



IFF-4 HIGHLIGHTS

WEDNESDAY, 2 FEBRUARY 2000

On the third day of IFF-4, delegates met in Working Group 1 to discuss underlying causes of deforestation and traditional forest-related knowledge (TFRK). Delegates also convened in contact groups to discuss transfer of ESTs, finance, and trade and environment.

WORKING GROUP 1

UNDERLYING CAUSES OF DEFORESTATION: Delegates addressed bracketed text on underlying causes of deforestation (E/CN.17/IFF/1999/25). NIGERIA, speaking for the G-77/CHINA, underscored that developing countries are particularly affected by deforestation due to their lack of financial and technological resources and capacity.

On text listing underlying causes of deforestation, the EU, supported by the US and the RUSSIAN FEDERATION, supported lifting brackets from corruption and illegal trade. MALAYSIA, COLOMBIA and INDONESIA called to delete reference to corruption. The G-77/CHINA said the underlying cause "issues of governance" encapsulates corruption. ECUADOR, supported by the EU, SENEGAL and the G-77/CHINA, said corruption and illegal trade should be listed as two separate underlying causes. GHANA proposed replacing corruption with lack of transparency in forest administration. Delegates lifted brackets from illegal trade, but corruption remains bracketed.

On undervaluation of forests as an underlying cause, the US, supported by AUSTRALIA, suggested the text include cross-reference to the programme elements on valuation of goods and services and economic instruments. BRAZIL, supported by ECUADOR and NEW ZEALAND, supported retention of the text. ECUADOR emphasized inclusion of reference to biological resources. BRAZIL and CANADA recalled that IFF-3 agreed to include reference to biological resources, with a note indicating the CBD's definition. Delegates concurred and retained the reference.

On national technical guidance and international economic incentives to promote community involvement in SFM, AUSTRALIA, supported by ECUADOR, proposed replacing "promote" with "support." The US, with CANADA, proposed deleting reference to national and international economic incentives. ECUADOR, with the G-77/CHINA, supported retention of economic incentives. The text was approved with these changes.

CANADA proposed, and BRAZIL, AUSTRALIA, CHILE, the US and the EU opposed, deleting a subparagraph on identifying the lack of internalization of externalities and introducing positive incentives. CANADA then proposed, and the EU opposed, deleting reference to positive incentives. The text was approved and the reference retained.

On supporting local community programmes to facilitate access to markets, AUSTRALIA proposed deleting "external" markets. The EU, supported by CANADA, and opposed by BRAZIL and the G-77/CHINA, suggested replacing "access to markets" with "marketing." BRAZIL requested "internal and external" markets. NEW ZEALAND proposed "domestic and external" markets and delegates concurred.

On a bracketed paragraph requesting international financial institutions to analyze impacts of foreign debt and to explore innovative debt reduction schemes, the US, supported by NORWAY, NEW ZEALAND, BRAZIL and COLOMBIA, suggested deleting reference to such analysis and PERU, supported by the US, suggested replacing "explore" with "establish." The G-77/CHINA and ECUADOR preferred the original text. NORWAY suggested replacing "analyze" with "acknowledge." The paragraph remains bracketed.

AUSTRALIA, NORWAY, MALI and the EU supported lifting brackets from a paragraph inviting countries to work with international financial institutions to establish transparency regarding structural adjustment policies (SAPs) and to harmonize SAPs with national sustainable development objectives. BRAZIL, COLOMBIA, the G-77/CHINA, GHANA and CHILE called to delete the paragraph, fearing additional conditionality on SAPs. AUSTRALIA explained that the paragraph stemmed from the NGO Initiative on Underlying Causes where participants noted conflict between SAPs and national programmes. The US proposed deleting reference to harmonizing and NEW ZEALAND suggested adding "to ensure support for national sustainable development objectives." The paragraph remains bracketed.

TRADITIONAL FOREST-RELATED KNOWLEDGE

(TFRK): The G-77/CHINA, called for equitable sharing of benefits arising from TFRK and adequate economic incentives. Some delegates, including the US and AUSTRALIA, noted overlap between TFRK and trade and requested postponing discussions on TFRK until the contact group and trade and environment completed its work. Others, including BRAZIL, MALAYSIA, CANADA and GHANA, preferred beginning negotiations. BRAZIL emphasized that global knowledge on TFRK is limited and that patent systems should be studied to improve common understanding of TFRK. ECUADOR supported reference to a *sui generis* system.

On implementation measures for protecting TFRK, the PHILIPPINES, supported by the EU, said mentioning legal protection of TFRK might serve as an incentive for countries to improve their legislation. JAPAN and BRAZIL preferred adding reference to IPR-related systems. CANADA and AUSTRALIA preferred reference to stronger measures.

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With regard to text directing the CBD Working Group on 8(j) to address certain TFRK-related issues, AUSTRALIA suggested it was inappropriate for the IFF to instruct the CBD. Many delegates supported revised text inviting the CBD Working Group to identify options for, *inter alia*, collecting TFRK and establishing prior informed consent of access to TFRK.

The PHILIPPINES and NAMIBIA supported lifting brackets from text on promoting fair and equitable benefit sharing. JAPAN preferred deleting the text. NORWAY drew attention to potential conflict with work in other fora and flagged text stating "including payment where appropriate." The EU supported deleting it, the US and JAPAN suggested bracketing it, and CANADA requested retaining it. MALAYSIA noted duplication with IPF proposals and questioned bracketing previously agreed text. CHILE and the US said the IPF context may be different and requested brackets. MEXICO opposed reference to specific CBD articles, while the US suggested deleting all CBD references except to Article 8(j). JAPAN called for reference to IPR-related treaties. BRAZIL opposed, stating that benefit sharing is specific to the CBD. NORWAY and the US agreed, contingent on keeping reference to relevant CBD articles. The text remains unresolved.

CONTACT GROUPS

TRANSFER OF EST: In the contact group on EST transfer, chaired by Ralph Roberts (Canada), delegates considered proposals for action still containing bracketed text. Delegates discussed, but did not reach consensus on, a proposal regarding the establishment of an EST transfer mechanism. Some developed countries opposed language urging countries to initiate actions toward the establishment of new mechanisms to enhance EST transfer, stating that this could limit the channels of EST transfer, and preferred wording urging countries to consider new initiatives, asserting this would provide a broader scope for technology transfer. Developing countries preferred the original wording.

On strengthening cooperation between institutions, delegates agreed on text stating that institutions recognized as centers of excellence should act as clearing houses, in line with Agenda 21, Chapter 34, in order to expedite technology flow. Delegates debated, but did not reach consensus, on an action proposal urging developed countries to promote and facilitate EST transfer to developing countries to enhance their capacities to implement SFM. Delegates generally agreed on the need to take further concrete measures and to protect intellectual property rights in accordance with domestic and international law relating to IPR. They also generally agreed to include language on developing appropriate technologies and corresponding know-how in developing countries. Some developed countries supported lifting brackets from text on exploring ways to support this development. Developing countries, some noting that such ways have already been explored and established, called for stronger, more active language to support technology development. Delegates did not reach consensus on how and if to reference the recommendations of Agenda 21, the CSD, and the IPF. These issues remain unresolved.

TRADE AND ENVIRONMENT: The contact group on trade and environment, chaired by Don Wijewardana (New Zealand), met in the afternoon and discussed, but did not reach consensus on, three proposals for action. Regarding a proposal on efforts toward trade liberalization with attention to removing trade restrictions that constrain market access, delegates expressed concern over the lack of balance in the text between trade and SFM. One country opposed reference to language on efforts toward trade liberalization and preferred, instead, that effort be made toward launching the new WTO round.

One developed country proposed including language encouraging countries to conduct environmental reviews of trade agreements. However, many developing countries felt this would constitute protectionism or conditionalities on trade. Many countries proposed various formulations attempting to balance the text with references to SFM, but no consensus was reached.

Regarding voluntary certification and labeling (C&L) schemes, delegates debated inclusion of language on unjustified obstacles to market access, as well as reference to the WTO. One delegation proposed language combining the ideas of cooperative work on C&L towards achieving comparability and considering equivalence, and their development and application in a way that promotes SFM and avoids unjustified obstacles to market access. Others supported keeping the ideas separate.

On actions and cooperation toward reducing illegal trade, debate revolved around whether to include the term biological resources in reference to non-wood products and whether to include a definition for the term. Some suggested using the CBD's definition, while others felt the IFF should provide its own definition. No agreement was reached.

FINANCE: The contact group on financial resources, chaired by Knut Oistad (Norway), met in the evening and progressed through all the bracketed paragraphs from the Chair's text and resolved a number of differences. On the need to increase both domestic and international public and private funding for SFM, developing countries proposed reference to least developed countries and LFCCs.

On mobilizing international and domestic resources, one delegate suggested "increased revenues from forests while ensuring investment in SFM." A regional group suggested, and a number of others opposed, replacing "new and additional" funding with "innovative". One developed country proposed changing "adequate" investment to "greater," replacing "the need to achieve" profitability with "the benefits of achieving" and deleting "biological resources as defined by the CBD" in regard to increasing revenues from forest products. Another delegate proposed adding "widely" to increasing need for public financing. A paragraph referring to bridging financing to achieve SFM was accepted with minor changes.

To text identifying private sector resources as a key component of a SFM financing strategy, developing countries proposed inserting "private sector investment should not be considered a substitute for international public funding, including ODA" and "public sector financing is, *inter alia*, to promote the enhancement of environmental, social and economic functions." Most delegates could agree with this formulation with minor amendments. Brackets remain.

On financial flows into the forest sector to support implementation of national forest programmes, a regional group proposed, and a number of others opposed, specifying "all" financial flows. A delegate suggested qualifying financial resource allocation, as well as in programming available ODA funding, with "that is available for forest related activities." These issues remain unresolved.

IN THE CORRIDORS

The selection of a chair for the contact group on Category III appears to be creating some intrigue. Finding someone who fits the criteria of being "neutral," "a go-getter" and "from a developing country" is proving to be somewhat difficult.

The trade and environment discussions appear to be exasperating a number of delegates, with one questioning how any conclusion can be reached in this meeting when WTO officials failed to come to an agreement in Seattle.

THINGS TO LOOK FOR TODAY

WORKING GROUP 1: Working Group 1 will convene in the Trusteeship Council at 10:00 am to continue discussions on TFRK, forest conservation and protected areas and forest research.

CONTACT GROUPS: The contact group on EST transfer will meet at 10:00 am in Conference Room 6. The contact group on finance will meet at 3:00 pm in Room 7. The contact group on trade and environment will meet at 6:00 pm in Conference Room 5.