



ITTC-33 HIGHLIGHTS WEDNESDAY, 6 NOVEMBER

On Wednesday, delegates convened in Council and Committee sessions. The Council met in the morning and in the afternoon to address progress on Objective 2002, sustainable forest management (SFM) in the Congo Basin, forest law enforcement and governance (FLEG) in Africa, matters related to Article 46 of the 1994 International Tropical Timber Agreement (ITTA), and certification. In the afternoon, the Committee on Reforestation and Forest Management (CRF) addressed, *inter alia*, forest fires, demonstration areas and the work programme for 2003. The Committees on Economic Information and Market Intelligence (CEM) and Forest Industry (CFI) held a joint session to discuss policy work. The Committee on Finance and Administration (CFA) considered, *inter alia*, a revised draft 2003 budget and a draft decision on the 2002 administrative budget management.

COUNCIL SESSION

OBJECTIVE 2000: Sustainable forest management in Brazil: Markku Simula, Finland, presented a report on achieving sustainable forest management (SFM) in Brazil (ITTC(XXXIII)/17). BRAZIL said economic incentives are essential to promote SFM, highlighting tax reform and a domestic credit system to promote forest rehabilitation. FRANCE emphasized the need to professionalize the forest sector.

SFM in the Central African Republic: Paul Vantomme, FAO, presented a report on an ITTO Mission in the Central African Republic (ITTC(XXXIII)/18), highlighting recommendations including institutional strengthening, local communities involvement and education, and regional cooperation. The US recommended that the ITTO strengthen its cooperation with the Congo Basin countries. ITTC Chair Blaser called for further research on factors limiting progress towards Objective 2000 and SFM, and urged the submission of national reports on the matter.

SFM IN THE CONGO BASIN: Henri Djombo, Minister of the Economy, Forestry and the Environment of Congo, presented an SFM partnership in the Congo Basin. He announced plans to develop a Pan-African certification system and recommended an international consensus on a phased approach to certification.

ITTO Executive Director Sobral introduced an overview of the Congo Basin Partnership (ITTC(XXXIII)/13) and a review of experiences in forest management partnerships in the Congo Basin (ITTC(XXXIII)/14). He highlighted data collection and promotion of ITTO criteria and indicators (C&I) for SFM, and proposed a budget increase of \$1.5 million per year for projects.

The Secretariat reported on a regional strategy to improve concessions management, based on participatory management schemes and networks of forestry training agencies. The US stressed its leadership and involvement in the Congo Basin Partnership and commended ITTO's support to the Partnership.

FOREST LAW ENFORCEMENT IN AFRICA: Dirk Bryant, Global Forest Watch, reported on a data collection initiative in the Congo Basin, and overviewed the use of remote sensing

and geographic information systems to monitor forest concessions, promote transparency and strengthen the information base for SFM.

Minister Djombo introduced a document on a data collection initiative in the Congo Basin (ITTC(XXXIII)/12), stressing that many African countries lack the means to implement and enforce forest law. He said the goals of the African Forest Law Enforcement and Governance (AFLEG) process include fostering political will to strengthen law enforcement and promoting cooperation. He said the upcoming AFLEG ministerial meeting will negotiate an action plan and a political declaration, and expressed hope that international and intra-African trade of forest products will promote SFM. The WORLD BANK outlined the history of the FLEG process in Asia and Africa, and plans for similar processes in other regions. The US said that ITTO can contribute greatly to the FLEG process.

MATTERS RELATING TO ARTICLE 46 OF ITTA, 1994:

New and emerging issues: Rubin Guevara-Moncada, Honduras, presented new and emerging issues of relevance to the ITTC and a future ITTA (ITTC(XXXIII)/6), highlighting: demand for timber from legal and sustainable sources; South-South trade; foreign direct investment in the South; interest in non-timber forest products and environmental services; and genetically modified organisms and invasive species. Regarding a new ITTA, Guevara-Moncada said members should consider, *inter alia*, the implications of including high value-added products and environmental services within the scope of the new agreement, and consolidating the objectives of ITTO. The PHILIPPINES, GHANA and the EU expressed concern with expanding ITTA's scope. The REPUBLIC OF KOREA requested that the ITTO's future be decided by consensus. MALAYSIA recommended that the ITTO remain a commodity organization and stressed the need for market access. NEW ZEALAND underscored the importance of, *inter alia*, C&I for SFM, certification, clean development mechanism reforestation initiatives, and complementarities between timber and non-timber forest products. The EU recommended that poverty alleviation be a central goal of the new ITTA. PAPUA NEW GUINEA and GHANA highlighted the importance of forest products for poverty alleviation, with PAPUA NEW GUINEA recommending that SFM remain a core ITTO objective. SWITZERLAND stressed the need for compliance and enforcement mechanisms.

Process and schedule of Council sessions and ITTA renegotiations: The Secretariat introduced recommendations from the Informal Advisory Group on a process and schedule for Council sessions and ITTA renegotiations (ITTC(XXXII)/2 Annex). JAPAN, supported by NEW ZEALAND, the EU and BRAZIL, called for completing negotiations by 2005. FINLAND, NEW ZEALAND, the EU and the PHILIPPINES recommended informal joint consumer/producer meetings prior to ITTC-34. The US suggested, *inter alia*, preliminary processes to seek members' views on the ITTA scope and text. SWITZERLAND suggested that negotiations be co-chaired by representatives from consumer and producer countries. Chair Blaser highlighted the need for a resolution on extending the ITTA, 1994.

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CERTIFICATION: On a report on phased certification (ITTC(XXXIII)/9), JAPAN said that certification can help curb illegal logging, and suggested studying the use of existing certification standards. INDONESIA supported phased certification in both producer and consumer countries, and called for consistency of national certification schemes, and separating auditing and consulting to prevent conflicts of interest. The US said that SFM does not require certification, and opposed ITTO endorsement of any certification scheme. SWITZERLAND and GHANA supported certification and called for partnerships between the private sector and NGOs. NEW ZEALAND noted a conflict between the ITTO's intention to facilitate certification and its reluctance to endorse any particular scheme. CAMEROON and the EU questioned the need for phased certification, with CAMEROON recommending "direct" certification. The UK called for analyzing the pros and cons of differentiating stages of compliance with SFM. MALAYSIA called for consumer flexibility on standards and, with MEXICO, supported phased approaches. The REPUBLIC OF KOREA cautioned against high and inflexible certification standards. The REPUBLIC OF CONGO opposed giving full control over certification to forest owners. The FOREST STEWARDSHIP COUNCIL called for flexible approaches, and the ASSOCIATION OF INDONESIAN FOREST CONCESSION HOLDERS for compliance mechanisms.

COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

PROJECTS AND PRE-PROJECTS WORK PROGRESS:

The US said that informal consultations led to termination of the SFM project in Panama. The Committee extended a project on forest fire management in Côte d'Ivoire.

POLICY ISSUES: Forest fires: Delegates heard presentations on: current efforts and options for ITTO projects on forest fire management; the upcoming International Wildland Fire Conference and Wildland Fire Summit; and cooperation between the ITTO and the Global Fire Monitoring Centre. The US said forest fire management is an essential SFM tool and, with the PHILIPPINES, stressed the need for community-based approaches. He called for addressing the underlying socio-cultural causes of forest fires. The EU stressed the need for a holistic approach to land-use planning. The Secretariat introduced, and delegates supported, a draft decision on forest fires including provisions on assistance to producer countries to evaluate management solutions and develop project and pre-project proposals. CAMEROON and other African countries stressed the need for awareness raising programmes.

Demonstration areas: The Secretariat presented, and the CRF approved, a proposal for a workshop on demonstration areas for sustainably managed production forests, to develop conceptual and operational frameworks. CAMEROON offered to host the workshop. The NETHERLANDS and PAPUA NEW GUINEA proposed including certified forests as demonstration areas. VANUATU suggested a follow-up study of workshop results. The EU and the UK opposed project budget cuts.

WORK PROGRAMME FOR 2003: The CRF considered a draft work programme for 2003 (ITTC(XXXIII)/16) and approved activities including: monitoring implementation of C&I and the implications of climate change policies; a workshop on conservation and sustainable management of mangroves; and assessing the costs and benefits of plantations.

COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

POLICY WORK: Susan Braatz, United Nations Forum on Forests (UNFF), outlined work on SFM, trade and illegal logging prevention, and encouraged ITTO to participate in UNFF's trade-related activities. The Secretariat provided an overview of activities of the Inter-Secretariat Working Group on Forest Statistics, and reviewed relevant elements of the 2002 work programme (ITTC(XXXIII)/15) and the draft work program for 2003 (ITTC(XXXIII)/16).

DATES AND VENUES OF FUTURE SESSIONS: Delegates agreed that the next three CEM sessions be convened alongside the 34th, 35th and 36th sessions of the ITTC.

PROJECT AND PRE-PROJECT PROPOSALS: Delegates continued reviewing project and pre-project proposals and approved: project proposals from Guatemala on the promotion of trade in certified timber, from Thailand on developing decision support tools, and from Indonesia on consolidating SFM certification; and a pre-project proposal from Panama on technical assistance for national certification procedures. The US expressed reservations regarding the Indonesian project proposal.

JOINT COMMITTEE SESSION CEM/CFI

POLICY WORK: Delegates considered reports on: market access for tropical timber (ITTC(XXXIII)/8), the international wooden furniture market, and activities to fill gaps in data collection and analysis on plantation resources. They heard a presentation on an International Trade Centre's web-based tool for product market analysis. INDONESIA, *inter alia*, stressed the need to combine market access with institutional improvements and/or forestry industry reforms.

The Secretariat presented a document on activities on international technical and environmental standards (CFI(XXXI)). The PHILIPPINES supported continuing work on this issue, and GHANA stressed the need for harmonizing existing standards.

COMMITTEE ON FINANCE AND ADMINISTRATION

DRAFT ADMINISTRATIVE BUDGET FOR 2003:

The Secretariat introduced a revised draft administrative budget for 2003 (CFA(XII)/2/Amend.2) providing for a 3.58% budget increase. JAPAN raised concerns over a 5.35% increase in Secretariat staff salaries. MALAYSIA noted that the increase was the lowest possible. The EU and BRAZIL cautioned against over-cuts in the budget that may undermine ITTO's efficiency. The UK, CHINA, and JAPAN raised concerns over the increase, but approved the revised budget.

2002 ADMINISTRATIVE BUDGET: The Secretariat introduced a draft decision on the management of the administrative budget for 2002 (ITTC(XXXIII)), authorizing ITTO Executive Director to transfer up to US\$300,000 from the Working Capital Account to the Administrative Account to meet the shortfall.

OTHER BUSINESS: The Secretariat noted that the issuance of Panamanian visas for ITTC-34 may be problematic. PANAMA explained that discussions were already underway to facilitate issuance of visas upon arrival.

IN THE CORRIDORS

An unexpectedly long Council session led some delegates to speculate that prolonging sessions beyond schedule was a deliberate move to allow time to resolve outstanding controversies on certification and the future of the ITTA, "in the corridors." Despite discussions on certification and their recent formal involvement in ITTC proceedings through the Civil Society Advisory Group, some NGO delegates expressed lack of enthusiasm for ITTC-33, while acknowledging that procedural issues on ITTA's renegotiation and streamlining of ITTO's work are necessary for institution strengthening. Some delegates wonder why environmental NGOs have returned in such large numbers, noting that they have offered few contributions thus far.

THINGS TO LOOK FOR TODAY

TRADE ADVISORY GROUP MEETING: The Trade Advisory Group will meet at 9:00 in the Secretariat Meeting Room.

COMMITTEE SESSIONS: The CFI will meet from 9:30-10:30 in the Committee Room to, *inter alia*, finalize work on projects and pre-projects and adopt its report.

DRAFTING GROUP MEETINGS: An Open-ended Informal Drafting Group will convene from 10:30-12:30 and 17:00-18:30 in the Informal Meeting Room.

BALI PARTNERSHIP FUND PANEL MEETING: The Panel on Sub-Account B of the Bali Partnership Fund will convene during lunch break in Room 313.

COUNCIL SESSION: The Council will convene from 13:30-17:00 in the Plenary Hall to, *inter alia*, continue discussions on ITTA's renegotiating process, forest law enforcement, certification and consider CITES listing proposals.