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TIMBER COMMITTEE

Fifty-ninth session

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**SPECIAL TOPIC: ECE INTERSECTORAL COOPERATION,
TRADE, TIMBER, ENVIRONMENT, ENERGY**

(Item 6 of the Provisional Agenda)

Note by the Secretariat

INTRODUCTION

1. At its session in May 2001, the Economic Commission for Europe invited its Principal Subsidiary Bodies to develop further intersectoral linkages 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”. The full text of the Commission’s decision is reproduced in TIM/2001/1. In the light of the Commission’s discussion, the Timber Committee bureau decided that intersectoral cooperation should be the special topic for the Committee’s session in 2001. The present document provides background information for the special topic: a document to be issued later will provide more detailed information.

BACKGROUND

2. For many years, the Commission has worked to avoid duplication and find synergies between the activities of its Principal Subsidiary Bodies (PSBs), notably through the obligation to consider activities of other PSBs before agreeing on work programmes. However in 2001, the Commission stated that “while intersectoral cooperation was very much needed for policy coherence, it did not occur spontaneously but needed planning and stimulation. It also noted that intersectoral activities should be carefully planned so as to avoid overburdening the PSBs and affecting their core activities.” It requested the PSBs to “examine the most efficient, flexible and cost-effective modalities to address intersectoral issues”. Further, PSBs were “requested to review annually already ongoing intersectoral cooperation and to consider potential new issues for such cooperation to be subsequently brought to the attention of other concerned PSBs, with decision thereon to be taken by the Commission. The Commission also encouraged PSBs to develop other cross-sectoral activities whenever opportunities present themselves.”

3. In order to respond to the Commission’s requests, it seems appropriate that the Timber Committee should base its response on adequate knowledge of the activities of other PSBs (as well as of other relevant potential partners and stakeholders), and a realistic assessment of what intersectoral activities would be useful to member countries and feasible with the resources and skills likely to be available. The secretariat therefore proposes that the special topic discussion should be divided into the following parts:

- Presentation of the relevant activities of other ECE PSBs
- Presentation of other relevant activities
- Presentation of intersectoral activities under the Timber Committee at present
- Discussion of future activities

4. Planning of the presentations and discussions is under way at present, and a more detailed background paper will be issued shortly before the session. The present document will therefore only briefly present the main features.

5. *On the basis of the presentations and taking into account the Commission’s request, as well as its own strategic vision as articulated in the integrated work programme (TIM/2001/8), the Committee is invited to decide on intersectoral activities.*

ACTIVITIES OF OTHER PSBS

6. The secretariat is arranging for short presentations of the activities of the following PSBs:

- Committee on Trade, Industry and Enterprise Development
- Committee on Environmental Policy
- Committee on Sustainable Energy

7. Representatives of each secretariat will present briefly (about 10 minutes each) the broad features of their PSB's objectives and activities, focussing on those activities which might be of relevance to the Timber Committee.

8. The topic of trade/environment/timber interactions, identified by the Commission has already been presented to the Committee on Trade, Industry and Enterprise Development and will be presented to the Committee on Environmental Policy in September. The note presented to the latter Committee which presents the issues and proposals so far, is annexed to the present document. The Timber Committee will be briefed orally on more recent developments, notably the response of the CEP to these proposals.

ACTIVITIES OF POTENTIAL PARTNERS AND OTHER STAKEHOLDERS

9. It appears appropriate to consult also with potential partners and stakeholders outside UNECE especially as some of these organisations have already participated in the work, notably the special topic discussion at the Committee's session in 1999 (see Trade and Environment issues in the forest and forest products sector by Franziska Hirsch (ECE/TIM/DP19).

10. The secretariat will ask representatives of the following types of organisation to make short presentations:

- Intergovernmental bodies including UNEP, UNCTAD and WTO
- Environmental non-governmental organisations, including WWF
- Relevant organisations of the business community, such as WBCSD

CURRENT INTERSECTORAL ACTIVITIES OF THE TIMBER COMMITTEE

11. It is now widely recognised that it is unrealistic and possibly counterproductive to consider forest/timber issues and policies in isolation and that a holistic approach to policy formulation and to analysis is necessary. For that reason, the European Forest Sector Outlook Study (EFSOS) is paying special attention to the interaction of forest/timber sector policies with those of other sectors. One of the three "pillars" of the EFSOS study under preparation is the so-called meta-study which will analyse these issues. A group of experts led by Prof. Thoro of Germany is carrying out this work with the secretariat (for further information on the outlook studies programme see its website at <http://www.unece.org/trade/timber/efsos/welcome.htm>). It has been proposed that the Committee on Environmental Policy nominate members to this group, an idea which was welcomed by the group at its meeting on 17 July. Demand for wood for energy is of course considered in EFSOS alongside demand for other goods and services of the forest, so future evolution of the energy markets and policies are covered by the EFSOS work, to the extent permitted by resources.

12. Another intersectoral activity of close relevance to the timber Committee is the project on Capacity building for trade and investment in the Russian timber sector: sustainable development. This has been carried out since 1998 under auspices of the CTIED, keeping the Timber Committee informed. It is actively concerned with trade and environment topics. It may be possible to enlarge the scope of the project to other transition countries, if funding were made available.

13. Perhaps the major trade/environment/timber issue at present is that of certification that forest products derive from sustainably managed forests. For several years now, the Timber Committee secretariat has been monitoring and analysing developments in this area, through periodic publications, a website and a special chapter in the Forest Products Annual Market Review.

FUTURE INTERSECTORAL ACTIVITIES

14. It appears to the secretariat that a necessary prerequisite for successful intersectoral activities is true communication between all the partners. The first step in this direction would be the consultations between the chairs of the three PSBs which it is hoped can be arranged at the first meeting of the ECE Steering Group (probably in May 2002).

15. The secretariat considers that at present i.e. before the consultation process is complete, the most promising avenue is to develop the analysis of trade and environment issues in the context of the EFSOS meta-study of policy issues. Other stakeholders have also expressed an interest in this approach. However, to produce analysis of sufficient quality of these complex issues requires political commitment by member countries and sufficient resources. The 3% of secretariat time allotted to this issue in the programme of work is only sufficient for coordination and fund raising, not for substantive work.

16. *On the basis of the presentations listed above, the Committee is invited to decide on future intersectoral activities, bearing in mind its comparative advantages and those of potential partners, as well as the likely availability of resources.*

Annex

Trade, timber and environment: suggestions for intersectoral cooperation inside ECE (Note submitted to Committee on Environmental Policies)

BACKGROUND

17. 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

18. 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.

19. At the international level, there has been a wide ranging discussion, for instance in the WTO Trade and Environment Committee and the Intergovernmental Panel on Forests (under CSD), 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

20. 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, UNCTAD and WWF were represented.

21. 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.

22. 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".

23. 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

24. 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

25. 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 INTERSECTORAL ACTION

26. 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.

27. 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.
