

Informal Dialogue on LULUCF

Reducing Emissions from Deforestation and Forest Degradation

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- **Market approaches**
 - Annex C Kyoto Protocol
 - REDD Market Mechanism under Convention
 - Sectoral CDM
 - Project CDM

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- **Non Market approaches**
 - National Funding
 - Sub-national Funding

 - Conservation
 - Sustainable Management of Forests
 - Enhancing Carbon Stocks
 - Readiness
 - AIJ
 - Basket Approach
 - Adaptation
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- Permanence
 - Measurement
 - Leakage national
 - Leakage international
 - Transparency
 - Carbon market implications
 - Trade implications
 - Governance
 - Land ownership
 - Sovereignty
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	Permanence	Measurement	
Market Mechanism	<ol style="list-style-type: none">1. Supply side fix2. Demand side fix3. GHG implications		
Annex C			



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In 2003, China imported around 42 million cubic metres of timber products and 52 million cubic metres of pulp and paper.

- Russia, Malaysia and Indonesia are the three largest suppliers with
 - New Zealand, Gabon, Germany, Papua New Guinea, Thailand and the United States, Canada and Myanmar making up the second tier.
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- For pulp and paper, Indonesia, Russia, Canada, South Korea, USA, Taiwan, Brazil and Chile were the major suppliers.
- Some of the wood is sourced from regions where low cost “cut and run” logging is prevalent.
- Efforts to eliminate deforestation or forest degradation in some countries will force the “cut and run” industry to move on to other locations

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- The Chinese market has started to increase its investment in Africa with major forest product trade relations established in Gabon, Cameroon, Equatorial Guinea, Republic of Congo and Mozambique.
 - Nearly all African timber exports to China are unprocessed logs.
 - In 2005, Japan and the USA remained the two largest markets for secondary processed wood products from ITTO supplier countries
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- Demand for tropical timber products is also significant in Europe and on the rise.

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Illegal logging

- Rough estimates suggest that each year, US\$23 billion of forest products are produced globally from illegally harvested timber.
 - Almost 25 percent of hardwood lumber traded globally is of suspicious origin.
 - Almost 30 percent of hardwood plywood traded globally is of suspicious origin.
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Effort to address illegal trade in timber:

- *The World Bank and G-8 have initiated the Forest Law Enforcement, Governance and Trade (FLEGT) process*
 - The EU FLEGT and Voluntary Partnership Agreements (whereby only timber certified as legal The President's Initiative Against Illegal Logging
 - Other initiatives by NGOs such as the Responsible Asian Forest and Trade initiative.
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- Double emissions effect from International Leakage in market mechanism

Emissions from displaced activity

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Emission from the granted offset



Means to Address International Leakage

- All in
- Definitional restriction on the term leakage in any REDD agreement.

Demand Side Management:


- if Annex I Parties wish to seek carbon credits from the REDD market, then create what could be called 'carbon deficit levies' (CDLs), for importing countries.



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- The IPCC could be tasked with developing a metric for the estimation of emissions depending on the source of the imported timber products.

Next Steps

- Build capacity in developing country forest inventories
 - Develop non-market funding opportunities
 - Assist in building capacity to combat illegal logging
 - Develop demand side measures
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Thank you



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