



ITTA, 1994 RENEGOTIATION HIGHLIGHTS: MONDAY, 27 JUNE 2005

Over 150 delegates gathered at the Palais des Nations in Geneva, Switzerland on the opening day of the UN Conference on the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1994 (ITTA, 1994), Third Part. In the morning, delegates met in a brief plenary session before convening in two working groups on the new Agreement's scope and financial arrangements. Working Group I (WGI) considered the Preamble and Chapter I (Objectives), and Working Group II (WGII) addressed Chapter VII (Operational Activities), Chapter IX (Statistics, Studies, and Information) and Chapter X (Miscellaneous). In the afternoon, a joint working group was held, in which delegates debated cross-cutting issues, including funding for key policy work and distribution of votes. Setting the tone for the negotiations, the President of the UN Conference emphasized that political will and balance would be needed in order to conclude this week's negotiations successfully.

OPENING PLENARY

OPENING STATEMENTS: Amb. Carlos Antonio da Rocha Paranhos, President of the UN Conference, opened the session, identifying unresolved issues such as the scope of the Agreement, the distribution of votes, and the shift of funding for policy work from voluntary to assessed accounts. President Paranhos urged the working groups to finalize their work in time for the legal drafting committee to ensure accuracy in all UN languages. He said the Bureau would take stock of cross-cutting issues, and introduced the working paper (TD/TIMBER.3/L.4) as the basis for this negotiating session.

ORGANIZATIONAL MATTERS: Delegates adopted the agenda (TD/TIMBER.3/8) and rules of procedure (TD/TIMBER.3/2), and appointed Austria, Cameroon, Indonesia, Mexico and the US as members of the Credentials Committee. President Paranhos proposed, and delegates accepted, Jürgen Blaser (Switzerland) as Vice-President of the Conference, Vice-Chair of the Committee of the Whole (COW), and Chair of WGII.

FINLAND, for the Consumer Group, called for strong leadership to finalize the new Agreement quickly. BRAZIL, for the Producer Group, noted that new producer member proposals on finance were based on the assumption that the new Agreement should be a commodity agreement and contain a clear financial structure.

WORKING GROUP I

WGI Chair Alhassan Attah (Ghana) presented the final working paper from the second part of the UN Conference (TD/

TIMBER.3/L.4), and suggested delegates discuss the document paragraph-by-paragraph, aiming to reach agreement.

PREAMBLE: On recognizing the importance of the multiple economic, environmental and social benefits provided by forests, VENEZUELA and SWITZERLAND, opposed by the EC and COLOMBIA, suggested deleting reference to timber and timber products. INDIA and INDONESIA suggested, and the US opposed, deleting reference to "non-timber forest products" (NTFPs) and ecological services. INDIA suggested bracketing reference to "ecological services," and TRINIDAD AND TOBAGO noted that delegates should only discuss already bracketed text.

Chair Attah proposed, and delegates agreed, to reference ITTO Objective 2000, a strategy for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000.

Arguing that the concept of indigenous peoples is captured in the Convention on Biological Diversity-accepted language, "indigenous and local communities," the EC, opposed by NORWAY, proposed deleting reference to indigenous "peoples." Noting that her government is not a member of all International Labour Organization conventions, the US expressed reservations on recognizing the rights of indigenous peoples and workers.

ECUADOR, opposed by MALAYSIA and the US, proposed merging the recognition of market prices to reflect the costs of sustainable forest management (SFM) with the need for increased investment in SFM. Noting that increased investment in SFM is a matter of national sovereignty, MALAYSIA and VENEZUELA preferred keeping the concepts separate.

OBJECTIVES: On promoting the expansion and diversification of international trade in tropical timber from sustainably managed and "legally harvested" forests, NEW ZEALAND, NORWAY, SWITZERLAND and the US suggested removing brackets around "legally harvested," while MALAYSIA and BRAZIL favored keeping the brackets. The EC and SURINAME suggested deleting reference to the objective to "promote the sustainable management of tropical timber producing forests." INDIA and PAPUA NEW GUINEA suggested deleting reference to "ecological services," as it is already mentioned in the Preamble.

WORKING GROUP II

WGII Chair Jürgen Blaser (Switzerland) opened the session, and described a work plan aimed at completing negotiations.

POLICY WORK OF THE ORGANIZATION: JAPAN and the EC favored, while the US opposed, Japan's earlier proposed sub-paragraph on key policy work, which contributes to achieving the Agreement's objectives. JAPAN linked these



to the Organization's financial structure. MALAYSIA, with INDONESIA, cautioned that such text would be burdensome to producer members unless linked to appropriate finance, while JAPAN and the US questioned how so.

BRAZIL, on behalf of the Producer Group, agreed on funding some policy activities from assessed accounts, but inquired what "key policy work" includes, noting producer members oppose including ecosystem services.

COMMITTEES AND SUBSIDIARY BODIES:

SWITZERLAND, with the EC and PERU, but opposed by MALAYSIA, proposed deleting text specifying committees. MALAYSIA favored maintaining separate committees on economic information and market intelligence and forest industry.

STATISTICS, STUDIES AND INFORMATION: BRAZIL, supported by CAMEROON, CHINA, CONGO, MALAYSIA, IVORY COAST, REPUBLIC OF KOREA, PERU, EGYPT, GHANA, and VENEZUELA, opposed penalties for failure to provide required information without a satisfactory explanation. The EC, supported by JAPAN, the US, NEW ZEALAND, and CANADA, insisted that the Council should be able to respond when a country provides neither the required information nor a satisfactory explanation for the delay.

ANNUAL REPORT AND REVIEW: The US, with JAPAN and AUSTRALIA, but opposed by MALAYSIA, supported a sub-paragraph on reporting illegal activities. Upon a suggestion by the US, SWITZERLAND and AUSTRALIA, reference to illegal "imports" was deleted.

DIFFERENTIAL AND REMEDIAL MEASURES

AND SPECIAL MEASURES: The REPUBLIC OF KOREA questioned the definition of, and the US suggested deleting, "developing importing members." CHINA objected, noting an UNCTAD resolution containing the term.

JOINT WORKING GROUP

WGI Chair Attah and WGII Chair Blaser reported on the outcomes of each morning working group session, identifying contentious articles in the working document.

CROSS-CUTTING ISSUES: On definitions, the EC highlighted the hard work ahead for WGI, and requested more support from the Secretariat during negotiations on the issue.

On finance, SWITZERLAND pointed out that many questions had been raised when producer members offered their alternative text in February, and requested more discussion of it. JAPAN requested a matrix from the Secretariat to clarify differences and similarities of the various consumer and producer member proposals.

BRAZIL said that producer members wish to keep the Bali Partnership Fund and expressed support for mechanisms for programme funding.

Presenting a new proposal on finance, the EC explained it includes an assessed work programme sub-account, in which assessed funding is split 70/30 between consumer and producer members, respectively. He said this sub-account should not exceed 15% of the annual budget of the Administrative Account, with any unspent funds rolling over to the following year. He clarified that other existing accounts would remain intact.

Recalling its proposal from the second part of the UN Conference, JAPAN said countries contributing voluntary funds for projects should have their assessed contributions reduced correspondingly. The EC cautioned that there is no precedent for this in other organizations.

Describing its proposal to streamline the Bali Partnership Fund and the Special Account into one account for voluntary project funding, NORWAY called for separate earmarked

and unearmarked voluntary funding streams and for applying assessed contributions to operating costs. Supported by the US, she specified separate voluntary funding for programmatic and thematic elements.

BRAZIL suggested that consensus was approaching on a basic accounts framework, which would include a key policy work account. He favored funding both projects and programmes and, supported by JAPAN, the US and the EC, retaining the Bali Partnership Fund. NORWAY conceded on the latter point.

On the proposed structure of financial accounts, the US highlighted the need to seek convergence. The EC, opposed by INDONESIA and MALAYSIA, favored a "Work Programme Sub-Account" rather than a "Key Policy Work Account." Responding to INDONESIA's demand for clarification, the EC said the proposed work programme sub-account would cover activities that would bring potential benefits for all members.

BRAZIL proposed to further define the activities of the proposed key policy work account. MALAYSIA stressed the importance of striking a balance among funds for: operations of the Secretariat; policy development and dialogue; and project implementation. The US insisted that key activities of the Organization should not be separated into a category of policy development. CHINA emphasized the interdependence among the structure of the Organization, the content of its actions, and finance.

Outlining its proposal to fund the Administrative Account, the US proposed that one half of this account would be funded 50/50 and the remaining half would be funded 70/30 between consumers and producers, respectively. He noted this would effectively result in a 60/40 split.

The EC reiterated their wish to avoid a separate account. MALAYSIA said the EC proposal was clearer than that proposed by the US. The US pointed out that the EC proposal would involve a 53/47 split rather than the 60/40 split in the US proposal. SWITZERLAND said that levels of funding could not be discussed without addressing modalities.

On distribution of votes, CHINA said that the consumer members should have 15 initial votes, and suggested linking discussion of this issue with that on financial accounts. Suggesting five initial votes, the EC said that increasing initial votes would further concentrate votes in the hands of just a few members, which would have implications for the budget and for members' obligations. Chair Blaser concluded the session, deciding that more work needs to be done in working groups before convening another joint working group session.

IN THE CORRIDORS

As the temperature in Geneva reached levels comparable to Brazzaville, several delegates reported that the outcomes from ITTC-38 had little influence on the first day of the third part of the UN Conference. The approval of projects at ITTC-38 may even have signaled business as usual in project funding and may not be giving the sense of urgency necessary for delegates to reach an agreement by the end of ITTA-3. However, some participants expressed satisfaction at the degree of restraint shown during the plenary and speculated that this might bode well for earnest efforts to conclude an agreement this week. Others suggested that the organization of work will have an impact on whether success is achieved, commenting that discussions on process in Monday evening's Bureau meeting might indicate whether compromise is feasible by week's end.