



ITTC-33 HIGHLIGHTS THURSDAY, 7 NOVEMBER

On Thursday, delegates met in Committee, Council and drafting group sessions. The Committee on Forest Industry (CFI) met in the morning to: continue reviewing progress on projects and pre-projects; and consider project and pre-project proposals, and policy work. The Council convened in the afternoon to: continue discussions on certification and forest law enforcement; consider a database on trade in bamboo and rattan; review the international timber situation; and discuss ITTO's international role. An open-ended drafting group met in the morning and evening to consider decisions on, *inter alia*: the 2003 work programme; public relations, education and outreach; partnerships for SFM and certification; extension of the 1994 International Tropical Timber Agreement (ITTA, 1994); and measures to reduce costs and improve efficiency of the Organization.

COUNCIL SESSION

CERTIFICATION: The US stressed the importance of consistency between project work and ITTO's policies, and suggested organizing an informed discussion on certification in the context of ITTO project work. ITTC Chair Blaser proposed, and delegates agreed, to consider the proposal at ITTC-34. The European Community (EC), NEW ZEALAND and INDONESIA supported the proposal, with INDONESIA requesting a more detailed proposal. PERU suggested using a disclaimer specifying that ITTO does not endorse any particular certification scheme when funding certification projects. CANADA said certification promotes information, and underscored the need for mutual recognition, and transparent, non-discriminatory certification schemes, which support broad environmental goals.

DATABASE OF STATISTICS ON TRADE IN BAMBOO AND RATTAN: Philip Wardle and Maxim Lobovikov, International Network on Bamboo and Rattan (INBAR), presented a report and a project proposal on establishing an ITTO-INBAR database on trade in bamboo and rattan (ITTC(XXXIII)/11), including recommendations on strengthening resource databases, developing national databases, and improving the coding of the Harmonized System. CHINA, JAPAN and INDONESIA highlighted the importance of continuing collaboration with INBAR. The PHILIPPINES recommended that database content should reflect ITTO's needs.

FOREST LAW ENFORCEMENT IN THE CONTEXT OF SUSTAINABLE TIMBER PRODUCTION AND TRADE:

Assessing export and import data: The Secretariat introduced a progress report on a case study to assess export and import data on tropical timber and tropical timber products (ITTC(XXXIII)/7), noting slow progress, a low level of interest from countries, and data discrepancies between consumer and producer countries. Several countries expressed commitment to facilitating the case study. The EC stressed that EU statistics no longer take into account intra-community trade. JAPAN called for cooperation between exporters and importers in fighting illegal logging, and

studying the causes of data discrepancies. The PHILIPPINES said data discrepancies may be reduced when value-added products are taken into account.

Issues affecting market access: Antti Rytkönen, Finland, reported on issues affecting market access (ITTC(XXXIII)/8), highlighting tariff and non-tariff measures, subsidies and export regulation, the international trade regime, multilateral environmental agreements, government procurement, and certification. He recommended, *inter alia*: compiling and analyzing trade data; monitoring tariff and non-tariff barriers; addressing illegal trade; promoting criteria and indicators (C&I); filling gaps in market access knowledge; increasing competitiveness through sustainable forestry practices; providing incentives for SFM; harmonizing import requirements and verification systems; reporting trade barriers to ITTO; and coordinating rules on public procurement.

BRAZIL, supported by CÔTE D'IVOIRE and SWITZERLAND, said market access should be revisited at ITTC-34. The US stressed the relevance of market access to ITTA renegotiations; differentiated market access and performance; and called for identifying possible government actions. JAPAN recommended labeling and rules of origin to curb illegal logging. MALAYSIA stressed that substitute materials threaten tropical timber trade. CHINA said value-added products should be accounted for in future studies and, with the EC and NEW ZEALAND, said the ITTO should contribute to market access elements of the WTO Doha process.

Enhancing forest law enforcement: The US commended Peru for participating in an illegal logging case study, and said such studies would be useful to the AFLEG process. The REPUBLIC OF CONGO said it was addressing illegal logging. The EC said it was considering addressing illegal logging through bilateral agreements. INDONESIA suggested that the ITTO consider supporting multilateral, regional and bilateral initiatives on illegal logging. The DEMOCRATIC REPUBLIC OF CONGO recommended that the ITTO address trade in conflict timber.

ANNUAL REVIEW AND ASSESSMENT OF THE INTERNATIONAL TIMBER SITUATION: The Secretariat reviewed the international timber situation (ITTC(XXXIII)/4), highlighting high consumption in China and uncertain trends due to lack of data. AUSTRALIA, with BRAZIL, PERU, the US, and CHINA said more data will be forthcoming.

CITES LISTING PROPOSALS: Delegates agreed to postpone discussions on CITES listing proposals until the final Council session.

ROLE OF ITTO IN INTERNATIONAL AND REGIONAL ORGANIZATIONS: Delegates encouraged further activities regarding ITTO activities in international and regional organizations (ITTC(XXXIII)/10). GABON and the REPUBLIC OF CONGO called for ITTO support to address barriers to trade resulting from other international agreements. The ATO (African Timber Organization) outlined its activities on SFM, and expressed commitment to collaboration with the ITTO. The UNFF suggested considering an ITTO and UNFF relationship when rene-

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negotiating ITTA, and outlined synergies between the two organizations. The WORLD BANK presented its new Forest Policy and Strategy, including targeted conservation priorities and a country-ownership approach, and welcomed collaboration with the ITTO. FAO described progress on harmonizing forest definitions, and relevant recommendations on adjusting definitions used by the ITTO. IUCN said that ITTO restoration guidelines enhance ITTO's role in international fora. WWF commended ITTO's work on forest restoration, certification and SFM, and expressed its readiness for collaboration. CONSERVATION INTERNATIONAL presented its work on conservation concessions, a mechanism to financially compensate forest owners and users in exchange for conservation. The FOREST STEWARDSHIP COUNCIL stressed the need for SFM market incentives, international certification standards, and partnerships that do not endorse specific schemes. The UNITED NATIONS UNIVERSITY invited ITTO to collaborate on research projects including mangrove forest protection, and conservation. The INTERNATIONAL TRADE CENTRE encouraged ITTO to collaborate in its bio-trade programme.

COMMITTEE ON FOREST INDUSTRY

PROJECT AND PRE-PROJECTS IN PROGRESS: The US requested an itemized budget regarding the proposed extension of an information network project. The REPUBLIC OF CONGO noted obstacles in implementing a project on timber enhancement through mechanical processing.

PROJECT AND PRE-PROJECT PROPOSALS: The Committee approved: a project proposal on the processing technology industry in China; revised project and pre-project proposals on a sustainable rattan sector in China, and on evaluation of investments in timber industry in Ghana, respectively. CFI Chair Reyes Lee explained that the Expert Panel for Technical Appraisal of Project Proposals did not recommend for approval a pre-project proposal on a solar timber dryer in Thailand, because suitable technologies already exist. SWITZERLAND argued that existing technologies have to be adjusted to local conditions, and the Committee approved the pre-project.

POLICY WORK: Project ideas: Delegates considered a document on project ideas (CFI(XXXI)/6). GHANA proposed projects on: the aesthetic value of lesser-used hardwood species; the use of plant extracts to improve hardwood durability; and composting sawmill waste for plantation development. The PHILIPPINES proposed projects on: wood and wood-based components used for construction; capacity building and the use of information and communication technology in forest-based industry; and management and utilization of bamboo resources. SWITZERLAND recommended further consideration of Ghana's project idea on composting waste and, with the US, stressed the need to ensure consistency between project ideas and ITTO's mandate.

Progress on activities: The Secretariat reported on activities related to CFI policy work, including the approval of a project on increasing utilization efficiency of waste throughout the production chain in the South Pacific region, and efforts to prepare an assessment of the benefits of tropical timber processing in producer countries. The Secretariat proposed a general study on increasing utilization efficiency and reduction of losses and waste throughout the production chain. The US recommended that the study be presented as a project or pre-project proposal. SWITZERLAND suggested identifying regional or country projects to follow-up on such a study. The PHILIPPINES recommended analyzing economic aspects of waste utilization and, with the US, the impact of increased demand for waste products on the sustainability of forest use. MALAYSIA stressed the need to assess the amount of waste available. The REPUBLIC OF KOREA offered to share its experience in this area.

OPEN-ENDED DRAFTING GROUP

MANAGEMENT OF THE ADMINISTRATIVE BUDGET FOR 2002: Delegates agreed to forward to the Council the draft decision on management of the administrative budget for 2002, with minor amendments.

WORK PROGRAMME FOR 2003: Regarding a draft decision on ITTO's work programme for 2003, delegates agreed to delete language which urged members to pay arrears in contributions and contribute to the Special Account and the Bali Partnership Fund because it is addressed in the budget decision.

PUBLIC RELATIONS, EDUCATION AND OUTREACH: Delegates agreed to forward to the Council the decision on public relations, education and outreach, with minor amendments, noting that the activities referred to are specified in the draft 2003 work programme.

EXTENSION OF THE ITTA, 1994: Delegates agreed to forward to the Council a draft decision on the extension of the ITTA, 1994 for three years, with minor amendments.

RESOLUTION: Delegates agreed to forward to the Council a draft resolution remembering the late ITTO translator, Mr. Léo Scherman.

PREVENTION AND MANAGEMENT OF FOREST FIRE: Delegates agreed to forward a draft decision on forest fire management and prevention to the Council, with minor amendments. Delegates noted that the draft does not cover emergency responses.

MEASURES TO REDUCE COSTS AND IMPROVE THE EFFICIENCY AND EFFECTIVENESS OF THE ORGANIZATION: Delegates agreed to forward the decision, with minor amendments, to the Council, after clarifying that members try to submit, whenever possible, project and pre-project proposals which might generate regional as well as national benefits.

IN THE CORRIDORS

Informal discussions in the corridors appeared to generate more enthusiasm for ITTC-33 than did yesterday's easy going Council session. As delegates gathered around the negotiating table to draft Council decisions into the wee hours, many said they were still not entirely sure about the positions of a major consumer country on the issues of illegal logging and certification. Indications of potential flexibility on these positions, however, encouraged some delegations to remain hopeful that ITTC-33 would yield positive results. For their part, some NGOs were not so bullish, arguing that ITTO has many miles to go before it achieves its prime objective of operationalizing a flourishing trade in timber products from sustainably managed forests. Meanwhile, other NGOs were noticeably more upbeat in their prognoses, saying that ITTO had come a very long way from the early 1990s.

THINGS TO LOOK FOR TODAY

COMMITTEE SESSIONS: The Committee on Reforestation and Forest Management will meet from 9:00-10:00 in the Plenary Hall, the Committee on Economic Information and Market Intelligence from 9:00-10:00 in the Committee Room, the CFI from 10:00-11:00 in the Plenary Hall, and the Committee on Finance and Administration from 10:00-11:00 in the Committee Room, to consider outstanding matters and adopt their reports.

OPEN-ENDED DRAFTING GROUP: The drafting group will convene from 11:00-12:00 and 14:00-17:00 in the Informal Meeting Room to consider draft decisions on partnerships for SFM and certification, and preparations for renegotiating ITTA, 1994.

PANEL ON SUB-ACCOUNT B OF THE BALI PARTNERSHIP FUND: the Panel on Sub-Account B of the Bali Partnership Fund will meet from 13:00-14:00 in Room 313.

CONSULTATIONS WITH DONORS ON PROJECT FINANCING: Consultations with donors on project financing will be held from 17:00-18:00 in Room 313.

PRODUCER AND CONSUMER GROUP MEETING: The Producer Group will meet in the Plenary Hall and the Consumer Group in the Committee Room, from 08:00-9:00 and 12:00-13:00.

OTHER MEETINGS: A meeting on a case study on assessing exports and import data on tropical timber and tropical timber products will be held from 9:30-10:30 in the Informal Meeting Room.