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COMMITTEE ON ENVIRONMENTAL POLICY
Eighth session, 25 - 27 September 2001
(Item 7 of the provisional agenda)

**MATTERS ARISING FROM THE FIFTY-SIXTH SESSION OF THE
ECONOMIC COMMISSION FOR EUROPE (ECE)**

Note by the secretariat

1. The fifty-second session of the Commission took place from 8 to 11 May 2001. The full proceedings can be found in document E/2001/37 – E/ECE/1387.

ECE strategic directions

2. To strengthen overall policy coherence and communication in ECE, the Commission suggested establishing a steering group made up of its Bureau, the Chairpersons of its Principal Subsidiary Bodies (PSB) and the Executive Secretary. This steering group would meet in the context of the Commission's annual sessions to discuss and articulate the overall policy and strategic direction of the Commission's work. Interested member States could participate in the steering group.

Environment, energy and transport: Strengthening links within the ECE region

3. The Commission stressed the need to give new impetus to the work on the follow-up to the Regional Conference on Transport and the Environment (Vienna, 1997) and to the third Ministerial Conference on Transport, Environment and Health (London, 1999) by identifying a number of priorities which, among the areas covered by the Vienna Programme of Joint Action and the London Charter, corresponded to the key challenges for sustainable transport, environment and health in the ECE region. The Commission endorsed the decisions and recommendations adopted at the High-level Meeting on Transport, Environment and Health (Geneva, 4 May 2001) (contained in document E/ECE/1389) and invited the relevant PSBs to take them into account.
4. The importance of the role of ECE in promoting regional cooperation on intersectoral issues, given its areas of competence, which are at the heart of key intersectoral issues, as well as its specialized intergovernmental bodies involved in these issues, was underlined.
5. The Commission commended the quality of the work carried out by all its PSBs within their sectoral areas of expertise and expressed full support for the work already developed on intersectoral issues. In particular, interest was voiced for the initiative jointly agreed by the Committee on Environmental Policy and the Committee on Sustainable Energy to set up a task force on guidelines for energy pricing, which could greatly contribute to the issues of energy market liberalization and the harmonization of energy taxes.
6. The Commission invited its PSBs to develop further intersectoral linkages in various areas, including: trade, timber and environment, to promote trade in timber and timber products while ensuring a sustainable management of forests (see annex); energy and transport, in particular in environmental performance reviews and ECE environmental conventions as they pertain to the energy and transport sectors; and in the consolidation of existing ECE databases in a multisectoral framework.
7. Moreover, the Commission requested its PSBs to examine the most efficient, flexible and cost-effective ways to address intersectoral issues as those mentioned above. These may include: joint meetings of PSBs or their bureaux; creation of a joint group of experts or task force under their auspices; delegation of one member of a PSB to a meeting of another PSB; specific projects jointly implemented and monitored; and the establishment of a web page to facilitate the sharing of information on developments in intersectoral cooperation.
8. The Commission further requested its PSBs to review annually the ongoing intersectoral cooperation and to consider potential new issues for such cooperation. These should be brought to the attention of other PSBs. The Commission would then decide whether to pursue them. The Commission stressed that regular programme review and evaluation, and the timely dissemination of the evaluation results to member States, were critical to maintaining the effectiveness of ECE.

9. The Commission encouraged its PSBs to find new ways to secure the means for implementing intersectoral activities, including setting aside regular resources and seeking extrabudgetary funding for these activities.

The Millennium Declaration: Challenges for Europe

10. The ECE Principal Subsidiary Bodies will be invited to reflect on how they can integrate the concerns and objectives of the Millennium Declaration (E/ECE/1386) into their programmes of work and contribute to its implementation.

11. The governing bodies of the ECE environmental conventions will be invited to report to the Commission on progress made towards implementing the objectives of the Millennium Declaration.

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12. The Committee is invited to consider the above issues and decide on how to reflect them in its programme of work.

Annex

Trade, timber and environment: suggestions for intersectoral cooperation inside ECE

Background

At its session in May 2001, the Economic Commission for Europe invited its Principal Subsidiary Bodies to develop intersectoral linkages further on a number of issues, including “trade, timber and environment, for promoting trade of timber and timber products while ensuring a sustainable management of forests”. This short note for the session of the Committee on Environment Policy provides some background information to help the Committee to discuss the issue and consider the possibility to establishing together with the timber and trade sectors a cooperative mechanism for ensuring a sustainable management of forests.

Issues

For some time, environment and trade policies tended to be developed in isolation from each other, with little consideration of the implications for trade of environmental policies, even international instruments, and little consideration of the effects on environment of trade measures, notably those for trade liberalisation. In recent years however, the trade/environment interface has been marked by passionate and complex debate, with some stressing the negative effects of globalisation and of increased trade on the environment and others drawing attention to the potential use of environmental measures as non-tariff barriers to trade. Forests cover just under 30% of the world’s surface, are the climax ecosystem in most parts of the ECE region, and are a key element in conserving biodiversity, preventing erosion, sequestering carbon, and providing revenue to rural populations, as well as being traded in large volumes. Thus forests contribute in a significant way to the sustainable development of the ECE region. The timber and forest sector has been in the forefront of the trade/environment discussion with some experts and NGOs advocating trade measures (e.g. boycotts or other restrictions) to encourage sustainable forest management in exporting countries, and others stressing the potential for export-led growth based on forest products, the sovereign right of countries to manage their own forests etc.

At the international level, there has been a wide ranging discussion, for instance in the World Trade Organization's (WTO) Trade and Environment Committee and the Intergovernmental Panel on Forests (under Commission on Sustainable Development), which agreed a consensus text on trade and environment issues. This text stressed the need to find mutually reinforcing trade and environment policy measures and agreed that certification (that forest products come from sustainably managed forests, an issue which has been one of the major causes of disagreement) should be a “voluntary, market-based measure” to encourage sustainable forest management.

Action by the Timber Committee

The ECE Timber Committee, as part of its mandate to monitor and analyse significant policy developments for the timber and forest sector, considered at its session in 2000, jointly with the FAO European Forestry Commission, whether to address trade and environment issues, basing its discussions on a meeting of stakeholders in September 2000 where, apart from the secretariats of the three ECE PSBs, WTO, UNEP, United Nations Conference on Trade and Development (UNCTAD) and World Wide Fund for Nature (WWF) were represented.

The idea which emerged after a review of each organisation's interests and activities was to explore the long term consequences, for the forest/timber sector as a whole, of various possible developments concerning trade and environment policies. This analysis would help decision makers in all three fields to analyse, in advance, the possible consequences of major strategic decisions. The chief tool for this analysis would be the baseline scenario for the long term outlook for the sector at present being developed as part of the Timber Committee's programme (EFSOS: European Forest Sector Outlook Study): this baseline scenario would present the long term outlook for the sector, assuming the continuation of present trends and policies, to help governments determine whether present policies are truly sustainable. An important part of the analysis is to identify which policies for other sectors (e.g. for trade or for environment) have a significant impact on the forest sector, and how these policies may evolve in the future. After the baseline scenario is complete (by end 2002, if at all possible), alternative scenarios could be constructed, if resources are available, to explore the consequences of different policy choices on the sustainability of the sector. This approach could be a powerful tool to explore trade/environment/timber interactions and policy options.

A group of experts has been formed to develop policy scenario for EFSOS, composed of forest policy experts, but with the intention to open it to experts from other policy areas. The terms of reference for the work may be consulted on the Timber Committee website at <http://efsos.fastnet.ch/welcome.asp>, notably under "complementary studies".

In response to the Commission's recommendation, the Timber Committee has decided to devote half a day of its annual session in October 2001 to consideration of intersectoral matters.

Action by the Committee on Trade, Industry and Enterprise Development

The Committee, at its session in June 2001, considered these issues. As one result, it requested that the Working Party on Technical Harmonization and Standardization Policies (WP.6), in the context of its concern for technical harmonization and certification, determine, in discussions with the Timber Committee, how to make progress on intersectoral cooperation regarding sustainable trade in timber and related certification issues. It was also agreed that the Committee's bureau would consider other measures to promote trade and environment issues.

Possible action by the Committee on Environment Policy.

The Committee may wish to consider possible synergies between the environment, timber and trade sectors and look into the possibility to cooperate with the Timber and Trade, Industry and Enterprise Committees. To that end it is invited to nominate experts, perhaps one from a country in transition and one from western Europe, to participate in the EFSOS policy scenario work, to ensure that environmental aspects also be taken fully into account in the analysis.

Possible inter-sectoral action

If ECE is to address trade/environment/timber issues in a intersectoral way, it is desirable that official representatives of all three PSBs with the assistance of the secretariat actively define the issues and steer future work..

As a first step, it is suggested that the Chairs of the three PSBs concerned consult on possible directions of future intersectoral cooperation on the occasion of the planned inaugural meeting of the ECE Steering Group set up by the Commission in May 2001.