



TRENDLINES

The Forest Trends Newsletter

March 9, 2005

Dear Friend,

We are gearing up for the global launch of the *Ecosystem Marketplace*SM, the leading global source of information on markets and payments for ecosystem services, in London at the end of the month. We are excited about this initiative which we hope will catalyze transactions in ecosystem service-related markets. We have also completed another in a series of reports that examines the impact of the growing China market on forests and livelihoods around the Pacific Rim region. To read more about this and other recent developments here at Forest Trends, please read on.

Best wishes,

Michael Jenkins

INITIATIVES

MarketWatch – Price-Tracking Element of the *Ecosystem Marketplace*SM to Launch Soon

On March 31, the MarketWatch, the price-tracking element of the *Ecosystem Marketplace*SM will go live. Marketwatch will provide information on specific markets for biodiversity, carbon sequestration, watershed management, and water quality related values provided by conservation and restoration activities. MarketWatch will include a dynamic transaction ticker, and information on pricing trends, and buyers requests/offers in 14 specific ecosystem service markets. Examples of the markets and payment schemes we will be covering in the first phase of the EM Marketwatch include (1) carbon-related schemes, such as The EU Emissions Trading Scheme (EU ETS) and the Chicago Climate Exchange; (2) water-related markets and schemes, such as the US Wetland Mitigation Banking Industry and the payment for watershed services scheme in Mexico; (3) biodiversity-related schemes, such as conservation banking in the and the Australian biodiversity offset programs (e.g. Bush Tender); and (4) other conservation transactions, such as conservation easement deals in the US and conservation reserve programs.

Millennium Project Report Launched

The report of the United Nations Millennium Project “Investing in Development” (<http://www.millenniumproject.org>) was launched in January 2005, together with the more detailed reports of the component Task Forces. Sara Scherr of Forest Trends is co-author of the Hunger

Task Force Report (<http://www.unmillenniumproject.org/html/tf2docs.shtm>). The individual Task Force reports propose specific initiatives related to enhancing forest rights for the poor, sustainable forestry enterprises for poverty reduction, forest biodiversity conservation, investment in watershed and community forest restoration, and agroforestry to improve soil health on food-insecure farms. Forest Trends is actively promoting efforts of the international forestry community to set Millennium targets for the sector: to double community forest tenure rights and half poverty rates among forest-dependent populations, by the year 2015. Organizations and individuals who wish to become actively involved in promoting action to reach the Millennium Development Goals can join the “One Campaign” (<http://www.theonecampaign.org>).

Renegotiating the United Nations Forum on Forests

On May 16-27, 2005, the United Nations Forum on Forests (UNFF) will review the effectiveness of the current international arrangement on forests and decide how to move forward. In preparation for UNFF-5, the Government of Mexico hosted an international meeting to discuss options in Guadalajara on January 25-28, 2005. Forest Trends together with IUCN, CIFOR and CIEL submitted a technical note to this meeting, proposing that the new arrangements (successor to UNFF) be organized around two new global targets: halving extreme poverty in forests and doubling community ownership and rights to use and trade forest products and services by 2015. To read the proposal in English, Spanish or French, visit <http://www.forest-trends.org>

Forest Trends Becomes Member of IUCN-The World Conservation Union

In 2004, Forest Trends officially became an institutional member of the World Conservation Union (IUCN), the world’s largest conservation organization. Several members of Forest Trends’ staff—Michael Jenkins, Arvind Khare, Sara Scherr, and Mira Inbar—participated in the World Conservation Congress organized by IUCN in Bangkok, Thailand last November by co-organizing a session on Payments for Ecosystem Services, as well as a session on Ecoagriculture.

CONVENINGS

Upcoming:

Global Launch of the *Ecosystem Marketplace*SM

On March 31, 2005 Forest Trends and ABN AMRO will host the global launch of the *Ecosystem Marketplace*SM. The event will take place at the ABN AMRO headquarters in London and will highlight the price-tracking element of the Marketplace, the “MarketWatch.” The event will open with a keynote by Sir John Bond, Chairman of HSBC Holdings plc and include representatives of leading global conservation and community development groups, public and private investors, and current market participants. Among the invited speakers are Robert Napier (World Wildlife Fund - UK), Jon Williams (HSBC), Steve Howard (The Climate Group), Dixon Harvey (Environmental Banc and Exchange), Richard Burrett (ABN AMRO), Byamukama Biryahwaho (Environmental Conservation Trust-Uganda), and Mark Nicholls (Environmental Finance Magazine) as moderator. For more information on the event, please contact Mira Inbar (minbar@forest-trends.org).

Recent Events:

“Property Matters: Collective Forest Policy Issues and Opportunities” in Fujian and Beijing
China’s forest policies, including a suite of harvesting regulations and public payment schemes for ecosystem services, have a dramatic impact on forest communities and their incentive to manage their forests and produce wood. Because these local impacts have global implications, Forest Trends, the China Agricultural University, and the Forest Economics and Development Research Center of the State Forest Administration and many other partners in China have been assessing key Chinese forest policies and identifying recommendations for their reform. A national conference entitled “Property Matters: Collective Forest Policy Issues and Opportunities” was held in Beijing January 11-14 to disseminate key findings from this work and advance discussions for reforms in China. To view presentations, final comments by Andy White to the conference as well as a synthesis report (forthcoming), visit <http://www.forest-trends.org/resources/meetings.htm>

Forest Policy Dialogue in India

In India, the Ministry of Environment and Forests (MoEF) has established a National Forest Commission, to review forest policy, legislation, administration and institutions in India, particularly as they relate to local communities and tribal people. A partnership comprised of the World Bank, Forest Trends and MoEF (Ministry of Environment and Forests) made a joint presentation to the Commission in December 2004 in which Forest Trends, together with representatives of the Mexican government and the Chinese Academy of Sciences, highlighted a range of global experiences on how other countries have made the transition to community forestry. To view the presentations, visit <http://www.forest-trends.org/resources/meetings.htm>

PUBLICATIONS

An Overview of the Market Chain for China’s Timber Product Imports from Myanmar

While Myanmar is a small overall supplier to China and indeed a bit player in the global market, its trade with China has major implications for the livelihoods and forests of Myanmar and for livelihoods and industry in China. Forest Trends recently published a report that focuses on the impacts of this trade on Myanmar. This new analysis focuses on the path that Myanmar timber takes in China as it moves from the border through processing to product – and the livelihood dimensions of this commodity chain. Produced by colleagues at the World Agroforestry Center and CBIK in Kunming, China, this analysis is a first step forward in understanding where and how Myanmar timber is used in China and the implications of that use for people and forests in China and Myanmar. To view the report, visit <http://www.forest-trends.org/resources/publications.htm>

“Payment Where It’s Due” – Article in Environmental Finance

Environmental Finance published the article “Payment Where Its Due” by Michael Jenkins, Sara Scherr and Mira Inbar in its November issue. The article examines the current state and potential of markets for biodiversity services. The magazine also featured a short article on our Biodiversity Offset program in its December issue.

Series “Forest Certification: Looking Forward to the Next Decade”

Two new publications in our series on forest certification are now available.

Forest Certification and Governments: The Real and Potential Influence on Regulatory Frameworks and Forest Policies

This collaborative review looks at the experience of four countries that have made an effort to promote forest certification: Bolivia, Cameroon, Malaysia, and Mexico. The review examines how much interplay between this market tool and government regulatory approaches is desirable, and what the role of government in enabling or promoting forest certification or in setting or accepting its standards should be. It concludes that 1) forest certification has provided a credible set of standards on which a few countries have based their own forestry reform principles and agendas; 2) the participation of a diverse range of stakeholders in standard-setting and in the certification process has had positive returns and has provided the groundwork for governments’ participation in a broader forest sector dialogue; 3) that forest certification initiatives can provide credibility for recognizing local tenure rights and for raising tenure issues in the broader country dialogue; and 4) that some governments have successfully provided incentives for forest certification.

Forest Certification and Small Forest Enterprises: Key Trends and Impacts – Benefits and Barriers

This report looks at the small holders’ and small forestry enterprises’ (SFEs) experience with certification. It finds that for some smallholders, cost of production is an increasingly important factor for their ability to stay in the marketplace as are the relationships with wood processing companies and other potential buyers. In the case of others, certification can help them to access niche markets that recognize their products’ quality and the multiple social and environmental values of sustainable forest management. With certified wood markets still in their early stages of growth, smallholders can find it difficult to justify the added expense of running certified operations. The affordability of certification becomes an even greater issue to smallholders in North America and Europe who manage forests for their non-market values and only harvest commercial products intermittently. The case studies of various certification schemes offer comparative lessons that have the potential to shape the course of future standards for small producers and small forests.

To download the papers, visit <http://www.forest-trends.org/resources/publications.htm>

Market Structure Overview for Timber Products from the Brazilian Amazon

Forest Trends together with the Brazilian organizations GTNA and IEB recently completed a study that identifies and characterizes forestry actors and key factors that affect timber market dynamics within the context of community and small holder participation in the market. The report identifies a series of differentiated strategies for communities since much of the policy environment at the state level will determine the success of the community enterprises. The authors also found that the level of organization and access to assistance for management plans significantly helps communities sell their product at better prices and to more select buyers. Communities who lack forest management plans are in general not organized collectively, have little bargaining power with buyers and can only hope to sell unprocessed wood. For a copy of the report in Portuguese, please visit <http://www.forest-trends.org/resources/publications.htm>

Mexico: Market Options and Barriers for Timber and Sawnwood from Michoacán, Oaxaca, Guerrero, Campeche and Quintana Roo

In partnership with the University of Quintana Roo, PROCYMAF (CONAFOR, Mexico National Forestry Commission), and Tropica Rural Latinoamericana, Forest Trends completed an assessment of the market participation and market opportunities for community forest enterprises in five southern states in Mexico. The study examines the competitive advantage of community enterprises in an increasingly global marketplace and identifies some of the constraints and barriers that need to be overcome to continue to successfully develop their enterprises. The study, including an executive summary in English, will soon be available in English and Spanish at <http://www.forest-trends.org/publications.htm>