

## ITTA, 1994 RENEGOTIATION HIGHLIGHTS: FRIDAY, 20 JANUARY 2006

At the end of the first week of the UN Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1994 (ITTA, 1994), Fourth Part, delegates have been able to achieve consensus on several key issues. For Working Group I (WGI), these included language in the Objectives, especially inclusion of the terms "environmental services" and "non-timber forest products" (NTFPs). In Working Group II (WGII), significant ground was gained on aspects of the Special Account and the Bali Partnership Fund (BPF). In late afternoon joint working group and plenary sessions, delegates took stock of outstanding issues and identified priorities for resolution by noon on Monday, 23 January.

### WORKING GROUP I

**OBJECTIVES:** In the chapeau, Chair Attah proposed deleting reference to the contribution of NTFPs and ecological services when promoting the sustainable management of tropical timber-producing forests. SWITZERLAND preferred maintaining the text in brackets. MALAYSIA, on behalf of Producers, urged Switzerland to reassess its position. The EU said if Switzerland maintained its position, the EU would favor bracketing the entire paragraph. After informal consultation, SWITZERLAND agreed to delete text on "taking into account the contribution of NTFPs and ecological services" from the chapeau, and consensus was achieved.

On the objective of promoting understanding of other contributions of forests, BRAZIL for Producers, offered a compromise, adding reference to the contribution of both NTFPs and environmental services to the sustainable management of tropical forests with the aim of enhancing the capacity of Producer members to develop strategies and cooperating with relevant institutions and processes to this end. CHINA proposed removing reference to "Producer." VENEZUELA stressed that the Producer Group had spent a long time reaching this compromise, and urged delegates to support this proposal.

On discussing the Producers' compromise text, INDONESIA clarified that "increasing income" was removed by the Producers in recognition that the benefits of sustainable forest management (SFM) are social and environmental as well as economic. NORWAY asked to reintroduce the term "benefits." The US, supported by EGYPT and the EU, said "strategies" should identify an objective and therefore proposed "for SFM." She noted that since the section refers to tropical forests, limiting it to Producers may unnecessarily exclude a developing Consumer country like China. The EU said it would be better if "strategies" referred more directly to the contributions of NTFPs

and environmental services. BRAZIL and INDONESIA asked for more consultation in the Producers' Group. After informal consultations, BRAZIL announced a consensus in the Producers' Group on "enhancing the capacity of Producer members to develop strategies to strengthen such contributions in the context of SFM and cooperating with relevant institutions and processes to this end." EGYPT suggested deleting "Producer." After brief consultation, BRAZIL, on behalf of Producers, agreed and delegates approved the paragraph.

**PREAMBLE:** On noting the need to improve the standard of living and working conditions within the forest sector, NORWAY proposed, and delegates agreed to, text that takes into account relevant internationally recognized principles on these matters and relevant International Labour Organisation Conventions and instruments.

**EC MEMBERSHIP:** Chair Attah proposed, and delegates agreed, to use "Membership in Intergovernmental Organizations" as the title of the article. He also proposed, and delegates agreed, to delete references to "regional economic integration organizations" from sections dealing with comparable responsibilities and vote distribution.

**DISTRIBUTION OF VOTE:** On voting rights and number of votes, TOGO flagged that some EC countries were not ITTO members and asked for clarification. INDONESIA agreed there were legal ambiguities, and proposed adding after "members", "which are members of the Agreement in accordance with Article 10" on distribution of votes. The EC agreed that number of votes should relate only to "member states that are Parties to the Agreement." JAPAN and the US requested more time for consultation. An UNCTAD legal advisor said that the UN could accept either the EU or individual EU member countries, but not both.

### WORKING GROUP II

**SPECIAL ACCOUNT:** All paragraphs were approved with minor changes, apart from provisions on reporting of allocation of funds and on earmarked contributions. Regarding reporting of allocation of funds, text was left bracketed pending resolution of the article on Council Session frequency. Regarding earmarked contributions, BRAZIL, supported by GHANA, but opposed by SWITZERLAND and NORWAY, suggested adding "projects that have been approved but not funded," which was left bracketed. BRAZIL reminded delegates that the Producers' Group accepted deletion of text on resources in this article in exchange for inclusion of additional text in other articles and a side statement committing Consumers to increased funding.

**BALI PARTNERSHIP FUND:** Discussion opened with debate on whether 50% or 100% of income earned as a result of activities related to the Fund should be reinvested. After JAPAN, SWITZERLAND, NORWAY and the NETHERLANDS explained legal requirements of their respective governments, delegations from GHANA, PAPUA NEW GUINEA, MEXICO and BRAZIL, for Producers, accepted retention of ITTA, 1994 text that maintains the 50% limit.

On allocating BPF resources, COLOMBIA proposed to include the needs of members who “implement” conservation “and SFM” programmes among BPF priorities. MALAYSIA and HONDURAS proposed, and delegates agreed, to broaden criteria to include the needs of members “to” establish and manage significant conservation programmes and “to” implement SFM.

On replenishing the BPF, COLOMBIA proposed broadening the goal of replenishment to “achieve the objectives of the Fund.” INDIA preferred to “further” its objectives, and BRAZIL preferred an “adequate” rather than “reasonable” level of replenishment. These changes were accepted.

On examining the adequacy of resources, delegates agreed to examining adequacy “regularly” rather than “on an annual basis” as proposed by the REPUBLIC OF KOREA.

**FINANCIAL ACCOUNTS:** Chair Blaser presented two alternative lists of accounts. CANADA favored listing the “Assessed Contributions Account” and “Voluntary Contributions Account, including the Special Account and the BPF.” The Chair suggested adding that the Assessed Account “comprises the Administrative Account.” The EU preferred maintaining the ITTA, 1994 reference to the Administrative Account, Special Account and BPF, listed separately. After discussion, delegates agreed to list the “Administrative Account, which is an assessed contribution account” and “the Special Account and the BPF, which are voluntary accounts.”

**ADMINISTRATIVE ACCOUNT:** Chair Blaser introduced a compromise text on the composition of costs and assessment of contributions. The text lists separately, firstly, the budget headings describing all administrative activities and, secondly, costs related to special activities under other articles, for purposes of differing assessments. The Chair noted that assessments are linked to members’ votes, shared equally for administrative activities and 75-25 for special activities. He noted the proposal requests Council to strive for a 2/3-1/3 ratio between the two types of costs. Discussion of the proposal was postponed until Monday, 23 January.

JAPAN’s proposal on redistribution of votes among Consumer members was retained in brackets.

On sanctions for non-payment of assessed contributions, the US questioned bracketed reference to suspending voting rights “without prejudice to the provisions contained in” an article on relief from obligations. BRAZIL, for Producers, suggested “taking into account” the provisions in that article. This text was agreed.

**STATISTICS, STUDIES AND INFORMATION:** BARBADOS introduced a new proposal rewording the phrase on suspension of voting rights for non-compliance. WGII discussion on the issue was deferred.

#### **JOINT WORKING GROUP**

**PREAMBLE:** After interventions by the US, NEW ZEALAND, NORWAY, and JAPAN, Chair Blaser suggested replacing “adequate” with “enhanced” in the paragraph proposed on adequate and predictable financial resources, but this was opposed by MALAYSIA, and both terms remained bracketed. The EC, supported by the US, AUSTRALIA, and NEW ZEALAND, proposed replacing “wider” with “broad” to describe “donor community,” but this was not agreed.

**OBJECTIVES:** On developing and contributing towards mechanisms for new and additional financial resources “which are adequate, predictable and from a wider consumer donor

community,” NORWAY, supported by the US and JAPAN, and opposed by COLOMBIA, suggested removing mention of financial issues in Objectives and inserting language on predictability and adequacy of funds in the article on Special Accounts. Chair Blaser discouraged delegates from reopening text agreed in WGII.

On providing expertise needed to enhance the capacity of Producer members to attain the Agreement’s Objectives, CHINA and EGYPT, supported by the US and JAPAN, and opposed by BRAZIL, preferred deleting “Producer” from the text. Chair Blaser suggested bracketing “Producer.” VENEZUELA opposed reopening text agreed in WGI.

On the overarching objective of the Agreement, INDONESIA emphasized the need to promote timber from “legally harvested” forests. COLOMBIA expressed concern about including this term.

On developing mechanisms for providing new and additional financial resources, CHINA and EGYPT, opposed by BRAZIL, requested deletion of “Producers” in a text specifying the need to enhance capacity of “Producer” members, and Chair Blaser bracketed the text.

On voluntary mechanisms, MEXICO introduced a contact group’s compromise text on “encouraging information sharing on transparent and voluntary mechanisms such as certification, to promote trade in tropical timber from sustainably managed forest, and assisting Producer members with their efforts in this area.” This replaced two alternative texts and was placed in brackets.

#### **PLENARY**

Amb. Carlos Antonio da Rocha Paranhos, President of the UN Conference, opened the plenary session at the end of the afternoon, to hear final reports of the WGI and WGII, and to give guidance on how to proceed. WGI Chair Attah reviewed progress in negotiating: the Preamble, Objectives, Definitions, and Organization and Administration. He highlighted voting procedures, Council sessions and the nature of EC membership as the most important outstanding issues. He specifically emphasized the need to address: aspects of the Preamble which await resolution of the finance articles in WGII; relative emphasis on “promoting” versus “sharing” information on certification; the issue of distribution of vote and “special vote”; the nature of EC membership; frequency and location of Council sessions; and admission of observers.

WGII Chair Blaser said that of all articles discussed in WGII, two were deleted, 16 were approved, six are pending “special vote” resolution and seven contain bracketed text. He stressed that only one article is critical, Administrative Accounts, which involves disputes over definitions of, and contributions to, accounts. President Paranhos reminded delegates that all issues must be resolved by Tuesday, 24 January.

#### **IN THE CORRIDORS**

Frustration was expressed by several participants who, reflecting on the negotiations of ITTA, 1994, feel that Producers might be accepting language too quickly and may be precluding the possibility of obtaining greater compromises from Consumers. Some sensed that Producers have gained little from making ambitious demands for assessed funding for projects, and a Consumer statement affirming US\$200 million in annual voluntary funding. Conversely, some delegates believe that the transfer of some special activities into the assessed account represents a step toward the aim of stabilizing project funding, and also feel that the need for ensuring adequate funding and increasing the donor base has been generally agreed, even by potential targeted donors.

As the week drew to a close, delegates were hoping that informal weekend discussions will result in progress and help to facilitate a productive joint session. Delegates anticipate that in the absence of consensus, President Paranhos will step in with a final President’s text that will not be open for additions.