Oil or Trees? Germany Takes Lead in Saving Ecuador's Rainforest

Contributed by Jess Smee
24 June 2009

Oil companies are salivating over the supply of black gold beneath Ecuador's rainforest. The South American country is pledging to keep the oil in the ground -- if the international community provides compensation. Now Germany has taken a leading role in raising the necessary cash.

There are many attributes which make the Yasuni National Park special: It is one of the most bio-diverse places on the planet, it is home to indigenous tribes which hunt and gather in its remote interior, and there's a unique breed of small bat. But the national park also has a geographic curse: It sits atop Ecuador's largest known oil reserve, thought to contain hundreds of millions of barrels.

And this potential fortune threatens its very future. In response, Ecuador has come up with an unusual plan to safeguard the UNESCO biosphere Reserve. The cash-strapped South American country has pledged to leave the oil in the ground forever -- something unheard of among oil nations -- if the international community compensates for some of the lost income.

The scheme, which was first mooted by Ecuadorian President Raphael Correa more than a year ago, got off to a slow start. By the end of the year the country extended its self-imposed deadline, in a last ditch bid to rally international support. Meanwhile, international oil giants were queuing to exploit the supply of black gold.

But now, all of a sudden, the ball seems to be rolling. Following a two-day visit by the Ecuadorian Foreign Minister Fander Falconí to Berlin, Germany had positioned itself at "the forefront of the initative," the Ministry for Economic Cooperation said.

However, officials urged caution on a newspaper report which said Germany would pay $50 million (€36 million) into a yet-to-be-established international fund. "There will be emphatically no financial promises. The conversation in the Ministry for Economic Cooperation and Development focused on the framework of the project and also on the efforts that Ecuador itself has to make," Stephan Bethe, spokesman for the ministry, told SPIEGEL ONLINE.

He stressed that Ecuador's idea had caught Berlin's imagination: "It offers a new approach to rainforests and, from the perspective of development politics, it is very promising," Bethe said. "Combining climate protection and fighting poverty will play a growing role in the future."

Ecuadorian Foreign Minister Falconí told the German daily Die Tageszeitung that Germany had pledged "the first significant contribution" to a yet-to-be-created international fund. The paper reported that Ecuador was pushing Germany to pay up within one month.

Hat in Hand

Ecuador estimates that by leaving the oil untouched, some 410 million tons of carbon dioxide emissions will be averted. Oil is Ecuador's most important export, generating around a third of its income. With the value of the untapped supply under the Yasuni National Park estimated at some $6 billion, the country argues it has little option but to approach international donors, hat in hand.

Environmentalists welcomed the plan as a way to save Ecuador's rainforest from destruction. Preventing forests from disappearing is a vital element in the fight against climate change as they absorb huge quantities of CO2 from the atmosphere.

Still, doubts lingered about the Ecuador model. Tobias Riedl from Greenpeace Germany's Forest Campaign warned that the scheme was far from perfect. "It is a double-edged sword. While we welcome moves to save this unique environment, the fact is that all rainforests need to be saved, regardless of whether they lie on valuable natural resources or not," he told SPIEGEL ONLINE.

"There needs to be a broader move with industrialized nations paying money into a fund to save these forests. Preservation of these bio-diverse areas comes at a price."

Meanwhile, environmental groups are looking to the Copenhagen Climate summit in December which aims to hammer out a new United Nations accord to replace the Kyoto Protocols which expire in 2012. Riedl remained upbeat, despite mounting signs that worldwide climate negotiations are stalling: "We expect to see how the preservation of forests can be brought into a new climate protection framework," he said. "That is a step in the right direction."

But there is a long way to go. Greenpeace estimates that €30 billion are needed to secure the future of the rainforests worldwide. And with 80 percent of all ancient forests (including rainforests) worldwide already gone, the clock is ticking. And Ecuador knows it.

Links

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Photo gallery

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ECUADOR - No oil from the rainforest

Two years after the acceptance of the initiative to "Keep Oil Underground" in Yasuní national park in Ecuador by President Rafael Correa, OILWATCH is pleased to announce some good news:

- The initiative remains valid and has now obtained official compromises (see article below)

- The funds which have been compromised are not part of the carbon market

- In the declarations of the Minister of Foreign Affairs, it is stressed that these funds will be used for a new development model.

- (see press release : ministry of foreign affairs)

No oil from the rainforest

Climate Protection (From: Wir Klimaretter)

Germany wants to pay 50 million US dollars annually into a trust fund so that Ecuador won't exploit its huge oil reserves in the jungle

Gerhard Dilger, Porto Alegre

"The Gordian knot is cut," says Ute Koczy, full of enthusiasm. For two years, the Green member of the German parliament has promoted Ecuador's proposal to renounce oil production in an especially biodiverse area of the Amazon rainforest - if the international community provides a part of the oil millions which could be obtained though exploitation. Indeed, after the two-day visit of Ecuadorian Foreign Minister Fander Falconí in Berlin, the breakthrough for the Yasuní-ITT Initiative seems at hand.

Erich Stather, State Secretary in the Ministry for Economic Cooperation, suggested that Germany would put up the "first significant contribution" for an international trust fund yet to be created, Falconí said. Details are not yet officially revealed. But according to information obtained by the taz, Stather urged the Ecuadorians to create the fund within a month. In this case, Germany would pay 50 million US dollars annually into the fund set up under the wings of the Inter-American Development Bank or the UN.

Ecuador's proposal went beyond the rigid market instruments "which so far have been accepted by the international community to combat greenhouse emissions", Falconí said. The Foreign Minister is sure that biodiversity in the Yasuní National Park as well as two indigenous peoples living there would be protected by the project. In its new development strategy, he added, Ecuador clearly distinguishes between economic growth and human development.

In June 2007, Ecuadorian President Rafael Correa proposed to renounce the exploitation of 846 million barrels of oil, in case half of the expected income could be raised from other sources. For the 410 million tonnes of CO2 emissions avoided, Ecuador expects to raise, over a period of 20 years, some 7 billion US dollars.

Oil is Ecuador's main export product, and approximately one-third of the state budget is covered by oil revenues. More than half of the 500,000 barrels of crude exploited every day are done by the state company Petroecuador. The money from the trust fund would go to the preservation of nature, to expansion of renewable energies and social projects, assured Falconí.

After the unanimous support of the Yasuní-ITT initiative by the Bundestag in June 2008, the Society for Technical Cooperation (GTZ) produced three studies. They show that the value of the CO2 emissions would be significantly lower. But these details were for the moment not so , says Green MP Ute Koczy. "It is much more important that the initiative takes off before the UN Climate Change Conference in Copenhagen."

Together with the Madrid city council, the Ecuadorians already have another plan: In late September, an open-air concert featuring bands like Radiohead and Green Day should take place in the Spanish capital, before 300,000 spectators and with live coverage on all five continents. Again, the proceedings would go to the preservation of the rainforest.

(taz, die tageszeitung, Berlin, June 22, 2009)