

**TABLE OF COMMENTS AND REVISIONS
FORESTRY SECTOR STUDY – FINAL REPORT**

<p>Dr. Cornelia E. Nauen Principal Scientific Officer International Cooperation (INCO) Research Directorate General (DG RTD)</p>	
<p>it would be good to refer to EU27 by now, after all, Bulgaria and Romania are MS since a year</p>	<p>A reference is made in the introduction to the term EU as applying to all 27 members –but individual tables and references continue to refer to EU 15 and EU10, since these are the only categories for which statistics are currently available</p>
<p>forest cover numbers for Argentina are inconsistent between text (p. 15) and table (p. 14)</p>	<p>Text has been corrected</p>
<p>throughout table columns with numbers should be right adjusted, not left-adjusted, to facilitate comparative reading</p>	<p>Tables have been adjusted</p>
<p>I find differences between key figures in UNDP, WB and CIA reports, probably due to methodological reasons. Is there a particular reason other than convenient access why you use CIA figures (which are not necessarily updated (e.g. upper table on page 19))?</p>	<p>These differences are a constant problem with all forestry research. The CIA data provided the most convenient aggregated data for the topics for which it was used.</p>
<p>'Figures' 6 and 7 are rather tables</p>	<p>Agreed – and corrected accordingly</p>
<p>it might be worth mentioning that much of the biodiversity is not yet described and documented by science, thus the high degree of uncertainty in the estimates of what is there and what is being lost (though loss there is beyond doubt already, as mentioned) - eg page 57.</p>	<p>Agreed and revised accordingly</p>
<p>Interest rates are expected to influence management behaviour (lower interest rates should make longer-term management and more sustainable practices more feasible) - do you find evidence for that?</p>	<p>Noted and agreed but no specific evidence has been found.</p>
<p>Would you see an easy way to address time? some measures can be particularly conflictual (or positive) when looked at with a short time horizon, while at a longer one, adaptation can attenuate</p>	<p>The short answer is no. With all SIA analysis for trade issues it is the case that the longer the time horizon the less easy it is to attribute cause and effect</p>

<p>such outcomes considerably. Of course, given the complex interactions, the longer you look forward the more uncertain the estimates become, however it might be useful to flag the arrow of time to stimulate the thinking.</p>	
<p>Would also suggest to sharpen the executive summary somewhat by introducing some key figures that put clear dimensions on the challenges, while further strengthening the message, discussed in the last meeting, of the interconnectedness of issues, thus cautioning against too simplistic reasonings and conclusions. Also, putting up-front the statement that the forestry related trade is small, though put in perspective by mentioning its role in land use and environmental health overall, might be misleading about its overall importance, not the least when it comes to FDI and other key parameters. Despite of more than half a century of import substituting industrial policies and other efforts Mercosur economies and societies rely quite heavily on their natural capital and forests and forestry related activities are particularly important, well beyond the primary numbers. That could come across more clearly right from the executive summary.</p>	<p>The executive summary has been recast to reflect these points</p>
<p>Given that you labour over the impacts of EU energy policy (p. 89 ff), I attach the Nature article mentioned in the meeting - as another angle to the law of unintended consequences.</p>	<p>Noted and of interest</p>
<p>Do you have thoughts on certification approaches? They are becoming fashionable (with several competing and not very effective schemes in relation to forestry products - the chain of custody tends to be long and complicated), though students of institutions and law (and human behaviours) suggest that external controls can not be effective if internalised values do not provide social underpinning (enforcement) of practices. Moreover, external controls tend to be</p>	<p>We have added some additional comment on certification. In terms of dealing with well defined concession areas and forestry compartments, certification works well, but the problems highlighted in the Brazilian forestry/soy-bean and cattle land use case study cannot easily be addressed in this way –given the very large areas over which land transformation is taking place. This is why we have placed an emphasis on introducing strategic land use plans with joint monitoring using satellite reconnaissance.</p>

<p>costly (who pays for that and will this not stimulate illicit practices, which should be expected to grow as the difference in price creates powerful incentives).</p>	
<p>The discussion of economic, social and environmental dimensions is a convenient presentational approach to break down the complexity. But sustainability is really the interaction between the different dimensions and whether the balance stands over time. This is sometimes almost lost in the necessity of linear text sequencing, though the forestry study is particularly attentive to cross-linkages.</p>	<p>This is acknowledged as a problem but as noted here, we have attempted throughout the forestry report to stress the importance of cross-linkages.</p>
<p>Julius Langendorff Deputy Head of Unit E.2 "Environmental Agreements & Trade"</p> <p>Directorate-General for Environment European Commission</p> <p>Please find below a number of comments by DG Environment on the "consultation drafts", some cross-cutting and some study-specific</p>	
<p>Cross-cutting comments</p> <p>- It is regrettable that the concept of "preventive" measures (as opposed to merely "mitigation" measures) has not been applied in any of the studies. This reinforces the idea that trade liberalisation and associated negative impacts are somehow taken for granted and that negative impacts will at best be mitigated.</p>	<p>The concept of 'preventive measures' had been set out in the forestry report – with particular emphasis on use of strategic land-use plans and Strategic Environmental Assessment to guide long term development plans in the Forestry sector. The role of preventive measures has been stressed by revising the chapter title and highlighting the need for preventative measures in the revised Executive Summary.</p>
<p>Closely related to the point above, it is equally regrettably that none of the proposed flanking measures are in the form of (ex ante) trade-measures, even though some general reference is made to their potential (e.g. in the executive summary of the overview study, which refers to the possibility of making adjustments to timing and phasing of</p>	<p>This point is addressed as discussed in the note above.</p>

<p>trade reforms, or in terms of "cross-compliance mechanisms"). However, in none of the studies these ideas are elaborated in any detail; the focus is almost invariably on ex post (mostly governance-related) measures.</p>	
<p>It is not very clear to what extent the authors of the three sector reports (e.g. on biodiversity aspects related to biofuels) have co-ordinated amongst themselves. For instance, there does not seem to be a reference in the study on agriculture to the forest study and vice versa, even though the two studies cover similar ground and are to a large degree complementary. Ensuring full consistency between these reports and making explicit cross-references is obviously very important; we therefore suggest that, as a minimum, the authors of the forest and agriculture studies read and comment on the findings of one another.</p>	<p>These points are noted and have been addressed</p>
<p>The use of symbols (arrows etc), terminology (e.g. "significant", "low", "medium", "high") etc used to summarize predicted impacts in the various summary tables needs to be consistent in all four reports. In this respect, the forestry report (e.g. table 24, where a different type of arrows is used, with different meanings) needs to be aligned to the other three studies. In many instances, the reports refer to non-tariff barriers (e.g. in the form of SPS measures), where the concept of non-tariff measures would be more appropriate.</p>	<p>The tables in the Mid term Forestry report attempted to develop the methodology for presentation of SIA information – but in the interests of consistency they have been converted to the same format as those used in the other three studies</p>
<p>Forestry study</p> <p>Executive summary - it is not fully clear to what extent the text here reflects the "environmental impacts summary" on page 66 (where it is said, among other things, that "these threats could be increased by trade liberalisation (...)")</p>	<p>The Executive Summary has been substantively revised</p>
<p>Executive summary - the distinction between impacts in terms of deforestation/biodiversity flowing from</p>	<p>This issue has been addressed by creating separate sections within the Executive Summary.</p>

trade liberalisation for timber and timber products (mainly through production increases rather than enhanced trade) on the one hand and impacts resulting from increased trade in agricultural products (beef, biofuels) could be made clearer.	
Executive summary - provide some more detail on the suggested flanking measures including, where relevant, ex ante trade measures (see remarks above under cross-cutting issues).	This point has been addressed in the section on preventative measures and in the Executive Summary.
Page 57, last line - this refers to the non-sustainability of forest operations in the EU; on what evidence is this conclusion based?	The evidence was not presented in the Mid-term report to justify the statement and it has therefore been omitted.
page 58, heading "sectoral output effects" - in the current lay-out this comes under the heading of "analysis of environmental impacts"; is that correct?	The order of the sub-sections in the Mid term report had been displaced and we are grateful that this has been identified by DG Environment. The text has now been recast in the correct order.
Table 22 on page 62 - this table is not very helpful and raises many questions (e.g. with respect to principles 11 and 16 effects are said to be positive, provided the principles are implemented (sic!)); confusion may also arise in relation to the other set of (impact) indicators. We would therefore suggest deleting the table altogether.	The table has been deleted as recommended.
Page 67, second line - replace the words "are a valuable" by "can be a valuable"	Amended accordingly
Tables 24 and 25 on pages 69-74 - align use of symbols, terminology etc to that in the other three reports (see remark above under cross-cutting issues).	Amended as instructed
Chapter 5 - ensure full consistency and complementarity with relevant parts of the agricultural and automobile studies + add cross-references	Cross references have been added
Page 92, "conclusions" section - reference is made to "indirect pressures that market demand can create"; but aren't some of these pressures also direct, e.g. in the case of trade liberalisation for beef and bio-ethanol?	This point is agreed and the text has been amended accordingly
Chapter 6 - we understand this to cover	Agreed and amended accordingly

<p>both the timber and timber products sector per se and, at least to some extent, the other sectors analysed (agriculture, biofuels). In this light the assertion on page 93 in the "removal of tariff barriers" section that no flanking measures are required needs modifying, as may be the case with other parts in this chapter 6.</p>	
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For Land Use Consultants
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