



## 6. FORESTS:

### Enviros sue over payments funneled to timber industry in 'backroom deal'

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**Patrick Reis, *Land Letter* reporter**

A coalition of environmental groups is suing the federal government over payments made to timber organizations as part of a settlement in an international trade dispute, calling the action tantamount to laundering money through Canada to line the pockets of the timber industry.

The settlement payments result from a 7-year-old trade dispute between the United States and Canada. Canada sued its southern neighbor in 2002 over tariffs the United States placed on Canadian softwoods in response to what it considered to be Canadian timber subsidies.

After extended litigation, the United States agreed to pay back the \$5 billion collected in tariffs, with the caveat that \$1 billion of that be returned to the U.S. Trade Representative, which then distributed the money among the U.S. Endowment for Forestry & Communities, the American Forest Foundation and Habitat for Humanity.

Environmental groups -- calling the first two recipients of the settlement money allies of the timber industry -- have sued the Trade Representative to have the process declared illegal. The lawsuit was filed yesterday in both the U.S. International Trade Court and the U.S. District Court in Seattle.

Because the money being distributed will significantly affect U.S. forests, the allocation should have been reviewed under the National Environmental Policy Act to provide for scientific evaluation and a period of public comment, according to the lawsuit filed by the Conservation Northwest, the Center for Biological Diversity and the Forest Stewardship Council.

The groups argue that by cutting the public out of the discussion and by not examining how best to distribute the money to affect public lands in the public's best interest, the Trade Representative excluded conservation groups from consideration.

"When they were giving out this money, why didn't the American public get the opportunity to think about the Forest Stewardship Council, about actual communities doing on-the-ground works for sustainable forestry, about organizations working to protect our many endangered species?" queried Bill Snape, senior counsel for the Center for Biological Diversity.

The two forestry organizations that did receive the money, Snape said, cloak themselves in "greenwashed" language but ultimately favor resource extraction over conservation.

In interviews with the *Seattle Post-Intelligencer*, top officers from both the U.S. Endowment for Forestry & Communities and the American Forest Foundation said that although they have timber industry representatives on their managing boards, they work actively to support sustainable forestry and the communities that depend on it.

"Any suggestion that the work we do isn't consistent with the sustainability of forests today and tomorrow and well into the future must come from people who don't know what we do," said Larry Wiseman, president and chief executive of the American Forest Foundation.

### Complaints over procedure

Beyond concerns over the recipients and bypassing the NEPA process, the suit also alleges that the Trade Representative violated the Miscellaneous Receipts Act when it bypassed Congress and the Treasury Department to distribute funding directly to the organizations.

"You can't take public money and funnel it to foundations you set up at the eleventh hour," said Conservation Northwest's

### What is the U.S. Endowment for Forestry & Communities?

The most controversial recipient of the disputed settlement money is the U.S. Endowment for Forestry & Communities, which was chartered just in time to receive \$200 million.

This has raised the ire of environmental groups, which claim the group is an extension of the timber industry masquerading as a conservation organization, a charge the endowment itself vehemently denies.

The organization's [Web site](#) states that its purpose is to "[work] collaboratively with partners in the public and private sectors to advance systemic, transformative and sustainable change for the health and vitality of the nation's working forests and forest-reliant communities."

The endowment's board of directors is chaired by Dick Molpus, former Mississippi secretary of State and current owner of Molpus Woodlands Group LLC, a Southern timber company. The rest of the board is dominated by present and former timber industry executives but also includes a forest biologist and directors of nonprofit agencies for rural and small-town economic development.

International Conservation Director Joe Scott, referring to the U.S. Endowment for Forestry & Communities. "It reeks of crony politics."

The U.S. Trade Representative's office does not comment on pending litigation.

"The crux of this case is procedural," Snape said. "The way the constitution is written, federal money must be distributed through the Treasury and the appropriation process. I don't care if they were giving the money to Bambi. This isn't a legal way to do it."

The \$200 million from the settlement constitutes virtually all of the money donated to the endowment since its inception.

The grant applications solicited thus far -- including calls for reports on the best methods for boosting sales of domestic timber and for an assessment of the wood-based biofuels industry -- focus largely on resource extraction, but in May the endowment did offer funding to compile a database for best practices in acquiring conservation easements to preserve forestland.

-- Patrick Reis

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