

Testing the credibility of the powerful: concrete action for environment and development!

**Policy paper of international Non-Governmental Organisations for the G8
Summit in Heiligendamm, 6th – 8th June 2007**

The G8 Summits have been criticised for their resolutions not making any contribution to solving the Earth's central problems but, at worst, even aggravating them. At the next G8 Summit, to be held in Heiligendamm and chaired by Germany, the government representatives have the opportunity to counter this criticism. The G8 States will have to let themselves be measured against the yardstick of whether and how the round of powerful nations takes up today's political challenges, such as Africa's development and climate change.

Climate protection is one of the 21st century's key challenges that above all has to be taken up by the leading industrialised states – even more so since the recent and alarming UN reports on the status of climate change. So we welcome the decision to declare combating global warming and energy efficiency a focal issue of the German G8 Presidency.

Climate protection also highlights the complexity of global phenomena. For there is a direct link between environmental destruction and poverty or underdevelopment. And nowhere else do these problems become as clearly visible as in **Africa**. The G8 play a major role in solving these problems. While they can move a lot politically, they can also create many obstacles or steer things in the wrong direction.

In addition, the rapidly progressing loss of **biological diversity** represents a central world-wide challenge for international politics. So far, however, the G8 heads of states and governments have largely ignored it. Also, the important topic of **debt** in developing countries is missing at the G8 Summit. We call on the German Government to remedy the shortcomings regarding these two important topics and to fulfil its self-obligations.

The **globalisation of the world economy** has to be designed sustainably. If you head policies with the motto »*Growth and responsibility in the world economy*« you cannot just advocate growth while neglecting responsibility for human beings and the environment. Rather, a type of growth has to be sought that does not exceed ecological capacity – growth that helps overcome poverty and underdevelopment among large sections of humanity rather than increasing them.

□ Taking climate protection seriously – we need to promote a global energy revolution

In order to limit the impact of climate change, the G8 States have to clearly commit themselves in Heiligendamm to at least keep no longer avoidable global increases in temperature below 2° Celsius.

It is becoming ever clearer that not taking action regarding climate change is putting a severe strain on the world economy as well. In the **Kyoto Protocol**, the only framework agreement of this kind, the international community of states has agreed on urgently needed binding and absolute **emissions reductions** on the part of the industrialised states. This needs to be followed up. The G8 governments have to see to it that official negotiations on the continuation of the Kyoto Protocol commence in December of this year. Germany's G8 Presidency has to make use of the G8 Summit to form a pioneering coalition with as many other governments as possible.

Nuclear power is not a sustainable form of energy and entails incalculable risks. Only a small minority of states are pursuing it as a viable option. We call on the German G8 Presidency to consistently reject any attempts to make use of the G8 Summit to support nuclear power.

Climate protection: our demands

- In Heiligendamm, together with the G5 States¹, the G8 States should commit themselves to the goal of limiting global increases in temperature to below 2 degrees Celsius compared to pre-industrial levels.
- The industrialised states should commit themselves to reducing their greenhouse gas emissions by 30 percent by 2020 and by 80 percent by 2050 compared to 1990.
- The G8 plus G5 States need to recognise that greenhouse gas emissions have to be reduced at least by half compared to 1990, by 2050. They have to align their own obligations regarding climate change with this, also in the context of advancing the Kyoto Protocol.
- The G8 plus G5 States should commit themselves to advancing the Kyoto Protocol and continuing negotiations on climate.
- The emerging markets for greenhouse gases have to be extended to other regions and developed in a manner that will enable them to reduce greenhouse gas emissions to the required degree and fix appropriate prices world-wide for greenhouse gases.
- The G8 States should commit themselves to create dynamic energy efficiency standards for all relevant sectors.
- We call on the G8 States to commit themselves to an annual increase in energy efficiency of three percent of the gross national product. The implementation of this commitment needs to be audited at the future G8 Summit Meetings.
- The G8 States should steer their subsidies in the energy sector, which have been estimated at 240 billion US dollars a year, towards renewable energies and increasing energy efficiency.
- Renewable energies have to be developed comprehensively and rapidly, and with binding targets.
- International agreements have to be initiated that fix binding sustainability criteria for bioenergy in order to prevent the destruction of tropical rainforests or the spreading of intensively farmed monocultures at the cost of the growing of foodstuffs and smallholder agriculture and to prevent indigenous and traditional land rights and livelihoods of the local population from being restricted.
- Scientific examinations will have to determine whether and to what degree new technologies to permanently and safely store carbon dioxide contribute to climate protection.
- The G8 States should commit themselves to financially support the poorest countries in adjusting to the no longer avoidable impacts of climate change. Therefore, the Summit's climate and Africa agendas need to be co-ordinated. The development co-operation funds flowing into the energy sector have to benefit the utilization of renewable energies and increased energy efficiency.

1 The G5 States are: Brazil, China, India, Mexico and South Africa.

❑ Raw materials: we need an efficiency revolution

The days of cheap raw materials are over. Global demand is growing relentlessly, while it is impossible to provide supplies to the same extent. Not only the industrialised countries, first and foremost the G8, but also the emerging economies and their developing industries will not be able to avoid using materials more efficiently if a **scarcity of raw materials** is not soon to become a **development obstacle** and a central cause of conflict.

»*Minimum standards for procuring raw materials from conflict regions*«, which the German G8 Presidency is seeking with a view to China, are going to remain without any impact if the demand for raw materials continues to rise.

Nor is the raw materials boom automatically positive for the producing countries. For in many cases, revenue from raw materials encourages corruption, thus slowing down development.

Most of the developing countries are dependent on importing crude oil. The costs of **oil bills** are threatening to nullify any progress made in development. These countries urgently require a new energy policy perspective, which is first and foremost offered by renewable energies.

However, instead of promoting the development of local, renewable energy sources in developing countries, international donors such as the **World Bank**, on which the G8 States exert considerable influence, are above all financing the further development of fossil fuel sources. Renewable energies only play a minor role.

To clarify this: since 1992, the World Bank has provided the oil industry with more than 5 billion US dollars, mainly to promote oil for exports to the industrialised countries. However, in 2005, it spent less than 10 percent of its energy portfolio on renewable energies (excluding large-scale dams). It continues to invest an annual total of between 2 and 3 billion dollars in energy projects producing greenhouse gases. Neither does this contribute to sustainable development nor to climate protection. So it is time for a **change of course**.

Raw materials: our demands

- In future, the G8 States have to make use of their influence to steer the entire energy portfolio of the World Bank and other international institutions towards local, renewable energies and increasing energy efficiency.
- In countries depending to a major degree on exporting raw materials, it has to be ensured that the local population also benefits from the extraction of raw materials. To this end, the Extractive Industries Transparency Initiative (EITI) needs to be implemented. In order to be credible, the G8 countries first of all have to start with themselves and the multinational corporations.
- Raw materials efficiency in the G8 economies has to be drastically increased in order to reduce demand.

❑ Biodiversity: a blank in the G8 Agenda

The rate of **biodiversity loss** is alarmingly high. Today, the loss of species is up to 1,000 times higher than it was at the beginning of human history. This threatens not only plants, animals, genetic resources, habitats and ecosystems but peoples and ethnic communities as well. For their survival also depends on the degree to which they can make use of biodiversity to guarantee their livelihood and as a food basis for themselves. Biodiversity forms the foundation of all human cultural, social and economic systems.

In 2002, at the Johannesburg World Summit on Sustainable Development, the states agreed to achieve “a **significant reduction** of biodiversity loss” by 2010. One year before, the EU had even committed itself to bringing the decline in biodiversity to a halt by 2010. But so far, there has been no recognisable progress in this direction.

Neither have effective international agreements been reached on **forest conservation** since the environment and development conference in 1992. The G7 Pilot Programme for the Conservation of the Brazilian Forests (PPG7) and the G8 “Forest Action Programme” have not made a crucial contribution to the conservation and sustainable use of the forests either.

The failure of international politics regarding the conservation of biodiversity can no longer be accepted. This is why the G8, at their Summit in Heiligendamm, should initiate a **Biodiversity Action Programme** in order to achieve the 2010 biodiversity target, which was jointly agreed at the sustainability summit in Johannesburg. Thus biodiversity needs to be placed at the top of the political agenda. Conserving it must be given very concrete financial support.

Biodiversity: our demands

- The conservation of the last remaining large intact forests has to be a high priority.
- Marine and coastal ecosystems have to be conserved.
- New financing mechanisms have to be created for protected areas and existing financial aid must be extended. To ensure this, innovative, long-term financing mechanisms such as trust funds with viable standards, criteria and schedules, need to be developed.
- Conserving biodiversity has to constitute a significantly larger element of development co-operation.
- Trade in products from illegal, uncontrolled or non-regulated fisheries must be banned, as must trade in products from illegal logging and other practices.
- Further trade policy measures need to be taken to achieve the goal agreed at the World Summit in Johannesburg in 2002 of halting the loss of biodiversity by 2010.
- A special monitoring programme has to be created to keep track of the implementation of this biodiversity action programme.
- The G8 Summit needs to urge the implementation of a fair distribution of benefits gained from the use of biodiversity and to make sure that patents are only granted on unequivocal evidence of products having been developed without biopiracy.
- The G8 Summit 2007 should resolve upon a new, improved Forest Partnership Programme which integrates experience from the two previous G8 forest programmes. The programme has to contain new, effective approaches against deforestation and forest degradation. Already existing agreements on forest conservation should be precisely observed, instead of being insufficiently implemented. The G8 States should set themselves the goal of halting deforestation and forest degradation by 2020.

□ World trade: we need a paradigm shift in investment policy

International **rules on investment** are characterised by a confusing network of multilateral, regional and bilateral agreements. They almost exclusively serve the purpose of making it easier for companies operating on a transnational level to gain market access and invest abroad, to secure their property and uninhibited profit transfer, thereby creating difficulties for government regulation. Instead, companies are granted rights to file actions against the political decisions of host countries.

An example: with its bilateral trade and investment agreements, the USA, more than most other countries, facilitates access to new locations. Germany, on the other hand, with its more than 140 negotiated agreements, is a “world champion” in protecting investments against expropriation and new regulations. Either individually or in the EU context, all G8 States seek further business-friendly investment agreements with emerging economies and developing countries. To this end, following the US example, the EU has developed a new model investment policy contract containing the right to set up a foreign base without any social or environmental commitments for companies.

From a development and environment angle, this must not be allowed to continue. We urgently need a **turnabout** to an investment policy favouring sustainable development.

Investment policy: our demands

- Existing investment agreements are to be revised and supplemented with binding social, ecological, human rights and tax commitments for investors.
- In the projected new trade and investment agreements (e.g. the Economic Partnership Agreements between the EU and the ACP States, agreements with India, the ASEAN group, Korea and Latin America) no further investment regulations are to be laid down that one-sidedly favour the interests of investors.

□ Intellectual property: utilization comes before profit

The key objective of the German Government’s G8 Agenda is to strengthen what is known as **intellectual property rights**. But what looks like justified safeguarding against theft of ideas at first glance can have very harmful impacts. Already, many people are excluded from the use of new technologies, products and information because multinational corporations in particular are exercising their rights to intellectual property.

For many people in developing countries, this means that they are cut off: cut off from inventions protected by patents. For patented products, such as drugs, are unaffordable for most people in poor countries. And these countries lack the funds needed to acquire the licences required for them to use patented methods and technologies. This frequently results in bottlenecks in supplies of life-saving drugs, such as in combating HIV/AIDS. In industrialised countries, too, intellectual property rights may entail undesirable **exclusion effects**.

This is why in developing intellectual property rights, the interests of the inventors, developers and originators in protecting their investments, innovations and products need to be balanced better than has so far been the case with public interest, i.e. the justified interest in a broad use of such – often vital – inventions and innovations.

Above all, it is important to enable already marginalised groups, such as poor sections of the population or indigenous groups, access to new technologies, innovations and knowledge.

Therefore, intellectual property rights must not be designed according to a global one-size-fits-all principle but have to consider the special situation of individual countries and regions and be oriented towards promoting the technological and socio-economic development of the people living there.

This also necessitates a considerably lower level of protection in developing countries as compared to industrialised countries, especially in patent protection.

Intellectual property rights: our demands

- All people have to have access to affordable drugs, especially the poor population in developing countries. Priority must be given to their interests – above the interest of the pharmaceuticals industry in a high level of patent protection.
- The use of compulsory licences and trade in generics must no longer be impeded by political pressure or international rules.
- “Patents on life”, such as on seed and other organisms, have to be banned. Renewed sowing and the exchange of commercial seed have to be allowed free of charge. Fees must not be imposed on re-cultivation.
- No patents must be granted for software. For the tools of the global information society must not be monopolised and used by only a few. This is the only way to ensure free access to knowledge.

□ G8, Africa and development: the poor must benefit from growth

Following the action plan for Africa of Kananaskis/Canada in 2002 and the focus on Africa in Gleneagles in Scotland in 2005, this year, **Africa** is once again going to be on the agenda of a G8 Summit Meeting. However, the Federal Government, hosting the meeting, has above all opted for economic growth as the driving force to combat poverty. The planned measures in the areas of freedom and security, good governance and combating HIV/AIDS predominantly aim at improving the investment climate for foreign investors.

However, this primarily (private) economic view of developments on the African continent falls short of reality. The expected trickle-down effect that the Federal Government has set its sights on in its agenda very often fails to occur. Due to unequal distribution structures, macroeconomic growth does not reach large sections of the population and hardly affects their living conditions. This is why Africa policy ought set out from the economic needs and options of the people in Africa themselves and contribute to asserting the political, economic, social and cultural **human rights**. Gender equality and the promotion of women and girls has to be a cross-sectoral aspect of all development policy initiatives.

The political representatives of the G8 States in Heiligendamm have to show that for them, the people in Africa and their interests assume top priority. They have to emphasise taking up and supporting internal African debates and initiatives – and adjust their own economic and political interests to them. Not only should the G8 States support initiatives like NEPAD and the African Peer Review Mechanism, but they should above all strengthen the role of African civil society. While provisions have been made for this in the context of national strategies to combat poverty, far too little of it has been put into practice so far.

Also, promoting investment on the African continent above all has to be oriented on Africa's needs.

Africa has to be able to develop and pursue its own development concepts. The role of the G8 can only be that of supporting these efforts. At the same time, the G8 have to recognise and politically assume their responsibility for the situation and developments in Africa, above all in trade policy.

G8 and Africa: our demands

- The G8 should reconsider their focus on economic growth as a panacea for Africa.
- Africa policies should focus on a fair distribution of growth, so-called pro-poor growth. Here, special priority needs be given both to rural development and the protection and support of sustainable, smallholder agriculture. Food security and access to resources for the poor population also have to be strengthened.
- In addition, promoting education – not just primary education but also secondary education – and health care, in particular combating HIV/AIDS, are of central importance. In this context, we demand that the commitments already made at the Gleneagles G8 Summit be implemented at last. Above all, concrete funding plans are required.
- We call on the G8 to fulfil its commitment made in Gleneagles in 2005 to continuously increase development aid for Africa, so that from 2010 on, an additional 25 billion US dollars a year is available.
- Trade policy with Africa has to be more equitable. In the negotiations in the framework of the World Trade Organization (WTO) and within the framework of the Cotonou Agreement on the new Economic Partnership Agreements (EPA), the scope of action for African countries has to be maintained.
- African countries must not be forced to open their markets.
- The countries of the North have to cancel their export subsidies and those subsidies for agriculture that result in dumping and are destroying the competitiveness of African smallholders.
- Civil society in African countries needs to be strengthened. Democratic reform efforts have to be recognised as a development goal in its own right. Strengthening civil society, and thus strengthening non-profit and independent actors, is also of central importance in consolidating peace in conflict and post-conflict areas.

□ Debt cancellation: assessing the legitimacy of claims

The G7/G8 **debt cancellation initiatives** of 1996, 1999 and 2005 have resulted in a limited number of countries clearly being relieved of previous debts. However, success scored by the HIPC and MDRI initiatives developed and steered by the World Bank and the IMF were accompanied by a far too long, excessively bureaucratic process. Debt cancellation entailed **high social costs** for the countries affected. And it highlighted the structural injustice as well as the **inefficiency of international debt management**.

Here, improvements first of all have to be made before further limited benefits can be agreed for individual countries. Thus making international debt management more efficient and reforming it is a challenge for the G8 Summit in Heiligendamm.

For example, it has become apparent that countries in the debt cancellation of which the IMF and the World Bank were not interested were excluded from debt cancellation or that cancellation was scaled down if it had otherwise put too much of a strain on the other international finance institutions. This reflects the principle dilemma that unlike in any other procedures under the rule of the law, the creditors IMF and World Bank are their own experts and reviewers in international debt management. Given such **conflicts of interests**, they are quite generally unsuitable as neutral experts. Here too, reforms have to be initiated.

A further problem is that the countries that have already been relieved of debt are running the risk of getting into **new debt problems in next to no time** since they have become interesting credit recipients for old and new creditors.

In order to prevent a new, undesirable granting of loans, it has to be clarified that impermissible credit award is penalised. Credit award is impermissible if the economic weakness of the recipient country and its expected inability to pay have not been considered or have been disregarded right from the start. In this case, the claims of the creditors are invalid.

So in addition to the quantity, the quality of claims of the creditors has to be the subject of negotiations on debt rescheduling.

Moreover, whether the claims of creditors are legitimate or not has to be assessed with regard to human or international rights standards. For example, if the award of a credit and the measures it finances directly or indirectly results in the violation of human rights in the recipient country (example: the construction of a dam is financed – this results in mass compulsory resettlement and displacement), the creditors' claim is illegitimate.

Debt cancellation: our demands

- At the G8 Summit in Heiligendamm, the G8 States have to commit themselves to cancelling illegitimate debts. They should take the Norwegian initiative as an example, which provides for debt cancellation in case of creditors bearing part of the responsibility for a crisis.
- Debt cancellation procedures need to be taken away from the responsibility of the World Bank and the IMF, which are simultaneously creditors, and instead be entrusted to a neutral entity.
- The G8 need to promote analyses in which the debt sustainability of a country is assessed by independent bodies. These analyses are to be commissioned jointly by the debtors and the creditors.

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