



## HIGHLIGHTS FROM IFF-2 FRIDAY, 28 AUGUST 1998

Delegates at IFF-2 continued their deliberations on Friday, 28 August. Working Group 2 met in the morning to complete background discussion on programme element II.d(ii) (issues requiring further clarification: valuation; economic instruments; future supply and demand; and rehabilitation of forest cover). Working Group 1 did not meet. Delegates convened in Plenary in the afternoon to hear reports on the status of work in the WGs.

### WORKING GROUP 2

On valuation, the EU stressed the need to develop methodologies that ensure that market prices and political decisions reflect the value of positive externalities and the cost of negative externalities. The G-77/CHINA stressed: further research to develop valuations; innovative, simple and country-driven valuation methodologies; and environmental, socio-economic, ethical, cultural and religious considerations in addition to economic valuation. BRAZIL stressed the importance of valuation but emphasized its conceptual and practical shortcomings. He opposed a unified methodology for valuation. GABON promoted research for new methodologies reflecting each country's situation. FORUM UMWELT UND ENTWICKLUNG said valuation must reflect social and cultural aspects and should incorporate sustenance values attributed to products by indigenous peoples and local communities.

The EU emphasized effective valuation methodologies for all forest goods and services, highlighting the new markets they create, but also noted the difficulty in estimating values of, *inter alia*, biodiversity, carbon fixing, recreation and landscape. TURKEY supported developing methodologies for valuation, particularly for non-wood products, and urged integration of non-traded products and services into the market. MALAYSIA and NORWAY called for valuation and creation of markets for non-wood products. MALAYSIA and BRAZIL stressed the potential value of biodiversity, emphasizing pharmaceuticals. BRAZIL said it must take into account access to and sharing of benefits from genetic resources as stipulated in the CBD. CUBA stressed valuation of all goods and services such as eco-tourism. CHINA highlighted poverty alleviation and participation of women for discussion at IFF-3.

The EU called for methodologies to evaluate forests' contributions to mitigating the greenhouse effect but urged avoidance of perverse incentives to replace natural forests by single-purpose plantations. NEW ZEALAND supported flexible market mecha-

nisms to mitigate the effects of climate change, highlighting the particular dangers to small island developing States. BRAZIL felt that the attention given to carbon sequestration should not obscure the importance of valuing other goods and services. MALAYSIA supported the creation of markets for carbon sequestration if efforts to improve technologies on the effective use of energy are not undermined, and urged consistency with the Kyoto Protocol. NORWAY said the issue needed further clarification under the FCCC. TURKEY emphasized that carbon sequestration should remain under the domain of the FCCC.

The EU underscored the importance of economic instruments and tax policies, especially in countries with a high percentage of privately owned forests. The G-77/CHINA called for cost-effective instruments that do not introduce economic distortions. BRAZIL supported the use of economic instruments, such as those in agriculture, land reform and taxation, but noted the lack of concrete examples presented to the IPF. He noted difficulties in harmonizing instruments and called for IFF-3 to highlight how to use economic instruments and avoid problems that may be encountered. FORUM UMWELT UND ENTWICKLUNG expressed disappointment that differences between land tenure and land use were not clearly defined in the draft, and recommended addressing land tenure and creating policies that increase involvement of indigenous peoples and local communities.

The EU urged a wider perspective when discussing future supply and demand to better understand the contributions of planted forests. NORWAY called for more comprehensive discussion on plantations at a later stage. The EU underscored the importance of non-wood goods and services. She called for their inclusion in national inventories and international organizations' support to build capacity for assessment.

NORWAY called for public and private investment, balanced intersectoral decision making and strengthened institutions to ensure that supply and demand expand in the context of sustainability. GABON called for a world inventory of marketable non-wood forest products and highlighted difficulties in gathering statistics on global wood product supply. While recognizing the need for plantations to supply industries or furnish wood for energy, GABON supported improving natural growth forests.

The EU stressed the important role of forests in combating soil degradation and desertification and highlighted linkages between forestry and food security in arid zones. She encouraged countries and the FAO to, *inter alia*, assess worldwide potential areas for

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afforestation in cooperation with the FCCC. The G-77/CHINA called for seminars and briefings on factors contributing to low forest cover, deforestation and forest degradation in developing LFCCs, including unique forest types. The G-77/CHINA and IRAN emphasized the contributions of unique forest types to global biodiversity and many communities' dependence on them. CHILE lamented that more attention was not given to LFCCs and urged inclusion of land that will be forested in the future when making land allocation decisions. IRAN called for national action programmes to address the needs of developing LFCCs and said they should include information exchange, capacity building and adaptive approaches. He called on the CCD, the FCCC and the CBD to help establish such programmes. He also emphasized water resources as a prerequisite for expansion of forest cover. FORUM UMWELT UND ENTWICKLUNG called for a holistic approach to incorporate TFRK in the rehabilitation of forest cover. She regretted the absence of direct references to indigenous peoples and local communities in interventions and the draft reports.

### PLENARY

Co-Chair Asadi opened the Plenary and announced that Vice-Chair Bibiana Vargas (Colombia) would act as the Rapporteur. Co-Chair Ristamäki stated that discussions during the first week of IFF-2 were amicable and constructive and that delegates had succeeded in completing the first week's work.

Co-Chair Asadi reported that WG1 had conducted substantive discussions on programme elements I.a (promoting and facilitating implementation) and II.e(i) and (ii) (forest-related work of organizations and instruments) and, based on these discussions, draft Co-Chairs' reports had been prepared and distributed. He noted that WG1 had conducted background discussions on I.b (monitoring progress in implementation) and II.d(i) (issues needing further clarification) and a Co-Chairs' summary of discussions on I.b had been circulated, while the summary of II.d(i) would be available Monday.

Co-Chair Ristamäki updated the Plenary on the progress of work in WG2. He reported that an interim Co-Chairs' report had been produced based on a first round of substantive discussion on trade and environment and, based on delegates' comments on this draft, a revised Co-Chairs' draft report would be produced and available Monday. He noted that WG2 had also conducted substantive discussion on transfer of environmentally sound technologies (ESTs) and an interim draft had been produced and circulated. He said Co-Chairs' summaries of background discussions on the need for financial resources and on issues needing further clarification would be available on Monday.

Co-Chair Asadi stated that negotiations on the draft Co-Chairs' reports would begin next week and asked delegates to make general comments on the tenor and structure of the reports. CANADA expressed concern over the lack of specific mention of indigenous groups and local communities in the Co-Chairs' reports and summaries and, recalling the active role they played in the IPF process, called for their full and unfettered participation at the IFF. She asked that "including indigenous groups and local communities" be inserted wherever "stakeholders/major groups" appear in all documents.

On promoting and facilitating implementation, the G-77/CHINA complimented the inclusion of social and environmental forest services and acknowledgement of contributions that government-led initiatives can make to IFF deliberations. He said supporting NFPs in developing countries is particularly important and noted the need for clear definitions of "national forest

programme" and "similar instrument." The EU asked that a reference to the Baden-Baden Expert Consultation be inserted in addition to the reference to the Six-Country Initiative. He said the ITFF should be strengthened and broadened. With the US, the EU said LFCC needs should not detract from other countries' needs. The US said some proposals were too specific given that national approaches to implementation vary and not all countries address their forests through NFPs.

On II.e(i) and (ii) (forest-related work of organizations and instruments), the US stressed that the two documents on this subject should be consolidated into one. On instruments, she reiterated that addressing gaps and/or overlaps is not really useful as their identification is subject to interpretation. On EST transfer, the US noted the text's emphasis on technology transfer and called for greater focus on the important areas of know-how, adaptation of technology, extension and capacity-building. On forest-related work of international organizations, INDIA called for the creation of a newsletter providing updates on recent and upcoming meetings of related convention bodies to inform developing country delegates and facilitate their participation.

### IN THE CORRIDORS I

Some participants mentioned a growing momentum for continuing an IFF-type forum after its mandate expires in 2000. Some remarked that this may represent the "least common denominator" of what everyone can agree to rather than a desire for more substantive action on forests. One observer noted that if the IPF action proposals are not being implemented, enthusiasm for making any stronger commitment, such as a legally-binding instrument, would be dampened given that a major component of IFF work is to foster implementation. Others, however, view non-implementation of IPF "soft law" as a reason to push for tighter commitments, observing that implementation may become more feasible when incentives are offered.

### IN THE CORRIDORS II

At a side meeting on Friday, delegates and observers were able to confront some of the niggling questions surrounding the IPF/IFF process on the similarities, differences and relationship between the international forest process and the many international and regional instruments in other environmental areas, such as the CBD, the FCCC Kyoto Protocol and the CCD. One participant stated that despite a sense that a non-binding process is inferior, it differs little from binding framework conventions in its influence over national legislation and policy, as they are all limited to broad principles subject to national interpretation. Another observed later that while conventions can be strengthened by protocols or amendments, such negotiations can be as contentious as efforts to achieve a stronger international consensus on forests.

### THINGS TO LOOK FOR TODAY

**PLENARY:** Delegates will convene in Plenary in Salle XIX in morning and afternoon meetings to conduct background discussion on programme element III (international arrangements and mechanisms).

**DOCUMENTS:** A revised interim draft Co-Chairs' report will be available this morning on trade and environment (programme element II.b). Co-Chairs' summaries of discussion will also be circulated on the need for financial resources (II.a) and on issues needing further clarification (II.d(i) and II.d(ii)).