



ITTA, 1994 HIGHLIGHTS: MONDAY, 26 JULY 2004

At the outset of the UN Conference on the negotiation of the successor agreement to the International Tropical Timber Agreement, 1994, delegates convened in Plenary to hear opening statements. In the afternoon, delegates convened in two working groups to begin negotiating the successor agreement.

OPENING PLENARY

Following the nomination and acceptance of Amb. Carlos Antonio Da Rocha Paranhos (Brazil) as President of the Conference, delegates heard opening statements.

OPENING STATEMENTS: President Paranhos said that ITTO's achievements include the establishment of 38 sustainable forest management (SFM) demonstration areas and that its shortcomings include a narrow funding base.

Rubens Ricupero, Secretary-General, United Nations Conference on Trade and Development (UNCTAD), highlighted the ITTA's distinctiveness in treating trade and environment as equals. He stressed markets' need for legal frameworks, and warned that, as long as illegal timber exists, its price will undercut timber from sustainably managed sources.

Manoel Sobral Filho, ITTO Executive Director, said that ITTO membership has increased from 40 to 59 members, encompassing 80 percent of the world's tropical forests. He indicated that the new agreement should treat forests more holistically. Urging a focus on the future, he explained how the world of tropical timber will change, given rapidly declining tropical timber exports. Sobral emphasized that if ITTO is to be useful in the future, negotiators must be flexible. He acknowledged that ITTO is the only forum that promotes discussion on tropical timber, and called for a constructive agreement to guide ITTO's future work.

ORGANIZATIONAL MATTERS: Delegates adopted the agenda (TD/TIMBER.3/1) and the rules of procedure (TD/TIMBER.3/2). BRAZIL, on behalf of the Producer Group, nominated, and delegates accepted, Jürgen Blaser (Switzerland) as Vice-President of the Conference.

It was agreed that Working Group 1 (WGI) would address the Preamble and Chapters 1-4 of the agreement, with Alhassan Attah (Ghana) as Chair and Jan McAlpine (US) as Vice-Chair. For Working Group 2 (WGII), the Conference elected Jürgen Blaser (Switzerland) as Chair, and Herman Espinosa (Ecuador) as Vice-Chair.

COUNTRY STATEMENTS: FINLAND, on behalf of the Consumer Group, expressed a willingness to conduct negotiations that address producers' and consumers' positions and assured Producers that they would work collaboratively this week.

VENEZUELA supported assistance for capacity building and carrying out project work and supported inclusion of all forest products in the agreement.

The REPUBLIC OF KOREA indicated that the scope of the agreement should be expanded to include logs, sawnwood and other forest products, and recommended changing the name of the ITTO to the International Tropical Forest Organization to reflect this expansion.

The EUROPEAN COMMUNITY (EC) said the successor agreement should remain a commodity agreement focused on the trade of tropical timber from sustainably managed sources and that ITTO should not change its name. The EC also stated that environmental services and (non-timber forest products) NTFPs should not be elevated as new and specific objectives and that projects could attract more donor funds if they contain initiatives which could not be undertaken through bilateral cooperation. The EC said the ITTA should emphasize transparency, multi-takeholder partnership, forest law enforcement and governance (FLEG) and trade, and complement other existing agreements and initiatives.

CHINA said the new ITTA should remain a commodity agreement. SWITZERLAND urged consensus on an innovative formula for adequate and secure funding. ECUADOR called for increasing awareness of the weaknesses that have hampered the achievement of ITTO Objective 2000. Noting that the ITTA must be linked to sustainable development and poverty reduction, he stressed that donors must fulfill their commitments to finance projects.

Noting that the role of ITTO in the dialogue on international trade should be enhanced, GHANA identified the Common Fund for Commodities as a possible funding source.

NEW ZEALAND suggested that the objectives of the ITTO should be broadly defined in order to give the Council greater flexibility and take on new environmental issues, including wood-substitute competitors. He also raised concern about the unequal financial contributions to ITTO and the potential for costly frequent renegotiations.

Expressing concern over a reference by Ricupero to illegal mahogany logging in Brazil, BRAZIL described how its participatory National Forest Program has become a pillar for sustainable development.

NORWAY said the successor should continue to focus on tropical timber but also include NTFPs and ecosystem services. He asserted that 50-80 percent of the tropical timber trade is illegal and called on the ITTO to level the playing field for the legal trade. He called for the successor agreement to make reference to indigenous peoples' rights and mandatory contributions.

MALAYSIA, for the Producer Caucus, noted some consumer countries have a conflict of interest as they are large timber exporters themselves, and called for transparency on subsidies for temperate and boreal timber. He noted SFM includes compliance with national laws and contrasted producers' obligation to achieve SFM with donors' voluntary, meagre and declining financial support for SFM.

INDONESIA called for improving the structure of the organization without losing transparency in ITTO's decision-making process. EGYPT asked for assistance for desert projects and



capacity building, and said NTFPs need attention in the new agreement. INDIA indicated that: indigenous and tribal people in the vicinity of projects should be part of ITTO projects; socio-economic elements of promoting NTFPs need to be addressed; and carbon sequestration and its tie to SFM practices should be emphasized.

COLOMBIA noted that environmental services and NTFPs should be included in the new agreement and indicated, *inter alia*, that adequate finance for projects and programmes is needed and that the social dimension of SFM should be addressed for those dependent on forest resources, since forests are a strategic resource for economic and social development.

Noting that the tropical timber trade has been characterized, *inter alia*, by unsustainability, illegality and corruption, Andy White, Forest Trends, spokesperson for the Civil Society Advisory Group, recommended that the successor agreement: re-dedicate its primary mission to the sustainable management of tropical forests, primarily natural forest; contribute to the Millennium Development Goals (MDGs), curtail illegal harvesting of, and trade in, tropical forest products; acknowledge legitimate rights and interests of indigenous peoples; and acknowledge the sustainable production and trade of NTFPs and environmental services.

The Global Forest Coalition called for: ITTO compliance with multilateral environmental agreements, including the Expanded Forest Biodiversity Work Program of the Convention on Biological Diversity (CBD); an indigenous peoples and local communities' advisory group; commitment to the MDGs, and non-discriminatory treatment of all timber and countries of origin. Geoffrey Pleydell, on behalf of the Trade Advisory Group, called for, *inter alia*: keeping the current name of the organization; reconsidering the roles of separate consumer and producer groups given the trade between tropical timber countries; retaining the ITTO's focus on wood production and processing; strengthening outreach; and supporting FLEG, ITTO Objective 2000, and phased certification.

WORKING GROUP I

PREAMBLE: SWITZERLAND, supported by NORWAY, the US, the EC, INDIA and COLOMBIA, proposed including references to the MDGs, and, supported by the US, COLOMBIA, PERU and INDIA, a reference to indigenous people. NORWAY proposed references to the CBD and the International Labour Organization. The US stressed the importance of good governance, cross-sectoral coordination and clear land tenure. The EC proposed reference to the United Nations Forum on Forests and the Collaborative Partnership on Forests.

MALAYSIA, CAMEROON, PAPUA NEW GUINEA, the REPUBLIC OF CONGO, NIGERIA, and INDONESIA expressed the need to focus the agreement on the trade of tropical timber.

OBJECTIVES: MALAYSIA, with NORWAY and the US, questioned the term "overarching" objectives. With NORWAY, MALAYSIA recommended clear, specific objectives. NEW ZEALAND, with the US, SWITZERLAND, and the EU, preferred a few broad objectives. The PHILIPPINES, with INDIA, favored maintaining the existing objectives of the ITTA, 1994. BRAZIL, supported by PAPUA NEW GUINEA and NIGERIA, stressed a focus on projects and cooperation for SFM. PAPUA NEW GUINEA called for objectives on the role of NGOs, indigenous peoples, and, with NORWAY, certification.

DEFINITIONS: SWITZERLAND, supported by CHINA, NORWAY and the REPUBLIC OF KOREA, proposed the inclusion of conifers. CHINA, supported by VENEZUELA and NORWAY, suggested the inclusion of NTFPs. The US, supported by NEW ZEALAND, urged limiting the number of definitions and opposed the inclusion of definitions of SFM and NTFPs. NORWAY proposed that ecological services be defined. MALAYSIA suggested that certification be defined.

ORGANIZATION AND ADMINISTRATION: The REPUBLIC OF KOREA, with the US and SWITZERLAND and opposed by JAPAN and MALAYSIA, favored the name "Internation-

ational Tropical Forest Organization." The US, supported by NEW ZEALAND, favored Council flexibility to establish committees and bodies as needed.

INTERNATIONAL TROPICAL TIMBER COUNCIL: SWITZERLAND, opposed by MALAYSIA, favored having an Executive Board and one ITTC session per year.

WORKING GROUP II

ADMINISTRATIVE ACCOUNTS: The NETHERLANDS, on behalf of the EU and supported by CANADA, stressed the inter-linkages of Council's work and contributions to the Administrative Account. SWITZERLAND said a work programme account would help ensure sufficient financial coverage for priority projects. CHINA noted its particular concerns regarding the voting system as it relates to the Administrative Account. CANADA said it wants ITTO accounts to be defined as though it were a commodity agreement.

BALI PARTNERSHIP FUND: The EU suggested establishing a trust fund to finance worthwhile projects and JAPAN said it would give a detailed presentation on voluntary funding on Tuesday.

OPERATIONAL ACTIVITIES: The EU, NORWAY, and JAPAN recognized the crucial implications of strategic initiatives related to the policy work of the ITTO.

FUNCTIONS OF THE COMMITTEES: NORWAY, supported by SWITZERLAND, said the Council should be responsible for policy activities while JAPAN, supported by the US and TOGO, favored greater flexibility for Council. GHANA questioned whether Council should have the ability to micro-manage the policy work of the committees.

STATISTICS, STUDIES AND INFORMATION: The EC suggested that the Council should not have control over statistical issues, and CANADA foresaw problems with statistics related to coniferous forest products.

ANNUAL REPORT AND REVIEW: TOGO suggested that the member states rather than Council should periodically assess the management of tropical forests.

COMPLAINTS AND DISPUTES: The EU, with the US, said that voting procedure is a crucial issue.

REVIEW: NORWAY suggested that the frequency of review of an ITTO action plan should correspond with that of the scope of the agreement.

SIGNATURE, RATIFICATION, ACCEPTANCE AND APPROVAL: UNCTAD noted that the successor agreement may need to accommodate potential EC ratification, which the EC may be able to carry out on behalf of its members.

DURATION, EXTENSION AND TERMINATION: Chair Blaser noted that there is a proposal to change the duration of the agreement from four to ten years. JAPAN supported the idea of a ten year agreement. NEW ZEALAND, supported by the US, said the duration of the agreement is important to consider at an early stage in the negotiation.

IN THE COORIDORS

Some delegates are anticipating a few late nights in the coming days given that, at this early stage, the Producer and Consumer Groups appear to be quite far apart on two major issues: scope of the agreement and the financial arrangement. Some have even said that this week's work may amount to a repeat of the PrepCom, with little in the way of new ideas.

THINGS TO LOOK FOR TODAY

WORKING GROUP I: Delegates will convene from 10:00 am – 1:00 pm and from 3:00 – 6:00 PM in Salle XXV to continue negotiating chapters 1 – 4 of the successor agreement.

WORKING GROUP II: Delegates will convene from 10:00 am – 1:00 pm and from 3:00 – 6:00 pm in Salle XXVI to continue negotiating chapters 5 – 11 of the successor agreement.