



State of Negotiations leading towards Copenhagen, REDD + and Mapping the Future of the Timber Industry in Malaysia

Gary W. Theseira

Malaysia Timber Council

25 November 2009



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INSTITUT PENYELIDIKAN PERHUTANAN MALAYSIA
FOREST RESEARCH INSTITUTE MALAYSIA (FRIM)

Outline

- *What have you heard?*
- *The Current State of Play in the Negotiations*
- *REDD/REDD +*
- *The Elephant in the REDD room?*
- *Mapping the future of forestry in Malaysia*

Current State of Play – CP1

- *We are now well into the First Commitment Period (CP1) of the Kyoto Protocol (KP)*
- *CP1 of the KP lasts from 2008 to 2012*
- *Annex I (Developed country) Parties have had time to assess their emissions reduction performance*
- *Just over three years remain to meet compliance targets*
- *General consensus – Many Annex I Parties will have great difficulty meeting their emissions reduction targets by the end of 2012*

Current State of Play – CP1

- *This inability to achieve the targeted emissions reductions has happened in spite of:*
 - *the adoption of later baselines and hot air*
 - *the use of existing LULUCF loopholes that can underestimate emissions*
 - *use of inter-Annex I Party flexibility mechanisms (JI and ET)*
 - *use of non-Annex I Party flexibility mechanisms (CDM)*
- *Japan is way over its emissions quota – has cited existing high efficiency as reason why emissions reduction is near impossible*
- *Canada has given up trying to achieve its emissions reduction target*
- *Net result – emissions reductions scheduled for CP1 will now need to be carried over and achieved instead during CP2 (2012 - ?)*

Negotiating the Rules for the Future – CP 2

- *Now, under article 3.9 of the KP, they are being asked to consider their targets for the second commitment period (CP2) of the KP*
- *CP2 calls for further emissions reductions commitments below the targets committed to in CP1*
- *Given their dismal current performance, they are understandably cautious*
- *Emissions reductions proposals thus far are disappointingly conservative*
 - *Australia announced it would reduce emissions by 25% of 2000 levels by 2005 subject to conditionalities involving:*
 - *“Major developing economies”*
 - *“Economically more advanced developing countries”*
 - *“Comparable reductions by other developed countries”*
 - *Russian ‘decrease’ actually amounts to an increase due to its hot air allowance*

More disappointing emissions reductions proposals

- *New Zealand emissions reduction proposal is 10-20% below 1990 levels and fraught with conditionalities (including Harvested Wood Products, etc.)*
- *Canada announced it would reduce emissions by 20% of 2006 levels by 2020*
- *Japan – 15% reduction from 2005 emissions levels by 2020*
- *US – zero % reductions below 1990 levels by 2020*
- ***BUT not all the news is bad!***
 - *The EU provides for 20 to 30% reductions of 1990 levels by 2020 provided comparable reductions are made by other developed countries*
 - *Norway – 30% reduction from 1990 levels by 2020 and carbon neutral by 2030*

Chicken or Egg?

On the one hand,

the AI Parties cannot make an informed choice on reductions targets without knowing what level of flexibility the NAI Parties will negotiate,

While, on the other hand,

the NAI Parties cannot make an informed choice on the level of flexibility to allow the AI Parties, without knowing the targeted level of reductions AI Parties will commit to

Most recent developments in Barcelona ...

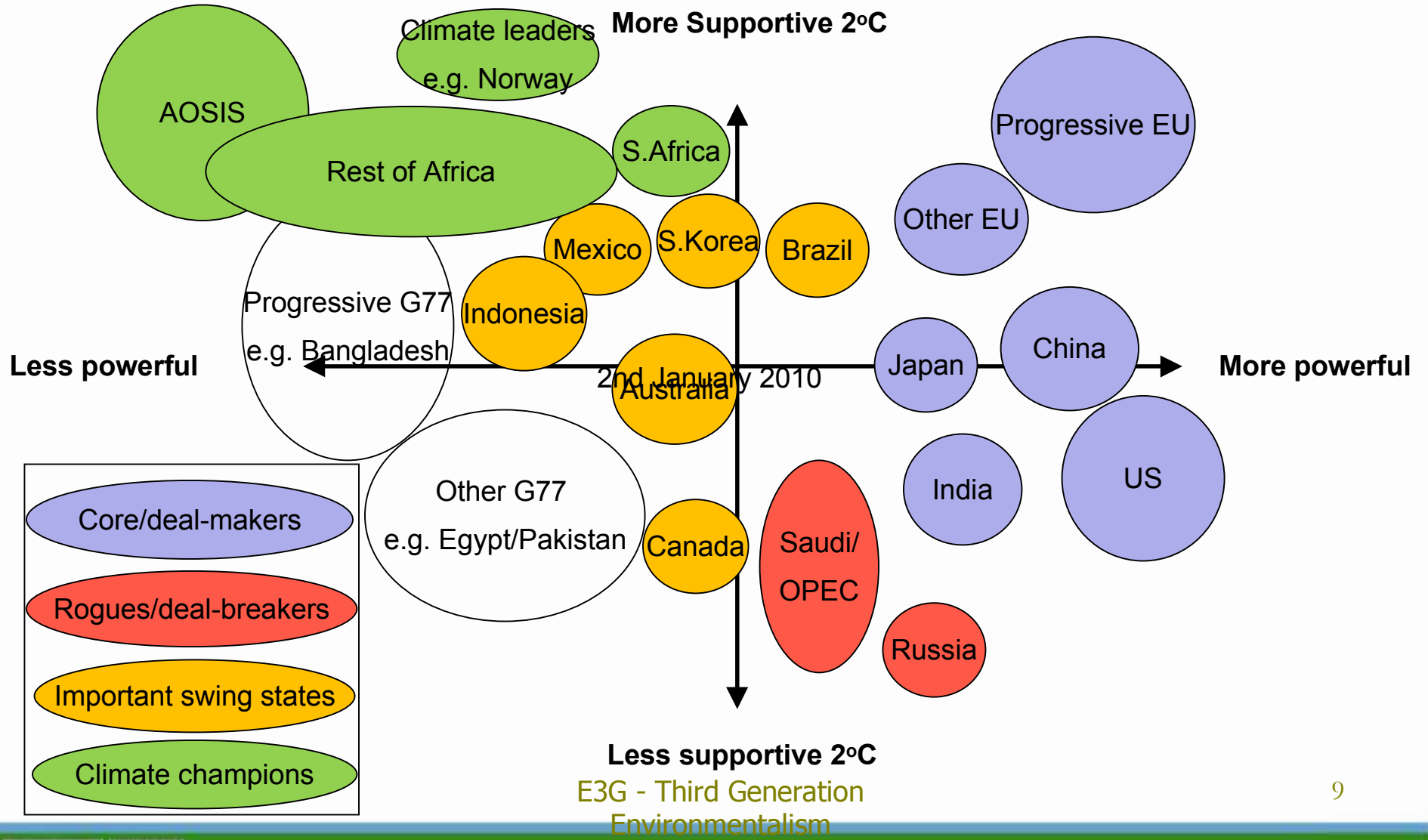


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Understanding the Key Players

- **Core Deal Makers:** countries which have to be in the core deal to make it work, and have to be convinced deal is in their strategic interest. Too big or powerful to bribe or bully into decarbonisation. - *ENGAGE*
- **Rogue States/Deal Disrupters:** countries who are not in the core but have power to disrupt the deal and may in the end not sign up. - *DISRUPT*
- **Important Swing States:** number of mostly key G77 states who will help define the block politics in UNFCCC negotiations and the effectiveness of that process and outcome. - *INFLUENCE*
- **Climate Champions:** active states who can propose deals and solutions when the main players are frozen by block politics – critical for building momentum and trust. - *SUPPORT*

Mapping the key players





What will come out of Copenhagen?



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REDD Origins and Background

- United Nations Framework Convention on Climate Change (UNFCCC) signed – 1992
- Kyoto Protocol (LP) signed – 1997
- Reducing Emissions from Deforestation in Tropical Countries (REDD) Originally proposed by PNG and Costa Rica in an attempt to incentive deforestation avoidance – 2005
- Supported by the findings of the Stern Economic Review
- Evolved firstly to include “and Degradation” (strongly supported both by the original proponents by Malaysia)
- Further evolved to include the ‘plus’ component (an initiative led by India with support from many developing countries including Malaysia)
 - Enhancement of forest carbon stocks
 - Sustainable management of forests
 - Conservation
- Explicitly, though ambiguously outlined in the Bali Action Plan (Paragraph 1(b) iii of decision -/CP.13)



Current REDD/REDD+ developments in international fora

- **Emergence of readiness and piloting or demonstration mechanisms**
 - Forest Carbon Partnership Fund (FCPF) through the World Bank
 - Readiness Mechanism
 - Carbon Finance Mechanism
 - Norway's REDD Fund called UN-REDD
 - Support to National Programmes
 - Global Activities
 - The Australian REDD readiness fund
- **Experiences of countries engaged in early action**
 - Vietnam – FCPF and UN-REDD PLUS Others
 - Brazil – self funded preparation for REDD
 - Ecuador – self funded – solving land tenure issues
 - Honduras – self funded – disbursal mechanism critical
 - Congo – seeking FCPF and UN-REDD
 - PNG – FCPF funded (disputed)
 - Indonesia – Australian REDD funded

- **Common threads and difficulties**
 - Inconsistency between criteria of the different programmes
 - Excessive demand coupled with insufficient funds
 - Incompatibility with national circumstances
 - Conditions and eligibility criteria
 - Calls for commitment to an as-yet undefined instrument

The Way Forward

Domestic activities

- *Develop a National REDD+ Strategy and Action Plan*
 - *Science/Performance/Results-based approach*
 - *Propose National REDD+ Framework*
 - *Propose a flexible disbursement mechanism*
 - *Develop national accounting with sub-national baselines*
 - *Sub-national piloting activities*
 - *Gear activities to meet the demands of both the voluntary, compliance markets*
 - *Conduct workshops and awareness and capacity building seminars for stakeholders.*
- *Advocate that the National Forest Council take the lead in coordinating and organising state readiness activities with stakeholders*
- *Encourage states to avail themselves of the various databases, institutional and individual capacities at their disposal, possibly through the use of a REDD+ Information Portal*



The Way Forward

Under negotiations on REDD+

- *Advance positions favourable to*
 - *avoidance of deforestation (including forest conservation);*
 - *sustainable management of forests;*
 - *reduced emissions from forest degradation and forest management activities (including reduced impact logging);*
 - *forest restoration, and*
 - *enhancement of forest carbon stocks*
- *Negotiate for*
 - *flexible establishment of national and sub-national baselines and, where possible, and*
 - *more recent cutoff dates.*

The Way Forward

- *In terms of readiness/demonstration funding*
 - *Enhance funding for readiness and demonstration projects*
 - *Ensure funding criteria by the various funding organizations are realistic and consistent.*
- *Implementation Approach*
 - *Support the proposed three-phased approach;*
 - *Planning*
 - *Demonstration/Piloting*
 - *Progressive Implementation*
 - *Call for additional funds for the readiness phase*
 - *Advocate a mixed (public/market) funding basket for the demonstration phase;*
 - *Support a market mechanism (offsets of emissions by developed country parties) commensurate with the depth of emissions reductions targets proposed by Annex I Country Parties for the implementation phase;*
 - *Support the proposal of an emissions offsets cap to ensure enhanced domestic emissions reductions.*

Issue

- *REDD+ is seen as having the potential to substantially reduce global emissions from reforestation and forest degradation*
- *In the interest of 'Environmental Integrity', the objectives of the REDD+ text make reference to stabilising forest cover.*
- *Other initiatives such as the Waxman Markey Climate Bill make specific references to zero net deforestation by a given target date*
- *It is very important to note that any notion of a cap on deforestation has deep and long-lasting implications for developing countries that:*
 - *Have large and growing populations to feed*
 - *May already have converted large forest areas for this purpose*
 - *Need to convert land for housing, industry and infrastructure as identified as a priority in the Convention*
 - *Need to eradicate poverty*

Implications

- *Putting a cap on deforestation and increasing C stocks implies capping:*
 - *Agriculture land*
 - *Food Crops*
 - *Cash Crops*
 - *Housing Development*
 - *Industrial Development*
 - *Infrastructure Development*
- *While*
 - *Eradicating poverty and*
 - *Developing sustainably*
- *Through*
 - *Payments for carbon*
 - *Payments for other Ecosystem Services*

Question:

- *Does such a model for sustainable development exist?*



Countries Depicted

Australia	Greece	Poland	Brunei Darussalam
Austria	Hungary	Portugal	Cambodia
Belarus	Iceland	Romania	Indonesia
Belgium	Ireland	Russian Federation	Lao PDR
Bulgaria	Italy	Slovakia	Malaysia
Canada	Japan	Slovenia	Myanmar
Croatia	Latvia	Spain	Papua New Guinea
Czech Republic	Liechtenstein	Sweden	Philippines
Denmark	Lithuania	Switzerland	Singapore
Estonia	Luxembourg	Turkey	Thailand
Finland	Netherlands	Ukraine	Viet Nam
France	New Zealand	United Kingdom	
Germany	Norway	United States of America	



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Sorted by percent forested land area remaining

- Developed countries retaining forest:
 - Have strong Industrial base
 - Have less arable land
 - Have Marine-based economies
- Majority of developing countries have retained forests
- Majority of developed countries have given up forests for agriculture and industrial land use
- Thailand and Philippines have given up forest for agriculture
- Singapore - City State has little forest to begin with

COUNTRY	CCLASS	TOT AREA	FOR AREA	AG AREA	%FOR	%AG
Lao PDR	2	23680	15986	2129	67.50845	8.990709
Finland	1	33842	22510	2295	66.51498	6.781514
Japan	1	37793	24864.8	4650	65.79208	12.30387
Papua New Guinea	2	46284	29158.8	1040	62.99974	2.246997
Slovenia	1	2027	1274.5	500	62.87617	24.667
Malaysia	2	32974	20609.6	7870	62.50258	23.86729
Sweden	1	45029	27549.6	3136	61.1819	6.964401
Cambodia	2	18104	10909.4	5455	55.28833	30.13146
Estonia	1	4523	2300.4	823	50.86005	18.19589
Brunei Darussalam	2	576	274	11.4	47.487	1.975737
Russian Federation	1	170982	808598.6	215463	47.29134	12.60147
Myanmar	2	659	31289.2	11984	46.24544	17.71235
Austria	1	8387	3871.6	3240	46.16192	38.63121
Latvia	1	6459	2963.4	1839	45.88017	28.4719
Indonesia	2	190457	84752.2	48500	44.49939	25.46507
Liechtenstein	1	16	6.9	6	43.125	37.5
Uganda	1	9212	3863	3496	41.93443	37.9505
Viet Nam	2	33121.2	13413.4	10072	40.49793	30.40953
Slovakia	1	4903	1932.2	1930	39.40853	39.36365
Belarus	1	20760	7912.4	8950	38.11368	43.11175
Croatia	1	5659	2137.4	1201	37.76992	21.22283
Spain	1	50537	18506.6	28660	36.6199	56.71092
Italy	1	30134	10191.8	13888	33.8216	46.08748
Czech Republic	1	7887	2652.4	4249	33.63002	53.87346
Bulgaria	1	11100	3725	5116	33.55856	46.09009
Luxembourg	1	259	86.8	131	33.51351	50.57915
Lithuania	1	6530	2130.6	2695	32.62787	41.27106
United States of America	1	963203	303407	411158	31.4998	42.68654
New Zealand	1	26771	8342.2	12286	31.16133	45.89294
Canada	1	998467	310134	67600	31.06102	6.770379
Germany	1	35712	11076	16950	31.01478	47.46304
Switzerland	1	4128	1229.8	1561	29.79167	37.81492
Poland	1	31268	9245.2	16177	29.56761	51.7366
Norway	1	32380	9421.4	1033	29.09636	3.190241
Greece	1	13196	3812.4	8280	28.89057	62.74629
France	1	54919	15635.2	29418	28.46956	53.56616
Thailand	2	51312	14402.4	19750	28.06829	38.49002
Romania	1	23839	6371.6	13546	26.72763	56.82285
Philippines	2	30000	6847.2	11500	22.824	38.33333
Belgium	1	3053	667	1370	21.84736	44.87389
Hungary	1	9303	2003.6	5807	21.53714	62.42072
Australia	1	774122	163291.2	425449	21.09373	54.95891
Ukraine	1	60355	9601	41266	15.90755	68.37213
Turkey	1	78356	10224.2	39454	13.04839	50.35224
United Kingdom	1	24361	2865.8	17647	11.76388	72.43956
Denmark	1	4309	505.6	2663	11.73358	61.80088
Ireland	1	7028	693	4276	9.860558	60.84234
Netherlands	1	4153	367	1914	8.836985	46.08717
Singapore	2	70.7	2.3	0.8	3.253182	1.131542
Iceland	1	10300	49.2	2281	0.47767	22.14563



Sorted by percent land devoted to agriculture

- Majority of developed countries have highly developed agriculture sectors
- Thailand and Philippines have given up forest for agriculture
- Most developing countries are beginning to develop their agriculture land use sectors
- Singapore - Small as it is has allocated the least land to agriculture

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Axioms

- *Countries with large populations to feed need to :*
 - *Devote sufficient land to agriculture (if possible) and/or,*
 - *Import food paid for through a strong industrial base*
- *Countries without suitable agricultural land may be able to protect forests if:*
 - *They rely on non-terrestrial food sources such as oceans and/or,*
 - *They have an industrial base capable of generating revenue to import food*
- *Most developed countries have converted land for agriculture:*
 - *To ensure food security, and*
 - *To generate export revenue,*
- *While devoting other land for:*
 - *Building a robust and competitive industrial base*
 - *Building efficient and effective infrastructure, and*
 - **GENERATING GHG EMISSIONS IN THE PROCESS**

Corollaries

- *Few developed countries have managed to achieve developed nation status while protecting and preserving more than half their land area as forests*
- *The few countries that have managed to do so have a combination of one or more of the following:*
 - *Small populations*
 - *Topography not suited to agriculture*
 - *Climate not suited to agriculture*
 - *Valuable natural resources*
 - *A high-value industrial base and well-developed markets*
- *No country has managed to protect its forests at levels above 50% merely by paying itself a one-time payment of comparable carbon values as compensation for the need to import food and to offset the opportunity cost of land conversion!*

Conclusions

- *Eligibility criteria for REDD+ should not include permanent or irreversible caps on deforestation or forest cover*
- *REDD+ should include a technology transfer component that yields similar foreign revenue returns on a per unit land basis as well as*
- *Technology transfer that increases the efficiency of energy production, use and*
- *Technological, managerial and financial capacity building*

Consideration of a low-emissions development strategy

- *All parties are under pressure to implement development policies that reduce emissions*
- *More countries have announced that they will be implementing low-emission development strategies*
- *Detailed examination of all sectors, in particular key sectors such as energy, transportation and waste ...*
- *... as well as sensitive sectors such as forests*
- *Emergence of the Nationally Appropriate Mitigation Actions (NAMAs)*
- *Change is always difficult, and most difficult is changing mindsets*

Consideration of a low-emissions development strategy

- *Question all conventions and norms*
- *Examine objectives of all activities*
- *Assess the prevailing methodology for achieving these objectives in light of the emissions involved*
- *Take into account peripheral activities and their effects*
- *Brainstorm low emissions solutions*
- *Implement required changes*
- *Embark on information dissemination programmes*

The future of forestry in Malaysia

- *From a sequestration standpoint, production forest is actually preferable to letting trees die in the forest.*
- *Sustainability – an essential criterion*
- *Integrity of natural forest ecosystems*
- *Integrity of the network of natural production forests ...*
- *... supplemented by a network of plantation forests*
- *The increasing importance of standards and certification*
- *Changing the timber valuation paradigm*



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Working examples

- *Timber production should be about sustainable ecosystems, livelihoods, and income, not about creating timber barons*
- *Shift from high volume, low value to low volume, high value*
- *Timber should have value by the cubic metre, not just by the truckload*
- *Focus on added value products, high efficiency and intensive recovery*
- *Means of adding value*
 - *Rebranding and eco-labelling*
 - *Payments for ecosystem services*
 - *Forest Ecotourism*



