



## **UN CONFERENCE FOR THE NEGOTIATION OF A SUCCESSOR AGREEMENT TO THE INTERNATIONAL TROPICAL TIMBER AGREEMENT, 1994, SECOND PART: 14-18 FEBRUARY 2005**

The second part of the United Nations Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1994 (ITTA, 1994) will convene at the Palais des Nations in Geneva, Switzerland, from 14-18 February 2005. The conference, which is held under the auspices of the United Nations Conference on Trade and Development (UNCTAD), will continue to discuss the terms of the new agreement. Although negotiations during the first part of the Conference in July 2004 proceeded amicably, it became clear by the end of the Conference that more time would be needed to finalize the terms of the new agreement. Negotiations will be based on a draft working document from the July 2004 Conference (TD/Timber.3/L.3). The main issues that need further discussion concern the objectives of the successor agreement and the financial arrangement.

### **A BRIEF HISTORY OF THE UN CONFERENCE AND THE ITTA**

The International Tropical Timber Agreement (ITTA) was negotiated under UNCTAD's auspices to: provide an effective framework for cooperation and consultation between countries producing and consuming tropical timber; promote the expansion and diversification of international trade in tropical timber and the improvement of structural conditions in the tropical timber market; promote and support research and development to improve forest management and wood utilization; and encourage the development of national policies for sustainable utilization and conservation of tropical forests and their genetic resources and for maintaining the ecological balance in the regions concerned.

The ITTA was adopted on 18 November 1983, and entered into force on 1 April 1985. It remained in force for an initial period of five years and was extended twice for three-year periods. The Agreement was renegotiated in 1993-1994. The successor agreement, ITTA, 1994 was adopted on 26 January 1994, and entered into force on 1 January 1997. It contains broader provisions for information sharing, including non-tropical timber trade data, allows for consideration of non-tropical timber issues as they relate to tropical timber, and includes the ITTO Objective 2000 to enhance members' capacity to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000. The ITTA, 1994 also established the Bali Partnership Fund to assist producing members in achieving ITTO Objective

2000. Initially concluded for three years, the ITTA, 1994 was extended twice for three-year periods and is scheduled to expire on 31 December 2006.

The ITTA, 1983 established the International Tropical Timber Organization (ITTO), headquartered in Yokohama, Japan, which provides a framework for tropical timber producer and consumer countries to discuss, exchange information about and develop policies on issues relating to international trade in, and utilization of, tropical timber and sustainable management of its resource base. The ITTO also administers assistance for related projects. The ITTO has 59 members divided into two caucuses: producer countries (33 members) and consumer countries (26 members). The ITTO's membership represents 90 percent of world trade in tropical timber and 80 percent of the world's tropical forests. The highest authority of the ITTO is the International Tropical Timber Council (ITTC), which consists of all ITTO members and meets twice a year. The ITTC performs, or arranges for the performance of, all functions necessary to carry out the provisions of the ITTA, 1994.

**ITTC-33:** The 33rd session of the ITTC met from 4-9 November 2002, in Yokohama, Japan. The Council adopted the ITTO's 2003 Work Programme and decisions on: public relations, education and outreach; partnerships for Sustainable Forest Management (SFM); prevention and management of forest fires; measures to reduce costs and improve the efficiency and effectiveness of the organization; extension of the ITTA, 1994; and preparations for negotiating a successor agreement to the ITTA, 1994. The Council approved 12 projects and 15 pre-projects. In addition, the Civil Society Advisory Group (CSAG) held a panel discussion on the certified forest products marketplace.

**WORKING GROUP ON THE PREPARATIONS FOR NEGOTIATING A SUCCESSOR AGREEMENT TO THE ITTA, 1994:** The Working Group met from 7-11 April 2003, in Bern, Switzerland. Participants reviewed responses by ITTO member countries on various aspects of the negotiation of a successor agreement to ITTA, 1994, including: the new agreement's scope; the organization, duration and frequency of Council sessions; issues related to the Secretariat's work; funding mechanisms; and the process for the PrepCom. They also considered new and emerging issues relevant to the ITTC and ITTO's relationship with other international organizations.

**ITTC-34:** The 34th session of the ITTC was held from 12-17 May 2003, in Panama City, Panama. Regarding preparations for negotiating a successor agreement, the Council requested the PrepCom to implement intersessional work as needed, including extending the mandate of the Working Group. It also requested the Executive Director to, *inter alia*: engage consultants to prepare a summary of experiences in



implementing the ITTA, 1994 and take stock of the most relevant studies available regarding internationally traded and potentially tradable environmental services; and advise the Secretary-General of UNCTAD to arrange for the UN Conference for the Negotiation of a Successor Agreement to the ITTA, 1994 in Geneva, Switzerland, from 26-30 July 2004.

**PREPCOM I:** Immediately following the 34th session of the ITTC, PrepCom I convened in Panama City, Panama, from 20-21 May 2003, to begin preparing a draft working document that would be used as the basis of the negotiations on the successor agreement to the ITTA, 1994.

**INTERSESSIONAL WORKING GROUP ON PREPARATIONS FOR NEGOTIATING A SUCCESSOR AGREEMENT TO THE ITTA, 1994:** The Intersessional Working Group on preparations for negotiating a successor agreement to the ITTA, 1994 convened in Curitiba, Brazil, from 25-29 August 2003. The working group, *inter alia*: assessed the distribution and role of conifers in international trade; reviewed ITTO work on non-timber forest products (NTFPs) and non-timber forest values (NTFVs); assessed the extent to which NTFPs, environmental services and NTFVs are covered in the ITTA, 1994 with a view to recommending how these could be strengthened in the successor agreement; proposed preambular language for the successor agreement; developed a shortened list of overarching objectives and definitions; and prepared a work plan for PrepCom II.

**ITTC-35:** The 35th session of the International Tropical Timber Council (ITTC) met from 3-7 November 2003, in Yokohama, Japan. Delegates considered several elements relating to the negotiation of the successor agreement, including: experiences with the implementation of the ITTA, 1994; internationally traded and potentially tradable environmental services provided by tropical forests; and a review of the report of the intersessional working group on preparations for negotiating a successor agreement, also referred to as the Curitiba Report (ITTC(XXXV)/7).

**PREPCOM II:** Immediately following ITTC-35, delegates met from 10-12 November 2003, in Yokohama, Japan for PrepCom II. Over the course of the three-day PrepCom, delegates reviewed the draft working document of the successor agreement with a view to clarifying elements therein, posing questions and presenting their views on the text. Delegates produced a final draft working document that would serve as the basis for discussion at the UN Conference for the Negotiation of a Successor Agreement to the ITTA, 1994.

**ITTC-36:** The 36th session of the ITTC met from 20-23 July 2004, in Interlaken, Switzerland. Delegates to ITTC-36 discussed a range of issues, including preparations for negotiating a successor agreement to the ITTA, 1994 and the PrepCom process. The Chair-designate of the UN Conference for the Negotiation of a Successor Agreement to ITTA, 1994, First Part, noted that the following week's negotiation would be conducted in two working groups, one focusing on the scope and finance of the new agreement. In the end, delegates approved 11 projects and seven pre-projects and pledged US\$5.7 million in new project funding.

#### **UN CONFERENCE FOR THE NEGOTIATION OF A SUCCESSOR AGREEMENT TO ITTA, 1994,**

**FIRST PART:** The United Nations Conference on the Negotiation of a Successor Agreement to the ITTA, 1994, First Part, met at the Palais des Nations in Geneva, Switzerland, from 26-30 July 2004, under the auspices of UNCTAD. Throughout the week, delegates based their discussions on the working document (TD/TIMBER.3/4), which contained all articles of the ITTA, 1994 alongside the corresponding articles of the negotiating text of the successor agreement. Working Group I addressed the Preamble, Chapter I (Objectives), Chapter II

(Definitions), Chapter III (Organization and Administration), and Chapter IV (International Tropical Timber Council). Working Group II addressed Chapter V (Privileges and Immunities), Chapter VI (Finance), Chapter VII (Operational Activities), Chapter VIII (Relationship with the Common Fund for Commodities), Chapter IX (Statistics, Studies and Information), Chapter X (Miscellaneous), and Chapter XI (Final Provisions). Two contact groups, one established by each working group, met intermittently throughout the week to discuss some of the successor agreement's more contentious issues. Since negotiators were unable to reach a final agreement, it was decided that the negotiation would reconvene from 14-18 February 2005, in Geneva, Switzerland. The main areas of disagreement were on the financial structure of the new agreement and its objectives. Some members sought a limited number of objectives that could be broadly interpreted, while others sought to list specific objectives. On finance, the main issue of contention was the addition of an assessed Work Programme Account.

#### **INTERSESSIONAL HIGHLIGHTS**

**UNITED NATIONS FORUM ON FORESTS:** The United Nations Forum on Forests (UNFF) *Ad Hoc* Expert Group on Consideration with a View to Recommending the Parameters of a Mandate for Developing a Legal Framework on All Types of Forests met from 7-10 September 2004, at UN Headquarters in New York. The Expert Group: assessed existing regional and international binding and non-binding instruments and processes relevant to forests; considered reports prepared by countries, members of the Collaborative Partnership on Forests and the UNFF Secretariat; considered outcomes of previous UNFF sessions; considered options for a new international arrangement on forests (IAF); reviewed experiences of existing forest-related and other relevant organizations and agreements, focusing on complementarities, gaps and duplications; and adopted a report providing a range of options for the future framework to be forwarded to the fifth session of the UNFF (E/CN.18/2005/2).

**ITTC-37:** The thirty-seventh session of the ITTC met from 13-18 December 2004, in Yokohama, Japan. During the session, delegates examined a range of issues, including: phased approaches to certification; measures to improve the effectiveness and efficiency of the ITTO project cycle; forest law enforcement in the context of sustainable timber production and trade; and criteria and indicators for SFM. Delegates at ITTC-37 met in closed informal negotiating sessions to discuss financial issues related to the successor agreement. Although delegates in the informal negotiating session suggested that progress was made on financial issues, there were no concrete outcomes of the informal meetings. Delegates hoped that formal proposals on the financial arrangement would be tabled early in the second negotiating UN conference. Delegates to ITTC-37 approved 25 projects and five pre-projects and pledged US\$8 million for project financing.

**COUNTRY-LED INITIATIVE ON FORESTS:** Over 200 experts, representing governments, intergovernmental and non-governmental organizations, gathered from 25-28 January 2005, in Zapopan-Guadalajara, Mexico, to participate in a country-led initiative (CLI) in support of UNFF on the future of the IAF. The purpose of the CLI was twofold: to elaborate the critical elements that countries would like to see included in a future IAF; and to provide an informal contribution that will help provide a basis for the decision concerning the future of the IAF that will be taken at UNFF-5. During the meeting, participants considered five specific aspects of a future IAF: objectives and functions; modalities; options for financing; identification of the international and domestic roles and contributions of the potential components of the IAF; and the challenge ahead. In the end, the participants, all of whom were speaking in their personal capacities, produced a final report that will be submitted to UNFF-5.