



HIGHLIGHTS OF IFF-3 TUESDAY, 11 MAY 1999

On the seventh day of IFF-3, delegates convened in Plenary to consider the Co-Chairs' Report on international arrangements and mechanisms. WG1 and WG2 met in morning and evening sessions to consider Co-Chairs' Reports. WG1 addressed texts on underlying causes and TFRK. WG2 deliberated texts on rehabilitation of forest cover in environmentally critical areas, valuation of forest goods and services, financial resources and economic instruments, tax policies and land tenure. Contact groups on trade and environment and transfer of ESTs as well as a contact group on negotiating text on WG2 programme elements convened.

PLENARY

Co-Chair Ristamäki opened the Plenary and introduced World Bank Vice-President Ian Johnson. Johnson emphasized the Bank's commitment to improving SFM policy through an integrated strategy approach and strengthened partnerships with such stakeholders as the IFF and the ITFF. FAO Deputy Director David Harcharik highlighted the ITFF's commitment to implementing the IPF and IFF proposals for action and to sustainable management of the world's forests. The RUSSIAN FEDERATION reiterated his support for an LBI. COLOMBIA said an LBI would be premature. VENEZUELA, while supporting an LBI, indicated it must be predicated on technology transfer and expressed preference for regional arrangements. The EU noted emerging consensus on forest policy and supported continuing dialogue after the IFF. The US suggested the need for a framework for discussing issues. CANADA said it would not be productive to categorize elements. BRAZIL expressed concern that the report is oriented towards an international instrument. SOBREVIVENCIA suggested any future mechanism must, *inter alia*, be innovative, have effective monitoring, address underlying causes and create synergy with existing institutions.

On concerns such as deforestation and forest degradation, the EU suggested language noting forests' potential to meet economic, social and environmental demands. CANADA suggested adding cultural demands. On meeting demands, BRAZIL proposed adding technology transfer, financial resources and market access. Regarding consensus achieved on forest-related issues through existing instruments, the EU preferred "progress achieved." The US proposed deleting "general consensus" in reference to "the need for a holistic, integrated and comprehensive international agenda for action on forests," and, with NEW ZEALAND, the EU, BRAZIL and others, opposed "international agenda for action." On the international agenda for action, NEW ZEALAND called to replace "take into account consensus reached" with "needs to be based on consensus," and, with the US, modified agenda to dialogue.

On elements constituting the international agenda on forests, AUSTRALIA, supported by INDONESIA, preferred the term "issues" to "elements" and, supported by BRAZIL, suggested overarching categories for the issues. The US proposed a framework of elements with open-ended lists of issues. JAPAN, supported by UNIDO, said the list should be focused, action-oriented and limited. BRAZIL suggested replacing biodiversity with biological resources of forests. NORWAY proposed classifying issues as technical or political. IRAN, supported by the G-77/CHINA, emphasized the needs of LFCCs. On rehabilitating and restoring degraded lands, NIGERIA suggested promotion of planted forests and CANADA proposed natural regeneration. MALAYSIA stressed forest security as a separate issue.

WORKING GROUP 1

WG1 considered conclusions and proposals of the Co-Chairs' Report on underlying causes. On overcoming major obstacles when addressing underlying causes, the G-77/CHINA called for reference to poverty as one of the causes and consequences. He called to delete, and the US opposed, reference to corruption and illegal trade as underlying causes and suggested additional language emphasizing the lack of capacity, an international enabling environment and support to prevent the conversion of forest land, particularly low forest cover lands. The EU suggested, and the US opposed, reference to indigenous "peoples" rather than "people." The US proposed replacing territorial rights with customary and traditional rights.

In a conclusion regarding, *inter alia*, the private sector and other actors' role in forest policy, the G-77/CHINA proposed first referring to the role of governments in establishing national policies. The US and CANADA preferred emphasizing the original prominence of the private sector and deleting text noting the need to initiate processes leading to specific commitments. CANADA requested deletion of reference to the responsibility of existing instruments. NEW ZEALAND, with CHILE, proposed referring to the role of the private sector in establishing planted forests. On implementing the IPF's proposals, the G-77/CHINA requested adding reference to donor countries and international organizations. On valuation of goods and services, BRAZIL included reference to biological resources. The G-77/CHINA stressed reference to perverse subsidies.

AUSTRALIA called to add reference to relevant IPF proposals and suggested deleting new proposals that duplicate them. In identifying underlying causes, CUBA proposed reference to poverty. NEW ZEALAND proposed, and the US, AUSTRALIA and the G-77/CHINA opposed, reference to recommendations of the international expert meeting on the role of planted forests. The G-77/CHINA proposed text supporting land tenure law that takes into account sovereign rights.

The G-77/CHINA suggested a proposal calling for a comprehensive study of land tenure issues. CHILE, supported by CHINA, suggested a proposal promoting planted forests. The G-77/CHINA

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proposed using international financial cooperation to support local community capacity building programmes, credit facilities and facilitate access of forest products to external markets.

On TFRK conclusions relating to the involvement of indigenous people, the US modified rights to "customary and traditional rights" and deleted language on rights to natural resources in their traditional areas. On modalities for protecting TFRK, CANADA proposed deleting reference to forest biological diversity. On processes relevant to TFRK application, MALAYSIA proposed adding "patents" after intellectual property rights (IPRs). JAPAN suggested bracketing IPR references, noting contingency on other discussions. CANADA emphasized participation of indigenous people and local communities in conservation and management of all types of forests. The G-77/CHINA opposed CANADA's proposal to delete references to forest biological resources.

On proposals for action, AUSTRALIA suggested adding a new chapeau clause, recalling relevant IPF proposals and the need to avoid duplication. On protecting TFRK systems, the US suggested, and BRAZIL and the G-77/CHINA opposed, deleting reference to prior informed consent of access to such knowledge. On forest management, BRAZIL added "including biological resources." The G-77/CHINA called to replace "recognition" of rights with "acknowledgment." The EU sought, and MALAYSIA and CANADA opposed, reference to the CBD's forest work programme. JAPAN bracketed "legal recognition" of TFRK.

On ensuring fair and equitable benefit sharing, the G-77/CHINA proposed adding "and payments where appropriate." BRAZIL requested reference to additional CBD provisions. AUSTRALIA, CANADA and the EU proposed, and BRAZIL and NIGERIA opposed, the proposal's deletion.

The US, CANADA and the EU suggested, and BRAZIL, the G-77/CHINA, and others opposed, deleting a proposal encouraging consistency with TRIPS. The US proposed, and the G-77/CHINA opposed, adding reference to collecting TFRK with the permission of TFRK holders.

WORKING GROUP 2

Co-Chair Ristamäki established a contact group, chaired by Knlit Oistad (Norway), to negotiate text based on proposed amendments to the Co-Chairs' Reports. On assessment, monitoring and rehabilitation of environmentally critical areas, the EU requested acknowledging the importance of the Convention to Combat Desertification's decisions. NEW ZEALAND called for reference to planted forests. Regarding a conclusion on mountain ecosystems, the US called for text to include other fragile ecosystems. On options for rehabilitation, CANADA proposed agroforestry, silvi-pastoral and analog forestry systems. TURKEY called for considering use of native species. CANADA added natural forests.

On valuation, CANADA suggested that forest valuation reflect cultural context. NEW ZEALAND supported developing an approach to identify SFM's costs and benefits. CANADA suggested that quantitative data collection include substitutes for non-wood materials. The G-77/CHINA supported a new proposal requesting international organizations to assist developing countries in capacity building.

On economic instruments, the US proposed text on the importance of clear and stable property rights in the effective use of economic instruments. On revenue reinvestment, CANADA said a portion should be invested in other sectors and called for the paragraph's deletion. The US proposed additional conclusions highlighting the effects of macroeconomic policies and emphasizing that weak or inconsistent policies in other sectors can undermine the use of forest policy tools.

On proposals for action, the EU called to replace references to taxes with fiscal policies and instruments. On a proposal to review forest revenue collection systems, the EU called for reference to the FAO. On requesting lending institutions to develop transparent goals and conditions in macroeconomic SAPs, the US said goals

and conditions should be consistent with SFM. Regarding mitigating impacts of national economic policies, CANADA added potential negative impacts. The G-77/CHINA said policies should reflect national priorities and development needs.

On financial resources, the US requested deleting a reference to "new and additional" financing to SFM in developing countries. To revenues from forest products and services, the G-77/CHINA added reference to biological resources. On public and private resources financing, the G-77/CHINA added text on necessary incentives to encourage investment. Regarding efficient use of financial resources, the G-77/CHINA replaced references to civil service, a stable security environment and corruption intolerance with "management capacity." The US suggested adding a paragraph referring to limited absorptive capacity of assistance in developing countries.

On proposals for action, AUSTRALIA added text recalling relevant IPF proposals. AUSTRALIA, supported by the EU and the US, called to delete a proposal on increasing financial assistance to SFM in developing countries. On exploring innovative financial mechanisms, the G-77/CHINA added reference to biological resources. AUSTRALIA requested the proposal's deletion. The G-77/CHINA proposed considering the creation of an international forest fund as a financial mechanism to promote SFM. CANADA proposed consideration of a forest fund in the context of new international arrangements. The EU requested deleting the proposal.

On the GEF, the G-77/CHINA said SFM is not within its scope. The EU added a proposal on using NFPs to identify appropriate strategies and funding requirements for SFM. The G-77/CHINA proposed a study integrating issues such as valuation and the international trade of forest goods, taking into account such restrictions as tariff escalation.

CONTACT GROUPS

TRADE AND ENVIRONMENT: The contact group on trade and environment reached consensus on proposals for action, including proposals on illegal trade, promoting trade in products and services from sustainably managed forests, and improving market transparency. Delegates disagreed over a reference to the implementation of national policies to reduce illegal trade. Compromise text calls on countries to consider appropriate national actions.

TRANSFER OF ESTs: Delegates agreed to text on strengthening cooperation between developed and developing countries on transferring and developing technologies for the sustainable use of biological resources of forests. Brackets remain on text regarding terms for EST transfers from developed countries.

IN THE CORRIDORS

Some delegates are becoming slightly agitated that little time remains to complete negotiations, particularly as Thursday is a holiday. The diplomacy of some delegates is starting to wane.

THINGS TO LOOK FOR TODAY

PLENARY: Plenary will meet at 10:00 am to continue discussion on international arrangements and mechanisms.

WG1: WG1 will meet in Salle XIX at 11:00 am to discuss protected areas, forest research and promoting and facilitating implementation.

WG2: WG2 will meet in Salle XX at 11:00 am to discuss future supply and demand. Both WGs are expected to work late into the evening.

CONTACT GROUPS: The contact group on trade and environment will meet in Salle XIV at 1:30 pm. A contact group to consolidate WG2's proposals will also meet.