

REDUCING EMISSIONS FROM DEFORESTATION IN DEVELOPING COUNTRIES

Submission of Views by Malaysia

The 12th Session of the Conference of Parties (COP) to the UNFCCC invited , Parties and accredited observers to submit to the Secretariat, by 23rd February, 2007, their views on issues relating to reducing emissions from deforestation in developing countries, focusing on the discussions of on-going and potential policy approaches and positive incentives, the technical and methodological requirements related to their implementation, the assessment of results and their reliability, and improving the understanding of reducing emissions from deforestation in developing countries.

Malaysia had submitted her views on this issue based on the request of the 11th Session of the COP and again welcomes this opportunity to make a submission and presents the following views.

General Principles of Curbing Deforestation

As indicated in the previous submission (FCCC/SBSTA/2006/MISC.5), Malaysia recognizes the importance of tropical forests in mitigating the adverse impacts of climate change. In this respect, we are pleased to highlight that Malaysia is bestowed with relatively large tracts of natural tropical forest which covers about 60 % of our total land area. At the same time, the forests in Malaysia also play a significant role in the socio-economic development of the country. As such, it is to our own interest to conserve and manage our forest resources on a sustainable basis. Thus, the discussion on seeking incentives for reducing emissions from deforestation in developing countries (REDD) is pertinent to Malaysia.

Malaysia shares the view elaborated in the Stern Review (The Economics of Climate Change) that curbing deforestation is a highly cost-effective way of reducing greenhouse gas emissions while at the same time helping preserve biodiversity and protecting soil and water resources. Such efforts are also in line with other multilateral environmental agreements as well as national policies. Malaysia believes that efforts in curbing deforestation in developing countries will indeed result in attaining real and measurable benefits for the climate which is in accordance with Article 2 of the convention. Currently there are no opportunities under the protocol that provides incentives for curbing deforestation in developing countries. In this respect, it is opportune that significant positive incentives that are credible be provided to developing countries for reducing emissions from deforestation. For the purpose of providing such incentives, Malaysia also feels that the definition of deforestation needs to be broad enough to cover the various levels and patterns of forest degradation. This is important as any level of degradation exists on the continuum between completely sound, protected forests and complete deforestation. As such, a pattern of continued forest degradation will contribute significantly to a net increase in emissions, eventually culminating in complete deforestation and should therefore be differentiated from sustainable forest management.

The application of these incentives however must be implemented in a fair and equitable manner to ensure that countries with different capacities and socio-economic status are not disadvantaged. Malaysia particularly would like to ensure that the mechanism to be developed for the provision of positive incentives will not be disadvantageous to countries that have relatively large tracts of natural forests and historically have been able to maintain a low deforestation rate or that have managed to control deforestation through sustainable forest management practices.

Policy Approaches for Reducing Emissions from Tropical Deforestation

Malaysia believes that the basic principle of applying policy approaches to reduce emissions from tropical deforestation in developing countries is that it should be fair and equitable and should promote significant retention of forested lands. Malaysia recognises that selective harvesting based on sustainable forest management principles does not contribute to deforestation and results in a stable forest ecosystem in the long run.

Retention of Remaining Forests

Policy approaches on reducing emissions from deforestation should be designed to be sufficient and cost effective and derived based on measures taken as well as the opportunity costs foregone. In this regard, developing countries that have been able to retain large tracts of natural forests will be under greater pressure to convert forest to other land uses such as agriculture and industries. In this regard, incentives for such countries should be maximized to ensure that the remaining forest remains intact. Both total protection and sustainable forest management practices should be considered as positive practices to avoid deforestation.

Capacity Building

Developing countries with forests are very diverse in their socio-economic status. In this respect, their ability to implement measures to avoid or curb deforestation varies significantly. Provision of incentives will encourage the formulation and implementation of effective measures to reduce deforestation which in turn will also provide other benefits to developing countries such the conservation of biodiversity and the maintenance of soil and water resources. Malaysia believes that new and additional funds will have to be set aside for developing countries to assist in building technical and institutional capacity to implement effective measures to reduce emissions of GHGs from deforestation. Such funds must be made available early by Annex 1 Parties should not be taken from those funds that have already been allocated or planned under the ODA.

Mechanism for Positive Incentives

Malaysia recognizes the role of the CDM in providing incentives for afforestation and reforestation (AR) activities undertaken in developing countries. In this respect, any mechanism to create positive incentives for reducing emissions from deforestation should not undermine the existing AR CDM mechanism, and should be seen as further enhancing the involvement of developing countries in emissions reduction. However

areas of A&R that have been allocated for CDM should not be eligible under the REDD mechanism. In formulating appropriate mechanisms on positive incentives for reducing emissions from deforestation in developing countries, Malaysia believes that it should be voluntary, flexible, and offer a range of incentives that would be applicable to the wide variety of forestry environments, management regimes and socio-economic and development conditions of developing countries. To encourage Annex 1 countries to invest in REDD credits, consideration could be given to using REDD credits for meeting part of their commitments. However, Malaysia would like to reiterate our stand that domestic efforts to reducing emissions by Annex 1 Parties remain the most effective effort to reducing emissions and mitigating climate change.

The mechanism must be flexible enough to cater for countries that have low deforestation rates and are practicing sustainable forest management. Malaysia is concerned that the determination of baselines or reference scenarios on deforestation rates for ascertaining the positive incentives may result in providing perverse incentives to countries that have already undergone significant deforestation and are currently at a socio-economic condition that enables them to significantly reduce or stabilize deforestation. In this respect, the calculation of such reference scenarios should be based on a sufficient period of time (at least ten years) with reliable data. Preferably, reliable satellite data should be used as a minimum standard to detect changes in the extent of forest for the specified periods. The existing IPCC guidelines should be adopted as a common approach to reporting among developing countries.

Malaysia can see the advantages of having national based approach for the REDD mechanism as it would simplify reporting and validation processes. However, project based approach should also be considered. Learning from the experience of A&R CDM mechanism, project based approach will only be attractive with the institution of innovative and simpler accounting, validation and monitoring processes which will result in significantly lower transaction costs and facilitate implementation.

Malaysia welcomes early discussion on this issue of providing positive incentives as reducing emissions from deforestation is widely recognized as a highly cost effective method of emissions reduction. In this regard, Malaysia would like to urge Parties to adopt a positive attitude in negotiations on this matter and support and facilitate the development of a simple and flexible mechanism that will benefit not only the developing countries but more importantly the global climate system.

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