



HIGHLIGHTS FROM IFF-2 TUESDAY, 25 AUGUST 1998

Delegates at IFF-2 met in two Working Groups on Tuesday, 25 August. Working Group 1 completed discussion on promoting and facilitating implementation of the IPF action proposals (Category I(a)). Working Group 2 completed their consideration of matters left pending on trade and environment (Category II(b)) and began discussion on transfer of environmentally sound technologies (Category II(c)).

WORKING GROUP 1

PROMOTING AND FACILITATING IMPLEMENTATION:

Working Group I (WG1) continued to discuss Category I(a). The G-77/CHINA called for: implementation of the IPF action proposals; financial, technical and political support; mainstream financial and technical assistance for national forest plans (NFPs); NFP compatibility with the CCD, FCCC and CBD; clear communication of the proposals; continued forest research; assistance in developing criteria and indicators (C&I); cooperation among institutions; and voluntary reporting on implementation. MEXICO noted its recent drought and resultant efforts to strengthen policy on forest fires, reforestation and drought repair. NIGER said it is revising its forest code and working on implementing the IPF proposals for low forest cover countries (LFCCs). CHINA highlighted its sustainable development strategy on forests and forest laws and, with BRAZIL, the DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA (DPRK) and NIGER, reiterated the importance of financial and technical assistance. MALAYSIA, supported by FRANCE, NORWAY, NEW ZEALAND and others, expressed support for the conclusions of the Baden-Baden conference. MALAYSIA called for a user-friendly guide for assessing progress in implementation and stressed the need to address underlying causes of deforestation and carbon sinks at IFF-3. FINLAND called for: assessment of relevant proposals by international organizations; action-oriented IFF proposals; and international dialogue, consensus and commitment on forests. NEW ZEALAND cautioned against allowing the IFF to become a "second IPF." He also called for: mechanisms for sharing experiences on C&I development; promotion of private investment; coherent mandates for ITFF member organizations; and a simplified reporting process for reports to CSD-8. MOROCCO called for, *inter alia*: assistance to LFCCs; a strategy to address forest-damaging atmospheric pollution; and support for developing C&I.

JAPAN noted its work toward monitoring and preventing the adverse effects of acid rain. COSTA RICA attributed a 10% increase in forest cover to a shift to decentralized forest management. He highlighted efforts to internalize SFM costs in tourism and water markets. ARGENTINA described its assessment of and database on non-timber forest products. The AFRICAN TIMBER

ORGANIZATION detailed its initiatives on, *inter alia*, C&I, field tests and policy reform in the Congo Basin. The REPUBLIC OF KOREA stressed the need to reduce forest-damaging trans-boundary air pollution and, with COLOMBIA and BRAZIL, emphasized that national circumstances must be taken into account when developing C&I.

The FORESTRY ADVISORS' GROUP expressed satisfaction with the general consensus on NFPs and advocated such a consensus-based approach to develop forest sector support within NFPs in order to facilitate international cooperation. IRAN called for: innovative sources of support for implementation activities; proposals addressing LFCC priorities; a report on LFCCs at IFF-3; and an FAO definition of "low forest cover."

The Chair asked delegations to identify important elements of the discussion on I(a) for inclusion in the draft that will serve as the basis of further discussion next week. AUSTRALIA, supported by CANADA, said the Baden-Baden conclusions should provide the basis for IFF conclusions on Category I(a). He stressed that the report should avoid repetition of agreed proposals and overlap with other IFF Categories. The EU asked that the report be limited to and reflect discussions from IFF-2.

The GLOBAL FOREST POLICY PROJECT (GFPP) lauded the Six-Country Initiative and said that at IFF-3 each country should report on its process for implementing the proposals. He suggested that every country convene a multi-stakeholder group to review the IPF action proposals. He invited all countries to follow the example of the Baden-Baden six. The US supported this statement and asked that it be included in the report.

IRAN requested GEF funding for implementation of proposals on LFCCs. NIGER called for consistency among States and international organizations for funding. The Chair noted several issues repeatedly underlined in interventions, including calls to: prioritize national forest planning; avoid reporting mechanism proliferation; emphasize capacity building and infrastructure development; implement international-level IPF proposals; and address LFCCs.

WORKING GROUP 2

TRADE AND ENVIRONMENT: WG2 continued discussion on trade and environment. Several delegates highlighted the mutually supportive roles of trade and environment and supported continued efforts to further reduce tariff and non-tariff barriers to trade in forest products. The G-77/CHINA recalled the Forest Principles in calling for reduction of tariff barriers and integrating forest conservation into trade policies. The GFPP called for prevention of new barriers not only to trade but also to SFM. CANADA cautioned against introducing policies and public and private initiatives that have potential to become new trade barriers and supported an open and inclusive WTO review of their impact on SFM.

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The G-77/CHINA supported market analyses of competition between wood products and between wood and non-wood products and substitution effects of non-wood products. CANADA called for efforts to explore means of establishing full-cost internalization of wood products and non-wood substitutes. NEW ZEALAND, JAPAN and the RAINFOREST ACTION NETWORK (RAN) supported full-cost internalization. NEW ZEALAND announced that it had tabled a non-paper on eliminating subsidies that are economically and environmentally harmful.

Regarding certification and labelling (C&L), CANADA said schemes should be voluntary, non-legislated, non-regulated, science-based, transparent and developed openly and inclusively, taking all stakeholders' interests into account. CHINA stressed the need for country-specific approaches and for transparent, voluntary, non-discriminatory schemes that respect national sovereignty. RAN supported independent, transparent, third-party schemes. JAPAN said C&L could promote SFM and called for a mutually compatible assessment standard taking ISO and Forest Stewardship Council activities into consideration. The REPUBLIC OF KOREA said C&L can complement SFM policies although the costs of meeting requirements are high and may negatively impact small- and medium-sized exporters and supported case studies on C&L. The G-77/CHINA, AUSTRALIA and the REPUBLIC OF KOREA, among others, stressed the need to ensure that C&L are not discriminatory or used as disguised protectionism.

A proposal to encourage international efforts to promote the development of international timber certification initiatives with the aim of achieving international harmonization and mutual recognition of standards was supported by the G-77/CHINA and SWITZERLAND but opposed by CANADA. SWITZERLAND recommended focusing on a cooperative approach, working toward international comparability. CANADA said government's role should be limited to providing technical and research support and ensuring that initiatives do not become trade barriers. AUSTRALIA supported mutual recognition. The GFPP questioned the IFF's efforts to seek international standards or harmonization of C&L and suggested that mutual recognition is a term that lacks clear definition and usefulness. BRAZIL said despite their voluntary nature, eco-labelling schemes often limit market access and diminish competitiveness for developing countries. He stressed the need for transparency, flexibility, non-discrimination and conformity with the WTO Technical Barriers to Trade Agreement and Code of Good Practice. CUBA stressed the need for capacity-building for certification.

The G-77/CHINA urged developed countries to increase market transparency to improve developing countries' market access. GABON reiterated the importance of reducing non-tariff restrictions that impede market access. He noted that local processing of timber in developing countries is an important means of promoting their development. MALAYSIA supported increasing developing countries' market share of forest products in international trade and stressed the importance of addressing market access.

On illegal trade, BRAZIL advocated a regional approach and, supported by GABON, TURKEY and the GFPP, called for attention to illegal trade in all biological resources from forests, not only timber. The GFPP called for an intersessional meeting to further examine the issue. JAPAN urged the international community to conduct a substantive review of illegal trade.

Regarding CITES trade restrictions, SWITZERLAND recommended supporting CITES' efforts to protect and improve survival of endangered forest species, limiting restrictions to those absolutely necessary. The G-77/CHINA called for work to ensure that CITES is not used to control or limit trade. The REPUBLIC OF KOREA expressed concern that restrictions might not guarantee species protection and recommended that any restriction be based on scientific criteria. MALAYSIA called on the CITES Timber Working Group to examine criteria for listing timber species.

BRAZIL, AUSTRALIA and RAN did not support country certification. CANADA said it is not practicable as defined in the document. MALAYSIA and the GFPP objected to its discussion at the IFF as the IPF had already rejected the concept. SWITZERLAND said any country certification would need to be issued and monitored by a truly independent body.

Several countries supported further monitoring of the impact of the Asian financial crisis on forest products trade. AUSTRALIA advocated analysis to identify crisis-related problems but opposed a short-term crisis management approach to SFM. The REPUBLIC OF KOREA supported contingency plans to assist countries and industries affected by the crisis.

RAN called on the timber industry to shift from depleting old-growth forests to harvesting from tree farms on degraded land. The WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT supported this strategy and highlighted the potential environmental benefits that could be generated by private investment given the proper incentives. The G-77/CHINA and IRAN highlighted the dependence of LFCCs on other countries for timber, wood and fiber and called for discussion on rehabilitation of forest cover in developing countries and sustaining supplies of scarce forest products.

Supported by VENEZUELA, CUBA and others, BRAZIL proposed that a seminar be held prior to IFF-3 to examine trade and environment matters in greater detail. CUBA stressed the need to support the participation of developing country experts. The US supported the proposal but stressed that such a meeting must build upon the two previous intersessional IPF workshops on the issue and warned against reopening the entire trade and environment agenda.

The Chair said a draft of the Co-Chairs' draft on trade and environment would be available by the end of Wednesday's meeting for discussion on Thursday. He stressed that the text would focus on matters left pending, not on matters already covered by the IPF's action proposals.

TRANSFER OF ENVIRONMENTALLY SOUND TECHNOLOGIES: Hosny El-Lakany (FAO) introduced the document (E/CN.17/IFF/1998/4) on transfer of environmentally sound technologies (ESTs). The EU stressed the need for policy frameworks favorable to SFM and emphasized that building capacity to adapt, absorb and upgrade technologies is crucial for successful technology transfer. She highlighted the private sector's increasingly important role and the need to create enabling environments for technology-related private investment.

IN THE CORRIDORS

The term "forest fatigue" is being used by some to describe general attitudes after several years of international forest-related meetings. One observer wondered whether the pall over discussion here is cast by the convention "phantom" hanging over IFF considerations. Noting that the IFF originally gained much of its momentum from delegates who hoped to use it as a platform to launch negotiations on a convention, one participant wondered what would become of the IFF process and its follow-up if enthusiasm for a convention evaporates. Others were optimistic about finding an alternative international mechanism.

THINGS TO LOOK FOR TODAY

WORKING GROUP 1: WG1 will begin discussion on Category II(e) (forest-related work under existing instruments) at 10:00 am in Salle XX.

WORKING GROUP 2: WG2 will continue its consideration of Category II(c) (transfer of ESTs) at 10:00 am in Salle XIX and may begin discussion of Category II(a) (financial resources) in the afternoon. A draft Co-Chair's draft that reflects delegates' initial comments on trade and environment will be circulated in the afternoon.