



## ITTC-33 HIGHLIGHTS

### TUESDAY, 5 NOVEMBER 2002

On Tuesday, delegates met in Council and Committees sessions. The Council convened in the morning to hear reports and discuss organization of work and certification. The Civil Society Advisory Group (CSAG) also held a panel to discuss certification. In the afternoon, the Committees on Reforestation and Forest Management (CRF), Economic Information and Market Intelligence (CEM) and Forest Industry (CFI) reviewed, *inter alia*, completed and ongoing projects and pre-projects and project and pre-project proposals. The Committee on Finance and Administration (CFA) discussed the draft administrative budget for 2003, arrears in members' contributions and other business.

#### COUNCIL SESSION

**REPORTS:** The Council adopted the report of the Informal Advisory Group (ITTC(XXXIII)/2). ITTO Executive Director Sobral introduced the Draft Programme of Work for 2003 (ITTC(XXXIII)/16). The Secretariat reported on the work of the Secretariat's communication unit.

**ORGANIZATION OF WORK:** ITTC Chair Blaser outlined the report of the Working Group on the Organization of Work under the ITTA, 1994 (ITTC(XXXIII)/5). JAPAN, SWITZERLAND, the EU, the US, NEW ZEALAND, AUSTRALIA and BRAZIL called for single annual Council and Committee sessions, and supported a draft decision envisioning semi-annual sessions through 2005, combining two-day renegotiation meetings with short ITTC sessions in 2004 and 2005, and shifting to single annual Council and Committee sessions henceforth. CHINA called for balanced renegotiations that seek to meet the interests of both producers and consumers.

**CERTIFICATION:** Markku Simula, Finland, presented the interim report on the potential role of phased approaches to certification (ITTC(XXXIII)/9), emphasizing that phased approaches to certification can be either demand- or supply-side driven. ITTC Chair Blaser postponed discussion on the report until after the CSAG meeting.

#### CIVIL SOCIETY ADVISORY GROUP

CSAG Chair Andy White, Forest Trends, explained that the purpose of the session was to consider whether certification can be viable and ensure profits for forestry. He stressed that CSAG is intended to be open and not a substitute for the Trade Advisory Group (TAG).

Justin Stead, WWF Global Forests and Trade Network, emphasized the need for, *inter alia*: responsible forestry; promoting supply and demand for certified products; and training and capacity building for responsible forest management. He proposed using the idea of "transition timber" to sell timber that partly meets certification requirements.

Pablo Antelo, La Chonta, stressed the need for: cooperation with all stakeholders, including indigenous peoples; annual forest management plans; and certification processes that, *inter alia*,

ensure profitability and protect biodiversity. He underscored that certification requires a commitment from producers and consumers.

Scott Poynton, Tropical Forest Trust (TFT), stressed the need for a step-wise partnership-based approach.

Tan Chin Tong, Perak ITC, indicated that timber certification could facilitate market access but entails costs and does not necessarily guarantee SFM. He called for ensuring accessibility of certification schemes.

Antonio Uliana, Certified Forest Products Buyers Group, stressed the importance of FSC certification as a forest conservation tool, and presented the Group's work on developing a sustainable timber market in Brazil.

Parfait Esono, Cameroon, underscored the social context for certification in Africa, and called on continued ITTO and other donors' support to build capacity for certification in the region.

A TAG representative said the TAG welcomes the CSAG and certification, but requests that the TAG be given equal priority in ITTC proceedings and that ITTC follow its decision not to endorse specific certification schemes. ITTO Executive Director Sobral clarified that the scheduling of the CSAG is consistent with the Yokohama Action Plan. The US questioned the reference to one certification scheme only and asked how to deal with the variety of certification schemes. CSAG panelists explained that they did not aim at promoting the FSC certification scheme. Delegates discussed the desirability and feasibility of a global certification scheme. The NETHERLANDS stressed the need for credible certification systems. The PHILIPPINES noted that certification schemes can only succeed if supported by all, including indigenous communities. MALAYSIA recommended developing national schemes, and accelerating the certification of tropical forests. The REPUBLIC OF CONGO supported a phased approach and partnerships; and questioned whether the FSC certification was appropriate for all forests. CHINA raised concerns over certification as a trade barrier targeting developing countries' exports. TFT explained that networks of consumers and producers would open markets. JAPAN said certification schemes contribute to sustainable development. Noting that certification is costly, INDONESIA stressed the need for price incentives for producers.

#### COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

**COMPLETED PROJECTS AND PRE-PROJECTS:** Delegates reviewed a report on completed projects and pre-projects in the field of reforestation and forest management (CRF(XXXI)/3). The PHILIPPINES requested the Secretariat to transfer remaining funds from one of its projects to the community. The Secretariat requested further information on completion of, and audit reports for, projects on: silviculture and forest management in Ghana; reforestation by indigenous communities in Ghana; and forest management of Si-Kop in Cameroon. COTE D'IVOIRE, PANAMA and PAPUA NEW GUINEA requested, and delegates

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granted, extension of their projects. The US welcomed Peru's legal proceedings to investigate unaccounted funds regarding one of its projects.

#### **PROJECT AND PRE-PROJECT WORK IN PROGRESS:**

On projects and pre-projects awaiting implementation agreement (CRF(XXXI)/4), the Secretariat requested financial and progress reports from Brazil, Cambodia, and Thailand. Several countries reported readiness to begin implementation on a number of projects and pre-projects, including, *inter alia*, on demonstration plantations and collaborative forest management in Indonesia, and on development of land for forest management in Congo.

#### **PROJECT AND PRE-PROJECT PROPOSALS:**

The Committee approved a number of project and pre-project proposals, on, *inter alia*, partnerships for SFM in Thailand, integrating strategies in Peru, and remote sensing technology in Congo. It asked that a project proposal on mangrove rehabilitation in Ecuador and a pre-project proposal on seed management in Côte d'Ivoire be revised.

**POLICY WORK:** CRF Chair Pérez introduced a draft work programme on policy activities, including workshops on reforestation guidelines, and noted that the ITTO may advocate restoration of degraded forests in negotiations on clean development mechanisms. The Committee heard reports on ITTO workshops on criteria and indicators (C&I) for SFM in Congo, the Philippines, Côte d'Ivoire, and Vanuatu, and approved the Secretariat's suggestion to postpone the discussion on revision of the ITTO C&I until the completion of the current workshops programme.

#### **COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE**

##### **PROJECTS AND PRE-PROJECTS IN PROGRESS:**

The Committee continued reviewing projects, pre-projects and activities in progress (CEM(XXXI)/5) and, *inter alia*: considered problems in implementing the projects on a forest strategic information centre in Peru, establishment of a national forest and marketing statistics system in Ecuador, and on economic appraisal of Colombian flora; and approved extension of projects on a national statistic system in Egypt, an educational program in Ghana, research on value accounting of forest resources in China, and data collection and dissemination in Cameroon.

##### **PROJECT AND PRE-PROJECT PROPOSALS:**

Chair Bergquist introduced a report on projects and pre-projects proposals (CEM(XXXI)/6). The CEM recommended for approval by the Council a project proposal from Togo on a national system of data collection, and pre-projects from Côte d'Ivoire and the Democratic Republic of Congo on statistics systems. It also agreed to reconsider a revised project proposal from Indonesia on consolidating certification, a project proposal from Guatemala on promoting certified timber trade, and a pre-project proposal from Panama on certification procedures later during the session. CHINA withdrew its project proposal on pilot information systems. THAILAND agreed to revise its pre-project proposal on decision-support tools, and resubmit it as a project proposal.

**POLICY WORK:** The CEM agreed to consider market access and activities to fill gaps in data in a joint session with the CFI. The CEM then heard a presentation on life cycle analysis in Ghana and noted GUATEMALA's intent to add two tropical tree species to CITES.

#### **COMMITTEE ON FOREST INDUSTRY**

##### **IMPLEMENTATION OF PROJECTS AND PRE-PROJECTS:**

The CFI considered a report on implementation of approved projects and pre-projects (CFI(XXXI)/4), and discussed projects and pre-projects that experience problems, without making decisions. BRAZIL and GHANA said audit reports on projects on technical assistance and a wood workers village, respectively, are forthcoming. INDONESIA and REPUBLIC OF KOREA requested time extensions for projects on a village industry and a training workshop, respectively. GABON reported progress on a pre-project involving a joint ATO/ITTO conference on further processing African tropical timber. CFI Chair Reyes Lee suggested discussing a global review of the international wooden furniture market in joint CEM/CFI session.

**PROJECT AND PRE-PROJECT PROPOSALS:** On projects and pre-projects proposals (CFI(XXXI)/2), the CFI agreed to: further discuss project proposals on capacity building for a sustainable rattan sector in China and on the Chinese rubberwood industry in an informal group; and recommend that the Council approve proposals regarding reduced impact logging in Indonesia and an international workshop on the clean development mechanism presented by the Republic of Korea. The CFI also approved, with minor revisions, proposals for pre-projects on: technologies for rattan sustainable development in ASEAN countries; energy alternatives for utilization of wood residue in Ghana; and non-timber forest products and improvement of efficiency of timber processing in Indonesia. The CFI recommended revising proposals on the efficiency of wood industries in the South Pacific Region and on waste utilization in Côte d'Ivoire.

#### **COMMITTEE ON FINANCE AND ADMINISTRATION**

**DRAFT BUDGET FOR 2003:** The Secretariat introduced the draft administrative budget for 2003 (CFA(XII)/2 and 2/Amend.1), highlighting increased staffing funds. He noted a 11.4% total increase for 2003. JAPAN opposed any budget increase. Noting that the proposed increase was too high, the US suggested funding new staff positions by charges added to specific projects costs. The EU suggested synergies with other organizations through joint projects. ITTO Executive Secretary Sobral emphasized that the current Secretariat structure prevents the necessary systematization of project evaluations. Noting an increased workload, MALAYSIA stressed the need to provide incentives for staff productivity and efficiency. INDONESIA raised concerns over its increased contributions, noting that its timber production has been decreasing. The Secretariat said a revised draft budget would be prepared.

**ARREARS IN CONTRIBUTIONS:** The Secretariat introduced a draft decision on members' arrears to the administrative budget (ITTC(XXXIII)/5). The EU welcomed a proposed refusal to finance projects from countries that have cumulative arrears in excess of three times their annual contribution in the year proposals are submitted, and on writing off one-fifth of the arrears for the period 1986-1996 if members have no arrears regarding their 2002 obligations, but requested that the impact of this rule on the Organization's work be evaluated. CAMEROON favoured writing off one-fifth of the arrears.

#### **IN THE CORRIDORS**

The first discussions on would-be highlights of this ITTC session, i.e. certification and streamlining of ITTO's work failed to generate passion among delegates. However, some anticipate a more dynamic discussion on certification, as a major consumer member is expected to oppose a project proposal that may appear as an endorsement by ITTO of a particular certification scheme.

#### **THINGS TO LOOK FOR TODAY**

**COUNCIL SESSION:** The Council will convene at 9:00 in the Plenary Hall to, *inter alia*, continue discussions on the ITTA's renegotiation and certification, and consider forest law enforcement, SFM in the Congo Basin, and progress towards Objective 2000.

**JOINT COMMITTEE SESSION:** A Joint Committee Session CEM/CFI will be held from 16:30-18:30 in the Committee Room to discuss policy work.

**COMMITTEES:** The CRF will convene from 14:30-17.30 in the Plenary Hall to complete its review of projects and pre-projects proposals. The CEM will meet in the Committee Room from 14:30-16:30 to consider, *inter alia*, recommendations to the Council. The CFA will meet from 17:30-18:30 in the Plenary Hall to consider, *inter alia*, a revised draft budget for 2003. The CFI will convene from 18:30-19:30 in the Committee Room to, *inter alia*, continue review of projects and pre-projects.

**PRODUCER AND CONSUMER GROUPS:** The Producer Group will meet in the Plenary Hall and the Consumer Group in the Committee Room, both from 8:00 to 9:00.

**MISCELLANEOUS:** Reports on side events on "Emerging Markets for Forests Services", and the launching of a publication on "Who Owns the World's Forests" can be found at: <http://www.iisd.ca/linkages/forestry/itto/itcc33>.