

ISSUES ON FORESTRY PRODUCTS TRADE AND ENVIRONMENT

Submission by Japan

I. BACKGROUND

1. Ten years have already passed since the UNCED, the Earth Summit, in Rio de Janeiro. This year, the WSSD, the World Summit on Sustainable Development, will take place in Johannesburg, South Africa, in August-September in order to review *Agenda 21*. Since the UNCED, the international community has been addressing the issues of sustainable development, which is one of the objectives referred to in the WTO Agreement and also reaffirmed in the Doha Ministerial Declaration.

2. Regarding the issue of forests, which will be discussed in this paper, the notion of sustainable forest management has been one of the world's challenges. As a major wood-importing country, Japan is particularly interested in the promotion of sustainable forest management in the world, and would thus like to bring up some important environmental issues relating to the trade of forestry products for further discussions in the CTE.

II. CHARACTERISTICS AND THE SITUATION OF FORESTS

3. Forests provide various public benefits, including the mitigation of global warming effects, the conservation of biological diversity, and the prevention of soil erosion, as well as landslides. Forests, therefore, are expected to play an indispensable role in tackling global environmental problems. At the same time, forests are exhaustible natural resources that are renewable at the dependence of human management. In other words, forests can either be depleted through reckless exploitation or poor management, or reproduced through the natural process under appropriate management.

4. The current forest situation is, however, well illustrated in *The State of the World's Forests 2001*, where the FAO estimated that around 9.4 million hectares of global forests had been lost annually over the past ten years. The total area of forests is still decreasing, and forest degradation is continuing world wide.

III. ISSUES ON FORESTRY PRODUCTS TRADE

5. Given the above-mentioned forest deterioration, it is necessary, even in the course of trade discussions, to examine ways to make a positive contribution to the goal of sustainable forest management. It is also important to give full consideration to the important role of forests in addressing global environmental problems, and to their unique feature of being exhaustible natural resources that are renewable. In this context, Japan would like to raise the following issues to be discussed in the CTE.

A. EXPORT RESTRICTIONS

6. Japan recognizes the necessity of trade measures that are taken for the conservation of the environment or natural resources if implemented in a WTO-consistent manner. One example of a trade measure in the forestry sector is when a certain country prohibits the export of unprocessed logs originating in designated national and state-owned regions of that country. This export restriction is explained as being a measure necessary for preserving forest resources and thereby protecting wild animals and plants in the forests. Japan can agree with the rationale behind this measure in light of the objective of conserving the environment. However, we must point out that, for some unknown reason, no export restrictions are imposed on the processed lumber products produced from logs grown in the same designated region, whose unprocessed logs are subject to the export restriction. Such cases lead us to doubt the rationale behind the export restrictions themselves, the aim of which is explained as being that of conserving the environment and natural resources.

B. ILLEGAL LOGGING

7. Illegal logging is generally understood to be logging conducted in such a manner as being inconsistent with an individual country's domestic legislation regarding forest utilization and conservation. In some countries, half of the logs are reported to be illegally harvested. This issue has recently been recognized as a major factor which deters efforts toward promoting sustainable forest management. At the "East Asia Ministerial Conference: Forest Law Enforcement and Governance", held in Indonesia in September 2001, a Ministerial Declaration was adopted,; stating that "all countries, both exporting and importing countries, have a role and responsibility in combating forest crime, in particular the elimination of illegal logging and associated illegal trade", and further that participating countries would "explore ways in which the export and import of illegally harvested timber can be eliminated". At the second session of the UNFF, the United Nations Forum on Forests, held in New York in March 2002, a Ministerial Message to the WSSD was adopted, stating that participating Ministers would "call for immediate action on domestic forest law enforcement and illegal international trade in forest products". When addressing the issue of illegal logging, national government's domestic measures are essentially important. Japan considers, however, that it is also important to examine the possible international approach from a trade perspective when exploring solutions to this issue, taking into account the above discussion in international fora.

C. LABELLING

8. Regarding the issue of labelling for environmental purposes, Japan considers that we should continue further examination in a transparent manner in order to respond to the growing concerns of the civil society. In the course of the discussions, consideration should be given to the concerns that labelling should not become an unnecessary obstacle to trade, and full respect should be paid to discussions concerned in other WTO committees. In particular, in the case of the labelling on forestry products, global attention is increasingly drawn to its effective contribution for the promotion of sustainable forest management. The above-mentioned illegal logging provides another requisite for deepening our examination of the labelling of forestry products.

IV. AFTERWORD

9. In this paper, Japan has raised a couple of important issues concerning forestry products trade and environment. These merit further reflection and discussion in the CTE as to how we should proceed with our analysis on these issues. We thus welcome any positive comments from Members. Japan is also willing to prepare an additional contribution toward making discussions successful.