



Markets: the key to sustainability

Healthy national and international markets are essential for sustaining forests

La Antigua, 16 November 2011. The Collaborative Partnership on Forests (CPF), an international consortium of 14 organizations, secretariats and institutions working on international forest issues, called today for more attention to the key role that markets play in sustaining the environment, and in particular the world's forests.

Emmanuel ZeMeka, Executive Director of the International Tropical Timber Organization (ITTO, a CPF member) noted that "for many countries forests provide a major source of foreign exchange and domestic revenue for economic development" and highlighted the need to establish markets for "a wider range of the goods and services provided by forests." He made his remarks ahead of the ITTO's Annual Market Discussions in La Antigua, Guatemala, which focus on the benefits of trade in wood products to the international community.

Expanding markets for forest products and services

Given that the output value of the world's forest industries was \$1.7 trillion and global wood products exports were worth around \$400 billion in 2010, it is clear that international and domestic markets for these products are very significant, both in formal and informal parts of the economy. A common trend globally is to add more value to products domestically and invent new products and solutions to promote wood use. Tropical countries account for about 10% of global output value, and of forest products exports. However, significant areas of forests in these countries continue to be lost every year.

How can more value be added to forests to ensure that they are well-managed and are not converted to other land-uses? The CPF maintains that markets have a crucial role to play in this regard. Recent studies have shown that the potential ecosystem values of forests, when taking into account their benefits to water, biodiversity, carbon storage and other diverse functions, total in the trillions of dollars. Few functioning markets exist to realize these values, however, so they remain largely theoretical, especially in developing countries where the need to increase the value of standing forests is most urgent.

Recent developments in carbon markets are encouraging in this regard. A voluntary market in forest carbon is developing to help countries in their efforts to mitigate and adapt to climate change. Discussions on reducing emissions on deforestation and degradation under the framework of the UN Framework Convention on Climate Change may result in an international forest carbon market, or a fund-based mechanism, but there is still work to be done to operationalize this. In the meantime, regional and bilateral initiatives to compensate countries that conserve and sustainably manage their forests have raised hopes that emerging forest carbon markets will be a significant new source of revenue to add value to forests.

Alternative solutions sought in the transition to the green economy

Even if carbon markets will deliver the benefits hoped for, there will still be a need to realize more of the values of forests in order to compete with highly lucrative alternative land-uses like oil palm, soy beans and other agricultural and energy crops. International initiatives need to look for innovative solutions, including payments for biodiversity conservation. Despite global concern regarding the loss of biodiversity, the forests that hold the bulk of it are those that are being lost the fastest. With this evidence of a market failure, it should be within humanity's grasp to introduce payments similar to those being developed for carbon to help fund conservation of biodiversity.

Additionally, a move toward a green economy in many parts of the world has resulted in rising demand for eco-friendly products. This demand ranges from building materials to less carbon intensive fuels. New technologies and the use of more wood fibre from forests can play a role in meeting these mounting demands. Increasing use of sustainably produced wood in existing and new applications needs to be a key component of any transition to a green economy. In the effort to promote such products, market distortions need to be avoided and subsidies should not divert resources to less than optimal uses. And efforts such as certification and public procurement policies to ensure that forest products really do meet the environmental standards required of them should not become market barriers.

The forest sector has played and continues to play an important and long-term role in the social, environmental and economic development of many countries around the world. The CPF is working to help unlock the potential of markets to realize the value of forests in reducing carbon emissions, conserving biodiversity, providing clean water and other roles that forests play and thereby retain these values in perpetuity.

The [Collaborative Partnership on Forests \(CPF\)](#) is a voluntary arrangement among 14 international organizations and secretariats with substantial programs on forests. The CPF's mission is to promote the conservation and sustainable use of all types of forest and strengthen long term political commitment to this end.

CPF members:

Center for International Forestry Research (CIFOR)
Convention on Biological Diversity (CBD Secretariat)
Food and Agriculture Organization of the United Nations (FAO)
Global Environment Facility (GEF Secretariat)
International Tropical Timber Organization (ITTO)
International Union for Conservation of Nature (IUCN)
International Union of Forest Research Organizations (IUFRO)
United Nations Convention to Combat Desertification (UNCCD Secretariat)
United Nations Development Programme (UNDP)
United Nations Environment Programme (UNEP)
United Nations Forum on Forest (UNFF Secretariat)
United Nations Framework Convention on Climate Change (UNFCCC Secretariat)
World Agroforestry Centre (ICRAF)
World Bank (World Bank)

For more information contact:

S. Johnson, ITTO (johnson@itto.int) or J. Tissari, FAO (Jukka.Tissari@fao.org)