



## ITTC-37 HIGHLIGHTS: TUESDAY, 14 DECEMBER 2004

On Tuesday morning, delegates met in Plenary to admit observers, hear the report of the Informal Advisory Group (IAG) and address CITES listings proposals. Delegates also discussed the negotiations of the successor agreement to the ITTA, 1994 and ITTO Objective 2000. In the afternoon, delegates convened in the Committees on Economic Information and Market Intelligence and on Forest Industry (CEM/CFI) and the Committee on Reforestation and Forest Management (CRF) to, *inter alia*, review projects and pre-projects and activities in progress and consider policy work. The Committee on Finance and Administration (CFA) discussed, *inter alia*, the proposed indicative 2005 Administrative Budget and the current status of the Administrative Account.

### COUNCIL SESSION

**OPENING STATEMENTS:** Henri Djombo, Minister of Forest Economy and the Environment of the Republic of Congo, described projects being carried out in his country with ITTO support and announced that the second Summit of Heads of State on the sustainable forest management (SFM) of the Congo Basin will be held in Brazzaville. On an international legal framework for all types of forests, Djombo cautioned against duplicating provisions already covered by the ITTA and other multilateral agreements.

**ADMISSION OF OBSERVERS:** Jan McAlpine, ITTC-37 Chair, invited Council to admit five new observers to ITTO (ITTC(XXXVII)/Info.3). CHINA proposed denying the request of the Taiwan Forest Products Association (TFPA) for observer status. The US, supported by GUATEMALA and JAPAN, proposed accepting four new observers and withholding the participation of TFPA pending further consultation on its application. GUATEMALA requested clarification on the acceptance criteria for the TFPA. It was decided that China's request would be upheld.

**REPORT OF THE INFORMAL ADVISORY GROUP:** Chair McAlpine summarized the report of the fifteenth meeting of the IAG (ITTC(XXXVII)/2). She said the IAG recommended that an informal group be established to initiate consultation on a draft decision on improving the efficiency and effectiveness of the project cycle. Chair McAlpine then listed other possible decisions to be taken at ITTC-37 on, *inter alia*, projects, pre-projects and activities and capacity building relating to the implementation of CITES listings of tropical timber.

**CITES LISTING PROPOSALS:** Chair McAlpine stated that members of ITTO are required to inform the Council of their CITES listing proposals. The Secretariat informed the Council that no new proposals by members had been made at the thirteenth CITES Conference of the Parties and said the relationship between the CITES and ITTO Secretariats has improved.

**NEGOTIATION OF THE SUCCESSOR AGREEMENT TO THE ITTA, 1994:** Amb. Carlos Antonio da Rocha Paranhos (Brazil), President of the UN Conference on the Negotiation of a Successor Agreement to the ITTA, 1994, stressed the importance of completing the negotiations no later than 18 February, 2005. Emphasizing that delegations must come to the negotiation prepared to work long hours, President Paranhos requested that the UN Conference on Trade and Development (UNCTAD) Secretariat provide two teams of interpreters, for day and evening sessions. He suggested that delegates convene informally to resolve their differences during ITTC-37. Alexei Mojarov, UNCTAD, said two teams of interpreters could be arranged for the negotiation session during normal working hours and recommended that the ITTO Secretariat arrange commercial interpreters for evening meetings. Chair McAlpine said the ITTO Secretariat was exploring the issue of interpretation but that UNCTAD needs to consider providing all necessary interpretation services for the negotiations.

**ITTO OBJECTIVE 2000:** A.J. Leslie, consultant, presented recommendations for a diagnostic mission to Fiji in support of achieving ITTO Objective 2000 (ITTC(XXXVII)/6). Leslie noted that Fiji's crucial limiting constraint to the achievement of SFM is lack of cooperation with stakeholders, and the extent to which its land tenure system will be a future constraint will depend on the country's export strategy. FIJI mentioned its increased efforts to interact with forest sector stakeholders and its narrowed focus on enforcement, surveillance and monitoring of timber, noting that increased financial support might be needed to achieve SFM. NEW ZEALAND questioned why criteria and indicators (C&I) and other certification mechanisms were not used to promote SFM, and COLOMBIA suggested that other countries' experiences could help Fiji implement SFM.

The ITTO Secretariat reported on the implementation of national training workshops on the use of ITTO formats for reporting on SFM, saying the total number of workshops held could reach 17 by the end of 2005. He said that Council may need to consider the extension of C&I workshops after 2005.

The ITTO Secretariat reported on the preparation of the 'Status of Tropical Forest Management Report'. He noted that 22 country reporting formats and a range of other sources were used and predicted the report would be ready in the first half of 2005.

### CEM/CFI

**REVIEW OF PROJECTS AND PRE-PROJECTS AND ACTIVITIES IN PROGRESS:** The CEM/CFI reviewed ongoing CFI projects on: development, application and evaluation of biomass energy technologies in Malaysia and Cameroon; the ITTO information network; training in reduced impact logging (RIL) in Guyana; and an international workshop on the Clean Development Mechanism for the forest sector in the Asia-Pacific region.



The CEM/CFI heard reports on projects pending agreement on: systematization and modeling of economic and technical information for training in the production, processing and marketing of timber products; the demonstration of rubberwood processing technology and promotion of sustainable development in China and other Asian countries; and strengthening capacity to promote efficient wood processing technologies in Indonesia. The CEM/CFI also heard reports on pre-projects pending agreement on: establishing a forest statistics management system in the Democratic Republic of Congo; analysis of a project proposal for the strengthening of the Forest Statistical Information Centre in Honduras; and improving strategies and assessing training needs for achieving SFM in Suriname.

The Secretariat reported that 13 previously approved CEM/CFI projects and pre-projects await financing, highlighting that two will soon fall afoul of ITTO sunset provisions.

**CONSIDERATION OF PROJECT AND PRE-PROJECT PROPOSALS:** CEM/CFI considered and approved project proposals on: a Plant Resources of Tropical Africa program for information analysis in Ghana; marketing of forest products in Guyana; saw doctoring and capacity building for social and environmental sustainability in the Democratic Republic of Congo; promoting non-timber forest products (NTFPs) based on community participation in forestry management, and village industry around an industrial forest plantation, in Indonesia; improving utilization and value adding of plantation timbers in Malaysia; quality control and standardization of wood products in Ghana; implementation of a national code for forest harvesting in China; improvement of sustainable management and utilization of NTFPs in Cambodia; and financing the attendance of tropical timber producer delegates at an international conference on innovation in the forest and wood products industries in Australia. A pre-project proposal on compensation for environmental services from tropical forest ecosystems in Guatemala was also considered and approved.

**POLICY WORK:** On market access, the ITTO Secretariat drew attention to a draft report on the management and diversification of trade in tropical timber, noting that the report addresses, *inter alia*, producer country capacity in meeting import requirements. On certification, the ITTO Secretariat highlighted a report on phased approaches to certification (PAs) (ITTC(XXXVII)/12) and drew attention to an ITTO-sponsored workshop on PAs. CEM Chair Yeo-Chang Youn (Republic of Korea) said that two small groups would convene during ITTC-37 to reformulate the terms of reference for a study on subsidies affecting tropical timber products and for an audit of existing tracking systems. The ITTO Secretariat said that the report of a capacity building workshop for implementation of the CITES listing of mahogany has been published and that there are plans for a similar workshop on ramin.

#### CRF

**COMPLETED PROJECTS AND PRE-PROJECTS:** Ecuador presented its completed project on conservation and peace in the Condor Range region of Ecuador and Peru.

**SELECTION OF PROJECTS FOR EX-POST EVALUATION:** A.S.K. Boachie-Dapaah (Ghana), CRF Chair, convened a working group to select projects for *ex-post* evaluation.

**REVIEW OF PROJECT AND PRE-PROJECT WORK IN PROGRESS:** Delegates discussed the following projects under implementation, including: management of the Tapajós National Forest for sustainable production of timber in Brazil; landowner education and training for SFM in Fiji; regionalization of volume tables for natural forests and plantations in Côte d'Ivoire; forest fire management on an experimental basis in Côte d'Ivoire; sustainable use and reforestation of Amazon forests by indigenous communities in Peru; establishment and management of production-protection community forests in Colombia; and a study on the behavior of native timber species of commercial value in tropical moist forests of Honduras; SFM for secondary forests in Esmeraldas, Ecuador; technology development and demonstration on reforestation using tropical hardwood species in

China; and development of human resources in SFM and RIL in the Brazilian Amazon.

**CONSIDERATION OF PROJECT AND PRE-PROJECT PROPOSALS:** Delegates approved project proposals on: the establishment of seed orchards for indigenous tree species in Malaysia; SFM in the southern region of the Department of Bolivar, Colombia; binational conservation and peace in the Condor Range region, Peruvian component; development of national principles and C&I for the sustainable management of Congo forest based on ITTO C&I for SFM; a new world atlas for conservation and restoration of mangrove ecosystems; fire management and post-fire restoration with local community collaboration in Ghana; management of the Emerald Triangle Protected Forests Complex to promote transboundary biodiversity conservation between Thailand, Cambodia and Laos; municipal decentralization of forest management in the Chaco and Yungas eco-regions of Bolivia; development of a project proposal to support implementation of a national forest strategy in Peru; and a feasibility study for development of a transboundary elephant conservation corridor between Côte d'Ivoire and Ghana.

Delegates approved pre-projects on: integrated conservation and management of Malaysian mangrove forests; a tropical forest fire monitoring and management system based on satellite remote sensing data in China; binational conservation and peace in the Condor Range region, Ecuadorian component; *ex-situ* and *in-situ* conservation of teak to support SFM in Myanmar; and sustainable community management, utilization and conservation of mangrove ecosystems in Ghana.

#### CFA

The ITTO Secretariat presented the revised indicative 2005 Administrative Budget (CFA(XVI)/2/Rev.1), noting the 8.2 percent increase against the approved 2004-05 Biennial Work Programme. MALAYSIA, on behalf of the Producer Group, questioned expenditures on new Secretariat staff given the insecure nature of ITTO's finances.

On review of contributions to the Administrative Account (CFA(XVI)/3), the ITTO Secretariat noted US \$1,196 in outstanding assessed contributions from consuming countries and US \$1.47 million from producing members before the recent payment by the Republic of Congo. CAMBODIA requested reduced assessed contributions due to financial hardship and its logging moratorium.

Regarding the status of the Administrative Account (CFA(XVI)/4), the ITTO Secretariat estimated a US \$290,000 deficit in the Administrative Budget for 2004, which he hoped would be funded by the Working Account. He also noted that total arrears and interest charges to the cumulative Administrative Budgets, before recent payments, amounted to US \$5.28 million. The NETHERLANDS expressed concern that outstanding contributions to the Administrative Budgets are larger than proposed 2005 Administrative Budget expenditures. MALAYSIA requested clarification on the relationship between the level of funding for voluntary contributions and assessed contributions. The US recommended that members not defer discussion of arrearages.

#### IN THE CORRIDORS

Delegates are looking forward with interest to prospective decisions to be taken at this Council session. Some are of the view that a potential decision on improving the project cycle could address some of the concerns of major consumer countries in light of the Expert Panel recommendations on limiting the number of project proposals from any one country and ensuring that projects undertaken in any one country do not conflict with one another. It is also thought that decisions that build on the CSAG/TAG joint recommendations on illegal logging from ITTC-36 are also likely to garner general support, leading some to hope that a process toward reaching consensus on the definition of illegality may be on the horizon.