



ITTA, 1994 HIGHLIGHTS: THURSDAY, 29 JULY 2004

Delegates met in Working Group I (WGI) throughout the day to consider issues related to organization and administration and Council and in an afternoon contact group to continue work on the preamble. Working Group II (WGII) met in the morning to continue working on operational activities and in an afternoon contact group to negotiate finance.

WORKING GROUP I

During WGI, UNCTAD addressed the nature and role of a treaty's preamble, noting it is used to help interpret and contextualize an agreement. The Trade Advisory Group (TAG) supported including: a definition for "indigenous people and local communities," and reference in the agreement to the Civil Society Advisory Group (CSAG) and TAG.

ARTICLE 3 (Headquarters and Structure of the Organization): Delegates retained the title "Executive Director" for the Organization's head. The US, with NEW ZEALAND, proposed bracketing text referencing committees and other subsidiary bodies, pending WGII's decision on structure. JAPAN, supported by CHINA, proposed deleting proposed text on establishing regional offices in Africa and Latin America. CÔTE D'IVOIRE, GABON, EGYPT, LIBERIA, CAMEROON, BRAZIL, REPUBLIC OF CONGO and NORWAY supported retaining the text. Stressing it was not opposed to establishing regional offices, the EC, supported by NEW ZEALAND, said the decision should be taken by Council and not in the agreement, and emphasized Japan's considerable financial support to the Secretariat. JAPAN noted improved communication in the technology era, said cost effectiveness must be further analyzed, and said, if deemed necessary, the decision to establish regional offices should be made by Council to allow for flexibility.

ARTICLE 4 (Membership in the Organization): Delegates discussed NEW ZEALAND's earlier proposal for a change from producing and consuming to "producer" and "consumer" members. CHINA stressed that this change should conform with language on definitions.

ARTICLE 5 (Membership by Intergovernmental Organizations): EGYPT proposed confining membership of intergovernmental organizations (IGOs) to the EC only. The US, CAMEROON and NIGERIA asked whether other IGOs would be allowed as future parties. Vice-Chair Jan McAlpine (US) suggested distinguishing intergovernmental "bodies" with governmental functions from other IGOs. INDONESIA proposed new categories of "members," including producers and consumers and "observers," such as IGOs. MALAYSIA, supported by CAMEROON, suggested making IGOs permanent observers. The EC suggested limiting "any intergovernmental organization" to those with authority transmitted from member states.

On IGO voting, the EC proposed that voting and presence of members be counted in terms of total number of member states' votes. CAMEROON, supported by the EC, proposed specifying that IGO member states would be ineligible to vote "throughout" the agreement's duration.

ARTICLE 7 (Powers and Functions of the Council): On financial rules and regulations, delegates agreed to replace references to the Administrative Account, the Special Account and the Bali Partnership Fund with "the accounts established in Article 18." The US proposed a new paragraph reflecting Council's responsibilities to run an efficient and effective organization and establish action plans and work programmes.

ARTICLE 9 (Sessions of the Council): JAPAN, SWITZERLAND, CAMEROON and the US proposed specifying one regular meeting and one executive board meeting per year. VENEZUELA, supported by BRAZIL, COLOMBIA, NIGERIA and the REPUBLIC OF CONGO, objected.

On deciding special sessions, the US, with JAPAN and NEW ZEALAND, proposed that agreement by the Chairman "and Vice-Chairman" or a majority of producing "and" consuming members be required, and asked about the distribution of votes. The Secretariat explained that majority normally means over 50 percent of delegates present and voting.

On location of sessions, the US proposed, and JAPAN bracketed, that "Council shall seek to convene alternate sessions of the Council outside headquarters."

ARTICLE 9bis (Executive Board): The EC linked this Article to discussions on the project cycle and committees in WGII and it was suggested that the issue be addressed jointly by the working groups. Discussion was postponed pending consultations.

ARTICLE 13 (Quorum): No consensus was reached on defining "majority" in this context.

ARTICLE 14 (Cooperation and Coordination with other Organizations): MALAYSIA requested mention of CSAG and TAG. The PHILIPPINES and CHINA noted that CSAG and TAG are not separate from ITTO. NEW ZEALAND, the US, the EC and MEXICO preferred a general mention of "organizations," to which the PHILIPPINES added "processes." The EC added "conventions" and favored mentioning the private sector and nongovernmental organizations (NGOs). PANAMA noted that the common understanding of "NGO" is a non-profit organization. Delegates discussed coverage of the term "international" organization. INDONESIA stressed other organizations' relevance to ITTO's objectives.

ARTICLE 15 (Admission of Observers): Delegates debated whether to refer to attendance in committee meetings explicitly as well as whether to give more flexibility to Council.

ARTICLE 16 (Executive Director and Staff): The US, supported by NORWAY, proposed amending text to give the Executive Director more flexibility to take staffing decisions.

CONTACT GROUP: The contact group met in an evening session to discuss the preamble. Delegates agreed to text reaffirming their commitment to achieving ITTO Objective 2000, but



reference to the Bali Partnership Fund remains bracketed. Delegates agreed to a paragraph reflecting consumers' 1994 commitment to SFM. Delegates agreed to a paragraph reflecting the importance of collaboration among members, international organizations, private sector and civil society and other stakeholders in promoting SFM, but deleted reference to "major groups," and bracketed references to forest law enforcement and combating illegal trade, and indigenous "peoples" and/or local communities.

A proposal to merge paragraphs on enhancing capacity, improving standards of living, and safeguarding against the use of labor standards as protectionism into one paragraph, stressing indigenous peoples' and workers' rights under relevant ILO conventions was left bracketed. Delegates discussed alternative text on enhancing capacity of "forest-dependent indigenous people and local communities who are forest owners and managers."

WORKING GROUP II

ARTICLE 25 (Project Activities of the Organization): On submitting pre-project and project proposals, BRAZIL insisted on referring to the particular needs of developing countries.

On Council's approval of pre-projects and projects, the US and NORWAY opposed creating long lists of what Council should consider. COLOMBIA, supported by the EC and BRAZIL, proposed that projects be relevant to national forest programmes (NFPs). SWITZERLAND proposed allowing Council to establish approval criteria for projects and pre-projects. COLOMBIA, supported by BRAZIL and INDONESIA, and opposed by SWITZERLAND, NORWAY and CAMEROON, proposed new language on contributions to national and local sustainable development. Noting that ITTA is a commodity agreement, INDONESIA noted that Council should also consider economic effects in its approval of projects and pre-projects. BRAZIL called for a framework that would serve as the basis of Council's decisions on pre-project and project approval. NEW ZEALAND called for adapting projects based on lessons learned. Noting the shift from broad language in the ITTA, 1994 to an overly detailed list of considerations, FIJI, supported by TUVALU, suggested limiting their number. Unable to agree on a list of considerations, delegates broke into a small contact group to draft a new general paragraph incorporating a number of considerations. Delegates reported back to WGII, which agreed that Council should establish criteria for approval of projects and pre-projects, taking into account: their relevance to the objectives of the agreement; their relationship to NFPs and strategies; their cost effectiveness; the need to avoid duplication of efforts; and the need to incorporate lessons learned. Further amendments were proposed by MEXICO, which suggested adding "*inter alia*" before the list of what Council should consider, and FIJI, which suggested removing the need to "avoid duplication of efforts."

On the issue of Council's termination of projects and pre-projects, the EC, supported by INDONESIA and opposed by the US and TOGO, favored deciding by special vote. TOGO, supported by MEXICO, suggested adding that such sponsorship would be terminated "following the report of the Executive Director." BRAZIL, supported by the US and VENEZUELA, recommended language noting that Council may establish limits for the number of projects and pre-projects "according to agreed criteria." Delegates also agreed to refer to projects and pre-projects considered in the "project cycle" instead of "fiscal" or "calendar" year.

CHAPTER IX (Statistics, Studies, and Information): The AFRICAN TIMBER ORGANIZATION said that Council should work within a network of regional and sub-regional organizations to ensure free-flowing information to the Organization.

ARTICLE 29 (Statistics, Studies and Information): The US and INDONESIA, opposed by CHINA and NEW ZEALAND, suggested that "trade data discrepancies" should be made available to the Organization. CÔTE D'IVOIRE, supported by NEW ZEALAND, noted that Council should authorize the Executive Director to make arrangements with other international, non-governmental and governmental organizations. On countries'

responsibility to provide timber statistics and information, SWITZERLAND and CÔTE D'IVOIRE noted that it was irrelevant to make reference to inconsistencies with national legislation. The US, supported by NEW ZEALAND, proposed new text on restricting voting rights and project and pre-project submissions for members who have not submitted their statistics and information in a timely manner.

ARTICLE 26 (Establishment of Committees): On whether to dissolve the Committee on Finance and Administration (CFA), NORWAY, NEW ZEALAND, the EC, BRAZIL, SWITZERLAND and TOGO supported retaining it. NEW ZEALAND, opposed by CANADA and the EC, proposed that the CFA not necessarily meet at every Council meeting. The US proposed to have the Council establish committees and subsidiary bodies to carry out the Organization's functions. NEW ZEALAND and BRAZIL supported merging the Committee on Economic Information and Market Intelligence with the Committee on Forest Industry. In the absence of a consensus on a new name for the merged committee, BRAZIL proposed retaining the original names of the committees. The US proposed that Council should decide the rules of procedure for both subsidiary bodies and committees.

ARTICLE 27 (Functions of the Council): Chair Blaser noted the purpose of the proposed article is to give Council flexibility to determine the functions of the committees. CAMEROON said the new article might contradict text on committees in Article 26. COLOMBIA and the US said the article should consist of only two paragraphs describing the relationship between Council and the committees. NORWAY and CANADA proposed deleting the entire article. An informal informal contact group recommended deleting Article 27 and elaborating Article 26 to specify that the: committees and subsidiary bodies will recommend project and policy activities to Council; Council will determine the work of the committees in subsequent action plans; and the scope of committee work will be specified in an annex until otherwise specified by the Council.

REPORT OF THE CONTACT GROUP: Vice-Chair German Espinosa (Ecuador) reported that the contact group considered the financial accounts of the Organization and made proposals to incorporate elements of the work programme account into the Administrative Account and Special Account. Vice-Chair Espinosa said the proposals of the contact group, which offer changes to Article 18 (Financial Accounts), Article 19 (Administrative Account), Article 20 (Special Account) and Article 21 (Bali Partnership Fund), will be discussed in the next WGII session.

IN THE CORRIDORS

On the negotiation's penultimate day, some delegates were concerned that the issue of finance might prevent the timely conclusion of the negotiations. While some delegates were upbeat about progress made on a financial proposal that combines elements of a proposed work programme account with the Administrative and Special Accounts, others noted that the question of how to fund the work programme account has prevented significant progress and might need to be considered after the conclusion of this week's negotiations. Additionally, some member states still have concerns over the possibility of discontinuing semi-annual Council meetings, and note that the organization would be headed to the 'intensive care unit' if the health of the organization was not maintained in semi-annual Council sessions or executive board meetings.

THINGS TO LOOK FOR TODAY

PLENARY: Delegates will convene in Plenary at 10:00 am in Salle XXVI to be briefed on the state of the negotiations.

WORKING GROUP I: Delegates will convene in a contact group from 8:30 – 10:00 am in Salle XXV to continue work on the preamble and objectives. This contact group will resume its deliberations after the brief morning Plenary.

WORKING GROUP II: Immediately following the Plenary, WGII will meet in Salle XXVI to continue its work on the financial arrangement and terms of reference for the committees.