



PREPCOM II HIGHLIGHTS: TUESDAY, 11 NOVEMBER 2003

On Tuesday, delegates to the Second Session of the Preparatory Committee (PrepCom II) for the Negotiation of a Successor Agreement to the 1994 International Tropical Timber Agreement (ITTA, 1994) convened in both Plenary and in working group sessions. In the morning, Plenary reviewed and deliberated elements contained in the draft working document, and Working Group I convened to consider preliminary proposals on the financial arrangement of the successor agreement. In the afternoon, delegates continued their work on the working document in Plenary. Working Group II convened to discuss administrative issues, the duration of the agreement and the frequency of Council sessions.

MORNING PLENARY SESSION

PrepCom II Chair Jürgen Blaser (Switzerland) suggested that delegates discuss article by article the draft working document set out in Annex 6 to the Report of the Inter-Sessional Working Group on Preparations for Negotiating a Successor Agreement to the ITTA, 1994 (ITTC(XXXV)/7).

On headquarters and structure of ITTO, the REPUBLIC OF KOREA and NIGERIA suggested that the name of the organization be changed to International Tropical Forest Organization. SWITZERLAND suggested it be changed to International Tropical Forest Products Organization. The EUROPEAN COMMUNITY (EC), INDONESIA, MALAYSIA, PERU, the DEMOCRATIC REPUBLIC OF CONGO and the REPUBLIC OF CONGO urged that the present name be retained. BRAZIL, the PHILIPPINES and NEW ZEALAND said the name of the organization should be decided upon after the scope of the agreement is determined. SWITZERLAND, NIGERIA, NORWAY and NEW ZEALAND, opposed by MALAYSIA, the DEMOCRATIC REPUBLIC OF CONGO and COTE D'IVOIRE, suggested that the name of the head of the organization should be changed from Executive Director to Director-General.

The US, opposed by the EC and PERU, proposed that reference to a special vote be deleted. BRAZIL, on behalf of the Producer Group, with COTE D'IVOIRE, the REPUBLIC OF CONGO and PERU, requested the insertion of a reference to regional offices.

On membership of the organization, INDONESIA proposed the insertion of a provision on the admission of new members.

On membership of intergovernmental organizations, BRAZIL, supported by INDONESIA, proposed that membership in the organization be set out in the articles relating to definitions and voting procedure of the Council.

On the composition of the Council, SWITZERLAND proposed that the Executive Board or Committee be included.

On the powers and functions of the Council, the US suggested functions include approval of the work programmes. Regarding the adoption of rules and regulations by the Council, the US, supported by INDONESIA and opposed by the EC, recommended deleting "by consensus or by special vote." United Nations Conference on Trade and Development (UNCTAD) supported the US proposal, but noted, with FRANCE and CANADA, that UNCTAD's legal advisors should first review the issue. SWITZERLAND recommended using more general language to discuss Council voting procedures.

On provisions pertaining to the Chairman and Vice-Chairman of the Council, the EC suggested making the text more gender neutral. The US and NORWAY said the reference to voting procedures should be deleted. On the election of the Chair and Vice-Chair, INDONESIA suggested adding that the election of Chair and Vice-Chair should be by consensus or special vote, and recommended a paragraph on re-election procedures. NORWAY stipulated that re-election should occur only in extraordinary circumstances. SWITZERLAND said there should be a special vote for the re-election of the Chair or Vice-Chair, but not for their election. CANADA and UNCTAD said the issue of the election and re-election of the Chair and Vice-Chair should be deferred until legal advice is obtained.

WORKING GROUP I

Delegates in Working Group I convened to consider proposals on the financial arrangement under the successor agreement to the ITTA, 1994. A full Chair's report on four models proposed in the Working Group was presented to Plenary during the afternoon session.

AFTERNOON PLENARY SESSION

In the afternoon, delegates continued discussing articles in the working document.

On policy work of the organization, NORWAY suggested adding reference to illegal logging and certification. The US suggested strengthening language on the integration of policy work and project activities. VENEZUELA requested reference to community management of forests. SWITZERLAND, supported by CHINA, said specific actions to be undertaken should be defined in five-year action plans. PERU supported reference to a general strategic plan in addition to a short-term action plan.



On project activities of the organization, SWITZERLAND requested reference to equity issues. VENEZUELA suggested defining the role of the Secretariat on formulation and submission of projects. The US underscored the importance of implementation, monitoring and evaluation.

The EC supported maintaining reference to the Council setting priorities for project proposals. The US, supported by SWITZERLAND, suggested text authorizing the Council to limit the number of projects eligible for funding within a certain timeframe. PERU and the US discussed whether the Council should be given the discretionary power to make decisions on project termination. The EC inquired about whether decisions on project termination should be subject to special or majority vote.

On the distribution of votes, BRAZIL supported a study on the definition of "tropical forest resources." SWITZERLAND and PAPUA NEW GUINEA suggested changes to the definition. CANADA raised concerns about altering the definition used by FAO and opening this issue to debate.

On cooperation and coordination with other organizations, NORWAY proposed the inclusion of the Convention on Biological Diversity. NEW ZEALAND, supported by the US and AUSTRALIA and opposed by SWITZERLAND, objected to listing specific organizations. INDONESIA, supported by SWITZERLAND, requested that the objectives of cooperating with the private sector and civil society be elaborated. SWITZERLAND suggested that the title of the article mention civil society and the private sector.

PrepCom Co-Chair Carlos Antonio da Rocha Paranhos (Brazil) presented the report of the working group on the financial arrangement. He reviewed four proposed finance models for the successor agreement, which include: retaining the present arrangement; keeping the Administrative Account and using a new account to fund all policies and projects; maintaining discrete accounts for administrative activities, policy activities in the biennial work programme, earmarked project funds and ITTO Objective 2000 projects; and having accounts for administrative activities, policy activities and unearmarked funds for project work. Co-Chair Paranhos stressed the idea of assessed contributions to work programme activities and noted that some models base contributions on Gross Domestic Product (GDP). CHINA said that contributions for accounts for work programme activities should be tied to GDP, per capita GDP or the UN scale of assessments. FRANCE stressed the need for long-term financing.

Following the report on financial arrangements, delegates resumed discussion on the working document. On an annual report and review, CANADA suggested clarifying language to make the annual report a biennial report, to coincide with the biennial budget cycle. The EC distinguished between the annual report of the Council and an annual report intended for public use. SWITZERLAND requested text on a comprehensive five-year review on the management of tropical timber producing forests.

On project activities, the US, supported by AUSTRALIA, said that it wanted to give the Council discretion over the number of projects to be implemented. NIGERIA said that this is already implicit in the agreement's language, and SWITZERLAND said this would not require a special vote.

On differential and remedial measures, Co-Chair Paranhos drew attention to an UNCTAD resolution exempting least developed countries from contributions.

On non-discrimination, CANADA advised against changing the article. Some countries discussed ways to include a reference to legal trade, given its significance in the ITTA, 1994.

Regarding the timeframe for which the agreement will remain open for signature, UNCTAD agreed with CANADA to retain the existing language. Delegates reached consensus on articles related to entry into force, amendments and withdrawal.

On members' exclusion, UNCTAD said that provisions regarding the re-entry of excluded members is now under legal review.

On duration, extension and termination, SWITZERLAND proposed a ten-year duration for the agreement, but CANADA argued that the four year period of the ITTA, 1994 is no longer significant.

WORKING GROUP II

In the afternoon, delegates convened in another working group to work on, *inter alia*, the composition of the Council, Council sessions, project activities, and functions and establishment of the committees. On the composition of the Council, one consumer country requested reference to the functions, rules and composition of the Executive Board or Committee.

On the sessions of the Council, participants debated whether to hold one or two Council sessions per year. Several consumer countries said the relationship between frequency of sessions and project funding arrangements must be addressed. A producer country expressed concerns regarding equitable representation on the proposed Executive Board or Committee. A consumer country noted that present levels of funding for meetings cannot be maintained by current donors.

Participants reviewed a non-paper on the ITTO Executive Board or Committee. A few consumer countries suggested deleting language on the election of the Chair and Vice-Chair. One producer country noted that the proposed Executive Board or Committee's membership is too large and that the Board or Committee's functions appear too similar to those of the Council. On project activities of the organization, a producer country stressed the need for a strategy for project approval. A consumer country underscored the need to take into account the expert panels' recommendations on project implementation.

One producer country said limits to the number of projects presented would be difficult to enforce. One consumer country said that projects should integrate the interests of project proposal submitters, donors and ITTO.

Regarding the establishment and functions of the Committees, several consumer countries suggested, and several producer countries opposed, merging the technical committees and maintaining the CFA.

IN THE CORRIDORS

Some delegates have expressed their satisfaction with the steady progress being made on the working document for the successor agreement. Others have cautioned, however, that progress may be too slow and that another inter-sessional meeting may be needed before the UN Conference. One observer noted that those calling for the renaming of the agreement may not realize the legal complications this may entail.

THINGS TO LOOK FOR TODAY

PLENARY: From 10:30 am – 1:00 pm, PrepCom II is scheduled to resume its deliberation of proposals on, *inter alia*, objectives and definitions for a successor agreement to the ITTA, 1994 in the Conference Hall of the Sangyoboeki Centre, Yokohama. PrepCom II will convene a final Plenary session from 2:00 pm – 8:00 pm to hear general statements, consider its recommendations to ITTC-36 and finalize its report to the Council.