



ITTA, 1994 RENEGOTIATION HIGHLIGHTS: WEDNESDAY, 16 FEBRUARY 2005

Delegates at the UN Conference on the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1994 (ITTA, 1994) met in morning and afternoon Working Groups to continue discussions on the new Agreement's scope and financial arrangement. Working Group I (WGI) discussed definitions of "tropical timber," "further processing," "freely usable currencies," non-timber forest products (NTFPs), and "sustainable forest management (SFM)." Working Group II considered a new Indonesian proposal on finance, and discussed articles on project activities of the Organization, committees and subsidiary bodies, and statistics, studies and information. In the afternoon, delegates from WGI also met in a contact group to debate a producer member proposal on the Preamble and Objectives.

WORKING GROUP I

DEFINITIONS: On the definition of "tropical timber," CÔTE D'IVOIRE supported mentioning coniferous wood. NEW ZEALAND suggested deleting the reference to "non-coniferous tropical" wood and stressed the importance of allowing countries to choose the species they prefer to use to meet countries' objectives. JAPAN stated that both "non-coniferous" and "coniferous" wood should be specified in the definition of tropical timber. CANADA said that adding softwood to the new Agreement would increase the Secretariat's workload and have cost implications on the budget. The Secretariat explained that if member votes are based on net imports and exports, attention must be given to the definition of tropical timber.

The US reminded delegates of her proposal to replace "for industrial and handicraft uses" with "for commercial uses." She explained that in the US proposal, "for purposes of calculating members' votes and assessments to the Administrative Account," the term tropical timber covers "logs, sawnwood, veneer sheets and plywood." CHINA favored having one definition of tropical timber to determine ITTO's work mandate and voting calculation. SWITZERLAND supported moving the reference regarding calculation of votes to the article on distribution of votes, and the text was inserted into this article.

Noting that "commercial use" has a broader meaning than "industrial use," the EC supported using the latter. ECUADOR favored maintaining reference to "commercial use" while TOGO preferred "handicraft use," because of the importance of handicrafts to the African region.

Noting that a definition of "further processing" may exclude future processed products, NEW ZEALAND proposed deleting the definition. VENEZUELA requested clarification on the impacts of its deletion on other articles. Noting that Council

should decide on this definition, CAMEROON, supported by the US and EU, but opposed by INDONESIA, proposed deleting the definition. SURINAME stressed the importance of retaining definitions to guide interpretation of concepts used in the Agreement.

On definition of "sustainable forest management," SWITZERLAND, opposed by the US and MALAYSIA, suggested the term could be understood according to the relevant technical guidelines of Council. Noting that the concepts of SFM and NTFPs evolve over time, the US proposed deleting this definition. MEXICO, supported by CÔTE D'IVOIRE, MALAYSIA and VENEZUELA, underscored the importance of retaining the definition for the Organization's structure and work.

On the definition of "non-timber forest products," COSTA RICA asked for clarification on the meaning of "goods of biological origin," and NORWAY explained that the term aimed at excluding genetic resources.

Chair Attah established an informal group to further discuss definitions, and said they would be revisited in Thursday's session.

WORKING GROUP II

FINANCE: INDONESIA introduced a proposal that would incorporate part of Japan's proposal for sub-accounts of the Administrative Account, for which assessments would be different for consumer and producer members. Indonesia's proposal included an Operational Account, which would allocate 70% of the Account for Administrative activities and 30% for policy work. In this proposal, producer and consumer members would evenly divide the cost of administrative activities, while producers would fund 20% of the policy work and consumers 80%. Consumer members would also be liable for 80% of the funding for the Special Account while producer members would be responsible for 20%. The Bali Partnership Fund (BPF) would be allocated as it is now, and would also incorporate funding from contractual and premium pricing of timber trade. INDONESIA noted the premature stage of this premium pricing mechanism, and said it will be resolved later during technical discussions. SWITZERLAND and the US said that the language would need clarification but praised Indonesia's proposal for creative elements, and the US, supported by NEW ZEALAND, noted some similarities between the US and Indonesian proposals.

CAMEROON expressed concern over Indonesia's proposal, querying whether the proposal had the full support of the Producer Group. INDONESIA said it would reintroduce the proposal tomorrow, after further consultations in the Producer Caucus.

PROJECT ACTIVITIES OF THE ORGANIZATION:

The US suggested adding a reference to "Action Plans approved



by Council” to help identify priority areas for project work. The EC said the US suggestion might constrain eligibility of project activity. The US responded that Action Plans would only provide narrow project guidance within the scope of the Agreement and priorities of Council.

On criteria for approving projects and pre-projects, delegates accepted the paragraph on criteria after rejecting a US proposal to delete the entire paragraph.

Following a proposal by the EC, the terms “environmental effects” and “social effects” were added among the factors to be taken into account by Council when considering approval of projects and pre-projects.

On establishing projects and pre-projects, the US, supported by PAPUA NEW GUINEA, proposed inserting language that Council may establish limits “on the number of projects and pre-projects a member may submit in a given project cycle.”

On termination of Council’s sponsorship for project and pre-project work, the US suggested, and the EC opposed, removing a reference that Council may also terminate its sponsorship of any pre-project or project by a “special vote.” After some deliberation on a suggestion made by BRAZIL to include “in accordance with agreed criteria,” which was supported by CÔTE D’IVOIRE, delegates agreed to include language to establish projects and pre-projects.

COMMITTEES AND SUBSIDIARY BODIES: Upon an EC recommendation, the US, supported by NORWAY and NEW ZEALAND, proposed language simplifying and merging two working document articles on committees and subsidiary bodies and their functions, and proposed deletion of specific committee names. SWITZERLAND proposed that the merged article keep a sub-paragraph establishing the Committee on Finance and Administration and add “other committees as Council shall deem appropriate.” He also suggested that the merged text should incorporate paragraphs allowing Council to dissolve committees and to determine the function and scope of their work and making committee participation open to all members. MALAYSIA, PAPUA NEW GUINEA, DEMOCRATIC REPUBLIC OF CONGO, and CÔTE D’IVOIRE opposed deletion of technical committee names. The EC and BELGIUM noted that Council should establish or dissolve committees “by special vote.” The discussion was left pending.

STATISTICS, STUDIES AND INFORMATION: On timeliness of data submission, drafting group text was introduced by Chairman Ito. CÔTE D’IVOIRE, supported by GHANA and PAPUA NEW GUINEA, said that the requirement of data submission in a “reasonable time” is vague. Chairman Ito said it would be deleted. GHANA and PAPUA NEW GUINEA suggested that the submission time should be specified by the Executive Director rather than Council, and delegates agreed to insert this in the text. BRAZIL, supported by the US, INDONESIA and PAPUA NEW GUINEA, proposed new language for Council to support capacity building activities for reporting statistics, and delegates agreed to the language.

BRAZIL, supported by MALAYSIA, BOLIVIA, CHINA, CÔTE D’IVOIRE, PERU, and PAPUA NEW GUINEA, called for deletion of a paragraph in the drafting group’s proposal on measures that could be taken by Council in the case of non-submission of statistics and information by members, arguing that it goes against the cooperative spirit of the article and the Agreement. NEW ZEALAND requested suggestions on how to improve the paragraph. CHINA opined that the proposed sanctions mirrored provisions on sanctions for non-payment of assessed contributions and were therefore excessive. PAPUA NEW GUINEA noted that the paragraph was prescribing specific actions for Council. BRAZIL proposed that discussion could continue in the evening in informal contacts between producers and consumers.

WGI CONTACT GROUP

PREAMBLE: Delegates continued discussing a non-paper proposed by a producer member regarding the Preamble. A few consumer members proposed substituting “reaffirming members’ commitment to the BPF” with “recalling the establishment of the BPF.” A producer member, opposed by some other producers, suggested deleting reference to “ITTO Objective 2000.”

On a paragraph recognizing the importance of collaboration among members and other stakeholders, a consumer member, opposed by other consumer members, suggested substituting “indigenous communities” with “indigenous peoples.”

A consumer member suggested adding a paragraph “recognizing the rights of indigenous peoples and workers consistent with relevant International Labour Office (ILO) Conventions.” Some consumer members opposed adding the paragraph because many ITTO members have not ratified ILO Conventions.

A consumer member suggested adding a preambular paragraph recognizing members’ “sovereign right to exploit their own resources pursuant to their own environmental policies and their responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other states or of areas beyond the limits of national jurisdiction, as defined in Principle 1(a) of the Non-Legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests.” Some producer members opposed language regarding “responsibility.” Delegates bracketed the text.

OBJECTIVES: Delegates started discussions regarding Objectives suggested in a non-paper proposed by a producer member. Another producer member welcomed the fact that the proposal encompasses one objective and a list of instruments to achieve it.

On recognizing the benefits of setting prices that reflect the costs of SFM, one consumer member requested clarification as to who sets the price. A producer member stressed the necessity to establish a fair price for tropical timber in the international market that is remunerative and equitable for all members. One consumer member opposed any market intervention in pricing. A producer member called for a price that reflects the true cost of SFM. Another producer member called for “fair” market prices. One producer member suggested adding “premium” before “market prices.” A producer member stressed the importance of price setting in achieving fair prices for producers. The compromise text “recognizing the benefits of market prices that reflect the costs of SFM” was bracketed.

On recognizing the importance of reinvesting revenues generated from “forest-related” trade into forest activities, one producer member proposed that revenues come from “timber-related” trade. One consumer member inquired if all or part of the revenue should be reinvested in forest activities. The text remained bracketed.

IN THE CORRIDORS

Many delegates are now asking how long negotiations may continue. Although one delegate argued that with proper momentum the negotiations could still conclude by Friday, others noted that without extra evening sessions the remaining work cannot be finished. Evening sessions depend, however, on delegates’ willingness and capacity to negotiate without interpretation. Recently established UN rules prohibit the use of interpreters after 6:00 pm, despite the contribution of extra funding for this purpose by UNCTAD and ITTO. One delegate said that at the eleventh hour countries will start agreeing, even if this should require returning to ITTA 1994 language in the absence of compromise on changes. The crucial outstanding question is when that eleventh hour will be perceived to have arrived.