



## HIGHLIGHTS FROM IFF-2 THURSDAY, 27 AUGUST 1998

Delegates at IFF-2 continued their discussions in two Working Groups. WG1 considered programme elements I.b (monitoring progress in implementation) and II.d(i) (underlying causes of deforestation, TFRK, forest conservation and protected areas and research priorities). WG2 discussed II.a (financial resources), the interim Co-Chairs' draft on II.b (trade and environment) and II.d(ii) (valuation, economic instruments, future supply and demand and rehabilitation of forest cover).

### WORKING GROUP 1

Jag Maini (IFF Secretariat) introduced the document (E/CN.17/IFF/1998/6) on monitoring progress in implementation of the IPF action proposals. The G-77/CHINA, supported by INDIA, ECUADOR, CHINA and GABON, stressed national, voluntary reporting, noting that implementation requires national targets and indicators. He called for: transparent and participatory monitoring; use of existing procedures; information from relevant institutions; additional support for monitoring; streamlining and non-duplication; and a Secretariat report regarding LFCC needs for IFF-3. The EU stressed, *inter alia*: coordination of national and international data collection bodies; harmonization of methodologies; streamlining; and international organization support for monitoring. He said FAO forest resources assessment should include, *inter alia*, non-wood forest services, goods and benefits, and biodiversity. INDIA recommended referring to forests' relationship to the rural poor, tribal peoples and women.

CHINA and GABON stressed national capacity building and national data collection and assessment. MALAYSIA called for a harmonized reporting framework and, with AUSTRALIA, the US and others, voluntary reporting at the international level. The US supported national monitoring and opposed an international framework. CANADA called for a short-term monitoring focus and a long-term focus on proposal effectiveness in the context of a legally-binding instrument. AUSTRALIA supported reporting on processes and results of IPF implementation at IFF-3. GABON opposed new mechanisms, noting that proliferation of mechanisms hampers information flow management. NEW ZEALAND supported country-specific progress reviews and Internet information dissemination. The GLOBAL FOREST POLICY PROJECT (GFPP) supported participatory and transparent monitoring. JAPAN called for case studies, evaluation of SFM field application and C&I development. BRAZIL opposed new commitments without new and additional financial resources, favoring efforts for building awareness, data collection and surveillance. THAILAND favored the use of harmonized and compatible C&I as parameters

for monitoring. The FAO underlined a current voluntary FAO survey on the status of NFPs. ECUADOR noted Amazon Cooperation Group consensus stressing: national, voluntary reporting; non-duplication of ongoing efforts; and strengthening of regional and international processes.

Bai-Mass Taal (UNEP), Jean-Pierre Le Danff (CBD Secretariat) and Jeff Sayer (CIFOR) introduced the document on matters left pending and other issues arising from programme elements of the IPF process (E/CN.17/IFF/1998/10). FUNDACION ECOTROPICO highlighted the NGO-Government Initiative on underlying causes of deforestation that will culminate in a global workshop in Costa Rica in January 1999. On underlying causes, the EU stressed the need for policies to address deforestation causes in other sectors. CANADA called for prioritization of actions on deforestation. INDIA, NIGER, NEPAL and others cited underlying causes including poverty, cattle breeding, forest fires, fuelwood demands, land tenure issues and population displacement due to war. The G-77/CHINA recommended analysis at both international and national levels. TURKEY, with the US, called for technical assistance and regional information exchange on combating forest fires.

Regarding TFRK, the EU, NEW ZEALAND, SWEDEN and AUSTRALIA urged consideration of relevant CBD COP decisions and work programmes. CANADA called for: consideration of TFRK in other IFF programme areas; full and equal participation of TFRK holders; wider application of TFRK in research and forest practices; and clarification of matters pertaining to IPR and benefit sharing. NORWAY recalled the ILO convention on indigenous people. The G-77/CHINA urged development of legal protection of indigenous knowledge, innovations and practices.

On forest conservation and protected areas, the EU underscored regional cooperation and advocated a voluntary network of protected areas. ZIMBABWE called for recognition of multiple forest uses and values and the needs of local communities and, with TURKEY and NORWAY, stressed conservation outside protected areas. SWEDEN highlighted cultural and social aspects of forests. AUSTRALIA, with the US, said discussion was premature. The GFPP called for maximum protection of biodiversity and warned against attempting to redefine "protected area."

Regarding research priorities, the EU and CANADA urged improved coordination of forest research. NIGER said research in many developing countries is meager. The G-77/CHINA supported knowledge generation through R&D, capacity building and access to technology and know-how. SURINAME emphasized research on priority functions and benefits of forests. ZIMBABWE called for financial resources and for information in language accessible to forestry practitioners.

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## WORKING GROUP 2

WG2 completed background discussion on the need for financial resources. The G-77/CHINA said Agenda 21 and the Forest Principles should constitute the basis for discussion on financial resources for SFM. The G-77/CHINA, MOROCCO, COLOMBIA, ZIMBABWE, GREENPEACE INTERNATIONAL and others supported the need for new and additional financial resources, some noting their absence despite commitments. The G-77/CHINA, GABON, CHINA and others deplored the decrease in ODA. NORWAY urged recipient countries to reprioritize their use of existing ODA. CANADA supported a review of ODA flows. The G-77/CHINA, MOROCCO and CUBA opposed conditionalities on financial assistance. The G-77/CHINA and the US called for institutional and capacity building to determine the absorptive capacity of ODA.

The G-77/CHINA urged support to promote private sector investment, but, with MALAYSIA and NEPAL, said private funding is not a substitute for ODA. NORWAY and the US emphasized developing country policies to create enabling environments for private investment. NORWAY and MALAYSIA stressed incentives for private investment. The WBCSD called for public-private partnerships. MOROCCO, BRAZIL and others emphasized mobilization of domestic resources. CUBA, MOROCCO and VENEZUELA noted the low priority of forestry in national programmes. MOROCCO and TURKEY supported integrating forests into other national programmes.

CANADA supported innovative mechanisms that go beyond IPF achievements. The US stressed market-based innovations. NORWAY, MOROCCO, GREENPEACE INTERNATIONAL and others highlighted Costa Rica's success in establishing revenue-generating systems. GREENPEACE INTERNATIONAL encouraged governments to support innovations such as concessional loans and fees and levies. SOBREVIVENCIA opposed forestry projects financed through joint implementation unless Kyoto Protocol reduction targets are effectively implemented. The G-77/CHINA, MOROCCO and IRAN highlighted special needs of LFCCs. NORWAY, supported by the US, underscored the importance of awareness-raising in both donor and developing countries to ensure support to the forest sector.

The G-77/CHINA, GABON, COLOMBIA, CHINA, CUBA, NEPAL, BRAZIL and VENEZUELA supported the establishment of an international forest fund. COLOMBIA noted that it should not detract from other funding. TURKEY supported a review of the GEF before creating a new mechanism. The US urged evaluation of other institutions as well, such as UNDP, FAO and UNEP, when determining the desirability of a fund. NORWAY questioned the need for a new international fund as it may detract from other investment-creating alternatives. CANADA said the issue would only be useful when discussing an international legally-binding instrument on forests.

WG2 then discussed the interim Co-Chairs' draft on trade and environment, which was based on Tuesday's discussion. NEW ZEALAND, AUSTRALIA, SWITZERLAND and the EU appreciated the draft's initial emphasis on the mutually supportive roles of trade and environment policies but lamented its inadequate reflection throughout. The G-77/CHINA recommended highlighting the role of international cooperation in combating deforestation to balance the emphasis on domestic policies' role. Regarding the effects of trade liberalization, the EU and the REPUBLIC OF KOREA called for balanced reflection of positive and negative effects. FORUM UMWELT UND ENTWICKLUNG said the devastating effect of trade liberalization on forests, forest dwellers, local communities and taxpayers was not reflected. JAPAN urged discussion of full cost internalization.

Regarding the need to address non-tariff trade barriers, the EU proposed stipulating "except when justified by local conditions." The G-77/CHINA, BRAZIL and the US called for their elimina-

tion. The EU objected to text on addressing the effects of subsidies. The REPUBLIC OF KOREA noted that subsidies' effects are not always negative. AUSTRALIA, the EU and the REPUBLIC OF KOREA opposed a reference to unilateral trade measures. FORUM UMWELT UND ENTWICKLUNG objected to text highlighting reduced market access due to subnational government action to restrict tropical timber use, emphasizing consumers' freedom to use purchasing power to support SFM.

BRAZIL highlighted that certification and labelling (C&L) can act as potential obstacles to market access. The EU said C&L are voluntary and thus do not limit market access *per se*. The GFPP noted that C&L can increase market access. CANADA and the US said efforts toward mutual recognition are premature. CANADA, AUSTRALIA, the REPUBLIC OF KOREA and the US objected to text on examining how preferential market access for products from sustainably managed forests can be used to promote SFM. The GFPP recommended examining how trade liberalization can impede SFM.

The EU, CANADA, the REPUBLIC OF KOREA, AUSTRALIA and the US supported case studies on C&L. CANADA advocated C&L development and analysis of their impact on SFM. The EU and the REPUBLIC OF KOREA suggested evaluating existing cases. AUSTRALIA called for studies on ensuring that C&L do not act as disguised protectionism.

A proposal to explore the scope for mutual recognition was supported by the EU and the REPUBLIC OF KOREA and opposed by CANADA, AUSTRALIA and the US. AUSTRALIA suggested a reference to ISO Technical Committee 207's report. The US, SWITZERLAND, CANADA and the GFPP supported the proposal to examine illegal trade in forest products. BRAZIL specified illegal trade in wood and non-wood products. The EU emphasized implementing measures to counter illegal trade.

Juergen Blaser (World Bank) and M. Hosny El-Lakany (FAO) introduced the Secretariat's Note on valuation, economic instruments, future supply and demand and rehabilitation of forest cover (E/CN.17/IFF/1998/8). The FCCC SECRETARIAT highlighted linkages between the FCCC and the IFF and said the Kyoto Protocol could serve as a new financing mechanism for forestry activities when ratified. The US opposed discussion of carbon sequestration until the FCCC reaches agreement on forests. AUSTRALIA stressed further research on valuation methodologies and the creation of markets for non-timber products, and consistency with FCCC, CBD and WTO rules. The US emphasized a secure land tenure system, means to settle land tenure disputes and clearly defined and legally protected rights. He supported voluntary logging regulations. CANADA doubted the ability of plantations to ease pressures on natural forests, preferring SFM of natural forests. The US noted the importance of plantations in areas where forest cover has disappeared.

## IN THE CORRIDORS

Delegates expressed concern about half-hearted commitment to the international forest process. One delegate deplored the lack of serious offers that would foster a true give-and-take negotiation, finding only words expressing further polarization. Despite calls for monitoring and suggestions of assistance, subnational groups in some countries are resistant to international oversight of their activities, leading some observers to wonder how much interest really exists for reaching international consensus.

## THINGS TO LOOK FOR TODAY

**WORKING GROUPS:** WG2 will meet at 10:00 in Salle XX to conclude background discussion on programme element II.d(ii).

**PLENARY:** Delegates will meet in Plenary at 15:00 in Salle XIX for progress reports from the WGs.