



HIGHLIGHTS FROM IFF-3 TUESDAY, 4 MAY 1999

On the second day of IFF-3, delegates continued to meet in two Working Groups. WG1 addressed underlying causes of deforestation and forest degradation, traditional forest-related knowledge (TFRK), forest conservation and protected areas, and forest research. WG2 discussed valuation, economic instruments and financial resources. The contact groups on trade and environment and ESTs began their work.

WORKING GROUP 1

Bai Mas Taal, UNEP, introduced an overview of the Secretary-General's paper on underlying causes of deforestation and forest degradation (E/CN.17/IFF/1999/7). The G-77/CHINA noted the report focused on deforestation only in developing countries and overlooked the high consumption rate and protectionist policies in developed countries. The EU recognized underlying causes including macroeconomic policies, poverty, lack of institutional capacity, law enforcement failure, illegal logging, land tenure and unsustainable consumption patterns. The FAO highlighted forest fires as a concern. CHINA urged the IFF not to seek unified international causes or solutions. NORWAY and CANADA urged the IFF to further analyze trade and environment issues and their relationship with the WTO. CANADA identified inappropriate government policies, land hunger, market forces and undervaluation as underlying causes. AUSTRALIA suggested an additional proposal regarding transparent decision making in relation to structural adjustment programmes (SAPs). INDIA underscored the importance of community participation. CHILE called for positive incentives to support SFM. ECUADOR urged a second phase of work on underlying causes. BENIN called for strengthening of the public sector.

BRAZIL called for enhanced economic and financial competitiveness for SFM. CUBA underscored the State's role in determining policies. The EU and MALAYSIA emphasized internalization of environmental costs in pricing of forest goods. NEW ZEALAND highlighted the role of planted forests for fuelwood supply to avoid forest degradation and for rehabilitation of degraded areas. IRAN emphasized the need to distinguish between underlying causes in low forest cover and other countries.

The US suggested cross-referencing underlying causes with other programme elements to avoid duplication. The RUSSIAN FEDERATION detailed benefits from State ownership of forests. INDONESIA requested historical aspects of deforestation and forest degradation, specifically in Western Europe, be included in the report. JAPAN emphasized that international timber trade should not cause deforestation and degradation. SOBREVIVENCIA suggested, *inter alia*, training programmes on law enforcement, consumption and production and transparency within SAPs and, with the INDIGENOUS FOCAL POINT ON UNDER-

LYING CAUSES, a review panel to monitor indigenous peoples' rights. ASOCIACION NAPGUANA urged fair distribution of resources and land tenure. Delegates requested further consideration of, *inter alia*, global food security, low forest cover countries, fuelwood, hunting, pest and diseases and the role of poverty.

Henrietta Marrie, CBD Secretariat, introduced the Secretary-General's report on TFRK (E/CN.17/IFF/1999/8). She overviewed the CBD's treatment of TFRK (Article 8j) within the *ad hoc* Working Group on TFRK and the programme on forest-related biodiversity. She suggested establishing a body to coordinate activities within the IFF, FAO, WTO, CBD and World Intellectual Property Organisation (WIPO). The EU, G-77/CHINA, NORWAY and others cautioned against duplicating CBD efforts and agreed that the IFF should receive reports from bodies working on TFRK. BRAZIL and NORWAY supported a mechanism to synthesize such information. AUSTRALIA, CANADA and NEW ZEALAND opposed forming a task force or expert panel on TFRK. NORWAY underscored the importance of land tenure for local communities. MALAYSIA said the WIPO should address payment to indigenous peoples for TFRK. The US noted that benefits accrued from TFRK uses are incidentally related to forests and should not be addressed within the IFF. CHINA said that TFRK should be respected and protected. The INTERNATIONAL ALLIANCE OF INDIGENOUS PEOPLES IN TROPICAL REGIONS expressed concern about the expropriation of TFRK.

Jaime Hurtubia, UNEP, introduced the Secretary-General's paper on forest conservation and protected areas (E/CN.17/IFF/1999/10). BRAZIL, on behalf of the G-77/CHINA, recommended, *inter alia*: enhancing public awareness; strengthening financial support; adopting an ecosystem approach; acknowledging the stewardship of indigenous and local communities; linking the ITTF with the IUCN Commission on Protected Areas; and developing innovative financial mechanisms.

CANADA suggested additional proposals concerning, *inter alia*, conservation as a cornerstone of SFM, native species research, needs of countries with low forest cover, linking *in situ* with *ex situ* conservation and the integration of traditional values. The GLOBAL FOREST POLICY PROJECT cautioned against setting low standards for protected areas. ASOCIACION NAPGUANA sought a distinction between protected areas and indigenous territories.

Several delegations, including the EU, NORWAY and the US, supported IUCN's work on a classification system for protected areas. NORWAY emphasized holistic and sustainable use of protected areas. The EU encouraged the establishment of protected areas when social, economic and ecological benefits of forests are threatened. AUSTRALIA highlighted the Workshop on Protected Areas held September 1999 in Canberra and the resulting proposals.



MALAYSIA said the establishment of extensive protected areas in developing countries is not economically and socially viable. The US discussed the viability of eco-tourism to support protected areas. POLAND called to improve existing protected areas. CHINA emphasized that conservation and use must be combined.

Raidar Persson, CIFOR, introduced the Secretary-General's paper on forest research (E/CN.17/IFF/1999/11) and noted that the paper was based on the International Expert Consultation on Research and Information Systems for Forestry (ICRIS). BRAZIL did not support a research model based on the Consultative Group on International Agricultural Research, a global forest information service or a global forum.

WORKING GROUP 2

Juergen Blaser, World Bank, introduced the Secretary-General's report on valuation of forest goods and services (E/CN.17/IFF/1999/12). The G-77/CHINA expressed concern over the report's focus on monetary valuation. She emphasized valuation of other goods and services such as biodiversity, watershed protection and carbon sequestration, and stressed that many people depend on forests for subsistence and income in the South. The EU highlighted difficulties of compensating the private forestry sector. He urged countries and international organizations to support further development of valuation methodologies and to promote concrete pilot studies on aggregate values as well as on negative externalities. CHINA requested financial and technical assistance for developing methodologies.

On carbon credits and trading, the US, NEW ZEALAND, AUSTRALIA and TURKEY expressed reservations on the proposal to coordinate with the FCCC and said further discussion is needed. DENMARK supported a proposal on trading carbon emission rights. PORTUGAL highlighted pan-European efforts in valuation of forest goods and services. AUSTRALIA noted duplication of IPF proposals for quantitative data collection and valuation methods development.

BRAZIL highlighted limitations of valuation methods and urged capacity building in human resources for the application of methods. She said certification schemes should be voluntary, transparent and nondiscriminatory. The G-77/CHINA expressed concern over internalization of costs of eco-labeling and certification. CANADA underscored the importance of streaming revenues back into forests. INDONESIA urged identification of non-timber products and consideration of those utilized by local populations. SOBREVIVENCIA identified the lack of valuation of goods and services and failure to recognize multiple values of forests as underlying causes of deforestation.

Blaser introduced the Secretary-General's report on economic instruments, tax policies and land tenure (E/CN.17/IFF/1999/13). The G-77/CHINA said the report lacked consideration of alternative uses of forests and called for guidelines for land use and development. Noting difficulties in attracting private investments in tropical forests, she proposed the creation of a forest finance commission. The EU emphasized variations in forest ownership and management arrangements, noting differences between tropical forest countries and European countries. He said economic instruments should aim beyond revenue collection to include SFM goals. COSTA RICA highlighted tourism as a source of income from forests. Regarding taxation, CANADA stressed taking into account country specific characteristics on forests and use. INDONESIA highlighted difficulties in taxation, particularly with respect to tropical forests. The US supported a proposal to take inventory of successful uses of economic instruments. MALAYSIA said macroeconomic policies, particularly structural adjustment policy changes, may negatively impact SFM. BRAZIL regretted the report's lack of reference to instruments that combat deforestation and links to competing sectors such as mining and

agriculture, and said trade should receive increased attention. SOBREVIVENCIA said the IFF should assess perverse subsidies and incentives in forest and non-forest sectors.

Ralph Schmidt, UNDP, introduced the Secretary-General's report on the need for financial resources (E/CN.17/IFF/1999/4). CANADA said the private sector should play a more important role in funding SFM. The EU stressed that private sector funding must complement ODA. CHINA said private sector funding should not be considered a replacement for ODA. JAPAN stressed capacity building in developing countries to enable more efficient use of ODA. CANADA identified NFP as the most appropriate channels for directing ODA. The EU supported exploration of innovative sources of finance and financial mechanisms at the country level. SWITZERLAND, NORWAY and others emphasized enabling national policy frameworks as prerequisites for long term investment.

CHINA, INDONESIA and BRAZIL supported an international forest fund, while the US, NEW ZEALAND and COSTA RICA opposed such a fund. CANADA said an international legally binding instrument was necessary to provide the incentive and means for an international forest fund. BRAZIL said the two should not be linked. The EU and the US said the proposed investment promotion entity needed further exploration. BRAZIL and INDONESIA welcomed the idea of an investment entity, but BRAZIL said it should not be an alternative to an international forest fund. The EU said a forest fund would counteract mainstreaming of existing funding instruments. JAPAN and SWITZERLAND supported more effective utilization of existing financial mechanisms and NEW ZEALAND stressed their utilization to improve efficiency and international cooperation.

INDONESIA and BRAZIL said achieving SFM demands more financial resources and supported GEF expansion. The US noted unrealistic expectations of the GEF and supported new approaches in providing assistance, such as debt reduction programs tied to forest conservation. She said SFM requires not increased funding, but political will, open and transparent decision making and increasing recipient countries' aid absorption capacity.

NORWAY stressed the need for improved information on financial flows. CHINA said developed countries should provide new and additional resources. The EU and SWITZERLAND said low forest cover countries and least developed countries should be given special consideration. SOBREVIVENCIA emphasized financial flows in poverty eradication and suggested, *inter alia*, an international association of responsible investors to support community-based development for SFM.

IN THE CORRIDORS

The perception that delegates are being dissuaded from coming forward with new proposals for action appears to be troubling some delegates. While some believe that the IPF proposals for action are adequate, other delegates believe that new proposals are required to address the breadth of issues under current discussion. Many are wondering what will happen to these proposals once the IFF finishes its work.

THINGS TO LOOK FOR TODAY

WG1: WG1 will meet in Salle XIX at 10:00 am to discuss forest research and will then discuss the revised draft of the Secretariat's paper on monitoring progress in implementation.

WG2: WG2 will meet in Salle XX at 10:00 am to discuss assessment, monitoring and rehabilitation of forest cover in environmentally critical areas.

CONTACT GROUPS: Contact Groups on trade and environment and ESTs will continue discussions.