

# Reducing Deforestation and Enhancing Forest Conservation Through International Trade Policy

March 24, 2021

## Moderator:

- **Nathalie Bernasconi-Osterwalder**, Executive Director, IISD Europe, and Senior Director, Economic Law and Policy, IISD

## Speakers:

- **Verina Ingram**, Assistant Professor, Forest and Nature Conservation Policy Group, and Senior Researcher, Wageningen Economic Research
- **Mary Kinyua**, Board Chair, Fairtrade Africa, and Director of Administration and Human Resources, Oserian Development Ltd.
- **Cristina Larrea**, Lead, Sustainability Standards, IISD
- **Soledad Leal Campos**, Lead, Sustainable Trade, IISD
- **Joanna Nowakowska**, Deputy Director of Technology and Information Unit, FSC International
- **Charlotte Sieber-Gasser**, Senior Researcher and Lecturer, University of Lucerne
- **Vivek Voora**, Sustainability Standards Advisor, IISD

# Introductory remarks

## The value of forests

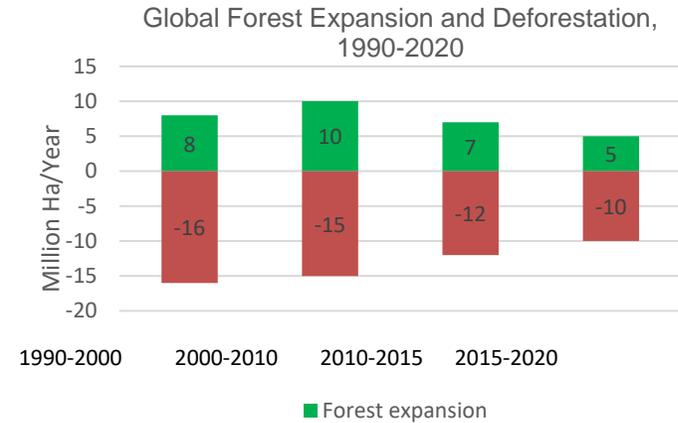
- Forests are essential to our lives:
  - Clean **oxygen**
  - Safe **water** supply
  - Soil health and fertility for growing our **food**
- Forests are critical for climate mitigation
  - They store 2.6 billion tonnes of carbon annually = **1/3 of CO2** released from burning fossil fuels
- Forests are home to **80%** of terrestrial **biodiversity**
- Livelihoods of **1.6 billion people** depend on forests
  - Wood, pulp and paper, energy and food sectors

*Sources: FAO, 2020. The State of World Forests; WWF, n.d. We need to safeguard our forests; IUCN, 2021. Forests and Climate Change*



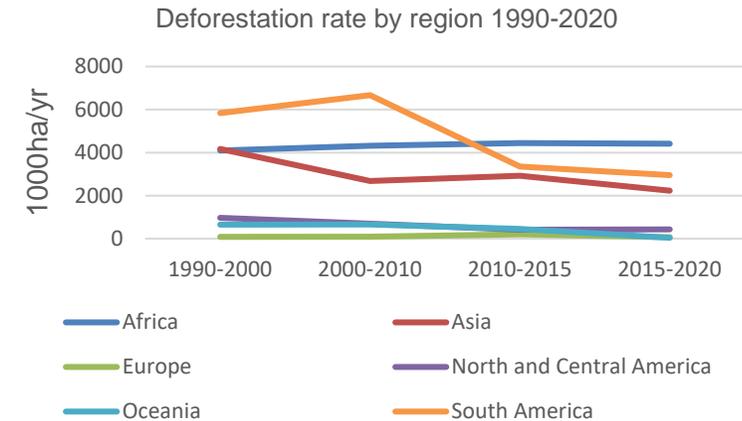
## Forest net loss and deforestation rates

- While net loss of forest area has decreased in total across almost all world regions:
  - From **7.8 million hectares p/y** in the 1990s, to **4.7 million hectares p/y** during 2010–2020



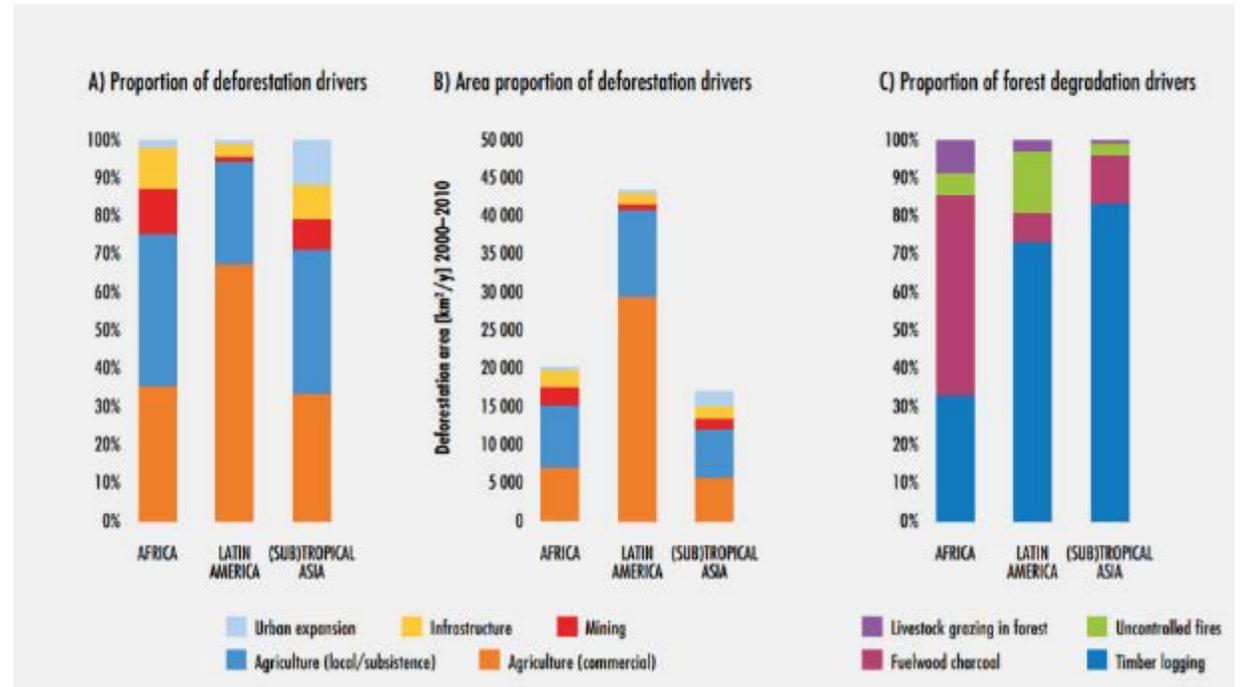
- Deforestation rates in **Africa** and **South-America** are still very high with limited share of regenerated forest through planting new trees (<4%).
- In **Asia**, that percent is higher, with approximately 20% of regenerated forests achieved through planting, though deforestation rates are still very high.

Sources: FAO, 2020. *The State of World Forests*; FAO, 2020. *Global Forest Resources Assessment 2020: main Report*.



## Drivers of deforestation in Africa, Asia and South-America

- Commercial agriculture and subsistence farming are the main drivers of deforestation in Africa, Asia, and South-America.
  - Cattle, soybean and oil palm** plantations are responsible for **40** percent of tropical deforestation
  - Subsistence farming accounts for 33% of total deforestation
  - Cocoa** is also a main driver of deforestation in Cote D'Ivoire, Ghana, and Ecuador
- Timber** logging is also a main driver of forest degradation and deforestation (~380,000 hectares of tropical forest deforested annually)



Sources: FAO, 2020. *The State of World Forests*; FAO, 2020. *Global Forest Resources Assessment 2020: main Report*; Union of Concerned Scientists. (2016). *Wood Products*; Verina Ingram, Jelle Behagel, Aynur Mammadova, Xanthe Verschuur (2020). *Summary Discussion Paper. The outcomes of deforestation-free commodity value chain approaches. Forest and Nature Conservation Policy Group, Wageningen University and Research. Wageningen*

The need for visibility from plantation to plate (end-to-end visibility)

Value chain actors, end-consumers, and policy makers are increasingly willing to know about the **production practices of goods** that we consume and their **impacts on forests**.



Traders  
End-Consumers  
Policy-makers  
Investors  
Retailers  
Impact-on-Forest  
Production-practices  
Manufacturers



# Measures used in international trade practices to reduce deforestation and conserve forests

- **Private-led**

- Voluntary Sustainability Standards (VSSs) (i.e. Rainforest Alliance, FSC, RSPO, Organic)
- Sustainable Reporting Frameworks (i.e. Global Reporting Initiative, Carbon Disclosure Project, SDGs)
- Technology-traceability systems (i.e. remote sensing, Global Information Systems)
- Commitments (i.e. Soy Moratorium-Brazil)

- **Public-led**

- Regulations in producing countries (i.e. 2009 Brazilian Federal Prosecutors' Terms of Adjustment of Conduct - cattle)
- Regulations in consuming countries (i.e. European timber regulation requires legality verification for imported timber)
- Multi-lateral instruments (i.e. Guidelines of the Sustainable Management of Natural Tropical Forests; Montreal Process-Santiago Declaration - temperate and boreal forests)

- **Private and Public Partnerships**

- The Cerrado Manifiesto (soybean - Brazil)
- Cocoa and Forests Initiative (cocoa - West Africa)

*Sources: KPMG, 2020. The time has come. The KPMG Survey on Sustainability Reporting 2020; The European Parliament, 2020. How can international trade contribute to sustainable forestry and the preservation of the world's forests through the Green Deal?; World Cocoa Foundation. (2020). Cocoa & Forests Initiative Reports Progress, Aims to Expand Effort; Verina Ingram, Jelle Behagel, Aynur Mammadova, Xanthe Verschuur (2020). Summary Discussion Paper. The outcomes of deforestation-free commodity value chain approaches. Forest and Nature Conservation Policy Group, Wageningen University and Research. Wageningen. The Netherlands. Voora, V., Larrea, C., and Bermudez, S. (2020). Global Market Report: Soybean. IISD.*



## Integration/reference of VSSs in International Trade Agreements

- Inclusion of VSSs as hortatory, encouraging members to leverage them for reducing deforestation and conserving forests rather than conditional or mandatory measures.
- Reference of VSSs in due diligence systems for verifying timber legality
- Definition of tariff preferences for products compliant to a selection of VSSs.

# Webinar outline

- **Part I:** Voluntary Sustainability Standards (VSSs): An overview of their characteristics, effectiveness, and scalability for reducing deforestation and enhancing forest conservation
- **Part II:** Existing and novel approaches included in international trade agreements to reduce deforestation and conserve forests
- **Part III:** Potential synergies between measures embedded in international trade agreements and VSSs

# VSSs: An overview of their characteristics, effectiveness, and scalability for reducing deforestation and enhancing forest conservation

Vivek Voora, Sustainability Standards Advisor, IISD

## Presentation outline:

1. **VSS design:** Production criteria coverage & traceability systems
2. **VSS implementation:** Support provided
3. **VSS enforcement:** Assurance systems

Voluntary Sustainability Standards (VSS) are standards developed at the local, national, or international level by organizations from the public and private sectors on environmental and social improvements. Private VSS are developed by businesses or not-for-profit NGOs.



Source: <https://redshoescoaching.com/looking-under-the-hood/>

# Commodity sectors & deforestation



**Timber** – Invariably leads to deforestation impacts which can be minimized via selective logging and reforestation.



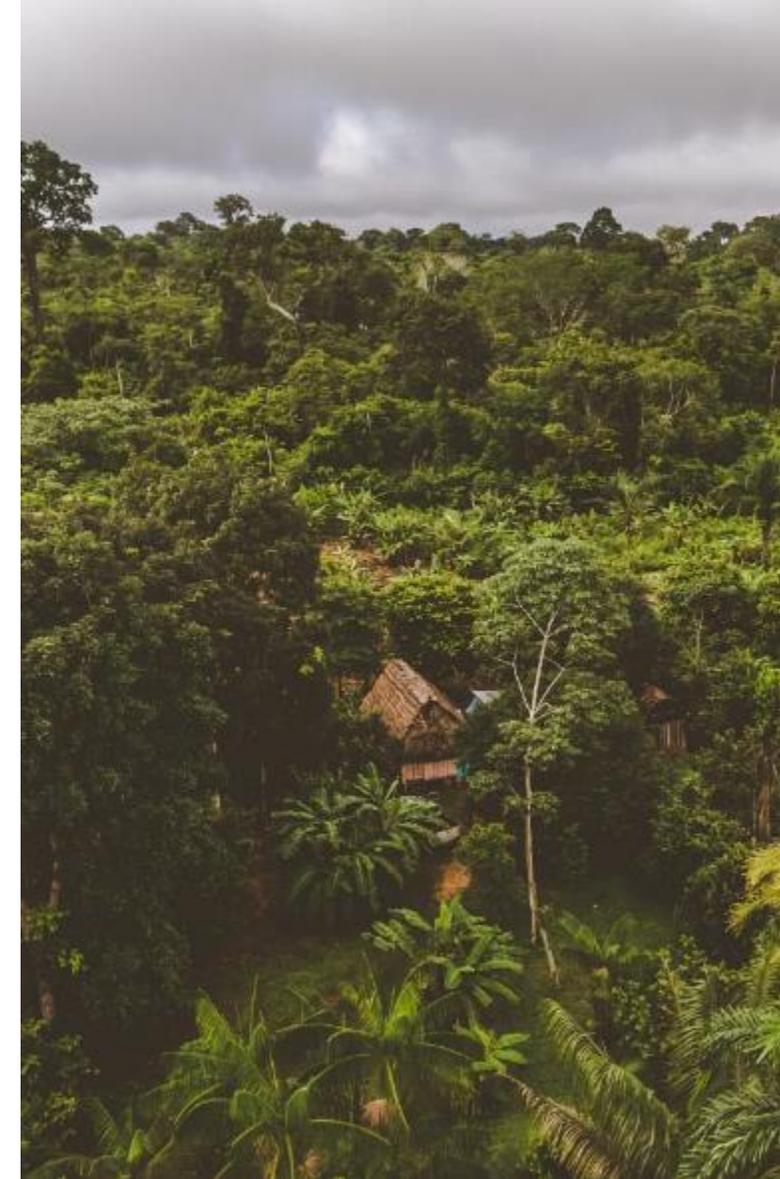
**Cocoa** – Grown on small trees mostly in family farms (90% < 2 to 5 ha). Potential to be grown in agroforestry systems.



**Palm Oil** – Grown on oil palm trees mostly in plantations (40% smallholder production). Potential agroforestry crop.



**Soy** – Grown mostly in open fields. Expansion requires land clearing which result in deforestation.



Source: <https://readcacao.com/blog/what-is-cacao-agroforestry/>

# VSS design

## Environmental protection

Alignment between environmentally friendly practices and required (check marks) or absent (hyphen) production criteria of VSS in cocoa, palm oil, soy and timber.

RA=Rainforest Alliance, RSPO=Roundtable for Sustainable Palm Oil, ISCC=International Sustainability & Carbon Certification, RTRS=Roundtable for Responsible Soy, FSC=Forest Stewardship Council (FSC) and PEFC=Programme for Endorsement of Forest Certification.

<i>Sustainability standards</i>	Fairtrade	RA	Organic	RSPO	ISCC	RTRS	ProTerra	FSC	PEFC
<i>Products</i>	Cocoa	Cocoa, palm oil	Cocoa, palm oil, soy	Palm oil	Palm oil, soy	Soy	Soy	Timber	Timber
<b><i>Environment protection</i></b>									
Reduction GHG / carbon emissions	✓	✓	✓	✓	✓	✓	✓	✓	✓
Maintain critical / sensitive ecosystems	✓	✓	✓	✓	✓	✓	✓	✓	✓
Minimise impact of (agro) chemicals	✓	✓	✓	✓	✓	✓	✓	N/A	N/A
Spatial planning to avoid biodiversity loss	✓	✓	✓	✓	-	✓	✓	✓	✓
Non-GMO	✓	✓	✓	-	-	-	✓	✓	✓

Source: Modified from <https://mekonecology.net/wp-content/uploads/2018/12/MEKON-ECOLOGY-2017-Certification-standards-Deforestation.pdf>

# VSS design

## Deforestation prevention & reforestation

Alignment between deforestation prevention and reforestation practices and required (✓), recommended (o) or absent (-) production criteria of VSS in cocoa, palm oil, soy and timber.

RA=Rainforest Alliance, RSPO=Roundtable for Sustainable Palm Oil, ISCC=International Sustainability & Carbon Certification, RTRS=Roundtable for Responsible Soy, FSC=Forest Stewardship Council (FSC) and PEFC=Programme for Endorsement of Forest Certification.

<i>Sustainability standards</i>	Fairtrade	RA	Organic	RSPO	ISCC	RTRS	ProTerra	FSC	PEFC
<i>Products</i>	Cocoa	Cocoa, palm oil	Cocoa, palm oil, soy	Palm oil	Palm oil, soy	Soy	Soy	Timber	Timber
<b><i>Deforestation prevention &amp; reforestation</i></b>									
Ban on converting areas with high biodiversity, conservation value, or carbon stock (Cut-off date)	✓ (-)	✓ (2005)	✓ (5 years prior to certification)	✓ (2005)	✓ (2008)	✓ (2009 & 2008 for the Amazon)	✓ (2008)	✓ (National Std.)	✓ (National Std.)
Restoring Natural Areas	o	o	✓	✓	✓	✓	✓	✓ (National Std.)	✓ (National Std.)
Reforestation	-	-	-	✓	✓	-	-	✓ (National Std.)	✓ (National Std.)

# VSS design

## High Conservation Value Areas and High Carbon Stock Areas

### Box 1: The Six High Conservation Values

#### HCV 2 Landscape-level ecosystems and mosaics

Large landscape-level ecosystems and ecosystem mosaics that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance.

#### HCV 1 Species diversity

Concentrations of biological diversity including endemic species, and rare, threatened or endangered species, that are significant at global, regional or national levels.



#### HCV 6 Cultural values

Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous peoples.

#### HCV 3 Ecosystems and habitats

Rare, threatened, or endangered ecosystems, habitats or refugia.

#### HCV 4 Ecosystem services

Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.

#### HCV 5 Community needs

Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples (for livelihoods, health, nutrition, water, etc...), identified through engagement with these communities or indigenous peoples.



Source: [https://hcvnetwork.org/wp-content/uploads/2018/03/HCVCommonGuide\\_English.pdf](https://hcvnetwork.org/wp-content/uploads/2018/03/HCVCommonGuide_English.pdf)

Source: <https://mekonecology.net/wp-content/uploads/2018/12/MEKON-ECOLOGY-2017-Certification-standards-Deforestation.pdf>

# VSS implementation

## Standard setting bodies support

- **Establishing a common understanding** – Living income, Landscape Approach, High Conservation Value Areas.
- **Tailor-made standards** – Farm size, continuous improvement, Trees Outside of Forests.
- **Capacity building** – Training and extension services are provided for adopting new production practices.
- **Funding sources** – The RSPO Smallholder Support Fund
- **Access to markets** – Corporate sector sustainable sourcing commitments, Fairtrade guaranteed minimum prices.
- **Community development projects** – Fairtrade premium committees for producer and community projects.



Source: <https://www.rainforest-alliance.org/approach>

# VSS Implementation

## Supply Chain Traceability Approaches



- **Identity preserved:** VSS-compliant products from a specific origin are kept separate so they can be traced back to their source.
- **Segregated:** Products from different sources compliant with a VSS can be aggregated but must be separated from non-compliant products during the whole supply chain to ensure that end products have 100% VSS-compliant material.
- **Mass Balance:** VSS-compliant and conventional products are mixed but as they move through the supply chain an exact account is kept about the volume ratios. The amount of VSS-compliant product equals the amount of VSS-compliant product sold to consumers.
- **Area Mass Balance:** Similar to Mass Balance but for a defined geographical region (yet to be fully developed and applied but could be interesting for addressing deforestation).
- **Book and Claim:** Products are mixed and traded as non sustainable. Sustainability certificates or credits are bought by consumers so they can make sustainability claims based on the amount of certificates issued and traded.



Sustainability standards	Fairtrade	RA	Organic	RSPO	ISCC	RTRS	ProTerra	FSC	PEFC
Products	Cocoa	Cocoa, palm oil	Cocoa, palm oil, soy	Palm oil	Palm oil, soy	Soy	Soy	Timber	Timber
Identity Preservation	✓	✓	✓	✓	✓	✓	✓	✓	✓
Segregation	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mass Balance	✓	✓	-	✓	✓	✓	-	✓	✓
Book and Claim	-	-	-	✓	-	✓	-	-	-

# VSS enforcement

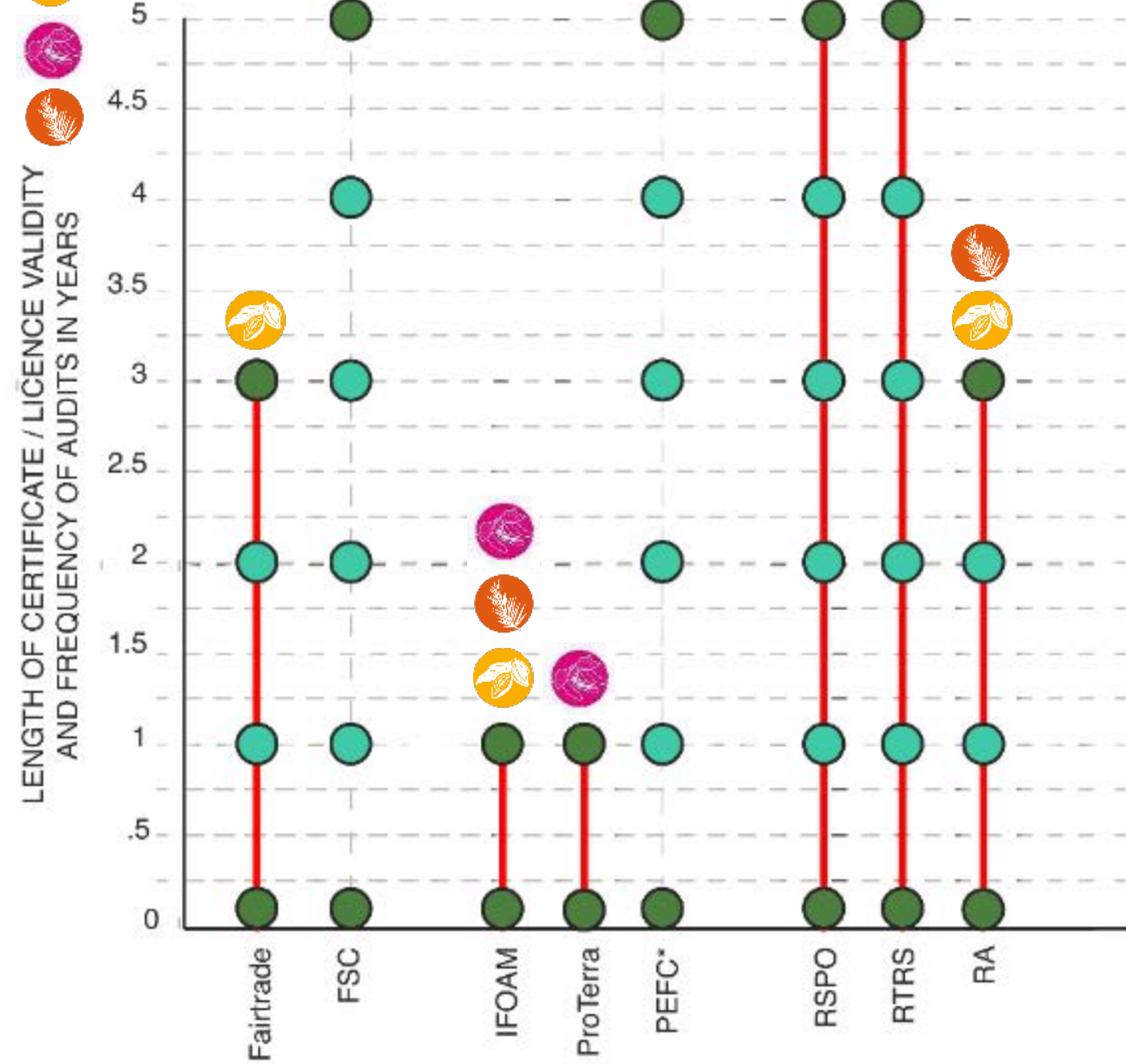
## Assurance systems conformity assessment procedures and frequency

- VSS assurance systems provide a level of certainty that products comply with a production standard.
- Auditing approaches and frequencies can make a big difference in providing product assurance:
  - **Certification:** Independent certification body confirms producer's performance against a set of criteria by issuing a certificate.
  - **Verification:** Check to see if producer has systems for monitoring systems and controlling their sustainability performance.
  - **Self-Reporting:** The producer assesses and reports their own performance against a set of criteria.

ASSURANCE

COST

- Forestry 
- Cocoa 
- Soybean 
- Palm Oil 



AUDIT TYPE:

-  Self-assessment
-  Verification audit
-  Surveillance audit
-  Certification audit
-  Random field checks or surprise audits

# Takeaways

1. Different commodities offer varying opportunities for preventing deforestation and reforestation.
2. VSS are not created equal – Differences in design (production criteria, traceability systems), implementation, and enforcement (assurance system) with implications on preventing deforestation.
3. Addressing sustainability issues such as deforestation requires multi-pronged approaches.

## Sources:

- [https://www.iisd.org/system/files/pdf/2014/ssi\\_2014.pdf](https://www.iisd.org/system/files/pdf/2014/ssi_2014.pdf)
- <https://mekonecology.net/wp-content/uploads/2018/12/MEKON-ECOLOGY-2017-Certification-standards-Deforestation.pdf>
- [https://hcvnetwork.org/wp-content/uploads/2018/03/HCVCommonGuide\\_English.pdf](https://hcvnetwork.org/wp-content/uploads/2018/03/HCVCommonGuide_English.pdf)
- [www.iisd.org/ssi/](http://www.iisd.org/ssi/)



Source: <https://sustainability-academy.org/sustainability-equals-growth/>



# Innovation to advance effectiveness

FSC International, IISD webinar, 24 March 2021

Dr Joanna Nowakowska

# FSC GIS Portal

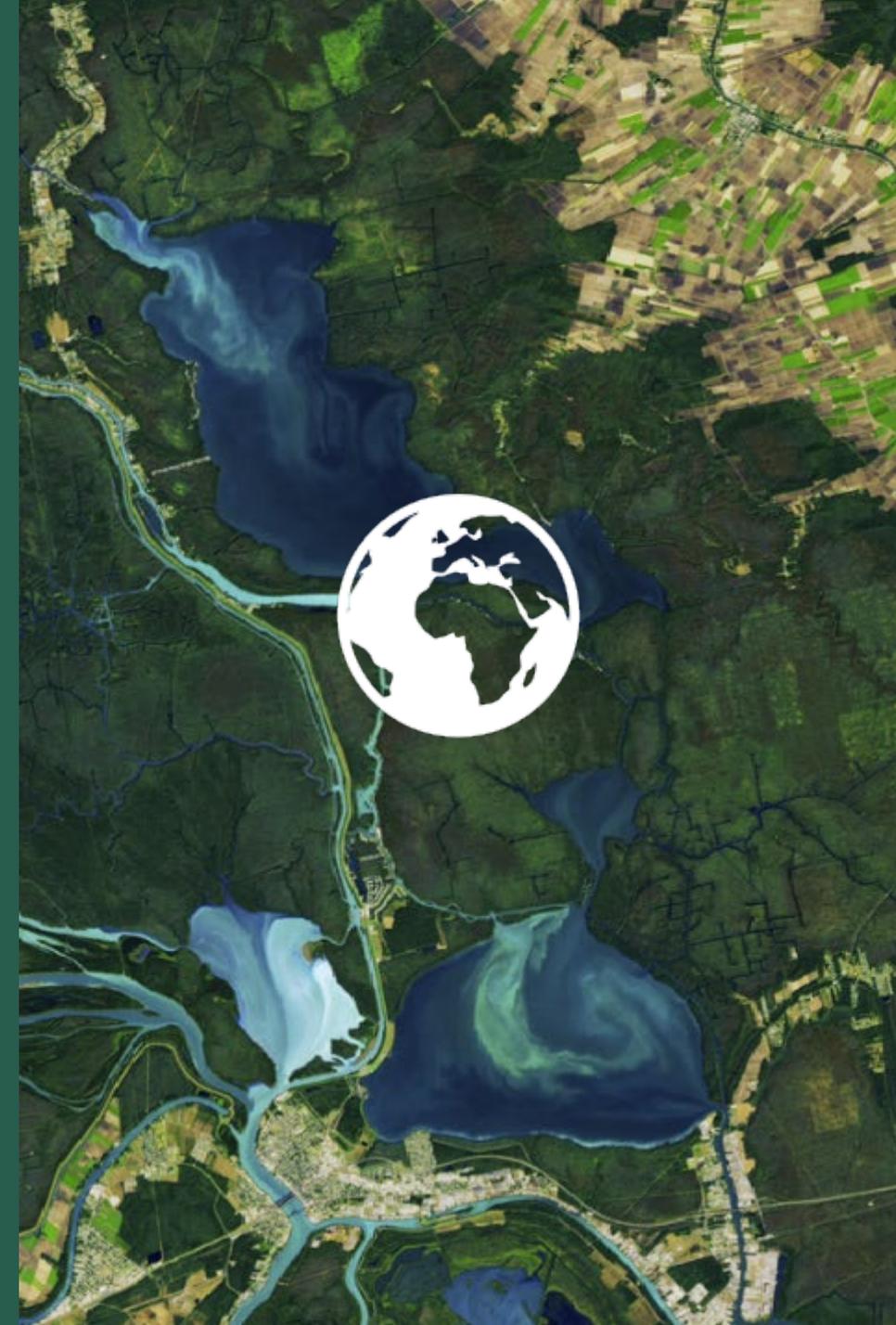
Selected requirements pre-assessed before going  
to the field

Top-class data sources used

Near real time change detection

Reputable technology partner involved

Changing the way we see and think about forest



# FSC GIS Portal

The image displays the FSC GIS Portal interface. On the left is a sidebar with navigation options: FSC GIS Portal, Map Layers, Select Audit Area, Analyze Imagery, Add Contextual Data, Merge and Intersect Layers, and Analyze Principles and Criteria. The main panel shows a map of the Narva region, with a sidebar on the right titled 'FSC Principles and Criteria' listing: Principle 3 Indigenous Peoples' Rights, Principle 4 Community Relations, Principle 6 Environmental Values and Impact, Principle 9 High Conservation Values, and Principle 10 Implementation of Management Activities. Below this is a 'My Layers' section with 'FSC Certified Forests' checked and 'Tree Cover Loss (2001 - 2019)' unchecked. A 'Tree Cover Loss' legend shows a pink square and a time range selector from 2001 to 2019. The map shows the Narva River, Narva Reservoir, and the border between Estonia and Russia. An inset map titled 'Public map of FSC certified forests' shows a satellite view of the same area with green outlines of certified forests. A URL <https://fsc.org/en/certified-forests> is visible at the bottom of the inset map.

# FSC Risk Assessment Platform



Forest Stewardship Council®

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[Quick guide](#)

[User manual](#)

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Country name	Sub-country level	Indicator / Indicator Name																			
		1.1 Land tenure and management rights	1.2 Concession licenses	1.3 Management and harvesting planning	1.4 Harvesting permits	1.5 Payment of royalties and harvesting fees	1.6 VAT and other sales taxes	1.7 Income and profit taxes	1.8 Timber harvesting regulations	1.9 Protected sites and species	1.10 Environmental requirements	1.10a Radioactive material	1.11 Health and Safety	1.12 Legal employment	1.13 Customary rights	1.14 Free, prior, and informed consent	1.15 Indigenous peoples' rights	1.16 Classification of species, quantities, quality	1.17 Trade and transport	1.18 Offshore tradign and transfer pricing	1.19 Custom regulations
Australia		Low	Low	Differentiated	Differentiated	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Differentiated
Austria		Low	N/A	Low	Low	N/A	Low	Low	Low	Low	Low	Low	Low	Low	Low	N/A	N/A	Low	Low	Low	Low
Belarus		Low	Low	Low	Low	Low	Low	Low	Specified	Low	Low	Low	Low	Low	Low	N/A	N/A	Low	Low	Low	Low
Belgium		Low	N/A	Low	Low	N/A	Low	Low	Low	Low	Low	Low	Low	Low	Low	N/A	N/A	Low	Low	Low	Low
Bolivia		Specified	Low	Specified	Specified	Low	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Low	Specified	Specified	Specified	Specified	Specified	Specified	Specified
Brazil		Specified	Differentiated	Differentiated	Differentiated	Differentiated	Specified	Low	Differentiated	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Differentiated	Differentiated	Low	Low
Bulgaria		Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified	N/A	N/A	Specified	Specified	Specified	Specified
Canada		Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	N/A	Low	Low	Low	Low	Low
Chile		Specified	N/A	Low	Low	Low	Specified	Specified	Low	Specified	Specified	Low	Differentiated	Differentiated	Differentiated	N/A	Differentiated	Specified	Differentiated	Low	Low
China	Guangxi Zhuang Autonom.	Differentiated	N/A	Differentiated	Low	Low	Low	Low	Low	Specified	Low	Specified	Specified	Specified	Low	N/A	N/A	Low	Low	Low	Low
	Shandong Province	Low	N/A	Differentiated	Low	Low	Low	Low	Low	Low	Low	Low	Specified	Specified	Specified	N/A	N/A	Low	Low	Low	Low
Colombia		Specified	Low	Differentiated	Specified	Differentiated	Specified	Differentiated	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified
Croatia		Low	N/A	Low	Differentiated	N/A	Low	Low	Differentiated	Differentiated	Differentiated	Differentiated	Differentiated	Differentiated	N/A	N/A	Low	Low	Low	Low	Low
Denmark		Low	N/A	Low	Low	N/A	Low	Low	Low	Low	Low	Low	Low	Low	Low	N/A	N/A	Low	N/A	Low	Low
Ecuador		Specified	N/A	Specified	Specified	Differentiated	Specified	Specified	Specified	Differentiated	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified	Specified
Ethiopia		Low	N/A	Low	Low	N/A	Low	Low	Low	Low	Low	Low	Low	Low	Low	N/A	N/A	Low	Low	Low	Low

SEND FEEDBACK

# FSC Impacts Dashboard



Forest Stewardship Council

## What are the effects of FSC-certification?

A compilation of isolated results from independent scientific studies about the outcomes of FSC-certification across the world's forests.

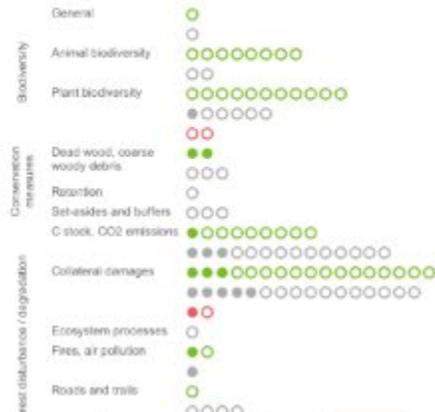
- FSC-certified vs logged forests
- FSC-certified vs undisturbed forests
- How to use this dashboard?
- How to interpret the results?



### Legend & Filter

Direction of result	Level of evidence	
	More robust	Weaker
Positive		
Inconclusive		
Negative		

### Environmental outcomes

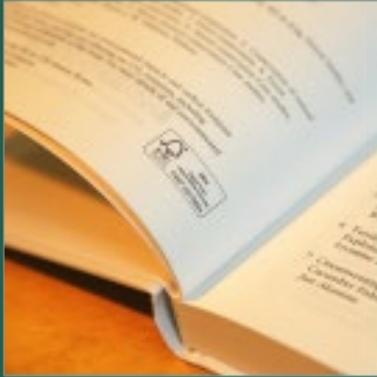


### Social outcomes



### Economic outcomes





**Forest Stewardship Council®**  
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Adenauerallee 134, 53113 Bonn, Germany

T +49 (0) 228 367 66-0

F +49 (0) 228 367 66-30

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# Novel and existing approaches included in trade agreements to reduce/eliminate deforestation and conserve forests

Soledad Leal Campos, Lead, Sustainable Trade, IISD

## Presentation objectives

- To place this discussion in the broader context of the policy choices made by parties to a trade agreement to address environmental objectives.
- To look at the range of specific provisions related to forest conservation contained in trade agreements, with some examples of their implementation.
- To address new approaches to the inclusion of sustainability provisions related to forest conservation in trade agreements, as well as some policy considerations around those initiatives.

# Environment-related provisions in trade agreements

## The broader context

- Forest conservation-related provisions are part of a broader set of policy options
- Such options have ranged from the inclusion of broad preambular language on environment (or no reference at all), to the recent inclusion of a provision for preferential tariff treatment for a product and its derivatives, contingent upon compliance with private sustainability standards linked to forest conservation.
- Other approaches include:
  - Commitments to comply with domestic environmental laws, regulations, and standards
  - Relationship to multilateral environmental agreements (MEAs)
  - Environmental cooperation
  - Environment-related exceptions
  - Other environmental commitments
  - Consultation, conciliation and dispute settlement
- In terms of **enforceability**, approaches include binding and non-binding commitments

# Environment-related provisions in trade agreements

## Environment-related forest provisions in trade agreements

- The TREND and Environment database (Laval/DIE 2018) identifies nearly **300** different types of environmental provisions in **730** trade agreements
- It includes provisions on “Specific environmental issues” (water, wetlands, fisheries, climate change, biodiversity, forest)
- It classifies **environment-related forest provisions** in three main sub-categories
  - 10.05.01 **Conservation** of forests (49 FTAs)
  - 10.05.02 **Sustainable trade** in forestry products (23 FTAs)
  - 10.05.03 **Combating illegal exploitation** of forests (23 FTAs)

# Forest-related provisions in trade agreements

## Two main perspectives

- Substantive law (“design”)
  - (A) Declarative clauses
  - (B) Cooperation provisions
  - (C) “Specific” commitments
- Enforcement
  - (A) ‘Minimalist’ approach
  - (B) ‘Soft’ quasi-judicial dispute settlement
  - (C) ‘Hard’ quasi-judicial dispute settlement

# Forest-related provisions in trade agreements

## Substantive law (“design”)

- A) Declarative clauses
  - Reference to exceptions (GATT Article XX and GATS Article XIV)
  - Reference to the environment or to sustainable development
    - (CAFTA-DR, EFTA-Serbia, EFTA-Albania; China-Pakistan, Australia-New-Zealand-ASEAN).
- B) Cooperation provisions
  - Identify “forest management” as a priority area for a work program
    - (FTAs by LATAM Countries, Canada-Colombia, Chile-Malaysia)
  - Cooperation on “forestry matters and environmental protection”, including execution of relevant national projects and jointly developing new technologies and conducting studies on the sustainable use and processing of timber
    - (China-Peru)

# Forest-related provisions in trade agreements

## Substantive law (“design”)

- C) “Specific” commitments
  - Agreements concluded by the EU include:
    - Encouraging trade in forest products from sustainably managed forests and harvested in accordance with the law of the country of harvest (CETA and MERCOSUR)
    - Development of systems and mechanisms for verification of the legal origin of timber products (Colombia, Peru and Ecuador)
    - **Certification schemes** for sustainably harvested forest products (Central America)
  - Agreements concluded by EFTA also include the development and use of **certification schemes** for forest products from sustainably managed forests (EFTA-Ecuador; EFTA Indonesia)
  - The US-Peru TPA includes an annex on forest sector governance in Peru, with a focus on timber products
  - USMCA includes forest conservation provisions

# Forest-related provisions in trade agreements

## Enforcement

- A) “Minimalist” approach
  - Consultations between the parties (negotiation model)
  - Exclusion of DSM for environmental matters/ SD chapter
    - (Canada- Peru; Korea-Turkey)
- B) ‘Soft’ quasi-judicial dispute settlement
  - Consultations
  - Adjudication by an expert panel
  - Implementation (parties discuss appropriate measures taking into account the panel’s report)
    - (EU-Singapore, EU-Viet Nam-European, EU- MERCOSUR)
- (C) ‘Hard’ quasi-judicial dispute settlement
  - Recourse to the DSM, including the right to adopt trade sanctions in the event of non-compliance
    - (US-Korea FTA, US-Peru; US-Panama; US Colombia)

# Forest-related provisions in trade agreements

## New approaches to the inclusion of sustainability provisions related to forest conservation in trade agreements

- EFTA-Indonesia CEPA, Chapter 8 (8.10 on “Sustainable Management of the Vegetable Oils Sector and Associated Trade)” grants preferential treatment to products which meet sustainability requirements
  - « Stearin (1511.9018)»
  - «Palm oil (other tariff lines in chapter 1511)»
  - « Palm kernel oil (1513.21 / 1513.29)»
- CEPA makes a regulatory distinction between conventional and sustainable production
- In Switzerland, to benefit from preferential tariff treatment, importers of Indonesian palm oil and palm oil derivatives must prove compliance with one of the following **voluntary sustainability standards**:
  - RSPO-certification (international sustainability standard established by the “Roundtable on Sustainable Palm Oil”)
  - International Sustainability and Carbon Certification (ISCC Plus)
  - Palm Oil Innovation Group (POIG)

# Forest-related provisions in trade agreements

Some policy questions and considerations around CEPA Art. 8.10 and the broader issue of the use of private sustainability standards in trade agreements

- CEPA
  - Does the approach contained in Art. 8.10 have the potential to create an incentive to move from conventional to sustainable production and to expand to other products/commodities ?
  - What are the challenges arising from its dependence on private sustainability standards and on private certification processes ?
- Use of private sustainability standards in trade agreements as a condition for (preferential) market access
  - How would mutual recognition work, eventually ?
  - How to tackle the extraterritoriality of PPMs measures and consistency with the WTO ?
  - What other policy decisions are required to support sustainability objectives ?
  - What is the role of cooperation and technical assistance ?



Thank you!  
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Nathalie Bernasconi-Osterwalder: [nbernasconi@iisd.org](mailto:nbernasconi@iisd.org)

Cristina Larrea: [clarrea@iisd.ca](mailto:clarrea@iisd.ca)

Soledad Leal Campos: [sleal@iisd.org](mailto:sleal@iisd.org)

Vivek Voora: [vivek.voora@iisd.net](mailto:vivek.voora@iisd.net)