

---

**Committee on Trade and Environment**

Original: English/  
anglais  
inglés

**COMMUNICATION FROM THE SECRETARIAT OF THE INTERGOVERNMENTAL  
FORUM ON FORESTS (IFF)**

The attached background paper<sup>1</sup> has been received from the Secretariat of the Intergovernmental Forum on Forests (IFF). It is being circulated to Members of the CTE in preparation for the Committee Meeting on Trade and Environment to be held on 29-30 June 1999.

---

**Comité du commerce et de l'environnement**

**COMMUNICATION DU SECRÉTARIAT DU FORUM  
INTERGOUVERNEMENTAL SUR LES FORÊTS**

Le Secrétariat du Forum intergouvernemental sur les forêts a fait parvenir au Secrétariat la note d'information ci-jointe<sup>1</sup>, qui est distribuée aux membres du Comité du commerce et de l'environnement en vue de la réunion que le Comité tiendra les 29 et 30 juin 1999.

---

**Comité de Comercio y Medio Ambiente**

**COMUNICACIÓN DE LA SECRETARÍA DEL FORO  
INTERGUBERNAMENTAL SOBRE LOS BOSQUES**

Se ha recibido de la secretaría del Foro Intergubernamental sobre los Bosques el siguiente documento de información<sup>1</sup>, que se distribuye a los miembros del CCMA para preparar la reunión que el Comité de Comercio y Medio Ambiente celebrará los días 29 y 30 de junio de 1999.

---

<sup>1</sup>English only./En anglais seulement./En inglés solamente.

**THE WTO COMMITTEE ON TRADE AND ENVIRONMENT  
GENEVA, 29-30 JUNE 1999**

**THE INTERGOVERNMENTAL POLICY DIALOGUE ON FORESTS:  
THE INTERGOVERNMENTAL FORUM ON FORESTS (IFF)  
OF THE UNITED NATIONS COMMISSION ON  
SUSTAINABLE DEVELOPMENT (CSD)<sup>2</sup>**

**TABLE OF CONTENTS**

<b><u>Subject</u></b>	<b><u>Page(s)</u></b>
<b>I. INTRODUCTION</b>	3
<b>II. The IPF/IFF Process</b>	3
<b>III. Highlights of the Third Session of the IFF</b>	4
<b>IV. Trade and Environment</b>	4
<b>V. Other Programme Elements</b>	5
<b>ANNEX</b>	7-9

---

<sup>2</sup>JM-R, IFF/Secretariat, June 1999, United Nations Plaza, Division for Sustainable Development, DESA, United Nations, New York, N.Y.10017, USA, Phone: (+1 212) 963-4151, Fax: (+1 212) 963-3463, E-mail: [munoz-reyes@un.org](mailto:munoz-reyes@un.org), <<http://www.un.org/esa/sustdev/iff.htm>>

## **I. INTRODUCTION**

1. Forests are increasingly perceived as complex entities, not only from a bio-physical perspective, but also from social, economic and political perspectives.

2. At the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in June 1992, forests were among the most controversial issues being considered. The prevailing North South polarization concerning forests did not permit agreements beyond the text of the “Non-legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests”, the so-called “Forest Principles”, and Chapter 11 of Agenda 21 “Combating Deforestation.” By contrast, the “Post-Rio” period 1992-1995 was one of confidence building and emerging North-South partnerships, enabling the United Nations Commission on Sustainable Development (CSD), at its third session in April 1995, to establish the Intergovernmental Panel on Forests (IPF), to continue the intergovernmental forest policy dialogue.

3. The mandate of the IPF was for a two-year period (1995-1997) and with a programme of work involving several complex and politically sensitive issues grouped in five categories. In view of the progress made in consensus building, the governments agreed to continue intergovernmental forest policy deliberations and established the Intergovernmental Forum on Forests (IFF) for three years (1997-2000) under the auspices of CSD.

## **II. THE IPF/IFF PROCESS**

4. The two years of intensive work of the IPF resulted in over one hundred negotiated proposals for action on a number of issues related to sustainable forest management (SFM) including national forest programmes. The IPF was charged with the mandate to formulate options for further actions to combat deforestation and forest degradation and to promote the management, conservation and sustainable development of all types of forests. On trade and environment issues in relation to forest products and services, the IPF was given the task of promoting the mutually supportive roles of trade and environment. The IPF was also requested to recommend measures for improving market access for forest products on a non-discriminatory basis and to consider factors that might distort the trade in and the value of forest products. The Panel was also requested to examine the issue of voluntary certification and labelling of forest products.

5. Following the establishment of the IPF, the informal high-level Inter Agency Task Force on Forests (ITFF) was formed, comprising the UN Food and Agriculture Organization, ITTO, the Secretariat of the Convention on Biological Diversity, the UN Department for Social and Economic Affairs, the UN Development Programme, the UN Environment Programme, the World Bank and latterly, the Centre for International Forestry Research. The primary purpose of the ITFF was to coordinate the inputs of these eight multilateral international organizations into the IPF process.

6. On the basis of the outcomes of its four sessions, the IPF presented its report, containing 107 substantive conclusions and 132 negotiated proposals for action, to the UNCSD. (In April 1997) (*sic*). Those proposals under Programme Element IV cover some critical areas: market access, the relative competitiveness of forest products, lesser-known species, certification and labelling, full cost internalization, and market transparency.

7. The IPF report was subsequently discussed at the Special Session of the UN General Assembly (UNGASS) in June 1997. As a result, UNGASS decided to continue the intergovernmental policy dialogue on forests through the establishment of the ad hoc, open-ended Intergovernmental Forum on Forests (IFF) under the aegis of the UNCSD.

8. Building upon the progress made at its previous sessions, the IFF undertook building upon the progress made at its previous sessions, the IFF undertook further consideration of the implementation of the Proposals for Action of the Intergovernmental Panel on Forests (IPF) and reviewing, monitoring and reporting on progress in the management, conservation and sustainable development of all types of forests; matters left pending and other issues arising from the Programme Elements of the IPF Process; and international arrangements and mechanisms to promote the management, conservation and sustainable development of all types of forests.

9. The Forum is to also identify the possible elements of and work towards a consensus on international arrangements and mechanisms, for example, a legally binding instrument on all types of forests. The Forum will report on its work to the Commission on Sustainable Development in 1999. Based on the report and depending on the decision taken by the Commission at its Eight Session in 2000, the Forum will engage in further action on establishing an intergovernmental negotiation process on new arrangements and mechanism, for example, a legally binding instrument on all types of forests.

10. The IFF held its first, organizational meeting in October 1997. The second session was held in Geneva from 24 August to 4 September 1998, and the third session was held in Geneva from 3 to 14 May 1999. The fourth session will be held in New York from 31 January to 11 February 2000.

11. Between the last Meeting of the WTO Committee on Trade and Environment (CTE) held in June 1998 and this Meeting, IFF has held two Sessions in Geneva, the Second Session was held in August - September 1998 and the Third Session held on 3 - 14 May 1999.

### **III. HIGHLIGHTS OF THE THIRD SESSION OF THE IFF**

12. In accordance with its approved work schedule, the IFF conducted update discussion on two programme elements under Category II which had undergone substantive consideration at its previous session but whose draft Co-Chairmen Reports were still heavily bracketed, namely Programme Element II(b) – Matters Left Pending on Trade and Environment and Programme Element II(c) – Matters Left Pending on the Transfer of Environmentally Sound Technologies to Support Sustainable Forest Management. The substantive discussion by the IFF at its previous session on two other programme elements, namely, Programme Element II(a) – Promoting and Facilitating Implementation and Programme Element II(e) – Forest-Related Work of International and Regional Organizations, had already yielded clean and unbracketed texts on each of these two elements.

### **IV. TRADE AND ENVIRONMENT**

13. Trade and Environment rank among the more complex and contentious issues being discussed at on-going post United Nations Conference on Environment and Development (UNCED) deliberations on forests at the international level.

14. To facilitate the task of promoting the integration of trade and environment, a general framework has been drawn up under Principle 12 of the Rio Declaration on Environment and Development, 1992, which *inter alia*, pronounces that “Trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.” In support of this principle, two specific programme areas on promoting sustainable development through trade and making trade and environment mutually supportive, as contained in Chapter 2 of Agenda 21 – the United Nations Programme of Action for Sustainable Development - have been adopted for implementation by governments, United Nations organizations, development agencies, non-governmental organizations (NGOs), independent sector groups and other interested parties.

15. On Programme Element II(b) – Matters Left Pending on Trade and Environment, an update discussion on the programme element was conducted in conjunction with the Third Session of the IFF. However, greater efforts and attention were devoted to the continued negotiation of the Co-Chairmen Report on the element, which took place in several sessions within a contact group. As a result of this endeavour, substantial progress was achieved in negotiating the Co-Chairmen Report. From a text that was bracketed in its entirety at the close of the Second Session of the IFF, the Co-Chairmen Report had been significantly cleaned up with only five bracketed parts remaining. The text of the text under negotiation of the last session is attached in the annex to this paper. There was guarded optimism regarding the prospect that these bracketed parts might be cleared at the next and final sessions of the IFF.

## **V. OTHER PROGRAMME ELEMENTS**

16. Similar progress was made in respect of Programme Element II(c) – Matters Left Pending on the Transfer of Environmentally Sound Technologies to Support Sustainable Forest Management. At the close of the Third Session of the IFF, there remained six bracketed parts of the Co-Chairmen Report to be further negotiated at the next session of the IFF.

17. The IFF subjected four specific Programme Elements to substantive consideration at its Third Session. These Programme Elements which were discussed on a preliminary basis at the previous session of the IFF. Following formal deliberations, negotiations on the draft Co-Chairmen Reports on each of these elements were conducted.

18. On Programme Element I(b) – Monitoring Progress in Implementation of IPF Proposals for Action, was duly considered and negotiated during the course of the Third Session of the IFF. There were only two bracketed parts of the report requiring further consideration by the IFF at its last session.

19. Progress was also achieved in respect of each of the eight specific items under Programme Element II(d) – Issues Arising From the Programme Elements of the IPF Process Needing Further Clarification, namely II(d) (i) – Underlying Cause of Deforestation and Forest Degradation; II(d)(ii) – Traditional Forest – Related Knowledge; II(d)(iii) – Forest Conservation and Protected Areas; II(d)(iv) – Forest Research; II(d)(v) – Valuation of Forest Goods and Services; II(d)(vi) – Economic Instruments, Tax Policies and Land Tenure; II(d)(vii) Future Supply of and Demand for Wood and Non-Wood Forest Products; and II(d)(viii) – Assessment, Monitoring and Rehabilitation of Forest Cover in Environmentally Critical Areas. Many of the Co-Chairmen Reports on these items had been negotiated without brackets while the bracketed parts of the Co-Chairmen Reports on the remaining items were at a manageable level. All outstanding matters could be ironed out at the next session of the IFF.

20. The substantive discussion on Programme Element II(a) – Matters Left Pending on the Need for Financial Resources, drew much reference to well-known positions held by developed and developing countries in the past. The Co-Chairmen Report on the element contained bracketed parts in virtually all of its paragraphs.

21. This was one of the more contentious issues that would still require tough negotiations by the IFF at its next session.

22. Programme Element III – International Arrangements and Mechanisms to Promote the Management, Conservation and Sustainable Development of All Types of Forests, is perhaps the most contentious and awaited matter before the IFF as it deals with the sensitive issue regarding the future mechanisms and arrangements for intergovernmental forest policy deliberations, including the possibility of negotiating a legally binding arrangement or mechanism for all types of forests. This subject was deliberated in the Plenary and was followed by the distribution of the draft Co-Chairmen

Report for consideration and negotiation. Although a contact group was set up for this purpose, the tangible progress made was the placement of brackets in practically every paragraph of the draft report. The delegates wished to deal with this matter should be dealt with in-depth at the next session of the IFF when parties would also have the benefit of the outcome of the Costa Rica-Canada Initiative and an opportunity to discuss the UN Secretary General's Report on the subject for the Fourth Session of the IFF.

23. The Fourth Session of the IFF, is proposed to be held in New York from 31 January to 11 February 2000, will be the final opportunity to resolve these outstanding matters within the IFF.

## ANNEX

### MATTERS LEFT PENDING ON TRADE AND ENVIRONMENT (PROGRAMME ELEMENT II.B)

#### I. CONCLUSIONS

1. Mutually supportive trade and environment policies can effectively promote the achievement of the management, conservation and sustainable development of all types of forests. Taking account that trade and environment policies have their specific objectives, decision-makers, including trade partners, should contribute to achieving trade in wood and non-wood forest products and services from sustainable managed forests, and implement policies and actions, in particular, avoiding policies that have adverse effects, either on trade or on the sustainable management of all types of forests. It is important to take into account the needs of developing countries for social and economic development and environmental protection, in particular poverty alleviation.

2. The impact that international trade in wood and non-wood forest products has on sustainable forest management can be both positive and negative. Trade liberalization adds value to the resource and has the potential to promote economic development, contribute to poverty alleviation and reduce environmental degradation, provided it is accompanied by sound environmental and social policies. However, trade liberalization must not be a vehicle for undermining domestic environmental and health standards which are consistent with international trade rules. Countries should study the positive and negative impacts of trade policies on sustainable forest management. The Uruguay Round yielded significant reductions to tariffs affecting forest products. Special attention should be given to remaining and emerging trade restrictions which constrain market access, particularly for value-added products. Trade measures intended to promote sustainable forest management should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

3. IFF recognized the potential role of voluntary certification of forest management and labelling of forest products as among the potential tools in promoting sustainable forest management and differentiating forest products and services in the market. However, more practical experience is necessary to reach conclusions on the effectiveness of such programmes. Moreover, unsuitable design or non-transparent application of such schemes may, in some cases, lead to unjustified obstacles to market access. In particular, small- and medium-sized forest owners and enterprises, including those of developing countries, may find it excessively costly to implement certification and/or labelling schemes. In the context of these issues, the IFF took note of the work of the WTO with regard to voluntary eco-labelling schemes. Proliferation of certification and/or labelling schemes calls for further cooperative work, in line with the recommendations of the IPF, towards achieving their international comparability and considering their equivalency while taking into account the diversity of national and regional situations.

4. Forest products and services and their substitutes should be adequately valued through full-cost internalization which in turn would influence competitiveness of these products and services. In this context, countries should undertake analyses of the implications of such valuation on forest management and economic development. Countries should also implement full-cost internalization strategies for forest products and services, and their substitutes, taking into consideration the potential costs and benefits of improved efficiency and sustainability of the forest sector.

5. Some available studies carried out on the relative full life-cycle analysis of the environmental impacts of forest products and their substitutes suggest that the former may be preferable, but further work on such life-cycle analysis is needed.

6. Increased market transparency is essential in order to improve the market access for forest products and services [including those coming from sustainable managed forests]. In this regard, the role of the private sector is vital but action is also needed by all interested parties to improve market transparency. A better understanding by both producers and consumers of the potential relationship between trade in forest products, forest services and their substitutes and sustainable forest management, could help to promote responsible choices in the supply and demand for forest products, forest services and their substitutes.

7. The nature and extent of illegal trade in wood and non-wood forest products [including forest biological resources], is a serious concern due to damage to ecosystems, loss of biodiversity, lost revenue by governments, forest owners and local and/or indigenous communities, and distortion of markets for forest products and services. National policies and international cooperation are important to reduce illegal trade with the aim towards its elimination.

8. Recent changes in the markets for forest products, such as those caused by the recent financial crisis, have raised concerns on the ability to continue the implementation of measures aimed at sustainable forest management but have at the same time increased the need for it. The long-term impacts of such unpredictable events on efforts to promote sustainable forest management need examination and monitoring. Such situations highlight the need to develop strategies for sustainable forest management with a long-term perspective so that the negative effects of short-term market changes can be minimized.

9. Developing countries with low forest cover and small island countries have special problems in developing their forest sectors to meet local needs for forest products and services. They depend, in many areas, on other countries to satisfy their needs for forest goods and services. Trade is essential to meet such needs and international economic and trade policies may have serious impacts on the efforts of these countries to expand and rehabilitate their forest cover.

## **II. PROPOSALS FOR ACTION**

10. The IFF stressed the importance of implementing IPF proposals for action on Trade and Environment. In order to further their effective implementation the IFF:

- (a) Urged countries, including trade partners, to contribute to achieving trade in wood and non-wood products and services from sustainable managed forests, and implement policies and actions, in particular, avoiding policies that have adverse effects, either on trade or on sustainable forest management;
- (b) [supported continued efforts by countries and the World Trade Organization towards trade liberalization with special attention to removing remaining and emerging trade restrictions which constrain market access, particularly for value added forest products];
- (c) [urged countries, international organizations [including the WTO] and other interested parties to undertake further cooperative work on certification and/or voluntary labelling schemes, in line with the recommendations of the IPF, towards achieving their international comparability and considering their equivalence, taking into account the diversity of national and regional situations [and to ensure such schemes do not lead to unjustified obstacles to market access];
- (c) bis [and to ensure such schemes do not lead to unjustified obstacles to market access]. Urged that, when voluntary certification and/or labelling schemes are developed and applied, they be done so in a way to promote sustainable forest management and to avoid unjustified obstacles to market access];



- (d) urged countries to undertake analyses of the implications of full-cost internalization on forest management and economic development and implement full-cost internalization strategies for forest products and services and their substitutes;
  - (e) requested countries, international organizations and other interested parties to undertake further work on full life-cycle analysis of the environmental impacts of forest products and their substitutes;
  - (f) called upon all interested parties to take action to improve market transparency, taking into account the role of the private sector, to help promote responsible producer and consumer choices in the supply and demand for forest products, forest services and their substitutes;
  - (g) called upon countries to consider appropriate national level actions and promote international cooperation to reduce the illegal trade in wood and non-wood forest products [including biological resources] with the aim of its elimination;
  - (h) urged countries to develop strategies for sustainable forest management with a long term perspective so that the negative effects of short term market changes, such as the recent regional financial crises, can be minimized;
  - (i) urged countries to recognize the special importance of imports of forest products for countries with low forest cover and fragile forest ecosystems, and small island developing states to satisfy their needs for forest products and services to assist them in expanding and rehabilitating their forest cover.
-