In the morning, delegates convened in Plenary to hear updates from the two working groups. Following the Plenary, delegates met in Working Group I (WGI) to negotiate preambular paragraphs, objectives and definitions. Working Group II (WGII) met to negotiate finance and operational activities. WGI also convened a contact group to discuss the preamble and objectives and WGII convened a contact group to discuss the structure of the financial accounts.

PLENARY
WGI Chair Alhasannah Attah (Ghana) reported on his group’s progress and said a contact group would be established to identify core issues in the preamble and objectives. Noting that two chapters were agreed, WGII Chair Jürgen Blaser (Switzerland) noted that most debate was focused on the subject of finance and proposed forming a contact group to find a compromise between two proposed structures for the organization’s accounts. CHINA expressed concern regarding concurrent meetings of working and contact groups.

STATUS OF OBSERVERS:
At the outset of both working groups the respective chair’s announced that observers would be permitted to make statements prior to the negotiation of each chapter, but not during specific textual negotiations.

WORKING GROUP I
PREAMBLE:
Regarding a paragraph on capacity of indigenous and community-forest owners and managers, MALAYSIA, with INDONESIA, suggested adding “for all forests,” which NIGERIA modified to all “types of forests.” SWITZERLAND, supported by PAPUA NEW GUINEA, proposed combining the paragraph, as well as paragraphs relating to living and labor standards, into one paragraph recognizing the rights of indigenous peoples and workers according to relevant ILO conventions. CAMEROON, CÔTE D’IVOIRE, MALAYSIA and INDONESIA supported text on the need for a fair price for tropical timber. MALAYSIA added “environmental” standards to text stating that labor standards should not be used for trade protection purposes. INDIA and the REPUBLIC OF KOREA, opposed by VENEZUELA, suggested deleting a paragraph stating that timber is the most energy efficient and environmentally sustainable raw material. The US, supported by NORWAY and NEW ZEALAND, proposed that timber is “an” energy efficient and “renewable” raw material. MALAYSIA, supported by VENEZUELA, proposed new text recognizing the need for transparency in the global timber economy, including the examination of subsidies in member countries. The US proposed new text recognizing the role of good governance, forest law enforcement, clear land tenure arrangements and cross sectoral coordination at the national level in achieving S FM. To this, MALAYSIA proposed adding text on the financial commitment of consumers to the Bali Partnership Fund and the Special Account. Delegates agreed to delete a proposed paragraph on the scope of the agreement.

CHAPTER 1 (Objectives):
The Civil Society Advisory Group (CSAG), supported by NORWAY, said objectives should: promote trade for the purpose of sustainable development; promote trade only within the context of sustainable management; recognize the rights and contributions of local communities; give importance to non-timber forest products (NTFPs) and environmental services; and recognize governance issues, such as illegal logging.

ARTICLE 1 (Overarching Objectives):
On the chapeau, SWITZERLAND called for recognizing permanent sovereignty over resources along with the need to protect the environment. PANAMA favored moving the chapeau language on sovereignty to the Preamble. BRAZIL, supported by PANAMA and NEW ZEALAND, favored deleting “overarching” in the title, and supported using the objectives from the ITTA, 1994 as a starting point. EGYPT and others emphasized the four proposed general objectives on providing an effective framework, enhancing capacity of members, promoting and supporting SFM, and promoting and supporting trade from tropical forests, and including only the most important objectives from ITTA, 1994. Some delegates noted that including more general, rather than specific objectives, would give Council more flexibility. LIBERIA, supported by COLOMBIA, advocated inclusion of new and emerging issues. INDONESIA proposed objectives addressing, inter alia, technical assistance to combat illegal logging and trade in illegally logged timber, market intelligence and law enforcement collaboration, and enhancement of local government capacity. The US, the EC and SWITZERLAND opposed making a long list of specific objectives.

Addressing ITTA, 1994 objectives, MALAYSIA, EGYPT and CAMEROON supported including non-discriminatory timber trade practices, with MALAYSIA adding text on promoting the elimination of subsidies in all timber-producing countries. He also supported keeping ITTO Objective 2000 and linking it to the Bali Partnership Fund. As a compromise, SWITZERLAND proposed focusing on a few general objectives, including on enhancing capacity and on S FM, and listing the others as “mechanisms” for their achievement.

ARTICLE 2 (Definitions):
On “tropical timber,” many countries supported, and the EC objected to, deleting “non-coniferous.” The REPUBLIC OF KOREA specified that “tropical timber” also covers “engineered” lumber. MALAYSIA, JAPAN and EGYPT proposed deleting the sentence. PANAMA suggested that “tropical timber” should refer to all wood found between the Tropics of Cancer and Capricorn, noting that some is not “industrial.”

NEW ZEALAND, CHINA and the EC supported excluding pulp and paper explicitly in the definition of “tropical timber.” CHINA noted that language on “wood and wood products” could be supported by the EC said the terms should be definable for customs purposes. Delegates could not agree on whether to include a definition on “further processing.” Delegates discussed whether to delete a proposed definition on “tropical forest resources,” and debated whether FAO definitions should be accepted and referred to.

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MALAYSIA supported including a proposed definition of “sustainable forest management,” while NIGERIA supported its deletion, with the US reiterating that SFM is an evolving concept and should not be defined. Delegates debated whether to include a definition for “NFTPs,” and NORWAY proposed adding text excluding generic terms.

On “member,” delegates discussed the EC’s unique status. The US, with EGYPT, voiced concern over other international organizations’ potential membership. On “producing member,” VENEZUELA, supported by COLOMBIA, noted some countries have abundant tropical forest resources but no developed export capacity. CAMEROON, with the US, warned that countries that serve as transit points for timber or timber products are technically “exporters.” The EC opposed limiting producing members to “net exporters.” The EC queried whether countries that have forests but do not trade, or have very sparse forest cover, should be producing members of a trade-based commodity organization.

On “consuming member,” the US proposed opening membership to any country which “is an importer of tropical timber.” The EC queried limiting membership to “countries,” noting its unique supranational status. MALAYSIA warned of the implications of EC membership for voting. Regarding definitions for “Organization” and “Council,” the US supported, while CHINA and JAPAN opposed, replacing International Tropical “Timber” with “Forest.” Regarding definitions for “special vote” and “simple distributed majority vote,” the US supported having only one voting scheme. Regarding “special vote,” MALAYSIA noted an inconsistency in requiring 2/3 of producing member votes and only 60 percent of consuming member votes. JAPAN, with MALAYSIA, supported maintaining both definitions. The US, with CHINA, proposed replacing a definition for “financial year” with “financial biennium.” Regarding a definition for “freely usable [convertible] currencies,” MALAYSIA suggested adding to the list of currencies already included. The EC proposed deleting “convertible” currencies.

CONTACT GROUP: WGI Vice-Chair Jan McAlpine (US) invited delegates to discuss, in general terms, the precise purpose of the preamble and objectives. Some said a preamble lends context to the work programme account, and considered which objectives of the work programme should contribute to the successor agreement’s objectives established by the action plan and work programme. The EC, supported by SWITZERLAND, preferred not to specifically enumerate the research fields. The US proposed that members who have not paid their full contribution for two consecutive years should be ineligible to submit project and pre-project proposals. The US, supported by NEW ZEALAND, suggested that projects and pre-projects should contribute to the successor agreement’s objectives established by the action plan and work programme. The EC, supported by NORWAY, said the work programme is secondary to the successor agreement’s objectives. NORWAY, supported by COLOMBIA, suggested that project and pre-project submissions should take into consideration the needs of developing countries. COLOMBIA proposed that such submissions should be done in the context of policies and action plans approved by the Council.

CONTACT GROUP: Delegates met in an informal contact group to discuss funding options for the proposed work programme account, and considered which objectives of the work programme account could be considered in the Administrative and Special Accounts. Delegates were not able to reach consensus in the afternoon contact group.

THINGS TO LOOK FOR TODAY

WORKING GROUP I: WGI will convene in Salle XXV from 10:00 am – 1:00 pm and from 3:00 – 6:00 pm to continue negotiating Chapters I-IV. An ad hoc open-ended contact group will meet in Salle XXV from 8:30 – 10:00 am to work on the preamble and objectives.

WORKING GROUP II: WGI will convene in Salle XXVI from 10:00 am – 1:00 pm and from 3:00 – 6:00 pm to continue negotiating Chapters V-XI. An ad hoc open-ended contact group will meet from 8:30 – 10:00 am to work on the financial accounts.