



UNFF-3 HIGHLIGHTS:

THURSDAY - FRIDAY, 29-30 MAY 2003

Despite a holiday on Thursday, delegates met for an informal consultation on the terms of reference (ToR) for the *ad hoc* expert groups. On Friday morning, delegates convened in Plenary to consider economic aspects of forests (EAF) and, in the afternoon, to participate in a panel discussion on regional initiatives relating to enhanced cooperation.

PARAMETERS AD HOC EXPERT GROUP

Delegates met informally on Thursday to consider a Chair's text of the ToR for the *ad hoc* expert group on consideration with a view to recommending the parameters of a mandate for developing a legally binding framework on all types of forests. The Chair's text proposed, *inter alia*, that this expert group convene after UNFF-4 and that the UNFF Secretariat plan and prepare its work. JUSCANZ countries proposed that the planning and preparation of the expert group's work be conducted by a small task force. The issue remained unresolved.

On Friday, delegates met in a closed informal informal consultation to discuss the preparations for the parameters *ad hoc* expert group, but did not reach agreement.

ECONOMIC ASPECTS OF FORESTS

On Friday morning, Jim Douglas, World Bank, introduced a report on EAF (E/CN.18/2003/7). He highlighted, *inter alia*, that forest production and forest protection cannot be separated, since forests are sources of revenue and employment, and that the public and private sectors and local communities are partners in forest management. He listed innovative approaches to implementing the IPF/IFF proposals for action, including: tradable development rights; public-private partnerships in plantation development; and adjustment instruments to improve forest management. He suggested that UNFF members develop incentives for environmentally responsible investments, integrate sustainable forest management (SFM) in poverty reduction strategies, and increase rent capture from forest resource use; and that the Collaborative Partnership on Forests (CPF) member organizations encourage full cost internalization of the production chain, help develop payment mechanisms for environmental services of forests, enhance market access for forest products from sustainable managed forests, and improve the collection and dissemination of market information.

Markku Simula, Indufor, facilitated an expert panel that addressed the economic issues related to SFM. The experts spoke in their personal capacity.

Yilmaz Akyüz, United Nations Conference on Trade and Development, focused on the competitive disadvantages of developing countries in exporting forest resources. He noted that sustainable use of natural resources and diversification into high

value-added products require investment of financial and human resources. He outlined four goals: doubling development aid; deepening and accelerating debt reduction; developing global mechanisms to deal with the downward trend and instability of international commodity prices; and increasing market access for forest products from developing countries.

Maud Dlomo (South Africa) discussed the impacts of globalization on SFM, and called for, *inter alia*: fair trade regimes; involvement of local actors; meaningful participation of all countries in the World Trade Organization; harmonization of existing certification schemes; an overarching global forest convention; a balance between rural development policy and SFM; multi-stakeholder support for national forest policies; capacity building in developing countries; and reliable data collection.

Manoel Sobral Filho, International Tropical Timber Organization, underscored that the realities identified in the EAF report relate mainly to natural forests in developing countries. He noted that SFM is less competitive than other land use options and stressed that the lack progress in achieving SFM is not a problem of technology, but one of economics. Sobral advocated direct payments for global services provided by developing countries' forests, and an effective mechanism to ensure the appropriate allocation and use of these funds.

Achim Steiner, IUCN, said globalization represents an opportunity for SFM and stressed that the benefits of SFM are as much social and environmental as they are economic. He also said that the ecosystem approach is not merely biological, but aims to create holistic understanding of all forest services.

Marvin Brown, American Forest and Paper Association, highlighted the industry perspective on challenges to SFM posed by globalization. He stressed the need to ensure the competitiveness of sustainable enterprises and called upon the UNFF to give a voice to all major stakeholders and continue to facilitate the dialogue on certification systems.

Delegates then engaged in open debate on EAF. MOROCCO, on behalf of the G-77/China, supported by INDIA and INDONESIA, described the report as a set-back, noting that it marginalizes the issue of public funding and the need for new and additional financial resources. GREECE, on behalf of the EU and acceding countries, called for strengthening the economic valuation of environmental services, higher rent capture in forest utilization, and better appreciation of forests' contributions to economies.

SENEGAL emphasized the importance of non-timber forest products in low forest cover countries, and stressed the needs of local communities lacking resources to achieve SFM. EGYPT asked for technical and financial assistance to make use of wastewater to irrigate plantations. NEW ZEALAND called for accurate valuation and pricing of environmental services and for increased



market clearance for products from sustainably managed forests. The RUSSIAN FEDERATION said that changes in its political system are causing confusion regarding forest ownership, and noted a lack of reliable information on the state of its forest resources.

INDIA described plans to promote private sector investment in forest development. The REPUBLIC OF KOREA presented national forest legislation and highlighted the assistance of international organizations in building SFM capacity for long-term strategic planning. EL SALVADOR described national programmes promoting forest development, and highlighted the need for assistance. IRAN stressed the threat of forest overexploitation by people who live in or near forests and emphasized the role of official development assistance in encouraging the development of knowledge and technology transfer. BRAZIL called attention to the potential impact of subsidies in one region on the forests of other regions, and emphasized the World Summit on Sustainable Development's outcomes regarding traditional knowledge and benefit sharing. INDONESIA underlined the voluntary nature of certification and stressed that such schemes should not be used as disguised protectionism. Chair Meybodi announced that the discussion would resume on Monday.

ENHANCED COOPERATION AND POLICY AND PROGRAMME COORDINATION

In the afternoon, delegates heard presentations on regional initiatives relating to enhanced cooperation and policy and programme coordination. Virgilio Viana (Brazil) presented regional experiences in the Amazon basin. He emphasized the need for, *inter alia*: integrating SFM with social policies for poverty alleviation and rural development; increasing stakeholder control over forest management; ensuring long-term commitment of financial resources; attracting investment as a means of facilitating SFM; paying indigenous people for intellectual property; promoting certification; and enhancing South-South collaboration.

Liza González (Nicaragua) presented on Central American approaches to SFM. She stressed the linkages between SFM and poverty alleviation, and listed a number of regional agreements and institutions relevant to SFM.

Peter Mayer, Ministerial Conference on the Protection of Forests in Europe (MCPFE), and Kit Prins, United Nations Economic Commission for Europe (UNECE), presented regional cooperation initiatives related to SFM in Europe. They outlined the nature and aims of the MCPFE, UNECE and the Environment for Europe/Pan-European Biological and Landscape Diversity Strategy, highlighting linkages with the Food and Agriculture Organization (FAO), the Convention on Biological Diversity and the UNFF. They stressed the importance of transparency, stakeholder participation, and permanent inter-agency cooperation to encourage national coordination.

GREECE, on behalf of the EU and acceding countries, emphasized the importance of cross-sectoral cooperation and national forest programmes, and urged countries to actively participate in regional processes and information sharing.

Describing the Asia Forest Partnership, JAPAN outlined successes in law enforcement, fire prevention, rehabilitation of degraded lands, and enhanced cooperation and information management. He welcomed the prospect of international partnerships to identify and implement potential joint activities.

SWEDEN announced a new initiative, "Lessons Learned on SFM in Africa." SENEGAL and CONGO commended the role of regional initiatives in Africa, such as the New Partnership for Africa's Development and the Congo Basin Initiative. NORWAY said that regional cooperation should facilitate a greater under-

standing of IPP/IFF proposals for action and the assessment of progress in their implementation. HUNGARY described how Pan-European cooperation has resulted in flexible bilateral projects to enhance SFM in countries with economies in transition (CEITs). BRAZIL stressed the challenges of implementing SFM given the size of the Amazon basin and of linking SFM with poverty eradication. IRAN called for favorable conditions for private investments, strengthened markets for forest products, and a financial mechanism to facilitate SFM in developing countries. The FAO stressed the need to strengthen the role of regional commissions in the implementation of the IPP/IFF proposals for action.

Clarifying reasons for the expansion of forest areas in Europe, presenters highlighted political will, stable institutions and laws against forest land conversion, developments in agriculture, and a positive dialogue between the private and public sectors.

Chair Meybodi introduced two draft resolutions to be forwarded to the UN Economic and Social Council on strengthening the Secretariat through new temporary positions and on using the Trust Fund to cover daily subsistence allowance for developing country delegates. SWITZERLAND and GREECE, on behalf of the EU and acceding states, expressed surprise at the resolutions and asked UNFF Coordinator and Head Patosaari for further financial information. The RUSSIAN FEDERATION requested adding a reference to CEITs. A number of delegations asked for time to consider the resolutions, and the Chair postponed the discussion until Monday. He then outlined progress in the informal consultations on the *ad hoc* expert groups, saying that discussions on the modalities of preparation for the parameters expert group will resume on Monday.

IN THE CORRIDORS

As UNFF-3 approaches its second week, delegates are speculating about the eventual outcome of the informal consultations on the parameters expert group. Although the consultations appear to be without end, some delegates are confident in the Chair's capacity to facilitate resolution on the issue. Meanwhile, some developing country delegations are opposed to the proposed preparatory task force on the grounds that the task force may engage in pre-negotiations, and others fear that it may not be completely objective. Some are also left wondering what the nature of the task force's output will be. One delegate even opined that many developing countries do not favor a legal framework, since it may not take account of local realities, while possibly undermining the potential of regional initiatives.

THINGS TO LOOK FOR TODAY

PLENARY: In the morning, delegates will discuss and exchange country experiences on maintaining forest cover. In the afternoon, delegates will engage in substantive discussion on the reporting format.

INFORMAL CONSULTATION ON THE AUSTRALIAN PROPOSAL: An informal gathering to discuss establishing regional assessment facilitation teams will convene at 9:00 am in Room XVIII.

INFORMAL INFORMAL CONSULTATION ON THE PARAMETERS *AD HOC* EXPERT GROUP: Delegates will convene in the morning and afternoon to informally discuss the ToR for the parameters expert group.

INFORMAL CONSULTATIONS ON THE DRAFT RESOLUTIONS: Delegates will discuss resolutions on strengthening the Secretariat through new positions, and using the Trust Fund for assisting developing country participants at future meetings.