



## ITTC-34 HIGHLIGHTS TUESDAY, 13 MAY 2003

Delegates to ITTC-34 held the annual market discussion and convened in Council and Committee sessions. The Council addressed partnerships for sustainable forest management (SFM) and matters related to Article 16 of the ITTA, 1994 regarding the ITTO Executive Director and staff. The Committee on Reforestation and Forest Management (CRF) continued reviewing completed projects and pre-projects, and considered project and pre-project proposals. The Committee on Finance and Administration (CFA) considered, *inter alia*, contributions to the administrative budgets for 1986-2003, and the administrative account for 2003. The Committees on Economic Information and Market Intelligence (CEM) and on Forest Industry (CFI) convened jointly to consider project and pre-project proposals, and policy work.

### ANNUAL MARKET DISCUSSION

Barney Chan, Coordinator of the Trade Advisory Group (TAG), welcomed delegates to the ITTO 2003 market discussion on world trade and business developments.

**COUNTRY PRESENTATIONS:** Guillermo Villarreal, Grupo Decolosal, outlined timber market conditions in Panama. He recommended that Panama generate income and employment through natural resource utilization, and focus on exports to increase the value of timber production and on lessening environmental impacts.

Ivan Tomaselli (Brazil) presented market data on the Brazilian timber industry, and expressed concern that as "CE marking" becomes mandatory in the EU, Brazilian plywood exports will lose access to that market.

Alhassan Attah (Ghana) described trends in Ghana's timber industry, highlighting policy reforms including measures to combat illegal logging, and fiscal incentives to promote domestic processing. He said challenges include slow growth of value-added industries, certification, and conflicts between mining and forestry. He called for enhanced cooperation between the private sector, government and local communities.

Siti Syaliza Mustapha, Malaysian Timber Council, outlined the establishment of the Malaysian Timber Certification Council and stressed the need for coordination with other certification organizations. She said timber market issues include: unjustified association of tropical timber trade and illegal logging; the undermining of national certification efforts by advocates of other schemes; and non-tariff barriers.

Wendy Baer, International Wood Products Association, presented tropical timber market conditions in the US and described the challenges and opportunities in tropical timber trade, raising concerns regarding the trade impact of listing broad-leaf mahogany on CITES Appendix II.

**GUEST PRESENTATIONS:** Doaa Abdel Motaal, World Trade Organization (WTO), provided an overview of the WTO Doha Round of negotiations. Noting that the WTO and the ITTO have common goals, she highlighted WTO rules and negotiations relevant to the ITTO.

James Griffiths, World Business Council for Sustainable Development (WBCSD), presented opportunities and challenges for a sustainable forest products industry, and WBCSD's relevant activities aimed at the mutual recognition of credible certification systems. He said the benefits of a sustainable forest products industry include the creation of employment and infrastructure, whereas challenges lie in, *inter alia*, the fragmentation of global forest policies and the lack of markets for ecosystem services.

Auvo Kaivola, Pan-European Forest Certification, presented international perspectives on certification. He underscored the importance of transparency and peer reviews, stressed the need to ensure compatibility and mutual recognition between national schemes, and said challenges include raising awareness, integrating intergovernmental schemes, ensuring cost-effectiveness, and combating illegal logging.

**DISCUSSION:** Delegates discussed, *inter alia*, non-wood substitution of timber products and means to counter this phenomenon; the establishment of minimum certification standards; and the relationship between ITTC and WTO and other processes' obligations.

### COUNCIL SESSION

**PARTNERSHIPS FOR SFM:** Barney Chan, TAG, presented the report of the Working Group on Civil Society/Private Sector Partnerships for SFM (ITTC(XXXIV)/5), and recommended, *inter alia*, the establishment of a revolving fund to support at least 10 partnerships annually.

BRAZIL, with GHANA, GUATEMALA and PANAMA, stressed the need to adopt one format aligning projects with national and ITTO policies. SWITZERLAND, supported by the PHILIPPINES, recommended further work on stakeholders' responsibilities. GHANA called for synchronizing project submissions and funding reviews with ITTO project cycles, and INDONESIA called for national-level collaboration. Chan recommended that the Secretariat have full authority to allocate funds to partnerships.

**MATTERS RELATED TO ARTICLE 16:** The Council unanimously approved the extension of the Executive Director's tenure to 2006.

### COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

Marcelo Arguelles de Souza, Acre State Government, Brazil, presented information on forestry in Acre, highlighting policy instruments based on the integration of forest public policy, community-based forest management, support to industry and local social services.

This issue of the *Earth Negotiations Bulletin* © <enb@iisd.org> is written and edited by Andrew Baldwin <andrew@iisd.org>, Nienke Beintema <nienke@iisd.org>, Fiona Koza <fiona@iisd.org>, Charlotte Salpin <charlotte@iisd.org> and Hugh Wilkins <hugh@iisd.org>. The Digital Editor is Franz Dejon <franz@iisd.org>. The Editor is Pamela S. Chasek, Ph.D. <pam@iisd.org> and the Director of IISD Reporting Services is Langston James "Kimo" Goree VI <kimo@iisd.org>. The Sustaining Donors of the *Bulletin* are the Government of the United States of America (through the Department of State Bureau of Oceans and International Environmental and Scientific Affairs), The Netherlands Ministry of Foreign Affairs, the Government of Canada (through CIDA, DFAIT and Environment Canada), the Swiss Agency for Environment, Forests and Landscape (SAEFL), the United Kingdom (through the Department for International Development - DFID and Department for Environment Food and Rural Affairs - DEFRA), the European Commission (DG-ENV), the Danish Ministry of Foreign Affairs, and the Government of Germany (through the German Federal Ministry of Environment - BMU, and the German Federal Ministry of Development Cooperation - BMZ). General Support for the *Bulletin* during 2003 is provided by the United Nations Environment Programme (UNEP), the Government of Australia, the Ministry of Environment and the Ministry of Foreign Affairs of Sweden, the Ministry of Foreign Affairs and Trade of New Zealand, the Ministry of Foreign Affairs of Norway, Swan International, the Japanese Ministry of Environment (through the Institute for Global Environmental Strategies - IGES), the Japanese Ministry of Economy, Trade and Industry (through the Global Industrial and Social Progress Research Institute - GISPRI), and the Ministry for Environment of Iceland. Specific funding for coverage of this meeting has been provided by the ITTO Secretariat (with a contribution from the US Department of State). The opinions expressed in the *Earth Negotiations Bulletin* are those of the authors and do not necessarily reflect the views of IISD or other donors. Excerpts from the *Earth Negotiations Bulletin* may be used in non-commercial publications with appropriate academic citation. For information on the *Bulletin*, including requests to provide reporting services, contact the Director of IISD Reporting Services at <kimo@iisd.org>, +1-212-644-0217 or 212 East 47th St. #21F, New York, NY 10017, USA.



### COMPLETED PROJECTS AND PRE-PROJECTS:

Khanita Meedej (Thailand) reviewed preparatory studies to install a continuous monitoring system for the sustainable management of Thailand's forest resources. Neyra Herrera (Panama) reviewed progress on institutional strengthening of the geographic information system of the national authority for the monitoring and evaluation of Panama's forest resources.

Delegates also reviewed the status of completed pre-projects concerning the improvement of living standards through community participation in SFM in Cambodia, and the development of an integrated forestry master plan in Togo.

**EX-POST EVALUATIONS:** Delegates postponed the review of *ex-post* evaluations of projects until the 33rd session of the CRF.

**PROJECT AND PRE-PROJECT PROPOSALS:** Delegates requested revising several project proposals including those on: phytogenic resources of closed forests in Cameroon; training and application of criteria and indicators for SFM in Ecuador; the establishment and management of the Alto Purús Reserved Zone in Peru; and forestry treatment in Cameroon. The CRF approved proposals for projects addressing: the conservation and reforestation of threatened mangrove forests in Panama; the development of human resources in SFM and reduced impact logging in the Brazilian Amazon; technical assistance for the development of a project proposal on institutional strengthening for forest fire prevention, mitigation and management in Panama; genetic improvement of tropical forest species in Guatemala; collaborative forest management in the Philippines; and the rehabilitation and multipurpose sustainable management of mangrove forest ecosystems in Ecuador. Delegates postponed consideration of a project on seed management and conservation in Côte d'Ivoire until a later session.

### COMMITTEE ON FINANCE AND ADMINISTRATION

Delegates adopted the provisional agenda and organization of work (CFA(XIII)/1) without amendment, admitted observers, and adopted the report of the Expert Panel for Technical Appraisal of Project Proposals (CEM, CRF, CFI(XXXII)/1).

The Secretariat presented the review of contributions to the administrative budget for 1986-2003 (CFA(XIII)/3 and rev.1). The US enquired about the arrears of the Russian Federation, a former ITTO member. The Secretariat said the Russian Federation must settle its arrears before participating in the negotiations of a successor agreement. CFA Chair Pravit Chittachumnonk (Thailand) said a draft decision would be prepared.

On the current status of the administrative account for 2003 (CFA(XIII)/4 and Rev.1), the Secretariat highlighted an expected US\$150,459 deficit for 2003. He suggested the CFA recommend that Council authorize the ITTO Executive Director to use funds from the Capital Account for 2003. Noting that such authorization had become routine, the US, supported by SWITZERLAND, AUSTRALIA, the EC and JAPAN, proposed that Council allow the Executive Director to use the Capital Account when necessary. Chair Chittachumnonk said a draft decision would be prepared.

The Secretariat presented its report on Resources of the Special Account and the Bali Partnership Fund (CFA(XIII)/5), the Auditor's report for 2002 (CFA (XIII)/2), and Proposed Amendments to the Financial Rules Needed to Implement a Biennial Work Programme and Indicative Administrative Budget (CFA(XIII)/6). The Secretariat announced that the next three CFA sessions will be held jointly with ITTC sessions. SWITZERLAND, the US and the European Community called for further discussing methods to secure the ITTO's financial future.

### COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE AND COMMITTEE ON FOREST INDUSTRY

**PROJECT AND PRE-PROJECT PROPOSALS:** CEM/CFI Chair Fidel Reyes Lee (Guatemala) introduced project and pre-project proposals (CEM, CFI (XXXII)/6).

Under the CEM, the Secretariat presented China's proposal for an economic database on bamboo and rattan. Delegates recommended that Council approve the proposal for ITTO sponsorship for funding from other financial institutions. The Committee approved proposals on: timber and timber products trade in the Philippines; upgrading and strengthening the National Forest Statistical Information System in Venezuela; and development of the National Forest Information System in Guatemala.

Regarding CFI proposals, delegates recommended reducing the cost of a project on the promotion of tropical non-wood forest products in China. Delegates approved proposals on: updating training in forest management and forest concession management in Central African forestry schools; capacity building for furniture and lumber industries in the Philippines; a study on the utilization of plantation teak in Myanmar; promoting the utilization of rubberwood from sustainable sources in Indonesia; and the promotion of certified timber and timber products trade in Guatemala, with the US recommending that attention be paid to identifying markets for lesser-known species. The Secretariat presented a project document on the demonstration of rubberwood processing technology and promotion of sustainable development in China and other Asian countries. CÔTE D'IVOIRE presented project ideas on the industrial development of offcuts and on training in log and sawn wood recognition techniques in the timber trade.

**POLICY WORK:** The Secretariat introduced an informal document on work directed at technical and environmental standards and international standard activities. Other policy work will be discussed on Wednesday.

### IN THE CORRIDORS

Despite widespread corridor talk at ITTC-33 about the possibility of expanding the scope of the ITTA to include all timber, it seems that delegates in Panama are dismissing this possibility entirely. Delegates from both producer and consumer countries are stating their intent to ensure that the successor agreement remains focused on tropical timber. This is consistent with the findings of the Working Group on the preparations for negotiating a successor agreement to the ITTA, 1994, suggesting that the ITTO will maintain its important niche in the international forest policy domain.

### THINGS TO LOOK FOR TODAY

**COUNCIL SESSION:** The Council will convene at 9:30 am to consider measures to improve project formulation and appraisal, preparations for a successor agreement to ITTA, 1994, activities related to ITTO Objective 2000, issues affecting market access for tropical timber, SFM in the Congo Basin, forest law enforcement, and proposed decisions.

**COMMITTEE SESSIONS:** The CRF will meet from 2:30-6:30 pm to address policy work and recommendations to the Council. The CFA will convene from 2:30-4:30 pm to consider draft decisions on, *inter alia*, the administrative account for 2003, contributions to the administrative budgets for 1986-2003, and proposed amendments to the financial rules. The CEM/CFI will meet from 4:30-6:30 pm to consider policy work.

**PRODUCER AND CONSUMER GROUPS:** The Producer and Consumer Groups will meet from 8:00-9:30 am.

**SIDE EVENTS:** A side event organized by the WTO on the links between trade and the environment will take place from 12:30-1:00 pm. At 7:30 pm, Duncan Poore, Vice-President of the Commonwealth Forestry Association, will launch his book "Changing Landscapes: the Development of ITTO and its Influence on Tropical Forest Management". For a report of these side events, visit <http://www.iisd.ca/forestry/itto/ittc34>