



PHOTO BY SIBYL DYER

Taking a Stand, Making it Happen



During the last year we have witnessed unprecedented change spurred on by the globalization of commerce.

This occurrence has brought incredible advances in some cases, and wrenching destruction of the environment and traditional ways of life in others. Changes in technology and of the world's finance and communications systems mean that what used to take several generations can now happen in less than a lifetime. Our lifetime.

This is why it is more important than ever for people worldwide to **take a stand** for what they believe in, before cherished values, wild places, and treasured animal and plant species disappear from the Earth forever. And why we, as environmental and human rights advocates, need to constantly adapt to a quickly changing set of rules and global landscape.

In the last year, Pacific Environment has been at the forefront of these changes, constantly seeking new and creative ways to mediate some of the negative effects of the global economy, while seizing opportunities to protect the environment, advance human rights, and support sustainable economies.

While Pacific Environment staff keeps abreast of international policies and global changes, we also keep our feet firmly on the ground. We focus on the Pacific Rim region, especially Russia, China, Japan and the U.S. Throughout this region we directly support local environmental leaders and communities through funding, technical and policy assistance, and campaign and media initiatives.

We have had great successes over the past year in our long-standing programs and campaigns, including an increase of \$300,000 in re-grants to over 100 effective NGOs in Russia, China and Japan. This direct support to community-level environmental and civil rights groups is one of the most critical things that Pacific Environment does. Our direct giving is unprecedented for an organization our size, as this year we contributed close to \$700,000, or 40% of our budget.

Taking a Stand, Making it Happen (continued)



We do this because we know that the global civil society movement needs small, grassroots organizations overcoming great odds to claim their rights over the resources in their own backyard, and to protect some of the last remaining wild places on Earth.

In addition to making gains in our existing programs, we have also grown tremendously in two critical program areas, our China and International Marine programs. China has opened its doors to world markets, and the pace at which economic expansion is taking place, along with the rate of cultural and environmental changes, is astounding. China has the largest population in the world, but presently lacks adequate environmental protection. Because of this, China's woes can and will become the world's woes.

The extent of environmental and human health damage will not be contained within China's borders, as has become evident the

last few springs when massive clouds of dust and toxic dust from China blew across the Pacific, and over much of North America.

Meanwhile, the world's open seas, which once held a seemingly limitless bounty of fish, are collapsing under the pressure of human intervention. Factory fishing, climate change, and pollutants are killing the fish faster than they can reproduce. This is most alarming as we see the impacts at the top of the food chain: Species like the Steller's Sea Lion have dropped in population by as much as 80% throughout the Northern Pacific over the last 20 years. Our international marine program is working to protect the weakening marine ecosystems of the Pacific Rim region by getting key stakeholders to sit at the table and engage in a dialogue that will bring about effective conservation measures.

In other highlights, we have teamed with local NGOs in Russia to stop ExxonMobil and Shell from destroying the sensitive ecosystem around Russia's Sakhalin Island. While previously a little known story, recent pieces prompted by Pacific Environment

How WE make it Happen

China

Pacific Environment expanded our China Re-granting Program tremendously in the last fiscal year. In partnership with Global Greengrants Fund, more than 30 Chinese NGO's are receiving grants for projects, including forest protection, illegal timber monitoring, bird conservation, recycling, and clean water initiatives. In August 2001, we hired our first China in-country representative, Wen Bo, who was a founder of the China Green Student Forum, which is now a network of more than 250 student environmental groups. With Wen Bo's leadership, Pacific Environment became the first international NGO to host a marine conservation conference focused solely on protecting China's marine species and habitat. Pacific Environment is also the first NGO to support environmental work in the Xinjiang region, a province in Western China that is the site of intense resource exploitation under the Chinese government's new Western Development Strategy.



PHOTO BY AVID GORDON

Russia

Pressure on the wild regions of Russia has increased dramatically in the last year. Several pending Russian oil and gas pipelines projects routed to China and other Asian countries pose a direct threat to pristine eco-systems. At the same time, logging, both legal and illegal, are dramatically on the rise. As the Putin Administration has effectively abolished the Russian environmental protection agency, these events occur with little regulatory oversight.

This has forced our Russian partners to be even more creative, innovative, and aggressive. And we have been there to help them. Last year Pacific Environment organized several oil and gas pipeline exchanges and educational meetings to develop the technical knowledge and leadership skills of impacted local community leaders. And we continue to work with our partners to slow logging throughout the region, protecting millions of acres, and monitoring illegal logging operations.

Pacific Environment has applied international pressure to bear at local meetings in Russia, where public notice and comment standards have been ignored. Our Russian partners stood up to oil executives in face-to-face meetings, promoted environmental issues with increasing sophistication through the rigid state controlled media, and gained access to key decision-makers in their government.

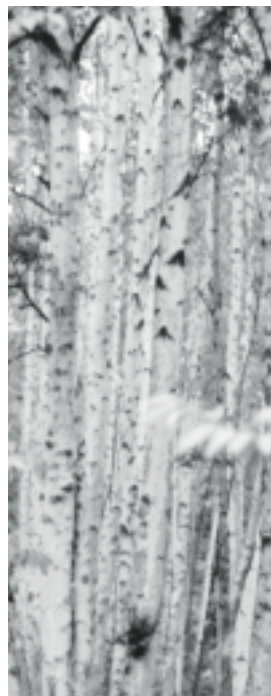


PHOTO BY SEYDLER

ECA Reform

Pacific Environment plays a key role in a growing international campaign to raise the visibility of Export Credit Agencies (ECAs), and reform these once obscure public finance institutions. With Pacific Environment's help, ECAs have become targets of concern among global justice activists and communities working world-wide.

In 1998, international ECA campaigners called on Pacific Environment and the Center for International Environmental Law to develop a website to serve the campaign, www.eca-watch.org. Pacific Environment was asked in 2001 to upgrade and relaunch the website, which is now a multilingual and increasingly popular tool for the growing global campaign. We also translate and publish graphically bold reports and educational information illustrating how these secretive agencies harm the environment, contribute to abuses of human rights, and increase third world debt.

Pacific Environment contributed significantly to the ECA campaign's success in preventing several harmful projects, such as a dam in Southeast Turkey that would have displaced as many as 70,000 people and flooded a 10,000 year old city. Pacific Environment also plays a key international role in watch-dogging massive extractive projects like the Sakhalin II oil and gas project in the Russian Far East, and plays a role in intergovernmental efforts to pressure all ECAs to adopt adequate environmental and social safeguard policies.



PHOTO BY INFO DIA

in the Wall Street Journal and New York Times have brought this campaign to the public's attention. These publications have investigated these oil companies' activities on Sakhalin, and came to the same conclusion we did years ago: Oil giants are taking advantage of Russia's diminished economic position, and endangering Russia's environment and people, for the sake of saving a few dollars.

In a larger sense, the Sakhalin story provides a perfect case of why we believe it is our responsibility and the responsibility of US political and corporate leaders to shape globalization trends so that people and the environment are placed above greed. There is nothing wrong with wanting a better life for ourselves, but we must also be advocates for a better life for others, especially in developing countries, and countries like Russia, which are struggling. This means that US-driven policies and US-owned corporations should not be allowed to cut corners on environmental and human rights standards. All people in the world deserve good health, a clean environment and local sustainable livelihoods.

It may be unrealistic to think or to even want "globalization" to discontinue. There are clearly some aspects of globalization that are beneficial, such as the tremendous access to information and technology it affords, and the contact with other people and ways of life it allows. But if globalization is to continue without further harm, the U.S. must ensure that it leads the rest of the world toward a high road, not a low one. And it is up to U.S. citizens to lead that charge. It is this type of leadership and direction that will bring the U.S. out of its current global quandary, not the build-up of arms or the heightening of security and mistrust among people.

Pacific Environment is working, from the grassroots up, to create, nurture, and see that positive change occur.



Catriona Glazebrook
Executive Director

Marine Protection

Marine eco-systems in the Pacific region are at risk. While regional and international solutions are needed to adequately address the decline in fish and habitat, few countries are stepping forward to cooperatively seek sustainable solutions. That is why Pacific Environment

developed a new initiative to foster international cooperation over the oceans and seas. We are working to establish a core group of Bering Sea stakeholders from around the Northern Pacific Rim—from family fishermen to regional governors—to foster an international dialogue that will lead to solutions for this important shared resource. In April

2001, we hosted a conference in Kamchatka, Russia, a first-of-its-kind event that united Russian and American fishermen and environmentalists. In April 2003, we will follow up with a more extensive conference in Anchorage, out of which we hope to facilitate a much-needed international Bering Sea Council, which will develop a long-range action plan to conserve the marine life of the Bering.

Meanwhile, in China, we continue to work with local experts to create a new Marine Protected Area, and strategize with our partners on solutions to curb the massive industrial pollution into China's rivers.



PHOTO BY BRADY GORDON

Pacific Rim Timber Trade

Treaties like the "Global Free Logging Agreement" promoted by the WTO, the Free Trade Area of the Americas (FTAA), and other bi-lateral agreements overwhelmingly favor the interests of large timber companies over local citizens and the environment they rely on for a sustainable way of life.

To counter these effects, last year Pacific Environment worked with activists in Japan to push the Japanese government to formalize a new environmental framework on trade that requires public input and sustainability measurements. Throughout the Pacific, we expanded the work of the Ring of

Fire Coalition. It now includes over 30 environmental community leaders from ten countries, spanning from Papua New Guinea to Russia, Malaysia to Chile. In Fall of 2001, The Ring of Fire Coalition met in Malaysia where members committed to developing a citizens' forest monitoring guide, which includes an on-the ground survey of logging



activity and forest health throughout the Pacific Rim region.

PHOTO BY PHILIP DE OLIVEIRA

Exchanges

The last year was a banner year for our innovative Exchange Program. Pacific Environment created an opportunity for indigenous people from Russia to meet and strategize with their North American counterparts on natural

resource use. In another exchange, Russian forest activists went to the island of Borneo to learn about the practices of the Malaysian timber giant Rimbanan Hijau that has begun logging in the Russian Far East. We hosted Japanese forestry experts who met with U.S. trade officials and U.S. community foresters. And

we brought Siberian oil experts and activists to Alaska to learn firsthand how citizen participation made the Alaskan pipeline the most environmentally sound oil pipeline in the world... and how it nevertheless poses a major threat to the Alaskan environment.



PHOTO BY SHERI DIVER

the Pacific Rim

Amur Region, Russia

Pacific Environment partner organization Amur Socio-Ecological Union successfully protects 1.8 million acres of wilderness—an area larger than the state of Delaware—in the Amur region. June 2002.



Sakhalin Island, Russia

As interest grows in Sakhalin oil by multi-nationals such as Shell and ExxonMobil, Pacific Environment works aggressively to bring the issue to the world's attention. These companies are currently drilling in sensitive habitat of the endangered Western Pacific Grey Whale, as well as a productive fishery. Publications from *The Ecologist* to the *Wall Street Journal* publish cover story exposes detailing the oil companies' negligence. A *New York Times* editorial implores oil companies not to treat Russia like "a cheap date" by skimping on environmental safety measures.



PHOTO BY GREENPEACE/GAVRILOV

ALASKA

Exchanges



PHOTO BY VIKTOR VIKHINCO/LE OLOPH

Malaysia

Russian forest experts and indigenous leaders tour sites in Malaysia that have been logged by timber giant Rimbunan Hijau. This company has just begun logging in the Russian Far East, and this exchange gives the Russians a "tour of the future," as they see the destructive nature of the company that had been logging the tropical island for decades. The tour ended with a conference of a larger contingent of members from the "Ring of Fire" coalition, which includes activists from all over the Pacific. November 2001.



PHOTO BY VIKTOR VIKHINCO/LE OLOPH

Alaska

Pacific Environment brings seven Russian environmentalists, scientists and government officials to Alaska to investigate pipeline construction and regulation, and the history and operation of the Trans Alaska Pipeline.

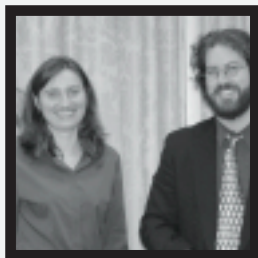


PHOTO BY VIKTOR VIKHINCO/LE OLOPH

Bucharest, Romania

Pacific Environment and CEE BankWatch bring grassroots activists from Russia, the oil-rich Caspian region, and Central and Eastern Europe to the Annual General Meeting of the European Bank for Reconstruction and Development. Activists are trained on finance policy advocacy, and have several face-to-face meetings with high-level Bank officials and country delegates. Pacific Environment also develops and publishes "The Citizens' Guide to International Finance Institutions" in Russian, giving Russian activists a crucial toolkit. May 2002.



PHOTO BY VIKTOR VIKHINCO/LE OLOPH

North America

Pacific Environment hosts six Russian indigenous leaders on an exchange to meet their counterparts in the Pacific Northwest and Canada. This provides Russian indigenous peoples an opportunity to build a strong, international network of communities who have faced and surmounted similar threats. July 2002



Kamchatka, Russia

Pacific Environment hosts an international marine conference which unites more than 40 fishermen, environmentalists, and scientists from the U.S. and Russia to share information and discuss sustainable management of the Bering Sea. April 2001.



PHOTO BY CAROLINA GLAZER/BOOK

South China Sea

Pacific Environment supports efforts to create a marine protected area in Hainan. Pacific Environment supports the work of China's leading authority on marine mammals, Wang Peilie, who first established China's first nationally recognized marine protected area.

MAP BY MIKE BELTZ - THE ECOLOGY CENTER, MONTANA

How You Can Make it Happen

You've read how we are supporting some of the most innovative and courageous activists in the world. And you've read about their work, and the environmental victories they've achieved, despite the odds. However, our partners cannot operate without the financial support of people like you.

Please give at any of the levels below to become a member. If you already have become a member, please consider increasing your membership. Send a check made out to Pacific Environment, or log onto our website, www.pacificenvironment.org, and use our secure on-line donation system. And remember that just \$8,000 is enough to run a small organization in Russia or China. A little really does go a long way!

- \$500 Siberian Tiger
- \$250 Amur Leopard
- \$100 Kamchatka Brown Bear
- \$50 Pacific Salmon
- \$25 Basic Membership
- \$15 Student/Senior

Foundation, Corporate and Government Support

C.S. Mott Foundation
Foundation for Deep Ecology
Global Greengrants Fund
Richard and Rhoda Goldman Foundation
William and Flora Hewlett Foundation
Mountain Hardware
Oak Foundation
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Tides Foundation
Trust for Mutual Understanding
United States Environmental Protection Agency
Turner Foundation
W. Alton Jones Foundation
Wallace Global Fund
Weeden Foundation
Westwind Foundation

Individual Supporters

Siberian Tiger

\$500 and up

Alice M. Anderson
Phillip Berry
Eleanor Booth
Deborah Chapman
Dodd and Nancy Fischer
Mortimer Fleishhacker
Alan Harper and Carol Baird
Eliza Klose
Barbara Meislin
Kevin Rowney
Graham Saul
Harriet Wentz

Amur Leopard

\$250 - \$499

Eric Gerber
Clifford Diver
Stephen Fowler
Stuart Kaplan
George Leeson
Octavia Morgan

Kamchatka Brown Bear

\$100 \$249

Natalia Vitalievna Ball
Lloyd Bergeson
Richard Bridgman
Robert J. Ellis
Catriona Glazebrook
Ingrid Gordon
Steven Kohl
Eric Matthews
Doug Murray and Peggy Blumenthal
Genny Rodriguez
Peter Slattery
Mary Wells
Bess Woodworth
Oran Young and Gail Osherenko

2001-2002 Financial Statement

For a complete financial report audited by Antoinette G. Niles, Certified Public Accountant, contact Pacific Environment.

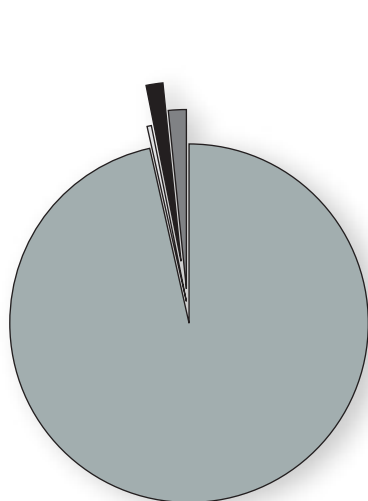
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Support and Revenue

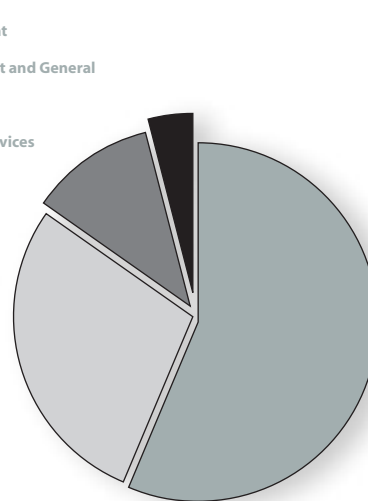
| | |
|-------------------------------------|-------------|
| Grants | \$2,080,102 |
| Public Support | \$8,404 |
| Other Income | \$32,777 |
| Interest Income | \$34,738 |
| Total Support and Revenue | \$2,155,827 |

Expenses

| | |
|----------------------------------|-------------|
| Program Services | \$768,132 |
| Re-Granting | \$387,335 |
| Management and General | \$153,186 |
| Development | \$54,742 |
| Total Expenses | \$1,363,395 |



Interest Income
Other Income
Public Support
Grants



Development
Management and General
Re-Granting
Program Services

| | |
|--------------------------------------|-------------|
| Increase in Net Assets | \$792,626 |
| Net Assets, April 1, 2001 | \$1,121,013 |
| Net Assets, March 31, 2002 | \$1,913,639 |

Pacific Environment Board and Staff

Staff

Catriona Glazebrook, J.D., M.S.
Executive Director

David Gordon
Associate Director

Dianne King Akers
Grant Manager

John Carroll
Administrative Assistant

Rory Cox
Communications Coordinator

Jennifer Eyres
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Cynthia Josayma
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Miho Kim
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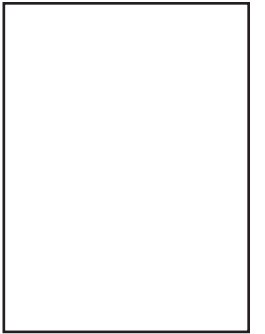
1440 Broadway, Suite 306, Oakland, CA 94612 | 510.251.8800 | fax 510.251.8838
info@pacificenvironment.org | www.pacificenvironment.org

Pacific Environment

Protecting the Living Environment of the Pacific Rim

1440 Broadway, Suite 306
Oakland, CA 94612
U.S.A.

www.pacificenvironment.org





Тихоокеанский
Центр Окружающей
Среды

太平洋环境组织
パシフィック エンバイロメント

Pacific Environment

ANNUAL REPORT 2001-2002