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HIGHLIGHTS FROM IPF-3 WEDNESDAY, 11 SEPTEMBER 1996

Working Groups I and II convened morning and afternoon meetings on the third day of the third session of the Intergovernmental Panel on Forests. Working Group I heard statements on forest assessment, valuation and criteria and indicators. Working Group II discussed trade and environment issues relating to forest goods and services.

WORKING GROUP I

Working Group I continued its debate on programme element III.1(a), forest assessments (E/CN.17/IPF/1996/20). The ECE stressed the need to cooperate at national, regional and international levels and to search for complementarity among partners of Forest Resource Assessment 2000 (FRA 2000). MALAYSIA sought the establishment of common definitions and parameters and recommended the creation of a matrix depicting types of forest uses at all levels in order to consider a "user-pays" approach. CANADA, supported by PORTUGAL, called for the inclusion of cultural and social data, the development of methodologies to collect cultural data, a clear prioritization of activities and a cost assessment.

CHINA emphasized the need for transparency in financing for FRA 2000. COLOMBIA urged greater collaboration among relevant intergovernmental agencies, NGOs and governments in undertaking FRA 2000. SWITZERLAND suggested that resources could be used more efficiently if the time frame for FRA 2000 was altered from once every ten years to an on-going effort. GERMANY expressed concern regarding the FAO's ability to financially and technically complete FRA 2000 at this time. A detailed analysis of progress and resources should be prepared for IPF-4. CAMEROON and PAPUA NEW GUINEA acknowledged the importance of international support for the completion of national forest assessments, inventories and technology transfer. FINLAND supported a user-pays approach to garnering funds for FRA 2000. NORWAY, supported by VENEZUELA, sought prioritization of data collection and recognized the importance of capacity building. UNEP expressed its willingness to collaborate. FAO acknowledged the funding shortage for FRA 2000, stating the problem goes beyond the simple transfer of resources from one program to another.

David Cassells (World Bank) introduced the document on programme element III.1(b), forest resource valuation (E/CN.17/IPF/1996/25). Many countries referred to the purviews of the CBD and FCCC. BRAZIL made strong reservations on the document, objecting to, *inter alia*, its discussion of certification and joint implementation. Many delegations, including MEXICO, JAPAN, the PHILIPPINES, the US, SOUTH

AFRICA, TURKEY and MALAYSIA, expressed concerns about the text, and the CHAIR reminded delegates that the valuation issue had already been fleshed out at IPF-2. MEXICO called for assessment of non-economic benefits of forests; these were also highlighted by JAPAN, the EU, COLOMBIA, CANADA, MALAYSIA and NGOs. The PHILIPPINES noted that cost efficiency is not the only criterion for biodiversity protection assessment. The EU, with the UK, noted that application of appropriate valuation methodologies will justify forest management economically.

The US, supported by NORWAY, differentiated between research on technical aspects of valuation and policy recommendations, noting limitations to "across the board" solutions. With BRAZIL, he recommended that IPF encourage other organizations' research on methodologies. He highlighted improvement of valuation methodologies. KENYA emphasized assistance for development of sustainable forest policies, and, with KOREA and NEW ZEALAND, called for capacity building. An NGO representative noted that non-monetary values had been raised at IPF-2. The CHAIR recommended written submissions. SOUTH AFRICA distinguished intensively used from protected natural forests, and, with UGANDA, called for appropriate methodologies for valuing both. COLOMBIA noted a lack of specificity on countries already pursuing SFM. CHINA called for consideration of national legislation and capacities in implementation. NORWAY emphasized appropriate policy and regulation to control rent-seeking.

TURKEY noted the Forest Principles' emphasis on promotion of public awareness and, with NEW ZEALAND, highlighted difficulties with recommending government efforts to control pricing. FINLAND urged further work on alternative mechanisms for analysis and incorporation of other values. CANADA noted the need for: participatory mechanisms; assessment of existing valuation efforts; and collaboration with the FCCC and CBD. POLAND called for biodiversity protection in productive forests and operational documents. SENEGAL, with GABON, sought clearer identification of elements for assessing values and practical guidelines for local communities. IUCN highlighted its policy brief on green national accounting. The REPUBLIC OF KOREA called for a practical means to incorporate natural resource accounting into SFM. NEW ZEALAND called for ways to internalize externalities related to non-timber values of forests in order to determine appropriate economic rents. UGANDA, supported by INDIA, emphasized participation of all interested parties.

AUSTRALIA supported: economic rent for wood products to cover management costs; natural resource accounting plans; and user fees as a means of supporting conservation. UNESCO sought pilot projects to test valuation methodologies and

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economic rent for non-timber values. INDIA supported joint forest management but noted difficulties in implementation. BRAZIL said tropical countries do not need to protect their biodiversity from pharmaceutical companies. The NETHERLANDS stressed the need to recognize soil conservation and carbon sequestration, particularly in swamp forests. The WORLD BANK noted the need to differentiate between quantifying values and setting prices.

David Harcharik (FAO) introduced the Secretary-General's report on programme element III.2, criteria and indicators (E/CN.17/IPF/1996/21). He encouraged wider country participation in the development of C&I, a harmonization of terminology and identification of a core set of common indicators at the international level. FINLAND said C&I should be incorporated into NFPs and contribute to policy formation. An NGO representative expressed concern about the possible elimination of C&I because they appear too difficult to develop and implement. An internationally harmonized set of C&I would be premature. The EU supported C&I at the national level and encouraged information exchange between countries. AUSTRALIA, supported by NORWAY, sought harmonization of terms, definitions, methodologies and measurement standards used in developing national C&I.

WORKING GROUP II

J.E.K. Aggrey-Orleans (ITTO) presented the Secretary General's report on programme element IV, trade and environment relating to forest goods and services (E/CN.17/IPF/1996/22). The report addresses, *inter alia*, market access and trade barriers, certification and labelling, full cost internalization and market transparency. Its proposals for action include the formation of a working group, composed of ITTO, UNCTAD, WTO and FAO, to explore procedures for country certification schemes, and efforts by ITTO and UNCTAD to promote harmonization and mutual recognition of standards among certification schemes.

The EU said that the proliferation of different schemes with different criteria could damage the credibility and effectiveness of certification and labelling (C&L). The formation of the working group on country certification schemes is premature. The G-77/CHINA said the report should consider both market and non-market values of forest-related goods and services. INDONESIA supported the proposed working group but expressed concern about its composition. The UK stated that IPF should send a strong positive message supporting trade in sustainable forest products and lesser used species. She noted that voluntary certification, if transparent, should be able to prevent technical barriers to trade. PORTUGAL stated that credibility for C&L will only come through broad international consensus, and procedures must be simple, practical and controllable. The AFRICAN TIMBER ORGANIZATION has developed its own initiatives but noted the need for assistance to implement plans. The NETHERLANDS said governments should create the appropriate conditions for C&L, stimulate consumer confidence and avoid a proliferation of schemes.

The REPUBLIC OF KOREA supported environmental impact assessments and said IPF should discuss measures to ensure transparency at length. SWITZERLAND said the report must distinguish governmental measures from voluntary private sector measures. She said the proliferation of certification schemes helps to include a variety of stakeholders. WWF recommended research on specific roles for international institutions. CIFOR said that forest-poor countries have not been adequately involved in discussions on this issue. The ALLIANCE OF INDIGENOUS PEOPLE called for more detailed standards regarding biodiversity. IUCN said the report ignores real problems with international market competition.

AUSTRALIA supported the proposal that ITTO continue to promote less used species in the international market, provided it does so within context of SFM. GABON said the proliferation of certifiers is a cause for concern and there is a need for market

studies. The US said certification is not a "magic bullet" that will bring about SFM, but is one useful tool that can complement other instruments. Proliferation of and competition among schemes will likely help rather than hamper certification. NORWAY said the discussion of full cost internalization overemphasizes the increased costs of SFM. NEW ZEALAND said the report does not do justice to negative environmental impacts of trade policies. He supported the proposal that ITTO and UNCTAD promote harmonization and mutual recognition.

IRAN said measures affecting trade in forest goods should not decrease the purchasing power of developing countries. ZIMBABWE called for more serious consideration of trade in non-timber forest products and services. UGANDA stated that the report overemphasizes international trade at the expense of domestic and regional trade. He expressed concern about the failure to address unilateral tariffs. CANADA stated that certification systems should be voluntary, non-legislated, non-regulated and include the interests of all major forest stakeholders. Canada is encountering export barriers to Europe due to lack of transparency in eco-labelling programmes. JAPAN said the terminology of certification need to be unified and that it is too early to support the concept of "country certification." MALAYSIA called for harmonization and mutual recognition with regard to certification. He said the report was unclear regarding market transparency. COLOMBIA said the reduction of non-tariff and tariff barriers should take place in the context of instruments that seek to control multinationals.

GREENPEACE INTERNATIONAL said substitution of forest products can serve to reduce pressures on the world's forests. Technological innovations can lead to an increase in volume and value of forest products while reducing volumes of wood extracted. The GLOBAL FOREST POLICY PROJECT asserted that because certification schemes are private and voluntary, governments have no significant role to play in enforcing harmonization among them. Country certification is extremely controversial, and if efforts move forward, it could trigger a consumer backlash and renew country bans and boycotts of forest products. The ENVIRONMENTAL INVESTIGATION AGENCY called for the formation of an inter-agency task force to assess the extent and impact of illegal logging and other practices detrimental to SFM, especially with respect to the activities of transnational corporations.

An NGO representative said the report emphasizes the benefits of improved market access as if trade liberalization is the primary goal. BRAZIL said the proliferation of certification schemes can lead to discriminatory practices. The CANADIAN PULP AND PAPER ASSOCIATION said improved market access and dismantling tariff and non-tariff trade barriers that accompany trade liberalization are important factors in promoting SFM.

IN THE CORRIDORS

Acknowledging the broad scope of ideas on the issues, some observers have begun to speculate on the future of IPF. Some delegates advocate extending the IPF process beyond the fourth and final session in February. Others express concern that such a move may amount to a "stall tactic." Although no formal proposals have yet been tabled, some delegations have hinted at their intention to do so. Observers wonder which issues would remain with the IPF's purview if the process were extended.

THINGS TO LOOK FOR TODAY

Working Group I: Working Group I will meet in Room XIX at 10:00 am to discuss programme elements I and III.

Working Group II: Working Group II will meet in Room XX at 10:00 am to discuss programme elements II and IV.