



ITTC-35 HIGHLIGHTS: FRIDAY, 7 NOVEMBER 2003

On Friday, delegates to ITTC-35 convened in council and committee sessions and in an open-ended drafting group to continue negotiating the Council's decisions. In the morning, the Committees on Reforestation and Forest Management (CRF), Economic Information and Market Intelligence (CEM), Forest Industry (CFI) and Finance and Administration (CFA) met to approve their final reports to the Council. In the afternoon, the Council considered: a study on internationally traded and potentially tradable environmental services provided by tropical forests; the report of the Credentials Committee; the promotion of sustainable forest management (SFM) in the Congo Basin; and a report on experiences of implementation of ITTA, 1994. Also in the afternoon, the Open-Ended Drafting Group negotiated the Draft Biennial Work Programme for 2004-2005.

COMMITTEES

COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE AND COMMITTEE ON FOREST INDUSTRY: The draft report of the thirty-third session of the CEM/CFI (CEM-CFI XXXIII/7) was reviewed for approval by the CEM/CFI. GUATEMALA inquired about the funding of pending projects. The Secretariat replied that funding decisions remain with the donor community. BRAZIL requested, and the CEM/CFI agreed, to delete reference to funds being hampered for its IBAMA Forest Products Laboratory project and, supported by the US, requested that the document state that further project consultations be made by the CFA. Regarding the Mbalmayo National School of Forestry project in Cameroon, SWITZERLAND expressed concern that the Minister in charge had not been consulted. CAMEROON, confirmed by the Secretariat, noted the contrary. The Secretariat noted that the names of the elected vice-chairs and the dates and venues of future committee sessions would be disclosed as soon as possible.

COMMITTEE ON FINANCE AND ADMINISTRATION: Chair Chris Ellis (US) recommended that references to member country names be deleted from the CFA's report (CFA(XIV)/6/Rev.1) to the Council unless the member had raised a specific reservation to be observed by the Council, or requested that its name remain in the text. Regarding the Draft Biennial Work Programme for 2004-2005, Chair Ellis proposed, and the Committee agreed to, wording on the need for greater transparency in associating the administrative budget and other funding mechanisms with the Draft Biennial Work Programme for 2004-2005, that the Executive Director take steps to address this concern

for the next consideration of the Biennial Work Programme and biennial administrative budget, and that the scope of the panel of Sub-Account B of the Bali Partnership Fund be expanded to consider, as an interim measure, the management of the unearmarked fund for supporting projects and activities within the Biennial Work Programme. BRAZIL and GABON requested inclusion of a description of discussions on the development of regional office work plans. In the paragraph on the election of a chairperson, the Secretariat noted that the nomination by the Producer Group of a vice-chairperson is pending. The Committee agreed to forward the report as amended to the Council.

COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT: The CRF considered its draft report of the session (CRF(XXXIII)/9) and approved it with minor amendments. Chair Henri-Félix Maître confirmed that the dates and venues of the next two sessions of the CRF will coincide with ITTC-36 and ITTC-37, and said that decision on the date and venue of the thirty-sixth session of the CRF is still pending. The CRF elected ASK Boachie-Dapaah (Ghana) as Chairperson and Jennifer Conje (US) as Vice-Chairperson for 2004.

CHAIRPERSON'S OPEN-ENDED DRAFTING GROUP

The drafting group considered a list of proposed activities in the ITTO Draft Work Programme for 2004-2005 to be implemented by the ITTO Executive Director, and adopted a paragraph requesting that the technical committees develop terms of reference (ToR) for some of the activities.

On proposed cooperation with FAO to develop guidelines for improving compliance, consumer country representatives supported the activity, but opposed referring the development of ToR to the technical committees. Regarding a proposal to co-sponsor an international symposium on the impact of forest certification in developing countries and emerging economies, several participants stressed previous ITTO decisions not to favour any one particular certification scheme. The Co-Chair said that co-sponsoring a symposium would not constitute a political statement on certification schemes, and the group accepted the proposal.

Delegates agreed to delete references to the priority of projects in the document. Some members thought that the drafting group should decide whether or not members would fund the projects. ITTO Executive Director Manoel Sobral Filho noted that only approved and financed projects appear in the decision. Delegates agreed to add text referring to ITTC decisions that have approved the projects contained in the Draft Work Programme for 2004-2005.

**COUNCIL SESSION****REPORT OF THE CREDENTIALS COMMITTEE:**

Michael Hicks (US) presented the report of the Credentials Committee to the Council (ITTC(XXXV)/3), and said that the Committee examined and accepted all members and observers.

INTERNATIONALLY TRADED AND POTENTIALLY TRADABLE ENVIRONMENTAL SERVICES PROVIDED BY TROPICAL FORESTS:

Andy White, Forest Trends, reviewed the current status and future potential of markets for ecosystem services (ES) of tropical forests (ITTC(XXXV)/6). Noting that different types of ES include watershed protection, biodiversity protection and carbon sequestration, he said the main buyers of ES are local, private investors. He said that the main markets and payment schemes include: public payments to private forest owners to maintain or enhance ES; open trading under a regulatory cap; self-organized private deals; and eco-labelling. On watershed protection, he stressed that investment in management is substantially cheaper than investment in new water supply and treatment facilities. On biodiversity protection, he highlighted the market contribution of private corporations from industrial countries, and noted the increasing demand for organic farm products. On carbon sequestration, White said that the main incentive is climate change mitigation, and that this could have significant driv-implications for the forestry sector.

White said that the trade in ES could result in land-rights claims by powerful groups, and contract negotiations that exclude local communities. Identifying key findings of the report, he highlighted that: the total value of payments for ES is presently modest, but is expected to grow; payments for ES can contribute to poverty alleviation; and governments play a critical role as direct buyers of forest ES and as catalysts for private sector investments. He said that since industrialized countries are the main ES buyers, international competitiveness would increase. He also called for the development of property rights and legal frameworks.

PROMOTION OF SUSTAINABLE FOREST MANAGEMENT IN THE CONGO BASIN:

ITTC Chair Bin Che Yeom Freezailah (Malaysia) spoke of a workshop to promote SFM in Africa and improve the management of forest concessions based on ITTO guidelines, and said that the report of the workshop is pending.

Cleto Ndikumagenge, ITTO Consultant, outlined a review and assessment of experiences in forest management partnerships undertaken in Central Africa, describing: background information on the forestry sector; an assessment of forestry management; experiences in forest management partnerships with, *inter alia*, ITTO, the Worldwide Fund for Nature, the World Conservation Society, and the French Development Agency; and proposals for partnership models for the enhancement of forest management (ITTC(XXXV)/11). He noted problems faced by the partnerships, such as delays in the release of government funds, lack of personnel with adequate technical expertise, and inadequate monitoring and evaluation of field activities. Ndikumagenge recommended, *inter alia*: the development of a monitoring and evaluation mechanism; creation of a coordination mechanism for partnerships; the improvement of management tools; and consolidation of the roles of the private sector and civil society. During the ensuing discussion, the US stressed the need to focus on capacity building initiatives and the REPUBLIC OF CONGO underlined the importance of developing forest management plans in the sub-region.

REPORTS OF THE COMMITTEES:

After CRF Chair Henri-Félix Maître (France) gave an overview of the CRF report, BRAZIL proposed adding language stating that the chairs of the working group would be appointed by the caucuses. Chair Maître said this would not be included in the report, but would be noted in the Council's report. ITTC Chair Freezailah noted that the Council would consider the reports of the CEM, CFI and CFA on Saturday.

ITTO FELLOWSHIP PROGRAMME: Chair Freezailah introduced the ITTO Fellowship Programme (ITTC(XXXV)/19), and the Secretariat overviewed its implementation. ITTC Vice-Chair Jan McAlpine (US) presented the Committee's report, urged countries to better promote the fellowship programme, and encouraged more donor countries to provide financial resources for the programme. Vice-Chair McAlpine noted that approximately one-third of applicants received awards. She encouraged more applications related to CEM and CFI activities, and described the Committee's decision to update and improve selection criteria for the Fellowship Programme. BRAZIL said it was willing to contribute to the initiative, and recommended developing a strategy to increase the Fellowship Programme's benefits to countries.

DATES AND VENUES OF FUTURE COUNCIL

SESSIONS: ITTC Chair Freezailah announced that ITTC-36 would be held in Interlaken, Switzerland from 20-23 July 2004. JAPAN confirmed that ITTC-37 would be held in Yokohama, Japan, but that the dates had not yet been confirmed. The REPUBLIC OF CONGO then confirmed that ITTC-38 would be held in Brazzaville, Congo from 24-26 May 2005.

IN THE CORRIDORS

Some delegates were hopeful that, with the participation of indigenous peoples in the Civil Society Advisory Group panel, the practice of community forest management was gaining international exposure. At the same time, some were of the view that delegates from developed countries are not adequately in touch with the needs of grassroots communities. Looking ahead to next week's PrepCom, several delegates believed that there were not many conceptual differences in member states' positions on a successor agreement to ITTA, 1994, and noted that member states need to think creatively to update the scope of the agreement. Others believed that the focus on commodities in ITTA, 1994 has become outdated. Some delegates indicated that specific guidance was needed on coniferous plantation forests in the successor agreement.

THINGS TO LOOK FOR TODAY

CAUCUS MEETINGS: The Producer and Consumer Groups will convene from 9:00-10:00 am in the Plenary Hall and the Committee Room, respectively.

COUNCIL SESSION: The Council will convene in the Plenary Hall from 10:00 am-12:00 pm to hear closing statements and consider issues relating to: the Special Account and the Bali Partnership Fund; the ITTO Fellowship Programme; the election of the Chairperson and Vice-Chairperson of the Council for 2004; and the Council's decisions and report.

ENB SUMMARY REPORT OF ITTC-35: The *Earth Negotiations Bulletin* report, containing a summary and analysis of ITTC-35, will be available on Monday 10 November, online at <http://www.iisd.ca/forestry/itto/itc35/>, and in hard copy for participants to the Second Session of the Preparatory Committee for Negotiating a Successor Agreement to the ITTA, 1994.