



## SUMMARY OF THE FIRST SESSION OF THE PREPARATORY COMMITTEE FOR THE NEGOTIATION OF A SUCCESSOR AGREEMENT TO THE INTERNATIONAL TROPICAL TIMBER AGREEMENT, 1994: 20-21 MAY 2003

The first session of the Preparatory Committee (PrepCom I) for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1994 (ITTA, 1994) took place from 20-21 May 2003, in Panama City, Panama. Approximately 100 participants attended the session, representing 37 member countries, 2 potential members, 2 intergovernmental organizations and specialized agencies, and 3 non-governmental organizations (NGOs).

Over two days delegates engaged in preliminary discussions on the scope of and issues pertaining to a new agreement. The proposals made during the session will be consolidated and presented to the second session of the PrepCom (PrepCom II) in November. There was general consensus that: the Successor Agreement should remain a commodity agreement; ITTA, 1994 should be the basis for the negotiations; and relevant new and emerging issues need to be included in the new agreement. The nature of the issues, however, and the extent to which they should be addressed, remained a bone of contention. Upon leaving Panama City, delegates seemed satisfied with the fruitful exchange of views and hopeful that intersessional work to be carried out by the Working Group on Preparations for Negotiating a Successor Agreement, as well as PrepCom II, would pave the way for smooth negotiations in July 2004.

### A BRIEF HISTORY OF THE ITTA

The ITTA was negotiated under the auspices of the United Nations Conference on Trade and Development (UNCTAD). The negotiations aimed at: providing an effective framework for cooperation and consultation between countries producing and consuming tropical timber; promoting the expansion and diversification of international trade in tropical timber and the improvement of structural conditions in the tropical timber market; promoting and supporting research and development to improve forest management and wood utilization; and encouraging the development of national policies for the sustainable utilization and conservation of tropical forests and their genetic resources, and maintaining the ecological balance in the regions concerned.

The ITTA was adopted on 18 November 1983, and entered into force on 1 April 1985. The ITTA established the International Tropical Timber Organization (ITTO), headquartered in Yokohama, Japan, which provides a framework for tropical timber producer and consumer countries to discuss, exchange information and develop policies on issues relating to international trade in, and utilization of, tropical timber and the sustainable management of its resource base. The ITTO has 57 members divided into two caucuses: producer countries (31 members) and consumer countries (25 members, including European Community member States).

The ITTA remained in force for an initial period of five years and was extended twice for two-year periods. The Agreement was renegotiated in 1993-1994. The successor agreement to the ITTA (ITTA, 1994) was adopted on 26 January 1994, and entered into force on 1 January 1997. The ITTA, 1994 contains broader provisions for information sharing, including non-tropical timber trade data, allows for consideration of non-tropical timber issues as they relate to tropical timber, and includes the Year 2000 Objective to enhance members' capacities to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000. The ITTA, 1994 also established the Bali Partnership Fund to assist producing members in achieving the Year 2000 Objective. Initially in force for three years, the 1994 Agreement was extended twice for additional three-year periods. The second period will end on 31 December 2006.

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**ITTC-32:** The ITTC held its 32nd session in Bali, Indonesia, from 13-18 May 2002. Among its decisions, the Council addressed preparations for negotiating a successor agreement. The Council requested the Executive Director to appoint two consultants, one each from a producer and a consumer country, to identify new and evolving issues of relevance to the ITTC.

**ITTC-33:** The 33rd session of the ITTC met from 4-9 November 2002, in Yokohama, Japan. Among other topics, the Council addressed preparations for negotiating a successor agreement to the ITTA, 1994 and agreed on the following: a schedule for Preparatory Committee meetings and renegotiations, starting immediately following ITTC-34, and each subsequent Council session until December 2004 or 2005; a request for members to submit comments on issues associated with the renegotiation process no later than 15 January 2003; and a request that the Executive Director consult with UNCTAD, convene a working group to identify issues to be addressed in the successor agreement, analyze potential changes to the ITTA, determine the implications of these changes, and report on its analysis for consideration by PrepCom I.

#### **WORKING GROUP ON THE PREPARATIONS FOR NEGOTIATING A SUCCESSOR AGREEMENT TO THE**

**ITTA, 1994:** The Working Group met from 7-11 April 2003, in Bern, Switzerland. Participants reviewed responses by ITTO member countries on various aspects of the negotiation of a successor agreement to ITTA, 1994, including: the new agreement's scope; the organization, duration and frequency of Council sessions, and issues related to the Secretariat's work; funding mechanisms; and the process for the PrepCom. They also considered new and emerging issues relevant to the ITTC process and ITTO's relationship with other international organizations. The Working Group elected Jürgen Blaser (Switzerland) as Chair of the PrepCom and Amb. Carlos Antonios Paranhos (Brazil) as Vice-Chair.

**ITTC-34:** The 34th session of the ITTC was held from 12-17 May 2003, in Panama City, Panama. Regarding preparations for negotiating a successor agreement, the Council requested the PrepCom to take measures to implement inter-sessional work as needed, including extending the mandate of the Working Group. It also requested the Executive Director to, *inter alia*, engage consultants to prepare a summary of the experiences of implementation of the ITTA, 1994, and take stock of the most relevant studies available regarding internationally traded and potentially tradable environmental services.

**CONSUMER-PRODUCER GROUPS COORDINATION AND INFORMATION MEETING:** Prior to the official opening of PrepCom I, delegates held an information and coordination session on Monday, 19 May 2003, to hear background presentations on: new and emerging issues of relevance to the ITTC and the successor agreement; the ITTA, 1994; the work of the Working Group on Preparations for Negotiating a Successor Agreement to the ITTA, 1994; and the role of the UNCTAD in the renegotiation process.

**New and emerging issues:** Stephanie Caswell, Consultant to the ITTO, introduced the report on new and emerging issues of relevance to the ITTC and a future ITTA (ITTC (XXXIII)/6/Rev.1), co-prepared with Rubén Guevara (Honduras). She said issues that the PrepCom may wish to consider for a new ITTA include: expansion of the scope of 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:** PrepCom Chair Blaser said 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 explained that 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. 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 help them achieve SFM. Regarding preparatory work for the new agreement, he noted, *inter alia*: the baseline study on new and emerging issues; country questionnaires; and a Council Decision calling for studies on the review of internationally-traded environmental services and the review of achievements of ITTA, 1994.

**Report of the Working Group on the Preparations of the Negotiations:** 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 summarized the results of the country survey on matters relating to the negotiation of the successor agreement to the ITTA, 1994. He concluded that: since 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 forest and international tropical timber trade; ITTA, 1994 should be the basis for the negotiations; there is consensus on ITTO's position in the international context; and that views are varied regarding the scope of the new agreement, and new and emerging issues, such as the funding arrangement. Blaser noted that new and emerging issues include, *inter alia*, environmental services, genetically modified organisms (GMOs), plantations, and public-private partnerships. Blaser reminded delegates that PrepCom I should focus on context setting and discussion of scope, definitions, objectives, and further work.

#### **PREPCOM I REPORT**

PrepCom I opened on Tuesday, 20 May 2003. PrepCom Chair Jürgen Blaser thanked Panama for hosting the meeting, welcomed delegates, and thanked those countries that had responded to the pre-negotiation survey. He noted that all countries must take responsibility for the outcome of the negotiations, urging that the negotiations be based on sound science and judgment. He added that PrepCom I should constitute an exchange of views and provide a basis for further negotiations, emphasizing the importance of discussing the scope of the new agreement.



The PrepCom then adopted the agenda and organization of work (ITTA/3/PrepCom(I)/1 and Info.3) and admitted observers. Chair Blaser drew attention to a document on forest-related definitions (ITTA/3/PrepCom(I)/Info.1), noting that it was a background document, not a negotiating text.

Jean Sollo (Cameroon), Producer Caucus Spokesperson, said PrepCom I should focus on clarifying and organizing views. He underscored the need to take into account emerging issues and countries' technical capacities, and the ITTA, 1994's deficiencies regarding financing. Aulikki Kauppila (Finland), Consumer Caucus Spokesperson, stressed the need for overarching objectives that take into account new and emerging issues. She said the ITTO should not conflict with the work of other organizations.

Over two days, delegates convened in Plenary and working groups. The Plenary heard reports and general statements, and addressed the objectives of the ITTA, 1994. Working Group I (WG-I), chaired by PrepCom Vice-Chair Paranhos, addressed how the Preamble and objectives might be updated, while Working Group II (WG-II), chaired by PrepCom Chair Blaser, addressed how the Preamble and objectives might be expanded.

The following summary reflects the process and nature of the discussions.

#### **GENERAL VIEWS ON THE SCOPE AND SUBSTANTIVE ISSUES**

In Plenary on Tuesday morning, member States delivered general statements on the scope and substantive issues of the new agreement.

**PLENARY: General views:** Switzerland, New Zealand, Gabon and Ghana said the ITTA, 1994 provides a good basis for the renegotiations. While the Philippines, Norway and IUCN stressed the need for a holistic approach, Colombia called for an integrated approach that incorporates environmental, social, and economic factors. Colombia suggested that the agreement's name be changed to reflect the true breadth of its scope. UNCTAD clarified that, if so desired, the duration and name of the agreement could be changed. Malaysia emphasized that Objective 2000 is still relevant, and cautioned against overburdening the ITTO or diluting the ITTA, 1994's objectives. New Zealand recommended establishing overarching objectives for the new agreement. The European Community (EC) stressed the need to maintain the objectives of the ITTA, 1994. China stated that the new agreement should be action oriented and not a political forum. With the Association of Indonesian Forest Concession Holders (APHI), the EC encouraged greater private sector involvement in the renegotiation process and Council sessions.

**Substantive issues:** The Philippines said the new agreement should address criteria and indicators (C&I) and phased approaches to certification. Switzerland and Indonesia said the new agreement should include certification, illegal logging and forest law enforcement and governance (FLEG), and environmental services.

The Philippines, Switzerland, Indonesia, Gabon and Ghana supported including environmental services, while the EC suggested waiting for the outcomes of discussions in other fora, including the WTO. Norway said the new agreement must take stock of new and emerging environmental and social issues and follow up on the WSSD commitments, particularly with regard to poverty alleviation and good governance. Gabon and Ghana said the new agreement should address the concerns of forest dwellers. Indonesia emphasized the relationship between SFM, poverty alleviation and rural livelihoods and said market access provisions

should be included in the new agreement. IUCN, on behalf of the civil society advisory group (CSAG), said the new agreement should respect trends in community land tenure, and recognize different certification schemes without endorsing any specific one. Japan recommended that the new agreement take account of forests' multifunctionality, and stressed the importance of partnerships, certification and combating illegal logging. Switzerland proposed that the new agreement should include softwood trees. The Republic of Korea proposed inclusion of other forest products, such as pulp and paper, within the new agreement and, with Malaysia, emphasized that SFM should be the ultimate objective. Ghana underscored that the new agreement should cover tropical, boreal and temperate forests and that capacity building should aim at SFM and FLEG.

**Financial aspects:** The US stressed the need for a broader funding base and Brazil called for a broader financial structure. Noting the ITTO's inefficiencies, China said the ITTO needs additional resources, including those from private and civil society sources and a new financing structure. Suriname suggested the involvement of the Global Environment Facility.

**Cooperation with other fora:** New Zealand, the EC and Brazil said the ITTO should strengthen cooperation with other relevant international organizations.

**Organization of work:** China recommended that the duration of ITTC and Committee meetings be reduced. Suriname said ITTC could meet annually if there were an intersessional body to approve projects.

**WORKING GROUP I:** On Tuesday afternoon, WG-I addressed the difference between updating and expanding the Preamble and Objectives of the ITTA, 1994.

The US expressed caution about expanding the scope of the agreement and said new and emerging issues could be included in the preamble. Japan said preambular modifications should be minimal. Many countries supported preambular references to relevant international developments, instruments and fora, such as the World Summit on Sustainable Development (WSSD), the World Trade Organization (WTO) Doha Round, the UN Convention to Combat Desertification, the Conference on Financing for Sustainable Development, and the Millennium Development Goals (MDGs). New Zealand suggested references to, *inter alia*, SFM, certification and C&I. Gabon, Peru and Japan suggested updating the commitment to achieve SFM by 2000 since the date has already passed. Venezuela, supported by Peru and opposed by Japan, said the Preamble should not only recognize the importance of timber, but also forest values and the sources of timber.

Trinidad and Tobago, supported by New Zealand, suggested adopting three or four overarching goals to guide ITTO. Norway said a mission statement should precede the Preamble. Togo suggested five sets of objectives related to: expansion; SFM; international cooperation; development and funding mechanisms; and emerging issues. The US cautioned against a long list of objectives and enquired about delegates' understanding of the difference between updating the objectives and expanding the scope of the agreement. The EC said updating involves enlarging the scope. Côte d'Ivoire recommended assessing achievements for each objective before deciding on its maintenance or improvement. The US agreed that overarching objectives could encompass new and emerging issues. The EC supported the adoption of overarching objectives and specific detailed objectives, possibly included in an annex. While Japan and Trinidad and Tobago supported reflecting new and emerging issues, the EC said these should be clearly separated from the objectives. The EC stressed the importance of



retaining the objective that the ITTA provide an effective framework for international cooperation with regard to all aspects of the world timber economy.

**WORKING GROUP II:** PrepCom Chair Blaser invited delegates to consider what an expanded scope could entail.

Australia said new issues, such as genetically modified organisms, do not constitute an expanded scope, whereas including forests other than tropical forests would. He stated that where “timber” appears in the text, environmental services could be added and that local communities could be included in the Preamble. The US said examples of updating the agreement could include preambular reference to the WSSD or market access. Indonesia proposed that new issues be dealt with in the objectives. Colombia suggested incorporating an ecosystem approach. The Philippines and Gabon said reference to environmental services and the ecosystem approach could already be located in the objectives.

### **PROPOSALS ON THE PREAMBLE**

On Wednesday, WG-I and WG-II considered proposed elements for the Agreement’s Preamble, taking the text of the ITTA, 1994 as a basis.

**WORKING GROUP I:** Japan urged minimal modifications to the preamble and Indonesia cautioned against referencing too many issues, including issues that may broaden the Agreement’s scope. VENEZUELA, supported by the US and INDONESIA, requested replacing references to “sustainably managed sources” to “sustainably managed forests” throughout the text.

Supported by Norway and Indonesia, Japan stressed the need to retain the first preambular paragraph, which sets the historical context. The US suggested considering whether all the instruments noted still have relevance for the ITTA and, supported by Norway, proposed referencing the WTO Doha Round. Noting that the ITTO is a commodity organization with environment and development components, the EC, supported by Norway, recommended including reference to the WSSD and the MDGs. The US emphasized the need to include recent events. Venezuela suggested reference to the Ministerial Declaration of the United Nations Forum on Forests (UNFF). The US noted that reference to the WSSD would encompass the UNFF Ministerial Declaration. Supported by the EC, she proposed a chapeau listing the major instruments that contextualize the ITTO. Brazil, supported by Japan, proposed that reference to other processes be included in the paragraph that recalls outputs from the UN Conference on Environment and Development (UNCED), the UN Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity (CBD). Indonesia suggested a reference to the Collaborative Partnership on Forests (CPF). Norway, supported by the EC, Malaysia, and Gabon, stated that the first paragraph should be limited to a few overarching elements, whereas specific environmental and forestry instruments belong in the paragraph on environmental agreements. The US suggested including references to ITTO’s achievements, UNFF and the CPF in a new paragraph rather than in the paragraph recalling the historical context of the ITTA and the reasons for its maintenance. Supported by Cameroon, Gabon and Peru, the EC suggested that poverty alleviation and sustainable development be reflected in the paragraph on the historical context.

Regarding a paragraph that recognizes the importance of timber to the economies of countries with timber-producing forests, Cameroon, Venezuela and Gabon supported references to development and the recognition of the importance of forests as sources of

timber. Brazil disagreed and called for a focus on timber. Malaysia requested, and Indonesia cautioned against, referencing non-wood forest products (NWFPs).

Noting that it would change the nature of the ITTA, Vice-Chair Paranhos, supported by Indonesia, cautioned against referring to forests rather than tropical timber throughout the text. The EC suggested including a reference to the positive effects of trade on development.

Regarding a paragraph on the promotion of guidelines and criteria for the management, conservation and sustainable development of all types of timber-producing forests, the US recommended updating the terminology. Cameroon noted that C&I is already one of ITTO’s activities. The EC supported references to SFM and, supported by Peru but opposed by Brazil and Cameroon, combating illegal logging.

The US suggested new wording recognizing that forests: provide economic, social, and environmental goods and services, including to local communities, indigenous people, and forest dependent communities; and contribute to sustainable development and other sectors. Venezuela called for a reference to integrated rural development. Gabon proposed a reference to development in general, and underscored that illegal logging should not be mentioned without also referring to illegal trade.

Japan said reference to the role of forests, social and economic development, and poverty alleviation is inappropriate in the preambular text, and recommended a focus on new and emerging issues, including illegal logging. The EC insisted that illegal logging be mentioned. The US, supported by Indonesia, said illegal logging is too specific for the preamble, and proposed addressing FLEG instead. Norway and the EC said if illegal logging is omitted from the preamble, it should be included in the objectives.

The EC, Gabon and Togo recommended retaining the paragraph containing a commitment to achieve SFM by 2000. The Netherlands said Objective 2000 should be retained as a monument to a decision that has not successfully been implemented. The US proposed deleting the paragraph.

The EC said the paragraph on strengthening the framework of international cooperation and policy development between members in finding solutions to the problems facing the tropical timber economy should be maintained. The US proposed deleting the paragraph and suggested producing a joint consumer-producer mission statement instead.

The US proposed a new paragraph on the importance of the private sector, NGOs and civil society as partners to accomplish the ITTA’s objectives. To accommodate the concerns of some members, the US said the paragraph could also note the intergovernmental nature of the agreement. Venezuela called for reference to local communities and indigenous peoples.

Regarding a paragraph on the linkages between tropical trade and the international timber market, the US proposed introducing concepts about the global economy and language on facilitating global market access. Brazil supported, and the EC opposed, reference to market access.

Vice-Chair Paranhos said delegates might also want to consider preambular text on financial resources and means for functioning of the ITTO. Cameroon, supported by Indonesia, suggested a reference regarding the need to improve the financial structure of the Agreement, with Indonesia expressing concern about the status of the Bali Partnership Fund. The Philippines said technology transfer should also be mentioned. Malaysia, supported by Indonesia and opposed by the US and Japan, called for a reference to certification and the need for value-added processing. The US proposed refer-



ence to market-based instruments instead. The EC called for reference to social issues. Gabon noted that issues such as market access, technology transfer and finance are not miscellaneous issues, and should not be addressed only in the chapeau. Stressing the importance of commodity agreements for development, the EC said employment and working conditions are social issues that could be included, and that would not constitute barriers to trade. The US, supported by Indonesia, opposed listing broad social issues, with the US agreeing that socioeconomic values of forests could be included, and Indonesia noting that labor conditions are addressed in other fora.

**WORKING GROUP II:** PrepCom Chair Blaser urged the group to concentrate on general ideas for the Preamble, rather than drafting.

UNCTAD stated that the reference to UNCTAD and the Cartagena Commitment in the paragraph on the ITTA's historical context are outdated.

Regarding the paragraph on ITTA's achievements, Colombia, opposed by Indonesia, called for a reference to the UNFF, and the US stressed the need to refer to ITTA, 1994. The US, supported by Switzerland, said any reference to action plans should include future ones. Colombia, supported by Australia, Malaysia, and the EC, questioned the need for a reference to these plans. Malaysia stressed the need to refer to the WSSD. Brazil observed that a careful approach is needed to avoid internalizing concepts from other processes in the new ITTA. Switzerland emphasized that reference to other processes would avoid duplication and seek mutual supportiveness. Gabon underlined the danger of overloading the preamble.

The US called for a reference to the WSSD in the paragraph on the outcomes of UNCED. Malaysia suggested adding references to UNCED and the WSSD. The US proposed, and Ghana agreed, that preambular references to UNFF and the CPF be included in a new paragraph. Indonesia requested retaining the original text. Chair Blaser prompted delegates to consider preambular reference to a mission statement. Switzerland said the mission statement should stand alone in the agreement.

On the paragraph related to the economic importance of timber, Australia suggested that the paragraph include reference to NWFPs and the social, environmental and economic benefits for local communities. Colombia proposed adding "cultural" to this list. Malaysia, Indonesia, Brazil and Ghana said the paragraph should remain as it is. The US proposed the creation of a new paragraph to address benefits other than timber and reference to the importance of forests to sustainable development.

Regarding comparable and appropriate guidelines and criteria, Switzerland, supported by Colombia, called for a reference to ecosystem management. The US proposed that the language should be updated with reference to C&I for SFM. Malaysia supported reference to C&I, but opposed reference to ecosystem management.

After some discussion, delegates agreed that the paragraph on the international timber market should remain unaltered.

In the paragraph on Objective 2000 and financing, the EC suggested replacing the year 2000 with a new date. Switzerland recommended broadening it without a date and affirming the process for achieving SFM. The US said the paragraph should be updated with references to the WSSD and to capacity building.

The EC recommended updating the paragraph on the commitment of consumer countries to maintain or achieve by the year 2000 the sustainable management of their respective forests. Switzerland suggested that the paragraph should be left intact to preserve its spirit, and the US recommended its deletion.

Switzerland, opposed by Indonesia, stated that the paragraph on international cooperation and policy development should refer to tropical forests. The US said the same paragraph should reference the contributions of the ITTO.

### **PROPOSALS ON THE OBJECTIVES**

On Wednesday afternoon, the Plenary considered proposals on Article 1 of the ITTA, 1994 related to the objectives of the Agreement. Chair Blaser noted that the objectives could be: listed as in the ITTA, 1994; organized into two or three overarching objectives; or categorized thematically.

Switzerland suggested that a mission statement appear in Article 1 and objectives in Article 2. Norway said new and emerging issues could be incorporated within the structure of the five categories proposed by Togo during Working Group I's discussions. Cameroon expressed, and Suriname agreed on, the need for one global objective. Suriname suggested that the objective could include the need for global equity, and preservation and rational utilization of resources.

The US, the EC and Trinidad and Tobago favored the Philippines' proposal for three overarching objectives: development, SFM and sustainable development, and trade. Trinidad and Tobago and Ghana proposed three levels: the mission statement, overarching goals, and a list of strategies for achieving the goals. Malaysia called for detailed and comprehensive objectives, rather than a few overarching ones. Japan underscored that prior to grouping the objectives delegates should consider which elements are to be included in the new agreement. Supporting Suriname, Brazil called for one objective, and a list of supporting strategies. Switzerland highlighted three overarching objectives: facilitating discussion and consultation, promoting international trade in tropical timber, and promoting SFM. Supporting Switzerland's proposal, the Philippines suggested a hierarchy containing a mission statement that defines the ITTO's needs and differentiates it from other organizations, and using three groups of objectives.

**CHAPEAU:** Switzerland said the existing chapeau should become the general preamble of the Agreement. Indonesia called for a mission statement, and stressed the need to include ways of achieving the objectives listed. Peru noted that the mission statement should guide and precede the objectives.

**OBJECTIVE (A):** On providing framework for consultation, international cooperation and policy development with regard to all relevant aspects of the world timber economy, Cameroon requested referencing SFM.

**OBJECTIVE (B):** Norway suggested merging the objective on providing a forum for consultation to promote non-discriminatory timber trade practices, with objective (a). Malaysia opposed, noting that objective (a) relates to cooperation, while objective (b) relates to non discrimination.

**OBJECTIVE (C):** Regarding the contribution to the process of sustainable development, Norway suggested referencing the outcomes of the WSSD. The US emphasized the contribution of forests to sustainable development, and Malaysia requested making a link to international cooperation. Ghana proposed inclusion of the notion of poverty alleviation. Canada suggested text



stating that cooperation would be facilitated if forests were included in national development plans and/or national poverty reduction strategies.

**OBJECTIVE (D):** On enhancing capacity to implement a strategy for achieving exports from sustainably managed sources by the year 2002, Japan, supported by Norway, recommended updating the statement and, opposed by Brazil, adding references to certification and combating illegal logging. The EC suggested, while Brazil opposed, referencing the promotion of FLEG. Venezuela and the EC recommended, while Indonesia and Brazil opposed, referencing NWFPs. Switzerland and Malaysia supported a reference to capacity building to reduce deforestation. Malaysia said the objective should be achieved through an action plan, not a strategy. Brazil requested including illegal trade, Malaysia recommended the inclusion of biopiracy, and Papua New Guinea said intellectual property rights should be inserted. Indonesia proposed including the notion of both industrial and community-based plantation forests. Switzerland proposed including certification and facilitating consultations on mutual recognition of forest certification systems. Malaysia requested reference to international cooperation to combat forest fires.

**OBJECTIVE (E):** Regarding the objective to promote the expansion and diversification of international trade in tropical timber from sustainable sources, Norway suggested referencing the potential trade in environmental services, with the EC noting that this should be subject to the results of the ITTO's ongoing study on this matter. Switzerland requested adding the promotion of the role of the private sector and civil society in SFM. Venezuela suggested including reference to other environmental goods and services.

**OBJECTIVE (F):** Regarding the objective to promote research and development with a view to improving forest management and efficiency of wood utilization as well as increasing the capacity to conserve and enhance other forest values in timber producing tropical forests, Indonesia suggested referencing deforestation. Norway recommended the inclusion of research on the use of alien and exotic species. Venezuela called for a better definition of environmental values or the formulation of a new reference to environmental goods and services. The Philippines requested adding the issues of invasive alien species and genetic manipulation of forest species.

**OBJECTIVE (G):** On developing and contributing towards mechanisms for the provision of new and additional financial resources and expertise to enhance the capacity of producing members to attain the agreement's objectives, Malaysia requested specifying that new and additional resources must be adequate.

**OBJECTIVE (I):** Regarding promoting increased and further processing of tropical timber from sustainable sources in producing member countries to promote their industrialization, Malaysia suggested reference to value-added timber products. The EC requested referencing working conditions and the employment of women, with Norway noting due respect for the rights of indigenous peoples.

**OBJECTIVE (J):** On encouraging members to support and develop industrial tropical timber reforestation and forest management activities as well as rehabilitation of degraded forest land, the Philippines suggested referencing the enhanced role of local communities and indigenous peoples in reforestation and forest management.

**OBJECTIVE (K):** On improving marketing and distribution of tropical timber exports from sustainably managed sources, Norway proposed replacing sustainably managed sources with sustainably managed forests. Venezuela, opposed by the EC, called for reference to NWFPs.

**OBJECTIVE (L):** Regarding the objective to encourage members to develop national policies aimed at sustainable utilization and conservation of timber producing forests and their genetic resources, Switzerland proposed mentioning support for cooperative international efforts for conservation through transboundary conservation and transboundary forest landscape restoration. Peru requested referencing illegal logging and trade. Malaysia called for support for the establishment and management of conservation areas. Indonesia proposed references to civil society.

**OBJECTIVE (M):** On the promotion of access to, and transfer of, technologies and technical cooperation, Venezuela requested reference to "adequate technologies."

**OBJECTIVE (N):** Regarding encouraging information sharing on the international timber market, the EC suggested actively seeking membership of important timber producing and consuming non-member countries. Malaysia proposed reference to the possible role of the CSAG and the Trade Advisory Group, and widening the scope of information sharing to include SFM. Venezuela called for information exchange on NWFPs.

#### CLOSING PLENARY

**OTHER BUSINESS:** On Wednesday afternoon, Chair Blaser presented proposed Terms of Reference (ToR) for an Inter-Sessional Working Group on Preparations for Negotiating a Successor Agreement to the ITTA, 1994. He said the Working Group would:

- consider the distribution of tropical coniferous forest resources and their role in international trade;
- review past and current work on non-timber forest products (NTFPs) and non-timber forest values;
- assess the extent to which NTFPs and other non-timber forest values are covered under the ITTA, 1994 and recommend how these could be strengthened in the successor agreement;
- identify the areas in which ITTA, 1994 has been unsatisfactorily implemented and recommend how to improve them; and
- advise the PrepCom Chair and Vice-Chair on possible preambular language for the Successor Agreement, a list of objectives that could reflect the objectives of ITTA, 1994, and definitions, as requested by PrepCom I.

PrepCom Chair Blaser also introduced the ToR for the study on experiences of the implementation of ITTA, 1994, which include a review of policy and project work carried out by the ITTO, and consideration of the ITTO's achievements vis-à-vis articles on implementation procedures and objectives.

**REPORT:** Chair Blaser said the report of PrepCom I would be ready for circulation in June.

**CLOSING STATEMENTS:** Consumer Caucus Spokesperson Kaupilla, drew attention to the challenges facing the PrepCom and stressed the need for expediency. Producer Caucus Spokesperson Sollo said progress had been made in PrepCom I. Panama thanked ITTO for the opportunity to host ITTC-34 and PrepCom I and reiterated its readiness to host future ITTO activities. Chair Blaser thanked participants and closed the session at 7:42 pm.



## A BRIEF ANALYSIS OF PREPCOM I

PrepCom I laid the groundwork for important decisions on the ITTO's future direction and served as an excellent forum for gathering information and exchanging views. The meeting set the scene for future work by placing participants on the same page, despite the fact that the "page" seems quite cluttered.

### EXPANDING OR REVISING?

The main question that dominated discussions at PrepCom I was whether the scope of the ITTA should be expanded. The ITTO has been successful as a forum for trade and forestry representatives and as a mechanism for translating policy into action.

However, expanding the scope of the ITTA to include such policy elements as environmental services, the ecosystem approach, law enforcement and governance, or to include all types of timber, may diminish the ITTO's effectiveness.

Thus far, the ITTO has worked well with a broad mandate as it gives the ITTC considerable room to develop plans of action that can focus on various and emerging topics. In fact, some delegates argue that the scope of ITTA, 1994 already includes the issue of environmental services in its objective to "support research and development ... to enhance other forest values in timber producing tropical forests." They stress that by providing specific direction in the Agreement, the scope of plans of action may be restricted. This is particularly relevant if the new Agreement is to remain in place for the same duration as its predecessor. On Wednesday, as the shopping list of proposed new objectives grew, some delegations insisted on listing specific objectives, possibly in a quest to ensure that their issues make the agendas of future meetings, or are included in future plans of action. Debate on the general provisions of the Agreement is a necessary preliminary exercise and will undoubtedly take time as delegates explore each other's positions. However, at this point, the question of whether the agreement will remain a constitutive document giving the ITTC flexibility, a focused instrument directing the ITTC to address specific issues, or something in between, remains to be seen as delegates push in all directions.

### WHO SHALL BE ITTO'S UNDERWRITER?

If the ITTA is expanded to address a larger number of issues, the constraints imposed by the ITTO's budget may reduce its ability to meet these new responsibilities. Increased funding to the ITTO may be crucial in this regard. Roughly 80% of the ITTO's funding comes from Japan, but Japan has signaled its unwillingness to continue footing the bill. With such narrow burden sharing, the degree of political will to keep the ITTO afloat will become apparent as donors decide whether or not to increase their contributions.

Several delegates noted the need to address the ITTO's financial structure, but few hinted at proposals for reform apart from interventions that the private sector should contribute and that mandatory funding should be required based on gross domestic product. Other delegates have noted that it is not the framework that must be changed, but rather the manner in which ITTO obtains its funding under the existing framework. Either way, the ITTO's structure of project implementation through multilateral funds is a core element of the organization and to change that structure will fundamentally change the ITTO.

## ENGAGEMENT

Initial preparations for the PrepCom commenced in Bali, Indonesia, in May 2002, with Decision 4(XXXII) authorizing a study on new and emerging issues relevant to the ITTC and a future ITTA. The report of this study was presented at ITTC-33 in Yokohama in November 2002, and was followed by Decision 8(XXXIII) to establish a Working Group on Preparations for Negotiating a Successor Agreement to the ITTA, 1994. The Working Group was created to identify issues, analyze potential changes based on comments from ITTC members, determine the implications of these changes, and write a report.

Based on this work, it was hoped, perhaps unrealistically, that negotiations of the new agreement would hit the ground running. However, a low number of responses to the Working Group's questionnaire, including the absence of responses from several key member States, and a poor level of engagement at the Working Group's meeting in Bern in April 2003 slowed the process. On the eve of PrepCom I, States were asking for routine exchanges of information rather than negotiations.

At the PrepCom, producer countries in particular espoused views based on straight trade priorities, conservation, and market access, which often conflicted with one another. The Chair's division of the working groups into expansionist and revisionist camps exposed the intra-caucus dynamics that had until then been hidden in closed meetings. Stronger State engagement from the start of the preparatory process may have avoided these problems.

Low engagement of NGOs was also apparent at PrepCom I. The ITTC has always been open to civil society participation. Indigenous peoples, trade unions, and environmental groups have all contributed to the ITTC in the past, but their general absence at the PrepCom was noticeable. Some point to lack of funding as the main reason for their absence. However, if NGOs viewed the debates as priority issues, their participation may be greater.

At ITTC-34, the Secretariat vowed to continue engagement with the CSAG. However, proposals to facilitate public participation were largely absent at PrepCom I. It is still early, and new proposals during the negotiation of operative text, such as the establishment of a clearinghouse mechanism, may stimulate public participation in the process. However, greater efforts to engage civil society through pre-meeting consultations and funding to participate at meetings would strengthen the ITTA.

## CONCLUSION

There was consensus on several issues at PrepCom I, which provided a positive start to the process. Parties appeared to concur on the desire for a new agreement and a focus on a commodities instrument that addresses SFM and uses ITTA, 1994 as a starting point. Discussions on emerging issues, follow-up to the outcomes of the WSSD, and harmonization with other processes were also important matters of concern. However, there was scant attention paid to the fundamental issues of financing constraints and civil society engagement. Moreover, the PrepCom's work on the scope of the agreement was indecisive.

Information exchange at PrepCom I allowed delegates to turn the corner and start negotiating in earnest. The Chair now has an opportunity to refine the proposed preambular references and consolidate the objectives into a workable list through the Inter-sessional Working Group. With a short timeframe to complete the text, these discussions have set the pace for future negotiations.



## THINGS TO LOOK FOR

### MEETING OF THE COLLABORATIVE PARTNERSHIP

**ON FORESTS:** This meeting, organized by the UNFF, will convene on 25 May 2003, in Geneva, Switzerland. For more information, contact: UNFF Secretariat; tel: +1-212-963-1393; fax: +1212-963-4260; e-mail: [unff@un.org](mailto:unff@un.org); Internet: <http://www.un.org/esa/forests/cpf.html>

**UNFF-3:** The third session of the United Nations Forum on Forests will convene from 26 May-6 June 2003, in Geneva, Switzerland. Delegates will discuss a variety of issues, including: means of implementation; progress in implementation, specifically related to economic aspects of forests, forest health and productivity, and maintaining forest cover to meet present and future needs; and common items. For more information, contact: Mia Söderlund, UNFF Secretariat; tel: +1-212-963-3262; fax: +1-212-963-4260; e-mail: [unff@un.org](mailto:unff@un.org); Internet: <http://www.un.org/esa/forests.htm>

**UNFCCC SB-18:** The Subsidiary Bodies to the UN Framework Convention on Climate Change will meet from 4-13 June 2003, in Bonn, Germany, to continue negotiations on the institutional and implementation aspects of the UNFCCC and Kyoto Protocol. For more information, contact: UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: [secretariat@unfccc.int](mailto:secretariat@unfccc.int); Internet: <http://www.unfccc.int>

**FORESTS IN SUSTAINABLE MOUNTAIN DEVELOPMENT - RISKS AND WATERSHED MANAGEMENT:** This meeting, organized by the International Union of Forest Research Organizations (IUFRO), will convene from 9-13 June 2003, in Galtuer, Austria. For more information, contact: Gernot Fiebiger, IUFRO; tel: +43-1-877-01-51-0; fax: +43-1-877-01-51-50; e-mail: [gernot.fiebiger@wlv.bmlf.gv.at](mailto:gernot.fiebiger@wlv.bmlf.gv.at); Internet: <http://iufro.boku.ac.at>

**WORKSHOP ON FOREST SCIENCE/POLICY INTERFACE IN EUROPE, AFRICA AND THE MIDDLE EAST:** This workshop, organized by IUFRO, will convene from 23-27 June 2003, in Copenhagen, Denmark. It will cover issues related to the management of natural and plantation forests and woodlands for economic, social and environmental goods and services in the European-African region and the Middle East. For more information, contact: John Parrotta, IUFRO; tel: +1-703-605-4178; fax: +1-703-605-5131; e-mail: [jparrotta@fs.fed.us](mailto:jparrotta@fs.fed.us); Internet: <http://www.flec.kvl.dk/>

**SCIENTIFIC SEMINAR ON FOREST RESEARCH CROSSING BORDERS:** This seminar, organized by the European Forest Institute, will convene from 28-29 August 2003, in Joensuu, Finland. Topics include the role of forests in creating welfare, effect of global change on SFM, and better information for good governance of forests. For more information, contact: Anu Ruusila, European Forest Institute; tel: +358-13-252-0215; fax: +358-13-124-393; e-mail: [anu.ruusila@efi.fi](mailto:anu.ruusila@efi.fi); Internet: <http://www.efi.fi/events/2003/10AC/seminar.html>

**FIFTH WORLD PARKS CONGRESS - BENEFITS BEYOND BOUNDARIES:** This IUCN conference will convene from 8-17 September 2003, in Durban, South Africa. For more information, contact: Peter Shadie, IUCN Programme on Protected Areas; tel: +41-22-999-0159; fax: +41-22-999-0025; e-mail: [pds@iucn.org](mailto:pds@iucn.org); Internet: <http://wcpa.iucn.org/wpc/wpc.html>

**INTERNATIONAL CONFERENCE ON TROPICAL SAVANNAS AND SEASONALLY DRY FORESTS - ECOLOGY, ENVIRONMENT AND DEVELOPMENT:** This conference will convene from 14-20 September 2003, in Edinburgh, United Kingdom. For more information, contact: the Edin-

burgh Centre for Tropical Forests; tel: +44-131-440-0400; fax: +44-131-440-4141; e-mail: [savanna-conference@ectf-ed.org.uk](mailto:savanna-conference@ectf-ed.org.uk); Internet: <http://www.nmw.ac.uk/ectf/events.htm#International>

**12TH WORLD FORESTRY CONGRESS:** This Congress, organized under the auspices of the Food and Agriculture Organization, will convene from 21-28 September 2003, in Quebec City, Canada. For more information, contact: World Forestry Congress 2003 Secretariat; tel: +1-418-694-2424; fax: +1-418-694-9922; e-mail: [sec-gen@wfc2003.org](mailto:sec-gen@wfc2003.org); Internet: <http://www.wfc2003.org>

**EVENT ON CERTIFICATION AND WORLD FORESTRY:** This one-day event will convene on 25 September 2003, in Quebec City, Canada. The event will consider forest certification and responsible procurement throughout the world. The event will meet in parallel to the 2003 World Forestry Congress. For more information, contact: Sustainable Forestry & Certification Watch; tel: +1-514-273 5777; fax: +1-514-277 4448; e-mail: [sfcw@sfcw.org](mailto:sfcw@sfcw.org); Internet: [http://www.certificationwatchconference.org/upcoming\\_events.htm](http://www.certificationwatchconference.org/upcoming_events.htm)

**INTERNATIONAL WILDLAND FIRE CONFERENCE AND EXHIBITION:** The third International Wildland Fire Conference will be held from 3-6 October 2003, in Sydney, Australia. For more information, contact: Conference and Exhibition Managers; tel: +61-2-9248-0800; fax: +61-2-9248-0894; e-mail: [wildlandfire03@tourhosts.com.au](mailto:wildlandfire03@tourhosts.com.au); Internet: <http://www.wildlandfire03.com/home.asp>

**ITTC-35:** The thirty-fifth session of the International Tropical Timber Council will take place from 3-8 November 2003, in Yokohama, Japan. This will be immediately followed by PrepCom II for the Negotiation of a Successor Agreement to the ITTA, 1994. For more information, contact: ITTO Secretariat; tel: +81-45-223-1110; fax: +81-45-223-1111; e-mail: [ittc@itto.or.jp](mailto:ittc@itto.or.jp); Internet: <http://www.itto.or.jp>

**INTERNATIONAL WORKSHOP ON FOREST PROTECTED AREAS:** This workshop will convene from 6-8 November 2003, in Montreal, Canada. It is sponsored by the Convention on Biological Diversity. For more information, contact: CBD Secretariat; tel: +1-514-288-2220; fax: +1-514-288-6588; e-mail: [secretariat@biodiv.org](mailto:secretariat@biodiv.org); Internet: <http://www.biodiv.org>

**INTERNATIONAL CONFERENCE ON QUALITY TIMBER PRODUCTS OF TEAK FROM SUSTAINABLE FOREST MANAGEMENT:** This conference will take place from 2-5 December 2003, in Peechi, Kerala, India. For more information, contact: K. M. Bhat, International Teak Conference 2003; tel: +91-487-2699037; fax: +91-487-2699249; e-mail: [kmbhat@kfri.org](mailto:kmbhat@kfri.org); Internet: <http://www.kfri.org/html/k0500frm.htm>

**ITTC-36:** The thirty-sixth session of the International Tropical Timber Council will take place from 20-23 July 2004, in Switzerland. The meeting will be followed by the United Nations Conference (first part) for the negotiation of a Successor Agreement to the ITTA, 1994, from 26-30 July 2004, in Geneva. For more information, contact: ITTO Secretariat; tel: +81-45-223-1110; fax: +81-45-223-1111; e-mail: [ittc@itto.or.jp](mailto:ittc@itto.or.jp); Internet: <http://www.itto.or.jp>