



## ITTA, 1994 RENEGOTIATION HIGHLIGHTS: THURSDAY, 30 JUNE 2005

During the fourth day of the UN Conference on the Negotiation of a Successor Agreement to the International Tropical Timber Agreement (ITTA, 1994), Third Part, delegates continued to diverge on numerous outstanding issues. In the morning, delegates approved articles to send to the legal drafting committee, and met in brief working group sessions to debate articles on definitions in Working Group I (WGI) and on review in Working Group II (WGII). In the afternoon, WGI discussed the Preamble and Chapter II (Definitions), and WGII considered Chapter VII (Operational Activities), Chapter IX (Statistics, Studies and Information), and Chapter X (Miscellaneous). While progress was made on a number of articles, Chair Blaser announced the slow pace of the morning and afternoon deliberations will require delegates to disband working groups and meet in plenary during Friday's session.

### JOINT WORKING GROUP

WGII Chair Jürgen Blaser (Switzerland) opened the joint working group session with the objective of approving articles for release to the legal drafting committee.

WGI Chair Alhassan Attah (Ghana) opened discussion of definitions, asking clearance on "special" vote and "simple distributed majority vote." The US said approval was premature, given lack of decision on the number and distribution of votes. Opposed by BRAZIL, she expressed preference for a two-tier voting system. This article was left pending.

Articles on powers and functions of the Council and on Executive Director (ED) and staff were released to the legal drafting group with "by special vote" bracketed. On Chairman and Vice-Chairman of the Council, delegates agreed to delete "by special vote of the Council" in a paragraph on re-election under exceptional circumstances.

On privileges and immunities, PERU asked whether "within the limits of national legislation" might affect ITTO's tax exemption, in a paragraph on possible relocation of the Organization's headquarters. The UNCTAD legal advisor said the phrase is consistent with other commodity agreements and aims to safeguard states' rights. WGII Chair Blaser noted that ITTO is well established in Yokohama. The article was approved.

On project activities of the Organization, the US, supported by the EC, proposed including the ED among those who may submit pre-project and project proposals, and those to whom limits may apply on the number of proposals allowed. The EC underscored the positive implications for project funding

availability. This and the question of terminating project sponsorship "by special vote" were left pending further consultation.

SWITZERLAND called for establishing criteria for "defining thematic programmes" in a paragraph listing criteria for projects and pre-projects. Discussion was left for WGII.

An article on annual report and review was approved without discussion. On relief from obligations, delegates agreed to insert special vote provisions and approve this article.

Regarding complaints and disputes, PERU said that decisions on them should be taken by consensus. The UNCTAD legal advisor agreed to review how this is addressed in other commodity agreements.

On differential and remedial measures and special measures, the UNCTAD legal advisor confirmed that the Paris Declaration contains relevant provisions to assure exemptions for the Least Developed Countries. Delegates approved the article.

Delegates agreed to the article on non-discrimination, following Venezuela's withdrawal of its reservation regarding text focusing on restrictive trade measures on imports.

On signature, ratification, acceptance and approval, the UNCTAD legal advisor proposed, and delegates agreed, that the new Agreement should be open for signature for eight instead of six weeks following adoption.

### WORKING GROUP I

In the morning and afternoon, WGI Chair Attah addressed definitions on, *inter alia*: producer member; developing consumer member; simple distributed majority vote; and freely usable currencies. In the afternoon, he continued discussion on the Preamble.

**DEFINITIONS:** On "producer member," delegates agreed to retain reference to "tropical forest resources" and delete "tropical forests" throughout the text. Regarding "net" exporter of tropical timber, VENEZUELA, GUATEMALA, HONDURAS, CÔTE D'IVOIRE, MEXICO and PANAMA suggested deleting the term "net." Regarding defining an exporter of tropical timber in "volume" or "value" terms, VENEZUELA, GUATEMALA, CÔTE D'IVOIRE and PANAMA favored "volume." INDIA, the PHILIPPINES and INDONESIA said that definitions should not change the status of members, and suggested keeping "producer member" as stated in ITTA, 1994. The EC asked the Secretariat to distribute a technical paper that discusses the implications of each term for defining "producer member."

Noting that a possible definition of "producer member" is any country situated between the Tropics of Cancer and Capricorn with tropical forest resources "and/or" a "net exporter of tropical



timber,” the ITTO Secretariat explained the implications of deleting or keeping “and/or” and “net.” He said if delegates delete “net” and retain “and/or,” many consumer members will become producer members. He noted if delegates keep “or” and “net,” the current system will continue. He underscored that if delegates delete “or” and “net,” it will change the status of some producer members to consumer members. SURINAME and SWITZERLAND, opposed by VENEZUELA and INDIA, favored deleting “or” and keeping “net.” Highlighting that consumer members are a small group, the US called the obligation of contributing greater resources to the Administrative Account as the only downside of producer members becoming consumer members.

On “developing consumer member,” delegates agreed to delete the definition.

On “Organization” and “Council,” VENEZUELA, MALAYSIA, BRAZIL, MEXICO, the PHILIPPINES and CONGO favored retaining its original name. The US called upon delegates to change the names of the Organization and Council to reflect their changing mandates, noting her government's interest is in funding forests, not timber. Chair Attah proposed informal consultations to resolve the issue.

On “simple distributed majority vote,” MALAYSIA favored a three-tiered system, while the US favored a two-tier system excluding a simple distributed majority vote.

On “freely usable currencies,” Chair Attah proposed, and delegates agreed, to replace freely “usable” with “convertible” currencies.

On vote distribution calculations, Chair Attah proposed, and delegates agreed, to remove brackets around “tropical forest resources.” Noting the need to be coherent with the definition of “tropical timber,” SWITZERLAND, CÔTE D’IVOIRE and NEW ZEALAND proposed deleting “broadleaved.” Noting that plantations will become more important in the future, the EC, supported by VENEZUELA, proposed that “tropical forest resources” means “natural closed forests and forest plantations.” SWITZERLAND and MEXICO cautioned that forest plantations could include plantations intended for fuelwood. The ITTO Secretariat explained that including forest plantations in the definition of “tropical forest resources” would not affect the votes of the majority of members. SWITZERLAND underscored that the definition must be simple and clear in order to allow the ITTO Secretariat to calculate distribution of votes. Regarding data availability on forests, the ITTO Secretariat said that statistics are only available for natural closed forest and forest plantations. He welcomed harmonization of vote calculations with trade data. BRAZIL suggested, and delegates agreed on, further discussion of the issue in the producer caucus.

**PREAMBLE:** INDIA, on behalf of the Producer Group, suggested adding “recognizing that states have, in accordance with the Charter of the United Nations and the principles of international law, the sovereign right to exploit their own resources as defined in Principle 1(a) of the UN Conference on Environment and Development Forest Principles. The US, the EC, SWITZERLAND, HONDURAS and JAPAN opposed the “cherry-picked” language suggested by the Producer Group. INDIA agreed to consult with the Producer Group on its proposal.

#### **WORKING GROUP II**

WGII Chair Blaser addressed unresolved issues in articles on: review; statistics, studies and information; statistics of the Organization; Committees and subsidiary bodies; and policy work of the Organization.

**REVIEW:** On review of implementation, the US, supported by NEW ZEALAND, proposed deleting the article as being a redundant “historical artifact.” MALAYSIA and CONGO

preferred keeping the article as well as adding “financial” implementation. BRAZIL, supported by INDONESIA and CAMEROON, said that a review of implementation four years after entry into force would be helpful to all members. Delegates agreed to “evaluate” rather than assess or review, to clarify that the focus will be on “implementation,” and to do so “no later than five years” after entry into force.

**POLICY WORK OF THE ORGANIZATION:** Delegates removed the words “key” before policy work, “five year” before action plan, and references to the “Administrative Account.” On the issue of whether policy work must be “of necessity to all,” the EC said to remove this phrase, the US linked it to articles on the Bali Partnership Fund, the Special Account and project activities of the Organization. INDONESIA proposed “a majority of members” and the EC said to reinsert “all.”

**PROJECT ACTIVITIES OF THE ORGANIZATION:** BRAZIL, MALAYSIA, INDONESIA, the CONGO, and COLOMBIA queried the US’ proposed language allowing the ED to submit proposals. CÔTE D’IVOIRE, supported by the EC and JAPAN, noted the benefits of allowing the ED to present project proposals of a cross-cutting nature. After lengthy discussion, Chair Blaser, supported by CAMEROON, proposed specifying that ED submissions be made “in consultation with the Council.” SWITZERLAND suggested specifying proposals “of a horizontal nature or regional interest.”

INDONESIA, BRAZIL and MALAYSIA opposed language that the ED should have the authority to submit proposals, with INDONESIA suggesting ED’s responsibility is to secure financial resources. The EC and the US suggested that the provision would benefit members. UN Conference President Carlos Antonio da Rocha Paranhos proposed, and SWITZERLAND supported, compromise text that would allow the ED to submit proposals for consideration by the Council “taking into account the thematic areas and/or priorities established by Council.” The CONGO expressed concern over who would fund projects submitted by the ED. Chair Blaser proposed convening a small informal group to find a compromise on this issue.

**COMMITTEES AND SUBSIDIARY BODIES:** WGII Chair Blaser, supported by NEW ZEALAND, proposed a Committee on Reforestation and Forest Management, a Committee on Forest Industry, Economic Information and Market Intelligence, and a Committee on Finance and Administration. Delegates discussed this merging of two of the four existing ITTO Committees but could not reach consensus on the number and type of Committees.

**STATISTICS, STUDIES AND INFORMATION:** BRAZIL, on behalf of the Producer Group, proposed including “technical assistance” in the measures Council may take in response to not furnishing or delaying submission of statistics. Responding to a US objection to President Paranhos’ proposed text calling for the Council to find “a positive solution to the issue,” Chair Blaser suggested substituting “measures it deems appropriate.”

#### **IN THE CORRIDORS**

Consensus began emerging in several areas on Thursday. Both producer and consumer members have accepted the need for secure and stable funding for policy work and programmes, particularly for specific thematic areas. Producer Group consensus may be emerging on including improved forest product industrialization, market access, innovative financial mechanisms for sustainable forest management, and institutional capacity building as thematic areas. While the funding of thematic areas has not yet been negotiated, many producer members and some consumer members agree that thematic areas may provide more predictable funding from assessed contributions.