



ITTA, 1994 RENEGOTIATION HIGHLIGHTS: MONDAY, 14 FEBRUARY 2005

The UN Conference on the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1994 (ITTA, 1994), Second Part, commenced at the Palais des Nations in Geneva, Switzerland. After a short plenary session, delegates met in two working groups throughout the day to further debate the scope and financial arrangement for the new agreement. Working Group I (WGI) discussed the Preamble and articles contained in Chapter I (Objectives), Chapter II (Definitions), Chapter III (Organization and Administration), and Chapter IV (International Tropical Timber Council). Working Group II (WGII) discussed Chapter VI (Finance). In the afternoon, an informal contact group also met to discuss new proposals on the Preamble and Objectives.

OPENING PLENARY

OPENING STATEMENTS: Amb. Carlos Antonio da Rocha Paranhos, President of the UN Conference, opened the session and introduced Carlos Fortín, Officer-in-Charge, UN Conference on Trade and Development (UNCTAD). Fortín called for progress this week, noting intersessional cooperation between producers and consumer countries. However, he said that divergences persist on the objectives and financial arrangements of the successor agreement. He highlighted potential links to the Millennium Development Goals, suggesting that conclusion of an appropriate successor agreement will promote a balanced relationship among sustainable forest management (SFM), poverty reduction and environmental sustainability.

President Paranhos called for finalizing the agreement by the end of the week, and called for election of a new Working Group II Co-Chair, since Jürgen Blaser (Switzerland) was unable to attend.

ORGANIZATIONAL MATTERS: Delegates adopted the agenda (TD/TIMBER.3/5) and the rules of procedure (TD/TIMBER.3/2) and appointed a six member Credentials Committee. FINLAND, on behalf of the Consumer Group, nominated, and delegates accepted, Koichi Ito (Japan) to replace Jürgen Blaser as Vice-President of the Conference, Vice Chair of the Committee of the Whole (COW), and Chair of WGII. President Paranhos stated his goal of completing negotiations this week. He said that a Bureau meeting would be held Monday evening to discuss cross-cutting issues in the working document.

President Paranhos noted the six main outstanding issues in the negotiations: scope; frequency of Council sessions; funding sources and mechanisms; distribution of votes and assessment of contributions; establishment of an executive board; and obligations and compliance. He introduced the working document (TD/TIMBER.3/L.3), which reflects the outcomes of the first

negotiating session, and noted that the COW established two working groups.

WORKING GROUP I

OBJECTIVES: SWITZERLAND highlighted the importance of the article's structure, saying that it should either be short and contain a limited number of objectives or enumerate the Organization's activities, means and functions carried out under the Agreement in the last few years.

DEFINITIONS: The ITTO Secretariat summarized the effects on ITTO's membership structure and vote allocations that would arise from changing the definitions of "tropical timber" and "producer members." He underscored the difficulties of establishing reliable figures on exports and re-exports of many tropical products, which make the calculation of "net" imports and exports impossible in vote calculations. He highlighted the importance of keeping definitions consistent with international norms and available data.

HEADQUARTERS AND STRUCTURE OF THE INTERNATIONAL TROPICAL TIMBER ORGANIZATION:

Noting it could make the Organization more attractive to donors and better reflect ITTO's work, the US suggested changing the name to the "International Tropical Forest Organization." GABON opposed the name change, noting it could affect the scope of the new commodity agreement.

On the establishment of regional offices in Africa and Latin America, SWITZERLAND, NEW ZEALAND, and CANADA, opposed by GABON and CAMEROON, noted that Council should decide whether to establish regional offices. NEW ZEALAND proposed establishing regional offices in other regions.

MEMBERSHIP IN THE ORGANIZATION: WGI Chair Alhassan Attah (Ghana) called upon delegates to decide whether members should be called "producing" and "consuming" or "producers" and "consumers;" delegates agreed on using the latter pair.

MEMBERSHIP BY INTERGOVERNMENTAL ORGANIZATIONS:

The US suggested replacing the word "intergovernmental" with "regional economic integration" organizations throughout the document, which was accepted by the working group.

On matters within the competence of regional economic integration organizations, the US, opposed by the EC, suggested adding the expression "present and voting" after "member states," regarding how votes are distributed.

POWERS AND FUNCTIONS OF THE COUNCIL: The US suggested referring to the financial accounts as "accounts established in Article 18" rather than mentioning each account.



SESSIONS OF THE COUNCIL: Chair Attah asked delegates for their views on whether Council should convene “at least” once a year, and the US specified “one” session a year. Noting that Council cannot impose the location of a meeting on a producer member, she favored holding meetings in a producer country only upon invitation by the host country. Noting the importance of involving both consumers and producers, SWITZERLAND proposed, and delegates agreed, that Council would meet in a special session when the Executive Director, Chairman, and Vice-Chairman request to do so.

DECISIONS AND RECOMMENDATIONS OF COUNCIL: Chair Attah proposed, and it was agreed, that Council shall “endeavor” instead of “make every effort” to make all decisions and recommendations by consensus.

EXECUTIVE DIRECTOR AND STAFF: The US, NEW ZEALAND, GHANA and SWITZERLAND, opposed by VENEZUELA, proposed that the Executive Director should appoint ITTO staff.

COOPERATION AND COORDINATION WITH OTHER ORGANIZATIONS: With MALAYSIA, the US called for reference to the private sector in the coordination and cooperation process. NORWAY, supported by the EC, favored mentioning broader “civil society” rather than non-governmental organizations (NGOs). The DEMOCRATIC REPUBLIC OF CONGO, supported by GABON, suggested, and others opposed, adding “sub-regional” organizations to language on enhancing cooperation. On avoiding duplication of efforts in achieving the objectives of the Agreement, SWITZERLAND, with BOLIVIA, suggested mentioning NGOs and civil society.

ADMISSION OF OBSERVERS: Delegates agreed to invite observers as referred to “in the present Agreement.” CHINA, opposed by NORWAY and NEW ZEALAND, proposed that Council may invite observers to its open meetings only if its members do not object. MEXICO proposed inviting observers in accordance with the rules of procedure to be elaborated by Council. GABON questioned whether organizations set up in the future will be able to attend meetings as observers.

WORKING GROUP II

In the morning and afternoon sessions, WGII Chair Koichi Ito (Japan) called for discussion of financial accounts in Articles 18-21, noting new proposals tabled by Japan and the US.

FINANCIAL ACCOUNTS: Explaining its proposal, JAPAN called for deleting proposed text on establishing a Work Programme Account and suggested that three accounts, the Administrative Account, the Special Account and the Bali Partnership Fund (BPF) are sufficient components of the new Agreement’s financial accounts. NORWAY, opposed by CÔTE D’IVOIRE, TOGO and MALAYSIA, suggested rewording the text to delete mention of the Special Account, the BPF and other possible future accounts. After discussion of other potentially affected articles, NORWAY circulated a non-paper elaborating on the financial structures for voluntary contribution and reiterated her aim to make ITTO’s financial structure sound, transparent, and more efficient. JAPAN favored retaining the current system, particularly the BPF, and, with the EC, SWITZERLAND and the US, questioned giving the Secretariat or an Executive Board approval authority over earmarked funds. The EC, SWITZERLAND and the US supported Norway’s approach, but the EC stressed the importance of maintaining the BPF’s spirit. SWITZERLAND and the US favored retaining the Expert Panel for project review.

ADMINISTRATIVE ACCOUNT: JAPAN, supported by CÔTE D’IVOIRE and TOGO, proposed dividing the Administrative Account into two sub-accounts, one for administrative work and another for key policy work. The US, with SWITZERLAND and NORWAY, supported the Japanese proposal, and noted similarities to its proposal in maintaining

an Administrative Account under the new agreement. However, the US, with NORWAY and CHINA, opposed the linkage Japan made between assessed and voluntary contributions. NORWAY questioned which activities would be included as key policy work and, with MEXICO, how contributions would be calculated. The EC stressed the differences among member states in whether budget lines for assessed and voluntary contributions are combined or separate. JAPAN clarified that contributions for both sub-accounts would be assessed and added that ensuring administrative and policy work, while maintaining project financing, requires two scales of assessment with an exemption for large contributors. CHINA cautioned against trying to make comments on assessments before knowing how votes will be distributed. In answer to a query from BRAZIL, JAPAN agreed that both administrative sub-accounts in their proposal should be financed on a compulsory basis, based on votes, but with two different scales of assessment and an exemption for large contributors. He recommended letting Council decide exactly what should be included in the sub-accounts, but stressed the need for two sub-accounts. The EC supported the US proposal to maintain the Administrative Account, noting that its contents should be linked to the policy work of the Organization, and stressed that the Administrative Account is for the purpose of “supporting” Council’s work. NORWAY, opposed by CANADA, proposed naming the Article “Core Budget” to cover more clearly both types of work. The EC asked whether this would have any legal implications.

SPECIAL ACCOUNT: On an article regarding the use of funds remaining upon termination of a project, JAPAN called for deleting bracketed language calling for funds to be returned to the contributor. JAPAN favored bracketed language proposing that use of earmarked funds be decided by the contributor and, opposed by the EC, that use of unearmarked funds be decided by Council. INDONESIA, opposed by SWITZERLAND and the EC, proposed that remaining funds be diverted into the BPF. PERU, supported by SWITZERLAND, the US, GHANA and CÔTE D’IVOIRE, favored existing language stating that funds should be used for their original purpose unless otherwise decided by Council in agreement with the contributor. WGII reached consensus to leave the decision to contributors and drafted language that would permit unearmarked funds to go to the BPF.

THE WORK PROGRAMME ACCOUNT: The EC, supported by CÔTE D’IVOIRE and SWITZERLAND, proposed deleting a bracketed article on the Work Programme Account, and there was no objection to the proposal.

INFORMAL CONTACT GROUP

WGI CONTACT GROUP: In a short informal contact group meeting, delegates discussed two proposals on the Preamble and Objectives. A developed country discussed its proposal to: move references to the Rio Forest Principles from the Objectives to the Preamble; maintain three overarching objectives, including on how the Agreement contributes to sustainable development and SFM; and identify specific mechanisms and tools to achieve the Objectives. A developing country explained its proposal, noting similarities to the developed country proposal. A developed country and the contact group Chair suggested combining the two proposals.

IN THE CORRIDORS

The considerable momentum in the morning session led some delegates to believe that negotiations could conclude by the end of the week. Later, however, other delegates noted that progress slowed down in the afternoon sessions. Nevertheless, the new proposals tabled on Monday by a number of consumers and producers suggest that the delegates’ collaborative spirit might revive the momentum over the next few days.