



## PREPCOM-I HIGHLIGHTS MONDAY, 19 MAY 2003

Delegates to the First Meeting of the Preparatory Committee (PrepCom I) for the negotiation of the Successor Agreement to the 1994 International Tropical Timber Agreement (ITTA, 1994) convened in Plenary and closed-door Producer and Consumer Caucuses. The Plenary held an information session to hear presentations on: new and emerging issues of relevance to the International Tropical Timber Council (ITTC) and a future ITTA; the ITTA, 1994; the work of the Working Group on Preparations for Negotiating a Successor Agreement to the ITTA, 1994; and guidance from the United Nations Conference on Trade and Development (UNCTAD) on the renegotiation process.

### PLENARY SESSION

Jürgen Blaser (Switzerland), Chair of the PrepCom, welcomed delegates to the PrepCom, emphasizing that the purpose of the day's meeting was to provide background information for participants for their deliberations over the next two days, and that the opening session of the meeting would be held on Tuesday.

**NEW AND EMERGING ISSUES:** Stephanie Caswell (US) presented a background paper, co-prepared with Ruben Guevara (Honduras), on new and emerging issues of relevance to the ITTC and a future ITTA (ITTC(XXXIII)/6/Rev.1). Caswell emphasized that the paper is a preliminary report for background purposes and does not cover all issues, nor make recommendations.

Caswell reviewed the characteristics of 13 relevant organizations and treaties and four commodity agreements, and described the outcomes of the World Summit on Sustainable Development. She noted that these were analyzed in the report based on their creation and purpose, governance and administrative structures, project financing elements, and work related to the ITTO. In this context, Caswell highlighted new and emerging issues and developments relating to current market trends in tropical timber, the role of certification, the role of forest law enforcement initiatives, developments recognizing environmental services and non-timber forest products, genetically modified organisms (GMOs) in forestry, and invasive alien species.

Caswell outlined the report's conclusions, including the following findings: increased worldwide demand for forest products, especially processed products, and decreased trade in lumber and plywood; growth in consumer niche markets for certified and legally-sourced products; more political attention to forest law

enforcement and governance issues; increased tendencies to monitor and regulate international trade in selected timber species through the Convention on International Trade in Endangered Species; greater interest in managing forests as ecosystems; increased recognition of the economic potential of international and national market transactions for selected environmental services provided by forests; more awareness of GMOs and of the impacts of invasive alien species on forests; and greater interest in public-private partnerships to deal with priority issues in key regions.

In presenting elements that the Council may wish to consider for a new ITTA, Caswell underlined: expansion of the scope of the ITTA, 1994 to include additional internationally-traded value-added tropical timber products, such as furniture, pulp and paper and non-timber forest products; and identification of one or two overarching objectives of the ITTA. She also outlined several operational considerations, including the possibility to: establish an executive committee to make decisions between council sessions; consolidate the four current ITTO Permanent Technical Committees into a single standing Technical Committee to integrate forest management, industry, and market issues; establish a roster of experts; create an Internet-based clearinghouse to facilitate information sharing and technical cooperation; examine the ITTO's consumer-producer framework and membership structure to better reflect, *inter alia*, the complexities of trade in tropical timber; and examine ways to broaden ITTO's project financing base.

### ITTA, 1994 AND WORKING GROUP FOR THE PREPARATIONS OF THE NEGOTIATIONS: Presentation of the

**ITTA, 1994:** PrepCom Chair Blaser, said the ITTA, 1994 is a commodity agreement under UNCTAD that: focuses on the world tropical timber economy; contains broad provisions for information sharing; gives emphasis to the policy work of ITTO; enshrines Objective 2000; and establishes the Bali Partnership Fund.

Chair Blaser noted that the ITTA, 1994 aims to, *inter alia*: provide an effective framework for consultation, international cooperation and policy development with regard to the world timber economy; provide a forum for consultation on promoting non-discriminatory timber trade practices; contribute to sustainable development; enhance members' capacities to implement strategies for ensuring tropical timber and timber products exports from sustainably managed sources by the year 2000; contribute toward mechanisms for the provision of new and additional finan-



cial resources and expertise to enhance the capacity of producing members to attain its objectives; and improve market intelligence to ensure greater transparency in the international timber market. He said the ITTA, 1994 also aims to: promote increased tropical timber processing from sustainable sources in producer countries, with a view to promoting their industrialization; encourage members to support industrial tropical timber reforestation and forest management activities as well as rehabilitation of degraded forest land, with due regard to the interests of local communities dependent on forest resources; improve marketing and distribution of tropical timber exports from sustainably managed sources; encourage members to develop national policies aimed at sustainable utilization and conservation of timber producing forests and their genetic resources and at maintaining the ecological balance in the regions concerned; promote access to, and transfer of, technologies and technical cooperation to implement the objectives of the ITTA, 1994; and encourage information sharing regarding the international timber market.

PrepCom Chair Blaser explained that the ITTA, 1994 defines tropical timber as non-coniferous tropical wood for industrial use that is grown or produced between the Tropics of Cancer and Capricorn and includes logs, sawnwood, veneer sheets and plywood. He said the Agreement, *inter alia*, distinguishes between producing and consuming countries, and outlines the work of the ITTC, including the Council's composition, powers and functions, voting procedures, and general rules, including frequency of meetings.

Blaser noted the chapter on finance, which includes articles on the Administrative Account, Special Account, the Bali Partnership Fund, and the auditing and publication of accounts. He said the chapter on operational activities includes articles on ITTO policy work and project activities and the establishment and functions of the Committees on Economic Information and Market Intelligence, Reforestation and Forest Management, Forest Industry, and Finance and Administration. He stated that the remaining chapters cover, *inter alia*: the relationship with the Common Fund for Commodities; statistics, studies and information; provisions for compliance and disputes; and non discrimination.

Blaser drew attention to a formal statement by consumer members, which commits signatories to: implement appropriate guidelines and criteria for sustainable forest management (SFM) comparable to those developed by the ITTO; achieve SFM by 2000; and provide appropriate resources to developing consumer countries to enable them to achieve SFM. Regarding preparatory work for the new agreement, he noted, *inter alia*: the baseline study on new and emerging issues; country questionnaires; a Council Decision calling for studies on the review of internationally-traded environmental services and the review of achievements of the ITTA, 1994; and PrepComs I and II.

**Report of the Working Group:** PrepCom Chair Blaser presented the report of the Working Group on the Preparations for Negotiating a Successor Agreement to the ITTA, 1994 (ITTC(XXXIV)7). He described the Working Group's inaugural meeting in Bern, Switzerland, in April 2003, and summarized the results of a country survey on matters relating to the negotiation of the successor agreement to the ITTA, 1994. Blaser also noted that, since the compilation of the survey's results, several other countries have responded, including: Côte d'Ivoire, Cameroon, Gabon, the

Republic of Congo, Brazil and Australia. He concluded that: because not all countries submitted the survey, the picture is incomplete; there is a desire to retain the Agreement; most countries want to focus on tropical forests and international tropical timber trade; the ITTA, 1994 should be the basis for the negotiation; there is consensus on ITTO's position in the international context; and views are varied regarding the scope of the new agreement, and on new and emerging issues, such as the funding mechanism. Blaser noted that new and emerging issues include, *inter alia*, environmental services, GMOs, plantations, public-private partnerships, and the international context. Blaser reminded delegates that PrepCom I should focus on context setting and discussion of scope, definitions, objectives and further work.

**UNCTAD GUIDANCE:** Alexei Mojarov, on behalf of UNCTAD Secretary-General Rubens Ricupero, presented UNCTAD as a forum for enhancing cooperation between producer and consumer groups regarding trade in commodities. Noting UNCTAD's role in convening and servicing meetings for the negotiations, renegotiations and functioning of various commodity agreements, he outlined UNCTAD's involvement in the negotiations of the 1983 ITTA, the ITTA, 1994, and the preparations for the negotiations of a successor agreement to the ITTA, 1994. Mojarov said UNCTAD would provide policy and legal advice prior to and during the negotiations, the first session of which will be held in July 2004 in Geneva, Switzerland. Highlighting that cooperation regarding trade in commodities has become necessary in a globalized world, he noted the unique character of the ITTA as a classic commodity agreement with environmental features, and wished PrepCom participants success in their work.

### IN THE CORRIDORS

Despite a fairly subdued morning and relatively conflict-free Council session last week, some delegates were speculating about which issues would constitute PrepCom I's "big fight." One delegate proffered that the issue of environmental services could be very problematic, noting that among those advocating for the inclusion of all forest services in the agreement are among ITTO's major financial contributors. Another delegate said that, because ITTC-34 commissioned a study on internationally-traded and potentially-tradable environmental services, PrepCom I may defer discussion on the matter until after the study is completed and presented to Council.

### THINGS TO LOOK FOR TODAY

**PLENARY:** The Opening Plenary of PrepCom I will convene at 9:00 am in the Miramar Ballroom to hear statements, address organizational matters, engage the country member dialogue on the scope and substantive issues regarding the new agreement, and consider working definitions and contentious chapters and articles.

**PRODUCER AND CONSUMER CAUCUSES:** The Producer Caucus will meet from 5:30-6:30 pm in the Miramar Ballroom. The Consumer Caucus will meet at the same time in the Marina Grand Salon.

**COORDINATION GROUP MEETING:** The Coordination Group will meet from 6:30-7:30 pm.