
The power of corporate groups. The case of the local Ecuadorian FSC

Ecuador is a country with one of the highest rates of deforestation in the world. In this process various actors are involved, not only the major timber companies that typically carry out both lawful and unlawful timber extraction activities, but also companies undertaking deforestation to install vast monoculture tree plantations, ranging from African palms to pine and eucalyptus.

In order to appease world opinion that has become aware of these problems and rejects them, the market has found a solution: certification. It is thus that today in Ecuador both projects causing major environmental impacts as well as very destructive companies now have FSC certification, as is the case with the PROFAFOR del Ecuador S.A.'s large scale monoculture tree plantations for carbon sinks and the ENDESA and BOTROSA industrial tree plantations.

The national group legally recognized by FSC in Ecuador is the Ecuadorian Council for Voluntary Forest Certification (Consejo Ecuatoriano para la Certificación Forestal Voluntaria -CEFOVE). As is the case with FSC, it comprises environmental, economic and social chambers. The presidency of the Board of Directors of CEFOVE regularly rotates among each of the three chambers and in theory power of decision is equitably spread among the three chambers. However, no measures have been taken to ensure that the members of the chambers really occupy their corresponding posts and it is thus that various irregularities exist in addition to arbitrary action undertaken by the logging companies of the Durini Group (Setrafor, Endesa, Botrosa, Acosa) and its lobbying organizations: Fundación Forestal Juan Manuel Durini (FFJMD), Corporación de Manejo Forestal Sustentable (COMAFORS) and Asociación Ecuatoriana de Industriales de la Madera (AIMA). Furthermore, the economic chamber is totally dominated by the Durini Group which, through membership of four of its companies and two of its lobbying organizations, holds the absolute majority of votes in the chamber.

As an example, PROFAFOR del Ecuador S.A., responsible for generating and negotiating carbon bonds on the stock-market is involved in the environmental chamber, when in fact its place should have been in the economic one. The other members of the environmental chamber have protested but PROFAFOR has refused to change. In 2006 the presidency of CEFOVE corresponds to the environmental chamber and PROFAFOR has been appointed as its president. Last year Juan Carlos Palacios from COMAFORS was president on behalf of the economic chamber, which means that for two consecutive years economic groups have predominated.

Furthermore, the coordinator of CEFOVE works half time at CEFOVE and the other half time in the office of the National Forestry Director in the Ministry of the Environment. This situation leads to a serious conflict of interests and the possibility that the Ministry of the Environment's public interests can influence CEFOVE policy and vice-versa.

Mid-2005, Acción Ecológica and WRM published the book "Sumideros de Carbono en los Andes Ecuatorianos" (Carbon Sinks in the Ecuadorian Andes), a thorough study on the impact of PROFAFOR plantations. However, the study has not been addressed by the members of CEFOVE and no comments have been formulated regarding the question revealing that the granting of certification to these monoculture plantations ought to be impossible. On the contrary, the election of

PROFAFOR to the presidency of CEFOVE's Board of Directors can only be explained as institutional endorsement for this very debatable company.

The economic chamber now holds the power in CEFOVE, a fact that was clearly reflected when in 2005 the Federation of the Ecuadorian Awa Centre (Federación del Centro Awá del Ecuador - FCAE) (a member of the environmental chamber) lodged a complaint against Setrafor, Endesa/Botrosa (members of the economic chamber) and against Plywood Ecuatoriana and CODESA (indirectly members of CEFOVE through membership of COMAFORS and AIMA). The complaint involved the invasion of their territory and their forests legally recognized as the Ancestral Awa Settlement's Ethnobotanical Reserve, causing serious environmental and social damage within the Awa territory and immediately surrounding areas considered as the buffer zone, and for removing trees without the corresponding permits from FCAE legal representatives.

Ironically, in this case it was FCAE that ended up by being challenged for denouncing one of the members of CEFOVE. No measure was adopted to halt the timber companies. On the contrary, CEFOVE resolved that "SETRAFOR, CODESA and PLYWOOD do not have absolute control over the procedures and attitudes of their employees and contractors in the field." Worse still, Endesa/Botrosa, with the endorsement of CEFOVE received FSC certification this year, issued by the GFA Consulting Group for its monoculture tree plantations. This certificate wipes off the board the record of 40 years of violation of Human Rights of the local peoples and systematic environmental degradation by the Durini Group companies. The vast international market is now open to one of the companies that does the most to destroy Ecuadorian primary forests.

However, CEFOVE's lack of credibility has become evident with the recent resignation of FCAE and the Altropico Foundation, one of the founding and promoting members of this initiative. Jaime Levy, its executive director in his public letter sent to the members of FSC and CEVOFE on 13 July 2006 explains that: "We consider that it is impossible to continue sharing a space where the objectives are framed in achieving better environmental forest management, true respect for its owners and an equitable sharing of economic benefits from forestry operations, with members such as COMAFORS and companies producing plywood, who to our way of thinking are responsible for the almost complete disappearance of the Choco forests of Esmeraldas". "This Heritage belonging to Ecuadorians and to the world is now seriously threatened by the action of these companies and in spite of their discourse on conservation and sustainable management of the remaining forests and in spite of being members of CEFOVE and FSC, what we have seen over the past few years in the north of Esmeraldas is a completely different situation. And presently exploitation with heavy machinery in the remnant forests continues at a fast pace and with scant control by the Ministry of the Environment."

The certified plantations in Ecuador are a sample of the system's shortfalls. It is in the hands of economic powers that dominate the Ecuadorian FSC group – CEFOVE. Its enormous power and influence is detrimental to the local inhabitants and to the need for forest conservation.

By Nathalia Bonilla, Acción Ecológica, e-mail: foresta@accionecologica.org and Klaus Schenck, e-mail: klaus@regenwald.org