

# BANKWATCH MAIL

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## Cohesion or collision? EU funding and biodiversity

The new member states of central and eastern Europe brought an invaluable gift to the EU: large areas of wild or well-preserved nature, beautiful landscapes and many species that are already extinct in the old EU-15. Paradoxically, they may now lose much of this wealth

because of another gift that they have in turn received from the EU: billions of euros in structural and cohesion funds. What's more, this loss is entirely unnecessary.

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## Shell's Sakhalin project no friend of people or nature

Earlier this year when the snows started to melt and the ice drifted back to the northern sea of Okhotsk, hundreds of dead birds saturated in oil were found in Shiretoko, the world heritage site of Hokkaido in Japan. As more snow melted, more birds were found. In late March, one month after the first find, the number of collected, perished birds had risen to 5,338. Most of them were thick-billed murre and common guillemot, a rare species in Japan, were also included. Steller's sea eagles, another endangered bird species and designated as a 'natural monument' in Japan, were also found dead – they had eaten the oiled carcasses on the shore.

A combination of the sea current and the area of the birds' habitat have led many to believe that the dead birds which ended up in Japan were caught in oil spills somewhere offshore of east Sakhalin Island, where Shell's Sakhalin II Phase 2 oil and gas project is underway. So far the source of the oil remains a mystery in this partly ice

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## Cohesion or collision? EU funding and biodiversity

At a meeting in April with Bulgarian NGOs in Sofia, Environment Commissioner Stavros Dimas repeatedly stressed the need to balance economic development and environment protection, and to do so now. Yet many of the natural treasures of CEE countries including the Biebrza and Narew parks in Poland, Kresna gorge in Bulgaria, or the ecosystems of the Saaremaa Island in Estonia may soon be sacrificed to make way for reckless road projects subsidised by EU funds and the European Investment Bank. Intact stretches of the Danube, Tisza, Wisla and Morava river basins may soon be giving way to economically non-viable canals and reservoirs paid for by the EU.

A recent map produced by CEE Bankwatch Network and Friends of the Earth Europe shows a number of such planned projects in Poland, Latvia, Estonia, the Czech Republic, Hungary, Bulgaria, Slovakia and Romania. Cases like these have already happened in the region, for example with the EU and EIB-supported Prague-Dresden motorway which insensitively touches a site of outstanding biological value in the Eastern Krusne Hory mountains in the Czech Republic, originally proposed as a Natura 2000 site.

However, CEE countries have so far only received peanuts in EU funds compared to what they will start absorbing from 2007 onwards. While the ten countries (including Romania and Bulgaria) received EUR 3.3bn per year in pre-accession assistance in 2000-2003, which increased to EUR 9.5bn per year in 2004-2006, they will be getting as much as EUR 22.5bn per year in structural and cohesion funds for the entire period 2007-2013.

In Poland alone, there are some 70 potential clashes between new major road projects to be built by 2013 and the Natura 2000 network of protected areas. Apart from direct clashes with biodiversity hotspots, this remorseless infrastructure build-up could also deprive CEE countries of their relatively unfragmented nature. In the Czech Republic, scientists expect the number of so-called unfragmented land areas to decrease by 25 percent by 2025 because of new roads and increasing traffic.

However, there are three pieces of good news which show that environmental damage is not necessary.

First, most of the conflicts between economic development and nature protection can be prevented. Some of the planned damaging projects identified in our map – such as the Nieszawa dam in Poland or some sections of the M3 and M0 motorways in Hungary – seem to be

unnecessary: they cannot be justified even on economic grounds. In other cases, better alternatives, such as more sensitive routes, do exist. Environmental damage can thus be avoided through better planning, consultations, and properly carried out environmental assessment procedures (SEA and EIA). Governments today employ enough environmental experts to ensure that. The problem too often comes down to a lack of political will to follow such procedures.

Second, the plans for using the EU funds in the 2007-2013 period for the construction of major infrastructure projects have still to be finalised and approved. They are expected to be discussed between member states, the public and the European Commission for one more year until mid-2007. Damage can therefore still be prevented and the Commission has a clear role to play here.

Third, EU funds are also at least as big an opportunity for nature and biodiversity in central and eastern Europe as they are a threat. Thanks especially to rural development subsidies and agri-environmental programmes, CEE countries will be able to invest unprecedented amounts of money into the maintenance of species-rich meadows and pastures, the restoration of landscape features and environmentally friendly farming over the next seven years. Structural funds can also be used to support the Natura 2000 network and the long-term management of river basins under the Water Framework Directive, as well as eco-tourism and the maintenance of cultural heritage.

The protection of nature is not only crucial to halting the loss of biodiversity (a goal which the EU has subscribed to) and to ensuring the long-term sustainability of economic development, it is also an economic asset. While national parks and nature reserves attract eco-tourism and create jobs in marginal regions, the protection of floodplain forests and meadows in the river basins reduces the damaging power of floods which have repeatedly hit the CEE region in recent years. The new member states now more than ever have a decision to make which is central to the lives of their people: do they want to be in cohesion or collision with nature?

■ **CEE Bankwatch Network and Friends of the Earth Europe's map of potentially damaging EU funded projects:**  
<http://www.bankwatch.org/billions/>

## Shell's Sakhalin project no friend of people or nature

covered ocean. Expert analysis has concluded that the oil was fuel oil rather than crude – most likely the oil originated from a ship. All the same the scale of the bird deaths has amply illustrated what can happen in these extreme conditions should there ever be a significant oil spill deriv-

ing from facilities or tankers connected with the Sakhalin II project.

Sakhalin II is a USD 20 billion project being promoted by a Shell-led consortium called Sakhalin Energy and also in-



■ “DON'T YOU THINK IT'S A LITTLE LATE TO BE WORKING ON THAT NOW?”



volves the Japanese oil companies Mitsui and Mitsubishi. It is reportedly 70 per cent complete and it is inflicting severe, if not irreversible, environmental and social impacts on Sakhalin Island. In the project's firing line, most notably, are just over one hundred of the last remaining western pacific grey whales which feed in the waters off Sakhalin as well as the island's wealth of wild salmon which contribute to fisheries that sustain one third of Sakhalin's economy.

It is undoubtedly an ambitious project – the biggest single integrated oil and gas project ever undertaken say industry experts – and consists of three offshore platforms, offshore and onshore pipelines, an onshore processing facility, a liquefied natural gas (LNG) facility, and an oil and gas terminal. The European Bank for Reconstruction and Development (EBRD) is being asked to provide finance as well as a key endorsement of Shell's environmental and social responsibility on the project.

The unfortunate discovery of dead birds in Japan reminds us that this sensitive area is very vulnerable to oil spills for two reasons. One is because of the ice in the sea. At this relatively late stage in the project's evolution, Shell has still to establish an effective oil spill response for severe ice conditions. Should an oil spill occur in this environment, very little can be done – and we don't even know quite what Shell is concocting in the face of such adversity.

Second, no good communication system or cooperation has been established between Russia and Japan to mitigate a serious cross border accident. A few days after the first discovery of carcasses in Shiretoko, the Russian government announced that the source of oil must have originated in the Japanese territories of the sea of Okhotsk and that Russia had no connection with the dead sea birds. Local government in Hokkaido was subsequently

reluctant to investigate the cause of the accident in order to avoid an international incident.

Hokkaido, Japan's northern island just 40 kilometres away from Sakhalin, is also being impacted by trans-boundary issues resulting from the project. Much wildlife in Hokkaido, including endangered or rare birds and sea mammals, migrates to and from Sakhalin Island. These animals have already had to deal with the loss of healthy habitat in Sakhalin because of the massive construction work involved in Sakhalin II.

Yet the EBRD felt able to enter into a final public consultation period in December last year, declaring Sakhalin II "fit for the purpose of consultation" without both a comprehensive oil spill response plan from Shell in place and a lack of a precautionary approach on biodiversity resources.

As part of the project's public comment period, in April the EBRD held a consultation in Sapporo, Hokkaido's main city. A potentially constructive meeting of voices was effectively rendered meaningless by representatives of the EBRD steadfastly supporting Shell's so-called 'due diligence' for the project. Geo-political pressures, chief among them US and Japanese concerns about securing energy supplies from the project, seem to have taken care of any vestiges of independence that the EBRD has previously tried to claim for itself.

Contrary to EBRD pledges, there was no willingness to listen and no receptiveness to comments from local people concerned about Sakhalin II's impacts on their lives or their environment. As local people commented after the EBRD 'consultation' meeting, "Sakhalin II is taking off with only one wing and we are on board."

*Shoko Murakami, Friend of the Earth Japan*

## People's right to know not fully reflected in EIB's new plans to show

**In Globalization and Its Discontents, former World Bank Chief Economist and Nobel Laureate Joseph Stiglitz describes the importance of greater access to information at the international financial institutions (IFIs): "Short of a fundamental change in their governance, the most important way to ensure that the international economic institutions are more responsive to the poor, to the environment [and] to**

**broader political and social concerns ... is to increase openness and transparency ... Transparency is even more important in public institutions like the IMF, the World Bank, and the WTO, because their leaders are not elected directly...But while this should imply that these institutions be even more open, in fact, they are even less transparent."**

Timely information about projects planned for IFI financing and about their various impacts is crucial for local communities often located next door to proposed major, multi-million euro infrastructure projects – they need to be able to learn about and understand a project's impacts and demand mitigation measures, insist on proper compensation or even, in extreme cases, mobilise to stop the project in its entirety. Civil society and community based organisations can also be alerted and get involved if the information flows from the IFIs emerge in a timely, unrestricted and transparent way.

With its newly approved information policy the European Investment Bank (EIB) has undoubtedly taken an important step in getting the basics right for improved transparency. The EIB's information policy review was finalised in March following the bank's first ever public consultation process. Initially unclear and limited in its scope, due to NGO prodding the process ultimately consisted of a two stage consultation on the initial and second draft of the policy, two meetings with civil society to discuss the policy and the release of a final draft and consultation report prior to the EIB Board's approval. Such a process has the potential to be a good basis for the EIB to set up clear criteria for its future policy reviews and consultations.

Aside from the process, the new EIB information policy does include important improvements on the previous policy. First, and crucially, the new policy contains a clearly spelled out 'presumption of disclosure', as explained in the policy text: "All information held by the Bank is subject to disclosure upon request, unless there is a compelling reason for non-disclosure". The policy also takes notice of "overriding public interest" when it describes exceptions.

Further positive development is seen when it comes to Environmental Impact Assessment (EIA), with the policy stating that the EIB will disclose on its website non-technical summaries of the EIA or provide a link to it (although optimally a project's full EIA should be released on the website). The new policy also provides for a procedure to handle information requests, including provisions for appeal. In cases where there is a total or partial refusal of information, an applicant may lodge a formal appeal with the EIB's Secretary General. As the EIB falls under the jurisdiction of the European Ombudsman, complaints from EU citizens can be also handled by the Ombudsman's office. For non-EU citizens the EIB has pledged to prepare procedures for complaints to be handled by the EIB Inspector General.

In spite of these positive provisions, the policy unfortunately still contains various contradictions and loopholes. For one thing, the exceptions to releasing information are rather broadly defined and permit broad interpretation. By default the EIB also assumes finance contracts to be

confidential documents. As these contracts may include specific conditions on the project they are potentially very important for proper project monitoring, and as an IMF paper on Resource Revenue Transparency from June 2005 points out: "Little by way of strategic advantage [for governments and companies] seems to be lost through publication of contracts." The non-disclosure of contracts mantra may well be over-stated far too often.

Also the exclusion of specific types of documents instead of types of information goes in principle against the 'presumption of disclosure' on which the policy is based. The policy further assumes that "information designated by the Bank's private sector counterparts as confidential" should not be disclosed, while decisions on the non-disclosure of business confidential information and harm to private clients should be weighted against public interest in disclosure.

The new information policy makes clear that information on projects considered for financing should be released prior to EIB Board decisions – almost every month a handful of projects can appear on the EIB website as planned for financing, and the implementation of improvements here will be carefully surveyed. However, there are no clear timelines for the release of this project information and the policy only says that "The 'trigger point' for posting a Project Summary is when the Bank requests the opinions of the Member State(s) concerned and the European Commission [...]". Regretably, information on specific private sector projects may be kept completely confidential, including even any notification that the bank is considering financing. The whole issue of non-transparent Board meetings and decisions also remains unchanged.

All in all, despite a variety of troubling contradictions, the new EIB information policy is a step forward for the EIB, an institution that up to now has been dogged by a widely recognised lack of transparency. However, the new dawning of information disclosure at the EU's house bank needs to be carefully tested. Of immediate concern is the fact that for projects with significant environmental impacts which have appeared on the EIB's website since March 28 – the date of the new policy's approval – not one has the promised link to a non-technical summary of the EIA.

We give the EIB the benefit of the doubt as well as a brief interlude for the full and proper implementation of the policy. However the EIB needs to seriously deliver on transparency if it does not want the policy to become quickly debased as a mere propaganda tool.

## Will the neighbouring countries' biodiversity be bulldozed by TEN-T extension?

**In December 2005 a High Level Group (HLG), supported by the European Commission, put forward a proposal for the development of five priority transport axes and 93 projects that will require investments of EUR 45 billion by 2020. The extension of the Trans European Transport Network (TEN-T) into the neighbouring countries, currently receiving significant attention, is likely to seriously endanger some of the last remaining natural and semi-natural areas in the Mediterranean, Carpathian and Caucasus regions.**

CEE Bankwatch Network has found that several of the proposed priority projects for TEN-T extension are in direct conflict with valuable biodiversity in the neighbouring countries. Without extending EU horizontal environmental legislation, such as EIA and SEA requirements, and without clear political pressure on the neighbourhood countries, in our view the Commission will not be able to guarantee that natural habitats are preserved when the bulldozers start to construct the new infrastructure (mainly motorways) outside of the EU.

The construction of the EC-supported 4-lane highway between Demir Kapija and Smokvica in Macedonia – part of 'Corridor X' – will have, for example, a detrimental impact on the vulture population of the Demir Kapija gorge. The gorge has been a protected territory since 1960 and is home to tens of protected bird, reptile and amphibian species. The project is also unjustified from an economic point of view, as the overall rate of return according to official documentation is between 4.4 percent and 3.0 percent. This falls significantly short of the minimum 6 percent return rate required for EU funded projects.

The EC has also prioritised the Corridor Vc from Budapest to the Croatian port of Ploce, via northern Croatia and Bosnia-Herzegovina. 'Upgrading' of the Bosnian section of the road has been listed as a priority project. This means the construction of a high-profile motorway across the whole country, costing a massive EUR 2.5 billion and providing implicit support for Croatia's planned Vc motorway section. The Croatian route would result in the destruction of the valuable Drava wetlands. Railway upgrading along the corridor would successfully cover the increasing traffic needs if combined with improved management and fair road charges. Yet the EC is supporting the construction of just one railway tunnel in Bosnia-Herzegovina. The construction of the motorway along the whole length of the corridor Vc is also unjustified economically. Projections for 2006 suggest that some of the Croatian sections of

the road are used by only 6131 cars, and 331 lorries and buses per day.

Compounding such individual cases, more generally infrastructure construction programmes are proceeding much more rapidly than the implementation of nature protection programmes in the neighbouring and accession countries. The result is that sites which should be included in the Natura 2000 network, for example, are not yet legally protected and are therefore threatened by infrastructure development.

Unfortunately the HLG report does not give adequate consideration to valuable biodiversity sites during the project development process. CEE Bankwatch Network has found that projects which pose a threat to biodiversity are also potentially damaging for the economies of the neighbouring countries – instead of promoting the existing railway network, for example, TEN-T projects on the drawing board are singularly focused on investing scarce public money on economically dubious motorway construction.

Moreover, the lack of transparency and public participation attached to the selection of the priority projects is alarming. The bulk of the EUR 45 billion necessary for TEN-T development in the neighbouring countries will come from loans from public and private banks as the EU funds for the neighbouring countries in 2007-2013 are rather limited – the EU's neighbourhood policy indicates a total of EUR 14.93 billions for the 2007-2013 period for all areas.

Thus, transport sector investments being considered now have the potential to be a serious burden – in the shape of European Investment Bank loans to individual countries, for example – for future generations in these countries. It's not hard to identify the losers when such projects are not being selected on the basis of clear economical and environmental criteria.

CEE Bankwatch Network has appealed to the European Commissions to carefully analyse the proposed TEN-T priority projects for the neighbourhood countries. The Commission must also ensure necessary transparency when it comes to their environmental, social and economical impacts.

## EIB 1996-2006: Evolution of an invisible giant

**I first learned about the European Investment Bank (EIB) in the early 1990s, while working for Friends of the Earth on an international financial institution (IFI) accountability campaign. I kept finding references to the EIB as a 'co-financer' with the World Bank and EBRD of dubious projects, and decided to research what the EIB was doing. At that time, however, it was a 'mystery bank' in that very little information was publicly available about its lending. It had no public information policy, there was no list of projects either under consideration or being financed, and no project documentation was available. I learned most about EIB realities from a paper that WWF commissioned in the early 1990s, which outlined its structure and statutory basis, and also made some initial recommendations for reforms.**

In 1994 I began working with Friends of the Earth-France on IFI issues, and it was then that I really began to focus on the EIB. My colleagues and I did more in-depth research, following up on WWF's earlier work, and in 1995 I wrote an analysis with new recommendations about greater transparency and public access to information. We began to pester the EIB with information requests and proposed a public workshop with NGOs. The first workshop was held in 1995 at the EIB's Luxembourg headquarters, where I presented the recommendations for reforms. We met a number of EIB staff who became nemesis figures in our minds because they had such closed minds, and we have been sparring with them ever since.

We learned that the EIB saw itself essentially as a huge quasi-commercial bank rather than a development bank or an IFI – even though its financial base is the capital and guarantees put up by the EU's member countries. We learned that it was ready to finance just about any project so long as there was a state or European Commission guarantee to back it up.

Although the EIB had layers of bureaucracy supposedly to review projects and a board of directors to approve them, in reality it was essentially a 'rubber stamp' machine. In those days, no project had ever been turned down by the board, while the one-person 'environmental staff' carried out only the most modest environmental impact analysis. A citizen of the EU could find little information about what the EIB was financing: the existing rules on information access left all the cards in the EIB's hands, while the public were like beggars on the street, asking for crumbs of information. No one at the EIB took responsibility for damage caused by irresponsible clients and bad projects.



This was about the best banking business one can imagine: a lean institution with relatively low staff costs compared to other IFIs, no financial risk, no social or environmental safeguard policies to confuse things, and no information made available to the public about projects either before or after they were approved. And it was a big



business, with lending greater than the World Bank – in 1995 it made loans with a value of ECU 21.4 billion. We asked ourselves how was it possible that everyone knew about the World Bank but only a few people had even heard about the EIB?

In 1996 a discussion began within CEE Bankwatch about the EIB. Our research showed clearly that the EIB lagged far behind all other IFIs in terms of transparency, social and environmental standards, social and environmental assessments, or any appeals mechanism. We decided to launch a public campaign to reform it. At the earliest stages of the campaign the EIB was non-responsive to all of our requests and suggestions. In 1999 Bankwatch prepared a new report EIB: Accountable only to the market (the title was based on a quote from a prominent EIB staff member), and held a series of roundtables in various capitals over the next few years trying to interest policy makers and the press in the issues. The roundtables elicited a lot of new information and put the EIB more on the defensive. Meanwhile, Bankwatch continued participating in the EIB's own, evolving NGO 'dialogue' process about once a year.

Gradually the EIB started to become more transparent and open to reform. It has been a long, slow process, but it is moving in the right direction. One key turning point was the European Court of Justice's verdict giving inves-

tigative powers regarding the EIB to OLAF. Another was the European Ombudsman's decision requiring the EIB to adopt rules on administrative behavior according to EC regulations. Those decisions showed that the EIB is an EU institution, and thus must abide by Community rules. When the current president of the EIB, Philippe Maystadt, took charge in 2000, my impression is that he decided to promote reforms from inside. The tone of the debate began to change.

Finally, after years of discussion, in 2005 NGOs persuaded the EIB to organise its first-ever public consultation process on reforming its public information policy. After quite a decent consultation process, which included a public roundtable at the European Parliament, opportunities for NGOs around the world to submit detailed comments, and face-to-face meetings with senior EIB officials, a new information policy was approved in March 2006. It picks up a number of our most important recommendations, although it is far from perfect. Thus, the NGO campaign to reform the EIB is continuing. This year we are focusing on environmental and social safeguards for projects financed outside the EU, and monitoring the revised information policy. The EIB is no longer a mystery bank. It is evolving in a positive way, but only as a result of steady NGO advocacy over the past ten years.

*James N. Barnes, Bankwatch counselor since 1995*

## New Citizens' Guide for better use of internationally recognised complaint mechanisms

**In June 2006 CEE Bankwatch Network will launch its new Citizens' Guide on how to use the EU/UN complaint mechanisms. The Citizens' Guide aims to help individuals and NGOs successfully use existing institutional mechanisms at the European and international level in order to achieve better outcomes for their campaigns to protect the environment, including valuable biodiversity sites.**

Initially the Citizens' Guide will give an overview of seven complaint mechanisms: the European Parliament's Petition Committee, the European Commission on Infringement of EU law, the European Court of Justice, the Aarhus Convention, the Berne Convention, the EU Ombudsman and OLAF.

Tips for making more effective complaints will be a key part of the guide as well as examples of cases, including complaints regarding the infringement of Community law

(including the Habitat and Bird Directives) and complaints to the Convention on conservation of European wildlife, nature and habitats (the Berne Convention).

Given that biodiversity protection is not a governmental priority in most of the new members states and neighbouring countries, reminding the international institutions about problems with biodiversity protection in these countries and stimulating them to use their influence could be an important element for encouraging national governments to respect EU standards and international conventions.

The new Citizen's Guide, which will be made available on the Bankwatch website ([www.bankwatch.org](http://www.bankwatch.org)) will be of particular interest for NGOs working to protect valuable biodiversity inside and outside Europe, and for those striving to improve transparency, public participation and the enforcement of EU law.

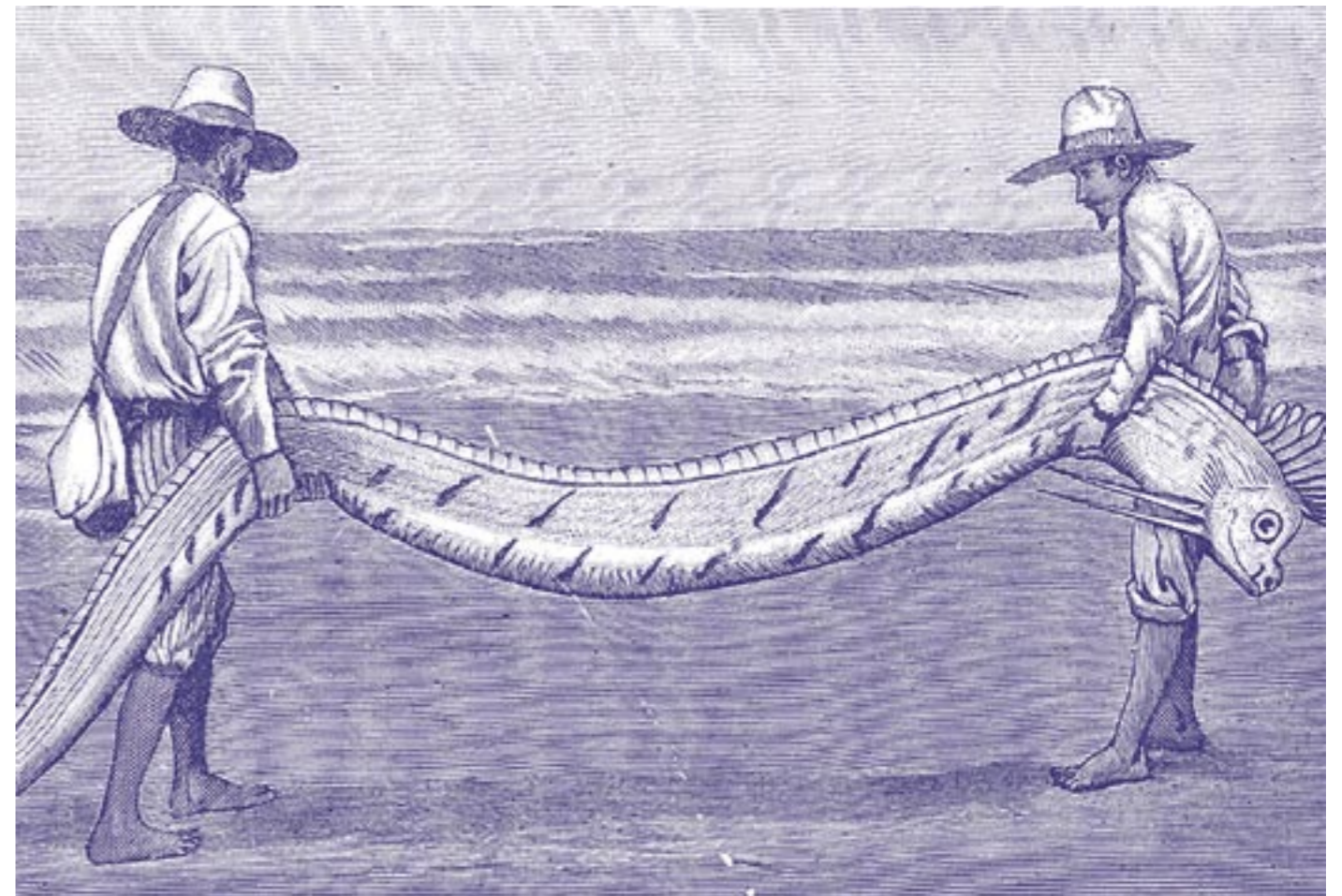
## Saaremaa bridge – a crazy Estonian dream

**A small European economic and information technology tiger, Estonia is entering a completely new and unknown phase in its history – the country is suddenly becoming rich. With a steady economic growth rate of 10 percent and the prospect of receiving a significant amount of aid from the EU's regional aid budget for 2007-2013, Estonia is eyeing large-scale investment projects that previously seemed impossible. But is it doing so rashly?**

One such project is the Estonian government's plan to replace the existing well-functioning ferry connection between the mainland and Saaremaa island with a seven kilometre long bridge. For an island of 40,000 inhabitants and its visitors, a bridge – potentially to be completed by 2012 – would mean a shorter travel time but both the environmental and financial costs involved are far too big to

give the project the go-ahead. With preliminary construction costs estimated to be at least EUR 300 million, the Saaremaa bridge project would be the largest investment ever carried out in Estonia and would be feasible for the government only if large amounts of EU Cohesion Fund and/or European Regional Development Fund co-financing should materialise.

The site of the potential bridge lies inside the large Väinameri Important Bird Area. The west coast of Estonia is a very unique bird area as it lies in the centre of an important migration path. Just 10 kilometres north of the proposed bridge site lies Matsalu natural park (a Ramsar site since 1976) and just about the entire coastal sea area between the mainland and the large islands of Saaremaa and Hiiumaa has been nominated to be a potential Natura 2000 bird area.



■ "I TOLD YOU THERE WAS SOMETHING FISHY ABOUT THAT EIA"



During the migration period more than 2 million birds fly over the Suur Strait and, unlike the well-known Öresund bridge between Sweden and Denmark, the Saaremaa bridge would be a serious obstacle with a positioning that cuts across the bird migration route. As visibility is often bad during the migration season due to low clouds and fog, the bridge might pose a significant threat for birds, especially in darkness. Protected birds which feature in the EU's Bird Directive annex I, such as the lesser white-fronted goose (*Anser erythropus*), smew (*Mergus albellus*) and crane (*Grus grus*), have been found in the area.

But it's not just migratory and nesting birds that could be affected by the bridge's construction. The Suur Strait is rather shallow and the bridge could disturb the strait's tidal flows. The construction period would also add another threat by impacting on seabed biota. Seabed biota have never been studied in the site but nonetheless experts preparing the environmental impact assessment for the project concluded that there is probably nothing valuable to be found! In such shallow waters the bridge may also impact fish fauna (particularly on fish migration). The strait is also famous for seals, especially the ringed seal (*Phoca hispida*) but could also be home to the harbour porpoise (*Phocaena phocaena*) which is not yet very well studied.

Acute threats to the region's rich biodiversity are not the only concerns related to the project. The project is just

far too costly and its regional development gain for the island is questionable. If the aim of this gargantuan project is regional development for Saaremaa Island, wouldn't it be considerably cheaper to achieve the same aim with a variety of smaller projects that could for instance directly assist local businesses on the island?

One possible mitigation measure could be the construction of a tunnel instead of a bridge but that would be even less feasible as it costs roughly twice as much as a bridge. Although initial background studies have been carried out with the support of ISPA-funded Technical Assistance, the Estonian government should stop developing the idea further. The sooner the better, otherwise more EU taxpayer millions may well end up in the pockets of happy consultants.

Indeed, in a meeting with environmental NGOs in March this year, the Estonian minister of the economy Edgar Savisaar assured that no decision on the project will be made before in-depth studies are done and all impacts carefully considered. Referring to a preliminary cost-benefit analysis carried out by consultants he said that he does not share the optimistic findings and that: "the bridge will cost more than we estimate today." Savisaar also seemed to be well informed about the huge cost overruns that inevitably attach themselves to similar megaprojects in Europe. The European Commission must also remain alert to the realities that underlie such dream-like investments.

## EU waste strategy and public funds must not go up in smoke

**In December 2005 the European Commission (EC) presented for discussion the long awaited proposals for the Thematic Strategy for Prevention and Recycling of Waste and the new framework directive on waste. It presented both proposals as a step towards a recycling society. However, an incineration society – and not a recycling society – is much more likely to emerge from the new waste strategy and directive as it currently stands, although with its finalisation expected at the end of 2006 there is still time for significant improvements.**

The field of waste management has changed dramatically over the last thirty years. Methods of reuse, waste collection and recycling technologies are being developed. Re-

strictions are beginning to be placed on the landfilling of biodegradable wastes. In the European Union, the waste management and recycling industry is approaching turnover of EUR 100 billion, and providing up to 1.5 million job opportunities. Within the EU a minimum of 50 per cent of paper and steel, 43 percent of glass and 40 percent of non-ferrous metals are now produced from recycled materials.

Despite this, however, the absolute quantity of EU waste still ending up in landfills is not being reduced, and production of wastes is growing faster than GDP. These trends are evidently unsustainable, nevertheless the European Environmental Agency expects an increase of up to 40 percent in the quantity of waste paper, glass and plastic

materials by the year 2020 in comparison with 1990. It is evident that waste represents a serious environmental, social and economic problem for the EC – which it is unable to solve.

For example, the target of the EC's fifth environmental action programme for 1989 to 1999, "to stabilise produc-

tion of municipal waste at the level of 1985, thus at 300 kg per person per year" has not only not been met, but the production of municipal waste is approaching double the target value. Furthermore, to date no specific measure has been proposed to attain the target. The member states are thus planning a further increase in municipal wastes in violation of the principle of permanently sus-



▣ "YEEHAAAAW, LET'S BURN IT ALL"



tainable development and the EU targets, and the EC is approving their projects based on these preconditions.

Meanwhile a hierarchy of waste management has applied within European law for more than three decades. This stipulates that the top priority is prevention of the production of wastes. If it is not possible to prevent wastes, then these wastes should be reused. If this is not possible wastes should be recycled – material recovery. Only after all of these possibilities have been exhausted should waste be incinerated as fuel. Disposal of waste – landfilling and incineration of mixed municipal waste – should be the very last possibility in the hierarchy. Yet alarmingly, in the new waste strategy proposals, the EC wants to revise the waste hierarchy and reclassify incineration from disposal to recovery.

The present waste hierarchy is of course not being implemented. Millions of tons of quality raw materials are ending in landfills or incinerators: paper, plastics, aluminium and biodegradable wastes. Two thirds of municipal wastes within the EU are not recycled or composted. Each ton of usable materials which ends in landfills or incinerators must then be logged, extracted and processed – which causes further emissions of carbon dioxide, further energy consumption, further toxic pollution and further devastation of natural biotopes. Recycling of one ton of municipal waste would enable a saving on average of 0.8 tons of CO<sub>2</sub>-equivalent of greenhouse gases.

A range of reusable products also ends in recycling plants unnecessarily. The processing and transport of waste also consumes energy and raw materials, producing polluting emissions. An example is single-use PET drinks bottles. Every second PET bottle ends on a landfill or in an incinerator, the other half head for recycling, but often to recycling plants tens of thousands of kilometres away – in China. The re-use of drinks bottles was entirely the norm in the countries of Central and Eastern Europe until recently – it has largely died out.

The economy of the European Union is based on the consumption of non-renewable raw materials from which industry produces wastes and products with an ever shorter life-span – preferably for single use. It is very clear that without the genuine implementation of the waste hierarchy the EU will not be capable of turning around its ever worsening unsustainable state.

Unfortunately the new waste policy of the EU does not resolve the problem of waste of raw materials and energy. On the contrary, it proposes the reclassification of incineration of mixed municipal wastes as use of wastes. It does not propose any targets, measures or tools for the prevention of wastes or responsible use of natural resources. In fact there is no target whatsoever for the use of biodegradable wastes. Instead of a sincere endeavour to implement the waste hierarchy, the EC is seeking to resolve its waste problem by mass incineration of non-renewable resources.

The EC and European parliament should quickly wake up and realise that municipal waste incinerators, which will cost billions of taxpayers' euros, should remain anchored at the very bottom of the waste management hierarchy, and that the unsustainably increasing quantity of waste cannot be halted by this means. But planned incinerators seeking to cash in on the 2007-2013 EU funds bonanza are already creeping to public attention in Brno and Opavice (Czech Republic), Zagreb (Croatia), Krakow (Poland), and elsewhere in the region.

Should they fail to do so, there is a real threat that all the EC plans for a recycling society shall go up in smoke together with Europe's waste in expensive central European incinerators subsidised from the structural funds of the EU. At the same time the chance of increasing recycling in these states, at least up to the level present in progressive states of the EU-15 such as Germany or Austria, shall be blocked for some time to come.

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