



Earth Negotiations Bulletin

IFF-4
#8

A Reporting Service for Environment and Development Negotiations

IFF-4 on-line at <http://www.iisd.ca/forestry/iff4/>

Vol. 13 No. 63

Published by the International Institute for Sustainable Development Wednesday, 9 February 2000

IFF-4 HIGHLIGHTS TUESDAY, 8 FEBRUARY 2000

On the seventh day of IFF-4, delegates met in Working Group 1 to further discuss bracketed text on underlying causes of deforestation, TFRK and monitoring progress in implementation. The contact group on international arrangements and mechanisms (Category III) met in morning and evening sessions. Contact groups on financial resources and trade and environment met in the afternoon and the contact group on EST transfer also met in an evening session.

WORKING GROUP 1

UNDERLYING CAUSES OF DEFORESTATION: Regarding revised text on an action proposal requesting international financial institutions to explore, in cooperation with donor and recipient countries, innovative financial approaches and schemes for helping countries to promote SFM, ECUADOR said the new formulation was too general and did not address the issue of countries with large foreign debt. Delegates agreed to amended text requesting financial institutions to analyze the impacts of foreign debt on deforestation and forest degradation. Delegates also adopted an action proposal inviting international financial institutions to strengthen transparency in decision-making as it affects SFM and to ensure that their policies support SFM.

Regarding a conclusion identifying underlying causes, Co-Chair Asadi noted that a reference to "corruption" remains bracketed.

TRADITIONAL FOREST-RELATED KNOWLEDGE: On an action proposal regarding cooperation between countries and international organizations to develop an understanding of the relationship between IPR, *sui generis* or other relevant systems for protection of TFRK and the CBD, CANADA, supported by the US, suggested deleting "as appropriate" in reference to understanding the relationship and including language referring to the origins of TFRK. BRAZIL, supported by COLOMBIA, proposed retaining text on the identification of the origins of TFRK and associated genetic resources. The PHILIPPINES supported reference to "genetic resources." GABON supported reference to "associated genetic resources." The US stated that TFRK implicitly includes genetic resources. CANADA put forward two bracketed options, one referring to knowledge of related genetic resources, and the other referring to associated forest biological resources, as defined by the CBD. No consensus was reached.

Delegates agreed to merge two action proposals inviting the CBD COP with the participation of indigenous and local communities through the CBD *Ad Hoc* Working Group to collect, record, apply and locate TFRK. BRAZIL insisted on qualifying a reference to approval of the holders of TFRK with one of the following: "legal," "formal," "prior" or "informed," and quoted the UN Draft Declaration of Rights of Indigenous Peoples to further support their proposal. NORWAY supported qualifying "approval." The US opposed, stating that the Declaration addresses indigenous peoples' involvement in the decision-making process and is not relevant in this context. ECUADOR advocated reference to participation of indigenous organizations and state institutions. JAPAN lamented the new text made no direct reference to Article 8 (j) in reference to the *Ad Hoc* Working Group. The EU suggested adding reference to related provisions of "other relevant international instruments." No consensus was reached.

MONITORING PROGRESS IN IMPLEMENTATION: On an action proposal encouraging consultation with countries regarding collection and synthesis of national information, AUSTRALIA, supported by the EU, proposed replacing text on validating the information synthesized with language on facilitating accurate reporting. CANADA suggested instead having countries verify information synthesized and delegates agreed. Co-Chair Asadi said remaining unresolved issues should be discussed informally.

CONTACT GROUPS

INTERNATIONAL ARRANGEMENTS AND MECHANISMS (CATEGORY III): The group considered a revised version of the Co-Chairs text and focused on the structure and modalities of the proposed arrangement. Regarding the proposed UNFF, one developed country supported, and others opposed, deleting the word "permanent." Several delegates called to delete a paragraph on a negotiating process toward a LBI. Others opposed, with one delegate calling to delete "in due course" and requesting that a timeframe for an INC be specified. Several developing countries expressed concern that a new LBI would not provide funds. Some delegates drew attention to the lack of consensus on a non-legally binding arrangement, and others speculated that a new forum would not bring action.

Developing countries advocated including a global forest fund as part of the structure of the arrangement rather than as a function. One developed country opposed, indicating support for mobilizing such a fund only as a function. With regard to the proposed partnership on forests, one delegate suggested that a future UN partnership on forests

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be chaired by the FAO and act as a steering committee. Several others preferred the original formulation and the proposed amendments remain in brackets.

In discussing the modalities of the arrangement, one developed country suggested, and other delegates opposed, deleting "taking decisions" from the mandate of the proposed UNFF. Delegates debated the frequency of the proposed UNFF meetings, with some supporting annual and others biannual. Some developed countries supported reviewing the work of a future UNFF, but opinions varied as to whether this should be five or ten years after its establishment. On a paragraph regarding the UNFF possibly recommending the establishment of *ad hoc* subsidiary bodies for scientific, technical and expert advice, as well as mechanisms for finance and EST transfer, some delegates suggested replacing "bodies" with "expert meetings." Some delegates preferred deleting "mechanisms for finance and transfer of ESTs" and many developing countries opposed.

In discussing a paragraph on financial support for the proposed arrangement, one developing country pointed out, and others agreed, that funding for administrative and operational activities should be regarded as separate.

In the evening, the contact group reconvened and began deliberations on a new Chair's text. The group made progress on the objectives and principal functions of an international arrangement on forests. On the objective of an international arrangement on forests, delegates considered two options from the Chair's text. A number of delegations preferred the original text which, *inter alia*, seeks long-term political and legal commitment and a legal framework to promote and implement internationally agreed action on forests. Others preferred a formulation, provided by a developed country, which, *inter alia*, promotes the sustainable management of all types of forests and strengthens commitment to this end. The Chair proposed a combination of these two paragraphs. On the combined text, a regional group of developing countries sought deletion of any reference to a LBI. A group of developed countries proposed, and another opposed, phraseology based around the management, conservation and sustainable development of all types of forests.

On the chapeau to the principal functions of the international arrangement, a developed country proposed, and others opposed, deleting reference to a list of general functions. A developed country suggested that policy dialogue and development be based on scientific principles. Developing countries opposed this reference. A group of developed countries proposed an additional function that fosters a common understanding of SFM. On a function relating to coordination, a developed country proposed a reference to contributing synergies and collaboration among existing international organizations, institutions and conventions. A developing country sought reference to fostering regional and international cooperation including North-South and public-private partnerships. A developing country had difficulty with the legal and judicial coordination of the different legal instruments relevant to forests. Others were not so concerned. The Chair consolidated all the proposals on the functions of the international arrangement on forests into two paragraphs.

FINANCE: The contact group on financial resources discussed text on an international forest fund and made progress on some elements of the text. Delegates could not agree on whether an international forest fund was "proposed" or "suggested."

On the role of an international arrangement or mechanism and the involvement of donors and beneficiaries in decision-making, one developed country preferred inserting "participating" before donors and "relevant" before decision-making. Delegates agreed that the financial mechanism would build on and link with national financing

mechanisms and agreed to delete reference to environmental agreements in the context of complementing the financing mechanisms of multilateral agreements. The contact group concluded early to allow for informal consultations.

TRADE AND ENVIRONMENT: Regarding bracketed reference to biological resources in an action proposal on illegal trade in wood and non-wood forest products, developing countries suggested referring to the CBD definition. A developed country preferred not to import outside definitions and preferred reference to forest-related biological resources. Delegates agreed and the text was adopted. Regarding a conclusion on illegal trade, delegates also agreed to replace a reference to biological resources with forest-related biological resources. Regarding a conclusion on increased market transparency for improving market access for forest products and services, many delegates supported including language specifying products and services from sustainably managed forests. One developed country expressed concern that this reference might unduly emphasize market transparency for products and services from sustainably managed forests. Developing countries opposed reference to products and services from sustainably managed forests. The text will be further discussed during informal consultations, along with the action proposals on trade liberalization and voluntary certification.

TRANSFER OF ESTs: The group discussed, but did not reach consensus on, the two remaining unresolved proposals for action. On an action proposal regarding the development of mechanisms to link TFRK and IPR, a developed country suggested its deletion as it is addressed in TFRK under Working Group 1. Many developing countries opposed its deletion and suggested alternative text referring to, *inter alia*, the establishment and enforcement of TFRK-related IPR, and prior informed consent from and due recognition of knowledge holders. Developed countries insisted that elements of the developing countries' text were covered by an action proposal under TFRK in Working Group 1. Recalling specific recommendations of the Commission on the Elimination of Racial Discrimination in order to support its position, a developing country expressed concern about bracketed text on TFRK and its lack of reference to indigenous peoples. In response, a developed country explained that the text already agreed on reflects the developing countries' position, and that the EST transfer group was trying to go further than the TFRK group. The issue remains unresolved.

On an action proposal regarding benefit-sharing, developing countries proposed text on promoting fair and equitable sharing of the benefits of the utilization of forest biological resources and the results of research and its applications, as well as recognition of the origin of such resources within IPR, *sui generis* or other relevant systems for protection. No agreement was reached. The contact group will consider both action proposals at its next session.

IN THE CORRIDORS

Deliberations over a legally binding instrument on forests are becoming more fractious with opposing camps taking a winner-take-all attitude. In retaliation for a call to bracket all references to a LBI, proponents of a LBI have called for the deletion of reference to an ongoing UN forum on forests. Most delegates suggest that this reflects a state of positioning rather than a final position.

THINGS TO LOOK FOR

CONTACT GROUPS: The contact group on transfer of ESTs will meet at 10:00 am in Conference Room 8 to discuss remaining unresolved action proposals. The contact group on international arrangements and mechanisms (Category III) will meet at 11:00 am in a room to be determined, and at 3:00 pm in Conference Room 7.