



ITTC-34 HIGHLIGHTS WEDNESDAY, 14 MAY 2003

Delegates to ITTC-34 convened in Council and Committee sessions. The Council addressed: measures to improve project formulation and appraisal; preparations for a successor agreement to the International Tropical Timber Agreement (ITTA, 1994); and forest law enforcement. The Committee on Reforestation and Forest Management (CRF) addressed policy work. The Committee on Finance and Administration (CFA) considered draft decisions on: the management of the administrative budget; project implementation management; and the biennial work programme and administrative budget. The Committees on Economic Information and Market Intelligence (CEM) and on Forest Industry (CFI) convened jointly to consider policy work and revised project and pre-project proposals.

COUNCIL SESSION

MEASURES TO IMPROVE PROJECT FORMULATION AND APPRAISAL: Patrick Hardcastle, Chair of the Expert Panel for Technical Appraisal of Project Proposals, presented the Expert Panel's Report on Measures to Improve ITTO Project Formulation and Appraisal (ITTC(XXXIV)/6). Noting the generally low quality of project proposals, he suggested revising the proposal format, and called for, *inter alia*, a greater role for country focal points and consultants. He recommended a smaller expert panel, web-based information, and that proposals be revised only once.

The US called for further operational and financial analyses, and AUSTRALIA for broader consultation and a stronger evaluative role for the Secretariat. SWITZERLAND and the EUROPEAN COMMUNITY (EC) said projects should be of international value. JAPAN stressed the need for proper management of project implementation. COLOMBIA suggested strengthening the initial stages of proposal development. NEW ZEALAND called for revising the proposal manual and better training. GHANA, with INDONESIA, stressed the need for cost-efficient national capacity building. The PHILIPPINES called for improved coordination with ITTO and experts. BRAZIL said it would improve national-level coordination when designing proposals. SWEDEN called for a gender balance on the expert panel. The NETHERLANDS said projects should reflect ITTO's core competencies.

PREPARATIONS FOR NEGOTIATING A SUCCESSOR AGREEMENT TO THE ITTA, 1994: Jürgen Blaser, Chair of the Working Group on Preparations for Negotiating a Successor Agreement to the ITTA, 1994, presented the Working Group's Report (ITTC(XXXIV)/7). He said the Working Group recommended that the first meeting of the Preparatory Committee (PrepCom I): set the negotiating context; define elements for consideration; and identify necessary inter-session work. GHANA encouraged countries to submit responses to the survey on members' views on the negotiations. The REPUBLIC OF

KOREA said negotiations should evaluate ITTA, 1994's objectives. ITTC-34 Chair Bin Che Yeom Freezailah (Malaysia) proposed, and SWITZERLAND supported, a tentative schedule for future Council and PrepCom sessions.

FOREST LAW ENFORCEMENT: The Secretariat presented a preliminary report on the case study on Export and Import Data on Tropical Timber Products in the Context of International Trade (ITTC(XXXIV)/14). He drew attention to case study work in the UK, China and Indonesia, and noted Myanmar's interest in participating. He said the Council may wish to provide additional funding to hire a consultant to prepare a final report, as available funds will be exhausted.

Carlos Chirinos, Peruvian Environmental Law Society, presented a case study on the Development and Implementation of Guidelines for the Control of Illegal Logging with a View to Sustainable Forest Management (SFM) in Peru (ITTC(XXXIV)/15). He highlighted the need for alternatives to the concession system for small-scale producers, and said in Peru the poor loggers are punished for illegal logging, while those who promote and fund such activities are not. He called for, *inter alia*, stronger management practices and management opportunities for small-scale foresters. ITTO Executive Director Manoel Sobral explained that similar case studies were underway in Malaysia and Brazil.

JAPAN and GHANA stressed the need to define illegal activities. SWITZERLAND said ITTO should design programmes to enforce laws and combat illegal trade, using declaration of species, origin and production methods, and supporting traditional land use. GHANA said regulations alone were unsuccessful in Ghana, and called for institutional capacity building. MALAYSIA highlighted its bans on log imports from Indonesia and on square logs, and expressed regret that illegal logs still enter Malaysia under false declarations of origin. INDONESIA called for enhancing cooperation, including through information sharing, and suggested extending the CRF mandate to include illegal logging. The PHILIPPINES noted that illegal logging is linked to numerous issues, including poverty. COLOMBIA highlighted the relationship between legal harvesting and other land uses. The EC said it did not wish to restrict trade. The US cautioned against using measures such as trade restrictions, and suggested addressing illegal logging in SFM.

PROPOSED DECISIONS: Aulikki Kauppila (Finland), Consumer Group Spokesperson, and Charles Sikapiek, on behalf of Jean Sollo (Cameroon), Producer Group Spokesperson, outlined topics for possible Council decisions. ITTC-34 Chair Freezailah indicated that more details were needed, and deferred discussion on this item until Thursday.

COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

POLICY WORK: Carmenza Robledo, Swiss Federal Laboratories for Material Testing and Research (EMPA)/Intercooperation, outlined the role of forests in the United Nations Framework

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Convention on Climate Change (UNFCCC) and explained how the Kyoto Protocol Clean Development Mechanism (CDM) could be relevant to ITTO project work.

Maria Patricia Tobon, CORNARE, presented an alternate financing model for SFM used in Colombia, which secures funding through an investment plan using the CDM. She highlighted baseline setting, verification, monitoring, and community engagement activities, and described means to attract buyers of CDM credits.

Untung Iskandar, Indonesian Concession Holders Association-APHI, described the promotion of SFM through an initiative to facilitate a CDM project in Indonesia. SWITZERLAND said the ITTO should increase its involvement with the UNFCCC and help build capacity in developing countries to enhance environmental services provided by forests.

The Secretariat presented a proposal for a study to examine private sector involvement in industrial forest plantations in the tropics. She said that despite comparative advantages, progress in developing commercial plantations has been slow, and noted that the study could evaluate factors inhibiting plantation investment. NORWAY said biodiversity is a concern for plantation forests. The US noted that both technical and institutional factors need to be considered. AUSTRALIA emphasized that the investment environment is an important consideration for plantation investors and that discouraging pulpwood plantations is limiting. SWITZERLAND said the ecological impacts of plantations should be considered. GUATEMALA asked how small plots could be relevant to plantation forestry. BRAZIL stressed the need to consider both incentives and technology investment. GERMANY said plantations should encourage sustainable development.

The Secretariat described six ongoing regional workshops on ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests. She outlined the results of a series of national training workshops on criteria and indicators (C&I) and reporting formats, presented the outcomes of the International Conference on C&I for SFM, held in Guatemala City, Guatemala, in February 2003, and of the regional workshop to facilitate the transfer of environmentally sound technologies, held in Managua, Nicaragua, in March 2003.

The Committee reviewed the status of projects that will be sunset at the next session unless financing is approved, and encouraged project ideas on the utilization and dissemination of existing knowledge in Côte d'Ivoire, and the creation of an institute for forest research in Bolivia.

COMMITTEE ON FINANCE AND ADMINISTRATION

The Secretariat presented, and delegates approved with minor amendments, draft decisions on: the management of the administrative budget, which included an authorization to the ITTO Executive Director to annually transfer funds from the Working Capital Account to the Administrative Account to meet the shortfall of funds to implement the ITTO's annual work programme, and to use the interest earned in the Administrative Account to hire temporary staff; the management of project implementation; and a biennial work programme and administrative budget, amending the Financial Rules to allow the Executive Director to prepare a draft administrative budget for a biennial period.

CONGO and the US raised concern over the lack of funding for several approved projects and pre-projects, with the US stressing the need to improve ITTO's efficiency and to bring in additional contributions.

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

POLICY WORK: Lamou Rutten, UN Conference on Trade and Development, presented measures to bring increased transparency to the tropical hardwood plywood trade, and an analysis of the causes of market fluctuations and price instabilities. He noted that the tropical plywood industry is losing market share to alternative plywood types. Identifying major problems in this industry,

including a lack of clear pricing mechanisms and reliable information about market trends, he said market transparency can be improved with better cooperation at the corporate, national and international levels.

Richard Murphy, Imperial College, presented a review of current work on life cycle assessments (LCA) for tropical timber products, explaining that LCA is a system analysis tool to describe the "cradle-to-grave" environmental impacts of products and processes. He highlighted that the eco-profile of tropical timber compares favorably with synthetic materials, but that drawbacks include long transportation distances and energy-intensive harvesting. He outlined future priorities for tropical timber LCAs, including: the development of local expertise in LCA methods in tropical countries; the development of strong life-cycle inventory databases; and publication and dissemination of LCA results.

The Secretariat outlined, and delegates approved, proposed policy work on: market access; timber certification; LCA of timber products; proposed listing of timber species on CITES appendices; trade in secondary processed wood products; matters on trade and SFM considered by the United Nations Forum on Forests (UNFF); and activities to fill gaps in data.

Regarding issues for discussion at the next session, CEM/CFI Vice-Chair Astrid Bergquist (Sweden) suggested, and delegates agreed, that the Committees continue considering ongoing issues.

PROJECT AND PRE-PROJECT PROPOSALS: Delegates adopted revised proposals for projects on timber and timber products trade in the Philippines, and the promotion of tropical non-wood forest products in China.

DATES AND VENUES OF NEXT COMMITTEE

SESSIONS: Delegates agreed to defer the decision to the Council.

IN THE CORRIDORS

Smooth and constructive plenary discussions on illegal logging generated optimism from many delegates. Recognizing that countries are often unwilling to admit their weaknesses in law enforcement in other fora, including the UNFF, one delegate perceived that the ITTO is slowly establishing itself as the best process through which to address this issue. Some developing countries expressed frustration, however, with the tone of illegal logging discussions so far. While these delegates admitted that they do have a problem in this area, they were quick to point out that developed countries are no strangers to illegal logging, but simply better at "sweeping it under the rug." One producer country delegate said the problem is generally overstated, while another stressed that it is time to quit "finger pointing," calling for concrete action to address illegal logging and its root cause – poverty.

THINGS TO LOOK FOR TODAY

COUNCIL SESSION: The Council will convene from 8:00-10:00 am to consider activities supporting the Objective 2000, issues affecting market access of tropical timber, SFM in the Congo Basin, CITES listing proposals by members, progress in implementing the 2003 ITTO work programme, and the draft 2002 annual report.

DRAFTING GROUP: The Chairperson's Open-Ended Drafting Group will meet from 7:30-9:00 pm to consider draft decisions circulated in the morning.

FELLOWSHIP SELECTION PANEL: The Fellowship Selection Panel will convene from 12:00-2:00 pm.

PANEL ON SUB-ACCOUNT B OF THE BALI PARTNERSHIP FUND: This Panel will meet from 12:00-1:00 pm.

PRODUCER AND CONSUMER GROUPS: The Producer and Consumer Groups will meet from 10:00-12:00 pm, and from 6:30-7:00 pm.