



## HIGHLIGHTS FROM IFF-2 WEDNESDAY, 2 SEPTEMBER 1998

IFF-2 delegates met in Working Group 1 (WG1) to discuss promoting and facilitating implementation and forest-related work of organizations and existing instruments and in WG2 to discuss trade and environment. Contact groups on EST transfer and trade and environment met in the evening.

### WORKING GROUP 1

WG1 continued discussion on the draft Co-Chairs' report on promoting and facilitating implementation of the IPF action proposals. The US said text on using NFPs to channel assistance to developing countries was too prescriptive. AUSTRALIA said NFPs "or equivalent instruments" should be used as frameworks for such support.

WG1 then considered the draft Co-Chairs' report on forest-related work of international and regional organizations. The EU, AUSTRALIA, the G-77/CHINA and the US asked that this report be combined with that on existing instruments. On participation of groups in forest matters, the US replaced "civil society" with "all interested parties" and deleted "including industry." CANADA qualified a holistic approach to "recognize the importance of social, economic and environmental values and functions of forests." On mobilization of existing organizations, the US added that "many of the IPF proposals are directed at international organizations and instruments." The G-77/CHINA added "provision of financial resources" as a means of mobilization. The G-77/CHINA said the ITFF should be strengthened "technically and financially." SWITZERLAND, the EU and the US said the ITFF should remain informal. On strengthening partnerships, additions called for cooperation between ITFF members "and other organizations and instruments" (US) to support "developing countries' efforts through NFPs" (G-77/CHINA) "and countries with economies in transition" (RUSSIA).

The G-77/CHINA, with the US, replaced text on partnerships for monitoring, reviewing and assessing progress with text underlining "the importance of an integrated and multisectoral approach" and said future efforts should accommodate "existing" needs in "developing countries." A suggestion to replace collaboration with NGOs and the private sector with "all interested parties, including indigenous people and other forest-dependent people" (EU, CANADA and NORWAY) was changed to "all interested parties."

On the need for a Directory, additions were made to include information "regarding global and regional relevant conventions" (G-77/CHINA) which "should be updated on a regular basis" (EU). The US opposed a G-77/CHINA addition of information on "the interface and linkages between the various forest-related activi-

ties." On addressing developing countries' conditions, the G-77/CHINA and EU added developing LFCCs and RUSSIA added countries with economies in transition. On the need to address the economic, social and environmental components of sustainable development, BRAZIL, IRAN, the G-77/CHINA and GUYANA opposed a US proposal to change "sustainable development" to "SFM." The US opposed an EU proposal on addressing gaps in existing forest-related instruments. The EU deleted proposals for fostering synergies between organizations and defining various organizations' roles and offered text on enhancing cooperation and identifying means for mobilizing organizations. The US, with the G-77/CHINA, deleted a reference to "the internationally agreed agenda on forests." On strengthening the ITFF, the EU, the US and CANADA deleted a proposal calling for coordination and communication. On informing ITFF members' governing bodies on the IPF/IFF process, the US deleted text on strengthening forest-related activities. Additions were made requesting ITFF member organizations to "work together towards developing" (CANADA) a Directory of forest-related organizations "and instruments, including their mandates, missions, organizational structures, programmes, activities, personnel and budget" (US) and "the interface and linkages between the various forest-related activities" (MALAYSIA) "and update it regularly" (EU).

On forging synergies, amendments were made to "suggest that governments provide guidance" (CANADA) to bodies, including "instruments" (EU). On enhancing cost-effective data systems, BRAZIL deleted information "derived from monitoring and reporting" on progress in SFM. The EU added text on providing an analysis of experiences with forest-related work under existing instruments to IFF-3. The G-77/CHINA proposed urging institutions to support forestry programmes aimed at alleviating poverty, decreasing population pressure, raising environmental awareness and reforesting degraded lands.

WG1 then discussed the Co-Chairs' draft on forest-related work under existing instruments. AUSTRALIA added that information on such work is useful for deliberations on "the nature of future international forums for forests." Regarding future work, NEW ZEALAND proposed "to analyze the extent to which voluntary measures such as C&I can contribute to achieving SFM." NORWAY advocated that the analysis include recent studies by IUCN and others. Regarding information to be included in an analysis, CANADA added "ways and mechanisms to ensure inclusiveness" and the G-77/CHINA proposed "action-oriented proposals on coordination for the specific needs and conditions of developing countries, in particular, countries with LFC."



## WORKING GROUP 2

WG2 proposed amendments to the draft Co-Chairs' report on trade and environment. The G-77/CHINA amended text on mutually supportive trade and environmental policies toward achieving SFM to reflect the needs of developing countries. The EU, the US, CANADA and NEW ZEALAND deleted a reference to using trade as a tool to promote SFM. The G-77/CHINA said trade should be used as "an incentive for transition" to SFM.

The US opposed text on the impact of international trade in forest products on deforestation and forest degradation, while NEW ZEALAND added text on positive impacts on SFM. CANADA modified text to reflect potential positive and negative impacts. The G-77/CHINA added language on positive impacts of increased market access. The US said domestic policies adversely affecting SFM should be "eliminated," while AUSTRALIA said approaches to SFM should consider indirect consequences of trade. The EU added "both positive and negative effects" to text discussing effects of trade liberalization. SWITZERLAND qualified that it could have positive effects "if adequate social and environmental policies" are taken. The US added that liberalization "can increase market access, promote open and free trade." JAPAN deleted text implying a direct relationship between increased production from trade liberalization and poverty alleviation and reduced environmental degradation. CANADA deleted a reference to a risk of negative impacts.

To text on full-cost internalization of traded forest products, the EU added "and their non-wood substitutes." JAPAN amended text to reflect that absence of full-cost internalization will enhance competitiveness and discourage incentives for SFM, while SWITZERLAND added the need to analyze effects on trade of global cost internalization of all forest products and substitutes. On non-tariff trade barriers, NEW ZEALAND added the need to address subsidies. The EU, SWITZERLAND and JAPAN deleted text noting that tariff escalation constrains development of processed forest products in producer countries. The G-77/CHINA amended text that called for consideration of the impact of trade regulation in exporting countries as a possible trade barrier to call for considering "tariff" regulation's impact on sustainable development and poverty alleviation. The US advocated considering trade regulation's potential negative impact on SFM in producer countries.

On trade measures to promote SFM, the US, SWITZERLAND and the EU proposed deleting text noting that sub-national government restrictions on tropical timber use should be avoided. The G-77/CHINA said "any" such actions restricting use of tropical "forest products" at sub-national "or national" levels "must" be avoided. CANADA preferred avoiding restrictions on "forest products including" tropical timber. Additional text was proposed on: encouraging private sector efforts to achieve SFM (EU); and respecting the subsistence livelihood of indigenous people living in or near forests when fostering trade (G-77/CHINA).

On C&L, the G-77/CHINA specified that "voluntary" certification is "among many potential tools" to promote SFM. CANADA added that certification should be market-based, voluntary, independent, non-legislated, science-based and developed openly and inclusively. The EU proposed deleting reference to WTO Technical Barriers to Trade Agreement as a useful reference to ensure that C&L comply with WTO rules. The US deleted text calling for further cooperative work toward international comparability. CANADA preferred comparability "and equivalency" and deleted text on how mutual recognition may be sought. On illegal trade, the EU specified illegal "harvesting and related" trade in wood and non-wood products, and the US and CANADA deleted "including forest biodiversity." The G-77/CHINA added that addressing illegal trade is critical for SFM, "while assuring the livelihood of forest dwellers."

On the proposal for action to eliminate tariff and non-tariff barriers, JAPAN preferred to "reduce" barriers. The G-77/CHINA and CANADA deleted "where their removal does not have adverse

effects on SFM." NEW ZEALAND called for efforts to eliminate subsidies harmful to trade and environment. On examining how trade policies can create environmental benefits and SFM, CANADA preferred examining "the link between trade liberalization and SFM." The US deleted a call to examine how consumer preference can be used to promote SFM. The EU preferred examining how to improve information on sustainably managed forest products. JAPAN recommended examining how trade policies can create adverse effects on forest conservation and how to implement full-cost internalization.

Delegates proposed new subparagraphs on: exploring measures to achieve trade of sustainability managed forest products (JAPAN); adopting and implementing sound environmental policies, complemented by trade liberalization (US); supporting and safeguarding basic needs of people, including indigenous people living in forests, while promoting trade, environmental protection and SFM (G-77/CHINA); and providing assistance to developing LFCCs for SFM (G-77/CHINA).

The US recommended deleting an action proposal recommending exploration of the scope for mutual recognition procedures on the basis of equivalency. The EU replaced "equivalency" with "comparability." CANADA's reformulation recommended assessment of "comparability between various SFM standards with a view to achieving equivalency and thereby eventually facilitating possible future development of mutual recognition procedures." On mechanisms to monitor, investigate and combat illegal trade, the G-77/CHINA specified illegal trade "of wood and non-wood products." The EU preferred "illegal harvesting of forest products and related trade." The US called for identifying and assessing effectiveness of measures to control illegal logging and international trade in illegally harvested timber and identifying and acting on areas needing improvement.

Following this first read-through of the draft Co-Chairs' report, the Chair produced a compendium of proposed amendments and formed a contact group to discuss it.

## CONTACT GROUPS

WG2 formed contact groups on EST transfer and trade and environment. The former met from 6:00-9:00 pm and discussed the first seven paragraphs and one on technology diffusion to end-users. The trade and environment group met from 5:00-5:45 pm. A compendium of proposed amendments on this item was circulated and the group decided to reconvene Thursday at 11:30 am.

## IN THE CORRIDORS

Some observers expressed concern that the Co-Chairs' draft on trade and environment overemphasizes the positive effects of trade liberalization on the environment and poverty and makes little mention of negative effects. One participant noted that progress had been made in this regard with the two successive Co-Chairs' drafts, particularly with amendments proposed in Wednesday morning's discussion, and seemed optimistic that one step forward would not mean two steps back from the IPF proposals. In anticipation of today's contact group discussion, one delegate expressed skepticism on the likelihood that the considerable gap between familiar and opposing views related to trade and environment would be bridged here.

## THINGS TO LOOK FOR TODAY

**WORKING GROUPS:** WG1 will convene at 10:00 am in Salle XXV to review a Co-Chairs' draft of forest-related work of organizations and instruments and discuss monitoring progress on implementation and issues needing further clarification. WG2 will meet in Salle XXI at 10:30 to discuss financial resources and other issues needing further clarification.

**CONTACT GROUPS:** The contact group on trade and environment will meet at approximately 11:30 am. The contact group on EST transfer may also reconvene.