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## Summary Notes of the First Meeting of the Project Advisory Group (PAG) Meeting 4 and 5 October 2001, FAO, Rome, Italy Chairman: Jim Bourke FAO

*These notes provide a summary record of the meeting. They are not a formal set of minutes and do not aim to indicate all the issues addressed and the discussion that took place. They provide an overview of the meeting and highlight decisions and recommendations and follow-up actions agreed on.*

### I. Participants

**Mr. Amha bin Buang**, ITTO, Japan; **Mr. Joshua Bishop**, IIED, UK; **Dr Jim Bourke**, FAO, Italy; **Dr Chris Elliott**, WWF International, Switzerland; **Mr. Osamu Hashiramoto**, Forestry Agency, Japan; **Mr. Kota Hiranuma**, Forestry Agency, Japan; **Mr. Duncan MacQueen**, IIED, UK; **Mr. Hendro Prastowo**, Indonesia; **Dr Ivan Tomaselli**, STCP Engenharia de Projetos Ltda, Brazil; **Mr. Erik Wijkstrom**, World Trade Organization, Switzerland.  
Apology: **Ms Saskia Ozinga**, Fern, UK.

### II. Opening

1. Participants were welcomed to FAO by Mr Wulf Killmann, Director, Forest Products Division. Members of the PAG were thanked for their willingness to be part of the Group and the Government of Japan was thanked for financing the project under the FAO/Government of Japan Cooperative Programme and for their continuing interest in funding such projects with FAO.
2. It was noted that the PAG had been asked to help FAO in the project, and each person was participating in their personal capacity. They had been invited because of their knowledge and experience in areas of significance in the project. Members were asked to provide their opinions and suggestions and to be frank on all aspects in order to ensure others see the project as a balanced and impartial view on the subject.

### III. Introduction – Jim Bourke, FAO

3. General issues connected with the meeting were explained. Each participant gave a brief summary of their background and expertise, and their experience in issues of relevance to the project.
4. The Agenda was approved and the general structure and objectives of the meeting described.

### IV. Overview and discussion of the project – Jim Bourke, FAO

5. The overall project (Project GCP/INT/775/JPN) was described including background and objectives; structure; timetable; place of the IIED study; PAG role; workshops (purpose, target audience, structure etc). All issues were then discussed by the PAG.

#### *Structure of the project:*

- 3 year FAO Trust Fund project funded by Government of Japan;
- just commenced;
- to finish April 2003 with the possibility of a short extension if required.
- Basic format - a major study done by IIED, and two international seminars.

#### *Seminars*

- 2 seminars - Rome and Geneva

6. The meeting discussed the purpose, target audience, structure, etc.



### **PAG role**

7. To review and guide the overall project and provide detailed inputs into the IIED study. To advise/comment on: issues to be studied; approach; special studies; review draft sections and final report; guide seminars – format, participants.
8. It was noted that PAG members were acting in their personal capacity. Their input would be acknowledged in various documents but the views and recommendations provided in the IIED study would not be attributed to them.

### **V. IIED study – Josh Bishop and Duncan Maqueen, IIED.**

9. IIED presented their approach to the study and gave a detailed explanation of the specific issues it was proposed to cover (draft discussed is in annex). They also indicated a tentative timetable for the study, based on the timetable established for the overall Project. All issues were then discussed in detail by the PAG.
10. PAG members stressed that the study should be specifically focussed on trade and its effects on SFM. The orientation of the project is well captured by the subtitle IIED suggested for the study: “How Can Trade Promote Better Forestry?”

### **VI. Summary**

11. The PAG discussed all aspects of the project and the IIED study. Members provided suggestions on key issues that should be addressed in the project, and provided comments and suggestions; indicated expectations; identified critical issues; highlighted other relevant on-going work on trade and sustainable development; and indicated potential contributions (data, contacts, information sources, etc.) to the study by themselves or others. They indicated topics/locations for supplementary/case studies and contacts that would be of interest to the study.
12. The PAG agreed that the Seminars should be as follows:

#### First seminar Rome April/May 2002. Date to be decided.

- Purpose - to provide information on the Project and to solicit views and information at an early stage of the project in order to assist IIED and in the work of the project.
- Participants from a wide range of interest groups and from both producing and consuming countries.
- Presentations on specific topics of interest to the study to be made by invited speakers.

#### Second seminar Geneva – near end of the project.

- To present the findings of the study to a wide audience, and discuss the issues addressed in the study. A special focus to be on Geneva-based trade policy and environmental policy specialists & trade negotiators.

### **VII. Next Steps:**

13. Prepare **up-dated work plan and TORs**.  
**ACTION - IIED and FAO. Due Dec. 2001**
14. Identify and commission **sub-studies** as appropriate.  
**ACTION – IIED. Ongoing.**
15. Prepare **”Issues Paper”** taking into account the comments and suggestions made at the PAG meeting.  
**ACTION – IIED. Due April 2002**
16. Develop **draft programme for first Seminar** – for distribution for comment and suggestion to PAG.  
**ACTION - IIED and FAO. Due Dec. 2001**
17. Propose **date for First international seminar** to PAG – suggested April/May 2002 - dates to be decided. Other activities to be taken into account when setting the date in order to avoid clashes for the PAG members: meetings of the WTO CTE and TBT (meetings held March, June and



November each year); UNFF meetings – Costa Rica March 2002; ITTO/FAO certification seminar April/May 2002; ITTO Council meeting May 2002; WWF Certification meeting Atlanta, USA 25-27 April 2002.

**ACTION – IIED and FAO. Due Dec. 2001**

18. Prepare a **flier** to be made available to wide audience to inform them of the project and solicit their inputs to it. These would be posted on the IIED web-site and made available for members of the PAG to distribute at meetings they attend.

**ACTION - IIED and FAO. ASAP.**

19. Provide **list** of contacts; references to useful reports or studies; dates of relevant meetings or conferences; individual contributions that the PAG members may wish to contribute to the work of the project. This information should be sent to Josh Bishop (IIED), and to Jim Bourke (FAO), who will distribute it to all PAG members.

**ACTION – all PAG members. Ongoing.**

**Next meeting:** First quarter 2002 – dates to be decided (possibly combined with first seminar).



**ANNEX: Draft prepared by IIED - as discussed at the PAG meeting**

**Forest Sector Trade Policy and Sustainable Forest Management  
IIED**

**TENTATIVE OUTLINE OF RESEARCH ISSUES  
18 SEPTEMBER 2001**

**1. Context**

- 1.1. Why trade-forestry linkages are important issues today
- 1.2. What is being traded (land, timber, NTFP, recreation, water, carbon, etc)
- 1.3. The actors: who depends on forest products trade (“forest-dependent people”) and why/how that trade is important to them
- 1.4. Major differences between regions in terms of forest type (species composition, area, value, profitability), industrialization (technology, institutional strength, workforce), infrastructure (proximity to and development of markets), key actors and influence
- 1.5. Global economic trends, development strategies and patterns of investment, and their relation to the forest sector (focus on the developing world)
- 1.6. Long-term trends in demand, supply and trade in forest goods and services (global, regional and selected national examples; changing needs, tastes and technologies)
- 1.7. Policy and institutional framework governing forest sector trade (WTO, ITTO, CITES, ILO etc.)
- 1.8. Overview of forest management practices and the role of trade in their evolution
- 1.9. Linkages between forest products trade, livelihoods and forest management practices (disaggregated by region to the extent possible)
  - 1.9.1. Scale effects (e.g. increased volume of production leading to increased profit, political leverage, employment, and easier access for adjacent communities)
  - 1.9.2. Composition effects (e.g. shift in relative prices leading to changes in species or age class harvested, felling intensity)
  - 1.9.3. Technology (e.g. shift to mechanized harvesting, increased use of residues, more stringent product specifications, etc.)
  - 1.9.4. Strategic and locational aspects (e.g. regional profitability, elasticity of demand, mergers and acquisitions)
    - 1.9.4.1. Competing for investment through low standards (‘race to the bottom’)
    - 1.9.4.2. Ecological ‘dumping’ by northern consumers (importing sustainability)
- 1.10. Summary: the diversity of conditions and key common features

**2. Instruments and processes**

- 2.1. Typology and trends in trade policy instruments (increasing integration of public and private initiatives)
- 2.2. ‘Classical’ public policy
  - 2.2.1. Forest sector
    - 2.2.1.1. Domestic forest policy with trade effects
      - 2.2.1.1.1. National forest strategies and programmes
      - 2.2.1.1.2. Forest resource allocation and ownership
      - 2.2.1.1.3. Forest resource development (plantations, farm forestry)
      - 2.2.1.1.4. Decentralisation of forest regulation and enforcement
      - 2.2.1.1.5. Forest management (including criteria and indicators)



- 2.2.1.1.6. Support for downstream processing industry
  - 2.2.1.1.7. Markets for forest environmental services (e.g. carbon, water)
  - 2.2.1.2. Forest products trade policy
    - 2.2.1.2.1. Imports (tariff and non-tariff barriers)
    - 2.2.1.2.2. Exports (e.g. restrictions/taxes on unprocessed products)
  - 2.2.2. Other sector policies with forest/trade effects
    - 2.2.2.1. Agriculture/tourism/wildlife (land use restrictions/competition)
    - 2.2.2.2. Infrastructure/construction (forest product demand)
    - 2.2.2.3. Land tenure and land allocation procedures
    - 2.2.2.4. Employment regulations and programmes
  - 2.2.3. Investment policy (screening, DFI/portfolio, repatriation of profits)
  - 2.2.4. Macroeconomic/general trade policy (exchange/interest rates, etc.)
  - 2.2.5. International/regional agreements (e.g. WTO, ITTO, CBD, NAFTA)
  - 2.2.6. International forestry policy developments (e.g. IPF/IFF/UNFF)
  - 2.3. Non-governmental and multi-stakeholder initiatives
    - 2.3.1. Demand side ('sustainable consumption')
      - 2.3.1.1. Certification and labeling schemes
      - 2.3.1.2. Supply-chain management and 'product networks'
      - 2.3.1.3. Product promotion campaigns/boycotts
    - 2.3.2. Supply side ('sustainable production')
      - 2.3.2.1. Environmental management systems (e.g. ISO 14001)
      - 2.3.2.2. Socially responsible investment (e.g. 'green' pension funds)
      - 2.3.2.3. Increasing environmental liability (insurance)
      - 2.3.2.4. Labour laws and unions
- 3. Impacts**
- 3.1. How does policy affect action? Mapping the range and interaction of influences on different groups of forest-dependent people (direct/indirect)
  - 3.2. A framework for evaluating impacts (focus on livelihoods)
    - 3.2.1. Magnitude and trend (in physical and value terms)
    - 3.2.2. Distribution by socio-economic group (who wins, who loses, and how much)
    - 3.2.3. Geographical scope (community, country, importers/exporters, regional or global) for different forest types in different regions (natural/plantation forest, industrial/farm forestry in Asia, Africa or Latin America)
    - 3.2.4. Case studies (how/why trade policy changed and how it influenced forest management (+/-) in particular cases)
  - 3.3. Financial (market) impacts
    - 3.3.1. Volume of output and trade
    - 3.3.2. Direction of trade
    - 3.3.3. Foreign exchange earnings/payments
    - 3.3.4. Government tax receipts/expenditure
    - 3.3.5. Forest product prices and producer/consumer welfare
    - 3.3.6. Multiplier effects (e.g. industrialization, financial deepening)
  - 3.4. Social impacts
    - 3.4.1. Poverty and 'livelihoods' (opportunity, security, voice/ representation)



- 3.4.2. Distribution of income and wealth (e.g. rural versus urban)
- 3.4.3. Cultural disturbance (e.g. indigenous peoples)
- 3.4.4. Transparency and accountability (e.g. illegal logging, transfer pricing)
- 3.5. Human impacts
  - 3.5.1. Employment
  - 3.5.2. Human capital formation (training, skills)
  - 3.5.3. Health and safety and labour standards
- 3.6. Natural resource impacts
  - 3.6.1. Release/sequestration of carbon (global warming)
  - 3.6.2. Loss/conservation of non-timber forest benefits (NTFPs, wildlife, ecosystems, landscape amenities, recreational uses)
  - 3.6.3. Water supply, flooding, sedimentation (quantity and quality)
- 3.7 Physical / infrastructure impacts
  - 3.7.1 Roads, access and migration
  - 3.7.2. Land use patterns (forest conversion to/from agriculture)

#### **4. Implications and options**

- 4.1. Summary of key linkages between trade policy and SFM
- 4.2. Policy/investment opportunities and priorities
- 4.3. Challenges for governments, industry, consumers, investors
- 4.4. Research and development needs
  - 4.4.1. Valuing forest goods and services, including non-market values
  - 4.4.2. Incentives for internalizing non-market forest values in prices
  - 4.4.3. Mechanisms to achieve greater equity in the distribution of costs and benefits (both within and across generations)