 1990, and 12.4% reduction is needed to accomplish the 6% binding target. For that reason, Japan is likely to purchase a considerable amount of emission reductions in the form of CDM overseas.

pulp and paper, biofuels, and other commercial crops. In recent years, demand for these resources has increased due to the growth of emerging economies and due to poorly-thought-out policies in G8 countries aiming to replace fossil fuels with biofuels.

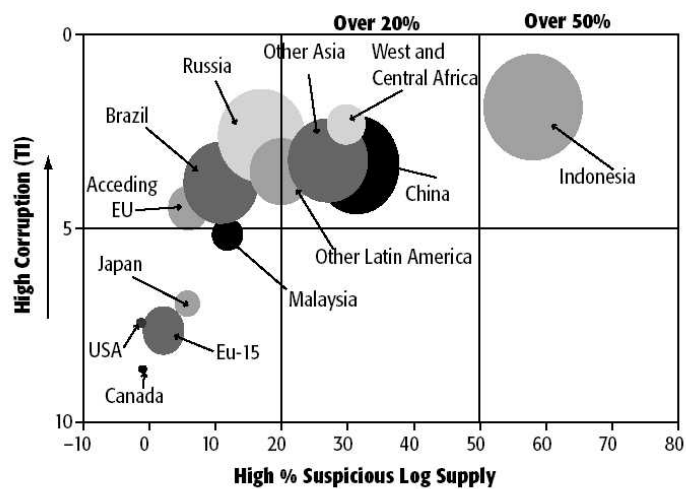
- Communities where these forest-related developments occur often experience serious social disruptions, including land-use-related confrontations between developers and indigenous peoples and communities, the of illegal logging, difficulties in maintaining a certain level of food self-sufficiency, divided communities and other social problems.
- In many cases, these problems are related to the inequitable allocation of forests and land uses in producer countries that place an overemphasis on economic value and have unfair policies towards indigenous peoples. At a deeper level, these issues are often rooted in inadequate governance structures and in corruption affecting forest and land-use decisions. Any efforts to prevent the loss of forests, therefore, should take these factors into account in policies and in individual development projects.
- Corruption and the lack of good governance have been exacerbated in part by official development assistance from industrialized countries to corrupt governments, by private investments (often given with public backing), and by related structural adjustment policies.
- Forest policies and tree-planting projects that only aim to increase forest cover may actually change what may have previously been a stable relationship between local communities and forests, and may have the undesirable effect of destroying forests and disrupting local livelihoods. Forest policies and projects will not be sustainable unless they are compatible with the livelihoods of indigenous peoples and local communities.
- There are concerns associated with international trading of carbon in an attempt to reduce forest loss. Among these are the risk of overemphasizing carbon-related functions while forgetting all the other valuable functions of forests, the focus on corporate profits at the expense of local communities, and the creation of loopholes allowing developed countries to ward off the necessary actions to reduce their emission reduction.

**World Forest Cover Change  
(annual average 2000-2005)**



source: FAO Forest Resources Assessment 2005

**Corruption and illegal logging**



Source: Seneca Creek Associates (2004).

Note: Bubble size represents the volume of suspect roundwood, including imports.

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