

Europe must stop funding forest destruction

MEDIA RELEASE

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More than 30 European non governmental organisations (NGOs) today delivered a letter calling on governments not to fund a new pulp mill proposed by Asia Pulp and Paper (APP), one of the world's most controversial pulp and paper companies. The plant is planned to be built in Sumatra, Indonesia where APP is estimated to have already pulped more than two million hectares of natural rainforests. This new mill would produce between 1.5 and 2.0 million tonnes per year of bleached hardwood pulp, making it the largest single pulp line in the world.

Sergio Baffoni, Indonesian Forests Campaign Co-ordinator for the European Environmental Paper Network (EEP), said, "unsustainable and legally questionable deforestation enables APP to continue to expand production of cheap paper. Their hunger for fibre leads them to convert more and more rainforests into plantations, endangering species and violating local peoples' rights. This is particularly concerning where Indonesian peat-forests are involved as the conversion of this unique ecosystem into plantations releases CO₂ into the atmosphere¹. As well as violating rights and endangering species, this new pulp mill will accelerate climate disaster."

APP has historically been supported by European Export Credit Agencies² (ECAs) and the letter requests that they end support for all business developments linked to deforestation in Indonesia and elsewhere.

Deborah Lambert-Perez of the NGO coalition ECA-Watch, said, "ECAs represent one of the world's largest sources of public financing for private-sector projects, using taxpayers' money to help companies invest in risky overseas projects that would otherwise stall. A new EU regulation³ states that ECAs are not exempt from EU objectives on human rights, climate and environment. It is not possible for ECAs to support the new pulp mill and still comply with this regulation."

In 2001, APP was involved in what was then Asia's biggest corporate debt default - US\$13.9 billion. As part of a restructuring debt agreement it reached with its creditors, APP had the legally binding obligation to develop sustainable forestry operations and pulp and paper production. A recent report⁴ revealed that APP began clearing the forest just three years after signing this agreement, swallowing one-third of the forest that APP committed to protect. Expanding APP's production capacity further will inevitably lead to further deforestation, and to increased violations of the terms of its environmental covenants with ECAs.

1 Carbon dioxide emissions from an *Acacia* plantation on peatland in Sumatra, Indonesia
<http://www.biogeosciences.net/9/617/2012/bg-9-617-2012.pdf>

2 <http://www.fern.org/exportingdestruction>

3 www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P7-TA-2011-0363&language=EN&ring=A7-2010-0364

4 <http://www.eyesontheforest.or.id/attach/EoF%20%28Mar12%29%20APP%20default%20on%20environmental%20covenant%20report%20FINAL.S.pdf>

Notes for Editors

The letter is signed by more than 30 environmental non-governmental organisations (NGOs), including all members of ECA-Watch, Greenpeace and WWF. It has been delivered to ECAs from Finland, Denmark, Sweden, Austria, Germany, Italy, Spain and France.

The European Environmental Paper Network is a coalition of environmental and social NGOs that share a common vision for transforming the European paper industry to become ethical and sustainable.

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