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Mr. Chairman,

Excellencies,

Dear Colleagues,

Ladies and Gentlemen,

It is a great pleasure for me to be here with you in beautiful Saint Petersburg for this Ministerial Conference on Europe & North Asia Law Enforcement and Governance. I would like to thank the Host Country and the Government of the Russian Federation, the World Bank and other supporting parties, particularly the supporting Governments, for co-sponsoring this initiative. The broad participation of the stakeholders, private sector and civil society clearly resonates and responds to proposals and suggestions of the UN Forum on Forests for a continued dialogue to clarify and better understand actions for better forest governance.

We have learned that forest policy problems vary greatly in nature and gravity, depending on the location and over time. Nation States have opted for formal agreements to prevent further damage or to achieve desired objectives. The Saint Petersburg Declaration, like any international agreement, has been negotiated to modify the policies of Nation States, the behaviours of their citizens, and, through them, those of private sector actors. It naturally follows from this that an international agreement, such as the outcome document of this Conference, will be as effective as the parties commit to make it. To that end,

the implementation or compliance of the provisions and spirit of any international agreement should be an essential prerequisite for change, and should require that it would be systematically monitored, assessed and reported.

As the past Fifth Session of the UN Forum on Forests has shown, there is little doubt that developing an effective international forest regime will not be easy. With the complexity of developing and effectively implementing an international policy framework on forests, we need to meet the challenge of balancing the territorial sovereignty issue with the cross border nature of most trade-related, and many economic, social and environmental issues, too.

Mr. Chairman,

The complexity of forest governance and law enforcement issues signals that the most effective outcome can be reached only by broadly-based collaborative and participatory action, and with a combination of different means of implementation, by combining market-driven instruments and national and international policy guidance and regulation.

The growing concerns for human and property rights, the role of indigenous people and local communities, tension on rural-urban interface, and balancing local-global priorities present another set of challenges. Furthermore, forests have a multitude of interest groups - often with conflicting demands on uses of forest goods and services. Balancing their concerns in policy and programming for sustainable forest management, even at the national level, for example, by linking specific cross-sectoral concerns and participatory processes as part of the national forest programmes or similar strategies, is sometimes complicated enough, and doing so at the global level is even more challenging.

One of the key challenges, in many parts of the world, is the apparent lack of ownership and lack of access to forests and the market. This can prevent the poorest of people even from getting started. On the other hand, when people have control and ownership of forests, they have greater opportunities to capitalize on forest assets, and an even greater incentive to sustain the resources. Again, good land stewardship and clear principles of social responsibility are pre-requisites for sustainable forest management.

It is also clear that supportive policies and enabling environments are instrumental in attracting the private sector, and in creating the much-needed forest markets and revenues from forest products and services. The financial returns from investing in forestry are often low, because sales prices are kept artificially low. In many countries, timber prices are still set administratively, and if they are set too much below the

market price, they reduce the profitability of SFM and the demand for additional investments. Agricultural and land policies reducing the relative profitability of SFM have the same effect.

One of the major trends in developing countries is privatization. It is expected to give a direct boost to the demand for appropriate technologies, while opening new possibilities to finance the acquisition of it. Converting public enterprises into private companies is a major feature of the economic restructuring of many developing countries.

Mr. Chairman,

We have concluded many times that forests and forest products should be used in support of social development, environmentally sound management and conservation and economic growth in a sustainable manner, thus contributing to the overall development of the society as a whole. But how to bring stability, and at the same time expand the capabilities, of individuals and communities dependent on forests? There is no simple answer, but strengthening institutional capacity for good governance and providing extensive opportunities for education, especially for girls, is one important factor in maintaining a healthy local and national economy. The agro-forestry concept is another one, offering very promising schemes for long-term sustainability in many parts of the world. But lack of economic opportunities would lead to the opposite. Combine this with a general weakness of the rule of law, and it may destroy ecosystems and deprive the local forest-dependent community and their livelihoods.

Ladies and Gentlemen,

Let me now briefly touch upon the intergovernmental work under the UN Forum on Forests and, particularly, the most difficult task of the sixth session of the Forum, to be held from the 13th to 24th of February next year in New York. We will face intensive discussions and an interesting consensus-building exercise on how to address the issues of a voluntary instrument, means of implementation, financing SFM, and future working modalities of the UN Forum on Forests, including regional aspects, establishment of global goals and the articulation of the future priorities and conceptual framework of sustainable forest management.

The principal objective of the international forest arrangement is to ensure that the world's forests are sustainably managed. To this end, the message you are sending is most important, when articulating the broad international objectives of sustainable forest management. The Chairman's bracketed text will be the basis for elaboration, as presented in the final report of the Fifth Session. As this Conference has shown, there is already a wealth of information and a lot of useful experience and lessons learned on forest law enforcement and governance. To ensure maximum visibility for the outcome of this

conference, I would encourage the Russian Federation, as Host Country, to submit the final report to the UN Secretariat, and also to present it during the Session.

I look forward to learning from your comprehensive report at the next Session of the UN Forum on Forests, and again wish to thank the Host Country and the Organizing Committee for this opportunity to address you, and for the most useful outcome of this initiative.

I thank you very much, and thank you for your attention!