

## **Impressions of a mission in China to attend the International Symposium on Forest Environment Value Accounting, Beijing, October 8-12, 2001**

by James K. Gasana, Intercooperation, Bern

<b>Project title</b>	PD 39/98 Rev. 2 (M) " Research on value accounting of tropical forest environmental resources and bringing it in line with national economic accounting system in China"
<b>Country</b>	<b>China</b>
Implementing agency	Chinese Academy of Forestry
ITTO contribution to budget	USD 340,774.-
Contribution of the Government of China	USD 76,060.-
Donor countries	Switzerland, Japan
Duration	3 years
Starting date	January 2000

With this project ITTO has for the first time financed an operation that aims at providing a methodology and data to take into account environmental functions for the relevant decision-making processes. Its results will help build a framework for promoting good environmental governance as far China's tropical forests are concerned. The above symposium aimed at addressing the issues of natural resource and environmental economics, and reviewing the current experiences and practices in environmental accounting.

The two challenges the reporter found to be among the most important ones in this field of environmental accounting are the methodology and the greening of the System of National Accounts (SNA) in tropical contexts. On the 1<sup>st</sup> challenge of methodology, several presentations showed that important research progress has been made in considering stocks and flows of physical forest resources when they are marketable. However, other presentations also showed that it is still difficult to assign values to non-marketed environmental goods and services. Participants were made aware of the philosophical and practical difficulties of including biodiversity in SNA. The discussions showed the need of a methodology to consider the effect of disasters, such as wide scale forest fires, on the national economy. In this as in other cases, there should be approaches of how to treat depreciation of the natural capital in SNA.

On the second challenge of greening the SNA in tropical contexts, there were several presentations on the important progress achieved in research in many countries endowed with temperate forests. Many speakers showed the need of using environmentally adjusted GDP in order to draw the attention of policy makers on the impact of degradation of forest assets on the national economy. In this respect we were not able to learn similar progress in relation to tropical forests. This must be underlined because as it is well known, most countries endowed with tropical forests do not have similar advances in research to consider the national economic use of these assets in national macroeconomic indicators, such as the GDP. The consequence of this is that short-term income derived from unsustainable practices linking to replacement or degradation of tropical forests does not reflect the destruction of the natural capital. For lack of information on existing experiences if any, it was not possible to address the question on the feasibility of greening the GDP in tropical developing countries. So there is a large scope for research work in these countries.

The presentations made by various speakers and the discussions they stimulated among the participants underscored several important issues and made interesting suggestions which will enrich the report of the Symposium. They will assist the management of project PD 39/98 Rev. 2 in improving the implementation of remaining activities.