



ITTC-35 HIGHLIGHTS WEDNESDAY, 5 NOVEMBER 2003

On Wednesday, delegates convened in both council and committee sessions. In the morning, Council discussed forest law enforcement and governance, ITTO Objective 2000 and possible decisions. In the afternoon, the Committee on Reforestation and Forest Management (CRF) discussed *ex-post* evaluations, projects and pre-projects in progress, and proposed projects and pre-projects and policy work. The Committees on Economic Information and Market Intelligence (CEM) and Forest Industry (CFI) also met in the afternoon to review projects, pre-projects and activities in progress, and consider project and pre-project proposals and policy work. The Committee on Finance and Administration (CFA) considered, *inter alia*, the Draft Biennial Work Programme for 2004-2005 and examined draft decisions on the proposed Executing Agencies Account and the management of the Administrative Account.

COUNCIL SESSION

FOREST LAW ENFORCEMENT AND GOVERNANCE:

The Secretariat presented a progress report on case studies on export and import data on tropical timber products in the context of international trade (ITTC (XXXV)/12). He noted that there would likely be twelve case studies in total, and expressed hope that the reports of the case studies could be synthesized into one report.

JAPAN highlighted its cooperation with Indonesia to improve statistical data, identify the origins of timber and strengthen training to improve the quality of statistical data. BRAZIL and NEW ZEALAND called for a synthesis report on the country studies. The Secretariat said that a synthesis report would require additional funds. The TRADE ADVISORY GROUP noted that: the forest sector has suffered high job loss in recent years; discussions on illegal logging have become politicized; project funding for plantation developments should be increased; and industry needs to be involved in future discussions on mahogany during sessions of the Convention on the International Trade in Endangered Species (CITES). He said that the successor agreement should be strengthened to enable more substantive debate on the illegal trade in timber and timber products. The EU outlined the themes of its governance action plan. The US cautioned against setting policies that restrict trade. The REPUBLIC OF KOREA and INDONESIA noted their respective agreements with other countries on combating the illegal timber trade. CHINA noted that its actions to address illegal timber trade include penalties, product certification and customs improvements. GHANA made suggestions on issues in the expert study pertaining to secondary products, customs unions and trade statistics. ECUADOR emphasized

the importance of standardizing the systems used to monitor the illegal timber trade. SWITZERLAND highlighted the need for capacity building, monitoring and follow-up activities. NORWAY described a technology that converts softwood into a hardwood-like material, and its resulting negative impact on producer country economies. TRAFFIC INTERNATIONAL stressed the importance of harmonizing domestic statistical systems with a view to addressing the illegal timber trade.

ITTO OBJECTIVE 2000: Tapani Oksanen, ITTO

Consultant, presented the findings of a diagnostic mission to Peru that identified obstacles to implementing ITTO Objective 2000. He said obstacles include: illegal and informal forestry operations; policy decentralization; weak regional government capacity; and weak political support for sector reform. He recommended, *inter alia*, continued involvement of civil society, strengthening implementation monitoring and improving cross-sectoral coordination.

PERU noted current efforts to address illegal logging and optimize forest yields, and emphasized the political and financial costs of sector reform.

DECISIONS: ITTO Executive Director Manoel Sobral Filho proposed that ITTC-35 consider decisions on: projects, pre-projects and activities; the ITTO Draft Biennial Work Programme for 2004-2005; the Executing Agencies Account; and the management of the administrative budget for 2003.

COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

EX-POST EVALUATIONS: Jerilyn Levi (US) presented the findings of an *ad hoc* working group on *ex-post* evaluation, highlighting the importance of effective project design and planning, and training and extension activities. The CRF agreed to carry out *ex-post* evaluations on three plantation projects and two genetic resource conservation projects.

PROJECTS AND PRE-PROJECTS IN PROGRESS: The Secretariat reported the suspension of three projects in Cameroon due to, *inter alia*, lack of financial control by the implementing agency. The CRF approved the extension, without additional funding, of two projects on the intensification of silviculture and one on forest fire management in Cote d'Ivoire, and a reforestation project and a participatory forest development project in Ghana. The Secretariat noted delays in the implementation of a community forest project in Colombia.

The CRF accepted budget modifications for projects on: management plan implementation in Bolivia; reforestation and SFM in Brazil; bi-national conservation in Ecuador and Peru; natural protected areas in Bolivia; and dissemination of research results in Panama. The Secretariat reported on a mid-term evalua-



tion of a sustainable management pilot plan in Ecuador, noting implementation difficulties due to formalized illegal trade and ongoing social conflict.

The CRF discussed, without reaching conclusions, several projects and pre-project, including the consolidation of a biological corridor in Panama, remote sensing technology in the Republic of Congo, damaged area rehabilitation in Brazil and model forests in Papua New Guinea. The Secretariat said a global pre-project on demonstration areas in the sustainable management of production awaits funding.

PROJECT AND PRE-PROJECT PROPOSALS: The CRF approved pre-projects on SFM plan development in Colombia and community-based plantations in Indonesia, and projects on, *inter alia*: biodiversity conservation in Malaysia, monitoring systems in the Philippines and Thailand, alternative SFM financing in Colombia and mixed plantation systems in Ghana. The CRF rejected a project proposal on sustainable utilization of mangrove forests in Sumatra, Indonesia.

The CRF approved a project on training and the application of ITTO criteria and indicators (C&I) for SFM in Ecuador. It also approved two pre-projects on the management and conservation of forest seeds in Cote d'Ivoire, and on genetic resources in the natural tropical forests of Ecuador. Peru's project on the establishment and management of a transboundary project was deferred until the CRF session in July 2004. Togo gave an overview of its training workshop on the application of ITTO C&I. Ichiro Nagame, Japanese Forestry Agency, outlined the definitions and modalities for afforestation/reforestation in the Clean Development Mechanism of the Kyoto Protocol, and said that these will be negotiated at the Ninth Conference of the Parties of the United Nations Framework Convention on Climate Change in December 2003.

POLICY WORK: The CRF discussed the Draft Biennial Work Programme for 2004-2005 (ITTC XXXV/14), which includes: promoting the sustainable management of mangroves; monitoring the application of C&I; promoting the implementation of the ITTO guidelines for tropical forest management; supporting national and international fire management; and updating the ITTO guidelines for biodiversity conservation.

Duncan Sutherland, New South Wales Rural Fire Service, reviewed the results of the Third International Wildfire Conference. Dennis Dykstra, ITTO Consultant, gave a presentation on reduced impact logging software.

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

REVIEW OF PROJECTS, PRE-PROJECTS AND ACTIVITIES IN PROGRESS: Maharaj Krishen Muthoo, ITTO Consultant, described a project proposal to review the Indian timber market, and recommended raising awareness about market opportunities and challenges, market promotion and diversification, and the strengthening of the forest sector statistical system.

Lachlan Hunter, ITTO Consultant, outlined a project proposal on the assessment of the multiple benefits of downstream processing of tropical timber in producer countries, noting the project's objectives, the proposed case studies and the proposed model to be used in the assessment. Hunter reviewed the potential economic costs and benefits from downstream processing, but stressed that a spectrum of products is needed to ensure a robust economy.

CONSIDERATION OF PROJECT AND PRE-PROJECT PROPOSALS: The CEM/CFI considered project and pre-project proposals. It also discussed and approved an amended proposal for a consumer awareness programme to address market failure for tropical hardwoods.

The Secretariat presented the recommendations of the Expert Panel on the Technical Appraisal of Project Proposals for the draft terms of reference (ToR) for the working group established to formulate a preliminary working plan. He said the working group would consist of three Producer Group and three Consumer Group representatives. The CEM/CFI approved the ToR.

POLICY WORK: The Secretariat reviewed CEM/CFI and CRF strategic policy activities contained in the Draft Biennial Work Programme for 2004-2005 (ITTC(XXXV)/14).

The US expressed concern over work programme activities referring to plantation timber and subsidies, and said that too much emphasis had been placed on plywood. CHINA stated that there could be financial constraints given the high number of activities that would be carried out by the Secretariat. SWITZERLAND suggested several ways of improving the format of the Draft Biennial Work Programme.

COMMITTEE ON FINANCE AND ADMINISTRATION

DRAFT BIENNIAL ADMINISTRATIVE BUDGET: Chair Chris Ellis (US) outlined an amendment to the Draft Biennial Administrative Budget for the Years 2004-2005, which removes funding for regional consultants. BRAZIL and GABON underlined the importance of funding for regional consultants and the need to locate funding for these consultancies elsewhere. The CFA agreed to recommend the draft budget to Council.

The CFA discussed a draft decision on management of the administrative budget for 2003, which, *inter alia*, authorizes the transfer of up to US\$600,000 from the Working Capital Account into the Administrative Account to meet the 2003 shortfall, and another draft decision on the creation of an Executing Agencies Account. JAPAN noted the Executing Agencies Account would be created in response to the different payment procedures of donor countries. Chair Ellis noted that a substantial part of the Draft Biennial Work Programme for 2004-2005 referred to regular ITTO work and amounts to less than US\$2,000,000. INDONESIA requested that the Secretariat disaggregate the activities contained in the Draft Biennial Work Programme and prepare a comprehensive budget that associates these activities with the costs contained in the proposed Administrative Account for 2004-05.

ITTO FELLOWSHIP: ITTC Vice-Chair Jan McAlpine (US) led a discussion on improving the selection criteria for ITTO Fellowship applications. The committee noted the increasing number of fellowship applications for postgraduate degrees.

IN THE CORRIDORS

According to some insiders, ITTC-35 is shaping up to be a fairly routine meeting with one notable exception, the Draft Biennial Work Programme for 2004-2005. Some are concerned with the proposed activities having to do with subsidies, and the way in which non-earmarked funds may be allocated to projects in the Draft Work Programme. Others remarked that the ITTO's current budgeting and financial procedures provided a sound basis on which to carry out ITTO activities in the next biennium.

THINGS TO LOOK FOR TODAY

OPEN-ENDED DRAFTING GROUP: The Chairperson's Open-Ended Drafting Group is scheduled to meet from 10:00 am-12:00 pm and from 4:00-6:30 pm in the Informal Meeting Room.

SIDE EVENT: The Civil Society Advisory Group will host a side event today from 12:00-1:30 pm on the theme "Communities, Forests and Trade: New Opportunities for Poverty Reduction and Conservation."

COUNCIL SESSION: The Council will meet from 2:30-4:30 pm to discuss, *inter alia*: CITES listing proposals; negotiating a successor agreement to the ITTA, 1994; and SFM in the Congo Basin.