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DRAFT ANNUAL REPORT FOR 1989

(Item 12 of the Provisional Agenda)

NOTE BY THE EXECUTIVE DIRECTOR

Pursuant to Article 28 (1) of the International Tropical Timber Agreement, 1983, the Council is requested to publish, within six months after the close of each calendar year, "an Annual Report on its activities and such other information as it considers appropriate".

This draft Annual Report covering 1989 has been prepared by the Secretariat giving an account of activities concerning the Council and its other subsidiary organs and bodies and general developments of relevance to the Organization. As in the two previous Annual Reports, this Report is divided into two parts. Part I deals with institutional, organizational and administrative matters, Sessions of the Council, and its Permanent Committees and general developments in the Organization including the Secretariat. Part II gives detailed reports on the operational work of the Organization both in terms of project and non-project activities in the fields of Economic Information and Market Intelligence, Reforestation and Forest Management and of Forest Industry.

Some other useful records of information are included as Appendices to this Report.

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(\* To be added after the Council approved the Auditor's Report)

**PART I ORGANIZATION AND ADMINISTRATION**

1. Membership

During the year under review, Panama and Portugal acceded to the International Tropical Timber Agreement, 1983 on 3 March 1989 and 3 July 1989 respectively. Panama became ITTO's nineteenth producing Member whilst Portugal became the twenty-fifth consuming Member. Details of ratification, acceptance, approval and accession are contained in Annex I.

The 44 Members of ITTO at the end of 1989 are as follows:

Members

Producers

Bolivia  
Brazil  
Cameroon  
Congo  
Côte d'Ivoire  
Ecuador  
Gabon  
Ghana  
Honduras  
India  
Indonesia  
Liberia  
Malaysia  
Panama  
Papua New Guinea  
Peru  
Philippines  
Thailand  
Trinidad and Tobago

Consumers

Australia  
Austria  
Canada  
China  
Egypt  
European Economic Community  
Belgium/Luxembourg  
Denmark  
France  
Germany, Federal Republic of  
Greece  
Ireland  
Italy  
Netherlands  
Portugal  
Spain  
United Kingdom of Great Britain  
and Northern Ireland  
Finland  
Japan  
Norway  
Republic of Korea  
Sweden  
Switzerland  
Union of Soviet Socialist Republics  
United States of America

Several other tropical countries in Asia/Pacific, African and Latin American Regions showed interest in becoming members of ITTO.

2. The International Tropical Timber Council

2.1 Officers of the Council

The Council at its Fifth Session in Yokohama, in November 1988 elected by acclamation Mr. Jaime Muñoz-Reyes Navarro (Bolivia) and Mr. Markku Simula (Finland) as Chairman and Vice-Chairman of the ITTC respectively for 1989. At its last Session for 1989, the Council elected Mr. Markku Simula (Finland) as Chairman and Mr. Sumarsono Martosudigdo (Indonesia) as Vice-Chairman of the Council for 1990.

2.2 Sixth Session of the Council

The Sixth Session of the Council was held at the Houphouët-Boigny Congress Center, Abidjan, Côte d'Ivoire, from 16 to 24 May 1989. The Session was opened by Mr. Emile Kei-Bouguinard, Minister of State, representing the President of Côte d'Ivoire. The opening ceremony was also addressed by other special guests including Mr. Vincent-Pierre Lokrou, Minister of Forestry, Côte d'Ivoire, and Tan Sri Abdul Taib Mahmud, Chief Minister of Sarawak, Malaysia. Other dignitaries who attended the opening of the Session included Mr. Ambroise Noumazalay, Minister of Forest Economy of Congo, Mr. Raymond Mbitikon, Minister of Forestry Game and Wildlife, Fisheries and Tourism of the Central African Republic, and Mr. Tikela Kemone, Secretary of State for Forestry, Cameroon. At the conclusion of this Session, Mr. Yao Komlavi, Minister of Environment and Tourism of Togo, addressed the Council. The concluding remarks were made by Mr. Emile Ke-Bouguinard, Minister of State, Côte d'Ivoire.

The Council decided to extend the International Tropical Timber Agreement, 1983 for a period of two years, from 1 April 1990 to 31 March 1992. It was recognized that this decision may be part of a four-year extension of the Agreement and that the Council may decide to extend the Agreement by an additional two years in accordance with Article 42 paragraph 2. This matter will be considered at the Tenth Session of the Council.

The Council discussed the Draft Action Plan in the field of Reforestation and Forest Management and requested the Secretariat to prepare a work programme for the years 1990 and 1991, and propose activities for priority implementation on several issues, including guidelines for best practice and sustainability in relation to the sustainable management of natural forests and plantations. In addition, the Secretariat was also requested to prepare elements for action plans in the areas of Forest Industry and Economic Information and Market Intelligence. Emphasis was made on the importance of establishing an Action Plan to cover all activities of ITTO.

At the invitation of the Government of Malaysia, the Council adopted a Resolution (Annex II) to send a Mission to Sarawak consisting of experts appointed in their personal capacities from producing and consuming Member countries, representatives from conservation NGOs and the trade and a tropical forest economist. The work of the Mission is to promote the sustainable utilization and management of tropical forest resources in Sarawak, Malaysia, taking into account environmental and conservation needs within the context of the ITTA. Based on its findings the Mission will make recommendations for further strengthening of sustainable forest management policies and practices including areas of international co-operation and assistance. The work of this Mission is an unprecedented act of international co-operation within the ITTO forum with the full co-operation of the Government of Malaysia. In accordance with the Resolution, the Executive Director was requested to take all necessary measures to implement the Resolution.

The Council noted the recommendations of its three Permanent Committees as contained in their reports for the Fourth Sessions and approved twelve projects. Eight projects were authorized for financing for immediate implementation. Five pre-projects were also approved and financed for immediate implementation.

The following pledges of contributions were made:

ITALY:	US\$ 1 million - earmarked
JAPAN:	Yen 300 million for 1989 fiscal year (approx. US\$ 2.3 million)

FINLAND:	7 1/2 million Finnish Marks for period 1989/93 (approx. US\$ 2 million)
FRANCE:	US\$ 2 million - earmarked
NETHERLANDS:	300 thousand Dutch Guilders (approx. US\$ 150,000)
SWITZERLAND:	US\$ 1 million - earmarked
SWEDEN:	US\$ 386,039 - earmarked
WWF INTERNATIONAL:	US\$ 7,000 - earmarked.

During this Session general statements were made by Representatives of the EEC, conservation non-governmental organizations and the Japan Lumber Importers Association. The Session also saw increasing co-operation developing in the ITTO forum with the trade and with many Members attending and contributing to ITTO's first market discussions.

The Council took note of the Auditor's Reports for the Administrative and Special Accounts for 1988.

2.3. Seventh Session of the Council

The Seventh Session of the Council was held in Yokohama from 30 October to 7 November 1989.

The Council endorsed the recommendations of the relevant Permanent Committees to establish and finance the work of two Panels of Experts to develop draft Action Plans and Work Programme in the fields of Economic Information and Market Intelligence and Forest Industry and to establish a Working Group to formulate "Guidelines for Best Known Practice" in forest management.

The Council approved eleven projects and authorized immediate financing and implementation of four of them. Two pre-projects were also approved for immediate financing and implementation.

New pledges for contributions to ITTO's Special Account were announced as follows:

DENMARK:	US\$ 1 million
JAPAN LUMBER IMPORTERS ASSOCIATION:	Yen 8.5 million (approx. US\$ 57,000)
JAPAN PLYWOOD MANUFACTURERS ASSOCIATION:	Yen 7 million (approx. US\$ 47,000)

The Executive Director reported on the progress of implementing Council Resolution 1(VI), "The Promotion of Sustainable Forest Management: A Case Study in Sarawak, Malaysia". Funds for the work of the Mission had been provided by the Governments of Australia, Denmark, Finland, Japan, The Netherlands, Norway, Sweden, Switzerland, and the United Kingdom. After due consultations, the ten-member Mission was constituted as follows:

- Rt. Hon. the Earl of Cranbrook (U.K.) - Leader
- Morten Bjørner (Denmark)
- John François (Ghana)
- Katsuhiko Kotari (Japan)
- A. J. Leslie (Australia)
- Jaime Muñoz-Reyes Navarro (Bolivia)
- Duncan Poore (U.K.)
- Hans Kr. Seip (Norway)
- Sumarsono Martosudigdo, Ir. (Indonesia)
- Frank H. Wadsworth (U.S.A.).

The composition of the Mission reflected the membership and interest groups in ITTO. The Mission visited Malaysia from 26 November to 9 December in 1989. The other two visits would be made from 11 to 24 February and from 18 to 31 March next year. During the first visit, Mission Members were received by the Prime Minister of Malaysia, the Chief Minister of Sarawak and the Deputy Minister of Primary Industries, Malaysia. The first two-week visit was intended for the Mission to meet Malaysian authorities and technical organizations for briefing on the forestry situation and operations in Sarawak relevant to sustainable forest management. At the conclusion of this visit and based on the observations made, the Mission drew up its programme for the second visit to Sarawak not only in terms of further information to be collected and sites to be visited but also for the organization of dialogue sessions with those wishing to present their views to the Mission.

The Mission received the full co-operation of the Malaysian authorities in terms of logistics and other support to facilitate its work during the visit. The Mission's work attracted considerable interest not only in Malaysia but also from international organizations and individuals from other parts of the world.

The Council discussed and approved the Administrative Budget of the Organization for the year 1990 totalling \$2,853,020. The Council also adopted a special Resolution, urging Members to ensure that all contributions to the Administrative Account are paid promptly to facilitate the work of the Secretariat. Further, Members were requested to make new funds available to ITTO for the Special Account to meet growing financial needs for conservation and sustainable development of tropical forests.

The Council decided to extend the appointment of the Executive Director, Dr. Freezailah bin Che Yeom, for a further term of two years.

3. The Permanent Committees

3.1 Officers of the Permanent Committees

During the year, Mr. John Medeiros (U.S.A.) and Mr. Makon Wehiong (Cameroon) served as Chairman and Vice-Chairman respectively of the Permanent Committee on Economic Information and Market Intelligence. Unfortunately, Mr. Medeiros could not complete his term due to exigencies of service. In his place the Vice-Chairman presided over the proceedings of the Fifth Session of the Permanent Committee. At its Fifth Session, Mr. Makon Wehiong (Cameroon) was elected Chairman for 1990 and Mr. David W.K. Boulter (Canada) as Vice-Chairman.

Mr. Jean Clement (France) and Mr. Sumarsono Martosudigdo (Indonesia) were the Chairman and Vice-Chairman for the Permanent Committee on Reforestation and Forest Management for 1989. At its Fifth Session, the Committee elected Mr. Enrique Toledo (Peru) and Mr. E.M. Lammerts van Bueren (The Netherlands), Chairman and Vice-Chairman for 1990.

Due to the unavoidable absence of Mr. Jorge Barba (Ecuador), Chairman of the Permanent Committee on Forest Industry for 1989, the proceedings of both the Fourth and Fifth Sessions of the Committee were presided by Mr. Chen Xu He (China). At its Fifth Session, the

Committee elected Dr. Gary R. Lindell (U.S.A.), Chairman, and Mr. Baharuddin Hj. Ghazali (Malaysia), Vice-Chairman for 1990.

### 3.2 Fourth Sessions of the Permanent Committees

The Fourth Sessions of the three Permanent Committees were held in Abidjan, Côte d'Ivoire, from 16 to 23 May 1989.

For the first time a Joint Session of all three Permanent Committees was convened for a two-day Market Discussion to review market developments for tropical timber products in 1988 and prospects for 1989. The market discussions are a landmark activity to the extent that it strengthened the institutional capacity of the ITTO as a consultative forum of all the partners in tropical forestry development, namely governments, trade, industry and conservation NGOs. The effectiveness of this activity will be enhanced as experience and brings in constructive modifications. The Secretariat document "Elements for the 1988 Annual Review" {ITTC(VI)/3} was also discussed in the light of the market discussions. The Joint Session considered and approved a Market Statement (Annex III) which was released to the press.

The Committees technically appraised 26 project proposals and recommended 14 of these proposals to the Council for approval. The Committees also reviewed pre-projects currently undertaken and decided to implement 5 pre-projects.

The question of 'Criteria and Priority Areas for Programme Development and Project Work' was fully discussed by Council Members. There was general agreement to formulate a Draft Plan of Action and Work Programme in Reforestation and Forest Management. Similar Plans of Action in Economic Information and Market Intelligence and Forest Industry were requested to be formulated by expert Panels. These various texts of Action Plans would be integrated into a comprehensive ITTO Draft Action Plan and Programme of Work, thus ensuring an overall co-ordinated and coherent programme of work for all ITTO activities.

3.3 Fifth Sessions of the Permanent Committees

The Fifth Sessions of the Permanent Committees were held in Yokohama from 30 October to 3 November 1989. The Committees technically appraised 13 project proposals and recommended 10 of the projects for approval to the Council.

Pre-project activities being undertaken were reviewed and the Permanent Committees decided to implement two new pre-projects.

Concerning 'Criteria and Priority Areas for Programme Development and Project Work', the Committees on Economic Information and Market Intelligence and Forest Industry decided to establish panels of experts to assist them to prepare action plans in these fields. In view of the close linkages between the work of these two Committees, it was further decided that the two panels to be constituted should meet at the same time. The Committee on Reforestation and Forest Management considered two Secretariat documents, "Work Programme of the Secretariat for the Years 1990 and 1991 in the Field of Reforestation and Forest Management" and "Activities Proposed for Priority Action in the Field of Reforestation and Forest Management". A synthesis of these two documents was drafted containing a work programme for 1990. The Committee further decided to establish a Working Group to develop and recommend principles and guidelines for 'Best Practice' and sustainability for the management of natural forests and plantations based on a paper to be prepared by the Overseas Development Administration, United Kingdom.

4. The Secretariat

Mr. Arto E.K. Jalkanen, Programmer/Systems Analyst joined the Secretariat on 27 February 1989. Mr. Jalkanen is seconded to ITTO for a period of two years by the Government of Finland. Mr. Iem G. Roos, Assistant Director for Management Services, and Mr. James P. Cunningham, Statistician, left the Secretariat in April 1989 and in August 1989 respectively. As of 31 December 1989, the Secretariat consisted of seven professionals and eight in the general service category, three of whom were on secondment from the host Government.

The ITTO Headquarters continued to be accommodated on the eighth floor of the Sangyo Boeki Center Building (SANBO). Additional furniture and computer facilities were provided to meet growing needs of the Secretariat. As in past years, the autumn Sessions of the Council and the Permanent Committees were held on the ninth floor of the SANBO Building, whilst the Spring Sessions were held in a producing Member country. The facilities and logistics of these Sessions were generously provided by the host Government, Japan.

The Government of Japan and the City of Yokohama continued to provide generous support to the Organization.

**PART II                    OPERATIONAL ACTIVITIES**

1.                    INTRODUCTION

At their Fourth Sessions, the three Permanent Committees decided to implement three Pre-Projects for which financing of the order of \$120,000.00 was subsequently made available by the Council. The Council, in its Resolution 1(IV), established a Mission to Sarawak and authorized financing not exceeding \$330,000 from the Pre-Project Sub-Account for the work of the Mission.

At their Fifth Sessions, the Permanent Committees decided to implement two more Pre-Projects. The Council at its Seventh Session allocated funds for these two Pre-Projects totalling \$211,670.00.

Table 1

Summary of Pre-Projects Approved for Financing

	<u>ITTC Sixth Session</u>		<u>ITTC Seventh Session</u>	
	<u>No.</u>	<u>Cost</u> (US\$)	<u>No.</u>	<u>Cost</u> (US\$)
Economic Information and Market Intelligence	-	-	1	141,670
Reforestation and Forest Management	2	70,000	1	70,000
Forest Industry	1	50,000	-	-
<b>Total:</b>	<b>3</b>	<b>120,000</b>	<b>2</b>	<b>211,670</b>

At its Sixth Session, the Council approved thirteen Projects and authorized the financing and implementation of five of them and of three other Projects earlier approved. The Council also authorized the financing and immediate implementation of six Projects approved at that Session as soon as earmarked funds are available in the Special Account and of one Project as soon as unearmarked funds are available in the Special Account. It further urged the donor community to support the last Project approved at this Session.

At its Seventh Session, the Council approved eleven Projects and authorized the financing and implementation of four of those. It also authorized the financing for immediate implementation of the remaining seven Projects approved at the Session as soon as earmarked funds are available in the Special Account. The Council also decided that nine Projects, which were approved in earlier Sessions, can be immediately implemented as soon as earmarked funds are available in the Special Account.

At both Sessions, the Council urged Members to consider financing of the approved Projects for which funds are not immediately available and to consider making available further unearmarked contributions to the Special Account. The Council also decided that such unearmarked contributions shall not be allocated for any approved Projects without the prior authorization of the Council.

Table 2

Summary of Approved Projects

	<u>ITTC Sixth Session</u>		<u>ITTC Seventh Session</u>	
	<u>No.</u>	<u>Cost</u> (US\$)	<u>No.</u>	<u>Cost</u> (US\$)
Economic Information and Market Intelligence	1	141,670	-	-
Reforestation and Forest Management	1	70,000	2	118,000
Forest Industry	-	-	2	735,650
Total:	4	211,670	4	853,650

2. ECONOMIC INFORMATION AND MARKET INTELLIGENCE

2.1 Pre-Projects

2.1.1 Completed Pre-Projects

The Pre-Project activity "The Structure of China's Tropical Timber Market, The Current Situation of International Cooperation of PRC, and the Prospects to the Year 2000" approved by the Third Session of the Permanent Committee in November 1988 was completed in April 1989. The Report issued [PPR 13/89 (M)] entailed a revision of the original Project Document PD 42/88 Rev.1 (M) bearing the same title as the Pre-Project. The total cost of the activity was \$ 4,777.

2.1.2 Pre-Projects in Progress

- (i) The Permanent Committee at its Fourth and Fifth Sessions took note of the Progress Report on one Pre-Project Study: "The Conservation Status of Tropical Timber in Trade" (\$ 129,200) being undertaken by the World Conservation Monitoring Centre (WCMC) in Cambridge, U.K.

The Pre-Project Study commenced in July 1989 following detailed discussions on the database specification between the ITTO Secretariat and the WCMC. It has been agreed that initially WCMC's existing database will be utilized to store information collected by the Pre-Project Study, with modifications to the database to service the needs of the ITTO and its Member States and relevant co-operating organizations. So far, the research is proceeding involving work on the database, contacts with a wide range of botanical, forestry, timber trade and industry experts in both consumer and producer countries, FAO, ESCAP, and with several environmental NGOs. Current activities are also concentrating on the identification of tropical timber species which are rare, threatened or in need of special conservation measures. Drafts of the final reports of the Study will be prepared for July 1990 and the final version of the reports is expected to be submitted to the ITTO by the end of September 1990.

- (ii) At its Fifth Session in November 1989, the Permanent Committee approved a Pre-Project Study on "Incentives in Producer and Consumer Countries to Promote Sustainable Development of Tropical Forests". The Pre-Project Agreement is to be formally signed and work is to begin in March 1990.

### 2.1.3 Pre-Project under Review

At the request of the Permanent Committee, a proposal was prepared within the context of a Pre-Project Extension Study by the FAO and presented by the Secretariat to enable the Permanent Committee to assess the practical problems involved in the eventual consideration of an appropriate Project within the terms of the deferred PD 5/87 Rev.1 (M): "A Forest Products Market Intelligence System for ITTO Producing Members of the Asia-Pacific Region".

At its Fifth Session, the Committee considered the Pre-Project Extension Study. The Committee expressed reservations on the continued usefulness, extent and cost of the proposed survey to be undertaken. The Committee, therefore, requested the Secretariat to ascertain the interests and wishes of the target countries in the Pre-Project activity.

### 2.2 Projects

At its Fourth and Fifth Sessions, the Permanent Committee and the Council followed progress on the various Projects approved for implementation by the Council. They are PD 14/87 (M) (approved in 1987), PD 7c/87 Rev.1 (M) (approved in 1988), PD 7d/87 Rev.1 (M) (approved in 1988). The Committee approved three Projects: PD 42/88 Rev.1 (M), PD 61/89 (M) and PD 66/89 (M). PD 1/87 (M) approved in 1987, and a Project follow-up PD 7a/87 (M) Phase II are under review.

Two other Projects of direct interest to Economic Information and Market Intelligence approved in 1989 were substantively considered by the Permanent Committee on Forest Industry. They are PD 60/89 (M,F,I) and PD 73/89 (M,F,I); fuller accounts of them appear under the relevant sections of the report on Forest Industry.

2.2.1 Completed Projects

In the period under review one Project [PD 7b/87 (M)]:  
"Statistical Information and Market Indicators: Study on Trends in the European Market for Tropical Hardwoods" was completed. The first draft of the Study had been presented to the Permanent Committee at its Third Session in November 1988 for comments and suggestions for revision. Early in 1989 the ECE/FAO Agriculture and Timber Division, together with the Author/Consultant, Mr. John Wadsworth, completed the final revisions and editing in readiness for publication by ITTO. The Study was finally published in April 1989 as the ITTO Technical Series No. 4 under the title: "Study of the Trade and Markets for Tropical Hardwoods in Europe".

2.2.2 Projects in Progress

- (i) PD 14/87 (M) Market Analysis of the Wood Flow as a Basis for an Early Warning System for the Tropical Timber Market

Source of Funding: ITTO and The Netherlands Government

Budget: Total	-	\$187,000
The Netherlands Government	-	\$ 37,500
ITTO contribution	-	\$149,500

Implementing Agency: Stichting Bos en Hout (SBH)  
(Foundation for Forest and Forest Products), Wageningen, The Netherlands

Starting Date and Duration: 1 May 1988 -  
2 1/2 Years (1988-1991)

Work is progressing on schedule. A survey of Members' interests and needs in market information was conducted through questionnaires. An evaluation of the responses to the questionnaires has been completed and circulated to all Members. Visits and contacts have been made by SBH officials with relevant institutions in the EEC Countries. Data on export/import, end-uses, changes in stock and trends are being compiled to help generate necessary market information and to get an overview of the market in Europe from tropical timber. Specifically so far information has been collected in order to assess the competitive position of tropical timber vis-à-vis non-tropical

timber. A start has been made on compiling an inventory of the statistics available in all the EEC Countries, apart from those in foreign trade. Work is proceeding with building a procedure for collecting and analyzing market information needed to feed an early warning system as required by the ITTO Member States.

(ii) PD 7c/87 Rev.1 (M) Statistical Information and Market Indicators: Market News Service for Tropical Timber and Timber Products

Sources of Funding: The Governments of Sweden and Switzerland

Budget: Total - \$772,078 plus contribution in kind by ITC  
ITTO contribution - \$772,078

Implementing Agency: International Trade Centre (UNCTAD/GATT)

Starting Date and Duration: February 1990 - 2 Years

Towards the end of 1989 arrangements for the release of funds were completed to enable the actual start-up of the Project. A short list was prepared of possible candidates for the post of Senior Adviser on Market Intelligence for Tropical Timber and Timber Products. A decision on the successful applicant was made for him to assume his duties in January 1990 at the ITC under the overall supervision of the Market News Service Coordinator.

(iii) PD 7d/87 Rev.1 (M) Statistical Information and Market Indicators: Study on Major Import Markets for Wooden Furniture

Source of Funding: ITTO and Government of Japan

Budget: Total - \$ 145,100  
ITTO Contribution - \$ 145,100  
ITC Contribution - In kind

Implementing Agency: International Trade Centre (UNCTAD/GATT)

Starting Date and Duration: March 1989 - One year

This Study is near completion. It was commissioned from the ITC which contracted it out to the Consultancy firm, Furniture Industry

Research Association (FIRA), U.K. The ITC had responsibility for the technical supervision and editing work of the Study. In addition ITC undertook to prepare the Chapter on Japan on the basis of its in-house research and available data.

An Outline presentation of the first unedited version of the Study entitled: "Wooden Household Furniture: A Study of Major Markets, 1989" was made to the Committee at its Fifth Session by the ITC. Comments were invited to be transmitted by December 1989 to the Secretariat. The ITC intends to complete any appropriate revisions and editing. The Study will be published and made available for distribution in English early 1990. The French and Spanish versions will be published later in that year.

2.2.3 Projects under Preparation for Implementation

- (i) PD 42/88 Rev.1 (M) The Structure of China's Tropical Timber Market, The Current Situation of International Cooperation of PRC, and the Prospects for the Year 2000

Source of Funding: Not yet determined

Budget:	Total	-	\$ 129,500
	ISTIF (China) Contribution	-	\$ 30,000
	ITTO Contribution	-	\$ 99,500

Implementing Agencies: The Institute of Scientific and Technical Information (ISTIF) of the Chinese Academy of Forestry

Starting Date and Duration: Starting date not yet determined  
(2 years duration)

The Project is designed to undertake over a two-year period two market and industry studies surveying:

- a) China's imports of tropical timber and its wood processing industry - the present situation and long-term trends into the year 2000;
- b) the utilization of China's tropical forest resources - the present situation and long-term trends into the year 2000.

As part of the research Study it is also intended to establish a database with information and statistical data on world tropical forest resources including China's forest resources and timber import market indicating long-term trend forecasts up to the year 2000.

The Project was approved by the Committee at its Fourth Session in May 1989. In the course of 1989, consultations continued on its funding.

(ii) PD 61/89 (M) Statistical Information and Market Indicators:  
Study of the Trade and Market for Tropical  
Hardwoods in Japan

Source of Funding: The Government of Japan

Budget: Total - \$ 210,000  
ITTO Contribution - \$ 210,000

Implementing Agencies: ITTO (contracted to John V. Ward Associates)

Starting Date and Duration: January 1990 - 1 year

This Project was approved by the Committee at its Fourth Session in May 1989. The Study is to be contracted out by competitive tender. After the deadline for submission of bids a decision was taken to commission the Study from an International Trade Consultancy, John V. Ward Associates, Washington, D.C., working together with the International Research and Marketing Inc. (IRM), Tokyo. It is expected that the Project Agreement will be signed in January 1990.

The Project is designed to prepare a comprehensive Study of the Japanese Market for tropical hardwood products. Its scope will involve:

- a) a Study of trends and prospects in the Japanese market for tropical hardwood products;
- b) a survey and, where necessary, a translation into English of relevant information materials which up to now have not been accessible to non-Japanese readers; and

- c) providing a written guide for foreign timber traders on Japan's Agriculture Standards with special reference to tropical hardwood products.

(iii) PD 66/89 (M) Study of the Trade and Markets for Tropical Hardwoods and Derived Manufactures in North America

Source of Funding: Not yet determined

Budget: Total - \$ 181,460  
Contribution by ECE - In Kind  
ITTO Contribution - \$ 181,460

Implementing Agency: U.N. Economic Commission for Europe  
(ECE/FAO Agriculture and Timber Division)

Starting Date and Duration: Not yet determined - original target is November 1990 (duration 18 months)

This Project was approved by the Committee at its Fifth Session in November 1989. Funding has still not been obtained for this Project. The Project involves the preparation of a Study analyzing the structure and trends of the trade in the U.S.A. and Canada of tropical hardwoods and of manufacturers derived from tropical hardwoods such as builder's woodwork, joinery, doors, windows and furniture. It will provide statistics on tropical hardwoods and on their derived manufacturers and develop a methodology for incorporating the statistics on the latter in analyses of the markets. The analyses will clarify issues on the increasing importance and value of the derived manufacturers in the North American Markets, and issues involved in the competition between tropical and locally produced temperate-zone species in major market areas such as USA and Canada.

2.2.4 Projects under Review

Two Project proposals are under review: namely PD 1/87 (M) and PD 7a/87 (M) - Phase II.

- (i) PD 1/87 (M) Structure of Tropical Timber Markets in Belgium-Luxembourg, Federal Republic of Germany, Netherlands and United Kingdom and Methods to Study the Main End-Use Segments

Source of Funding: Not yet determined

Budget: Total - \$211,418 plus contribution in kind by FAO

Implementing Agency: FAO

Starting Date and Duration: Not yet determined - 9 months

This Project was one of the very first projects approved by the Committee at its First Session in November 1987. It has not been possible so far to obtain financing for its implementation.

By the decision of the Committee at its Fifth Session, this Project is to be reviewed in the light of changes to its output which might be necessary after the Committee has considered two reports it has requested, namely:

- 1) A report by the SBH giving details of its work on end-uses [from PD 14/87 (M)] and how it can be co-ordinated with PD 1/87 (M).
  - 2) A report on a methodical survey commissioned by the FAO from a Consultant, Mr. R.J. Cooper of the University College of North Wales. The Consultant's Report will:
    - (a) identify the main high value tropical timber consuming end uses;
    - (b) determine the main species used, consumption trends and reasons for tropical timber use in the uses; and
    - (c) suggest ways in which these uses could be examined in greater depth and could be monitored regularly by the FAO for up-to-date and accurate information.
- (ii) PD 7a/87 (M) Phase II Statistical Information and Market Indicators: Development of the Monthly Bulletin: Tropical Forest Products in World Timber Trade - Phase II

Source of Funding: Not yet determined

Budget: Total - \$ 269,730  
FAO Contribution - In kind  
ITTO Contribution - \$ 269,730

Implementing Agencies: ITTO and FAO

Starting Date and Duration: Not yet determined (original target was November 1989)

The Project is a follow-up of the Project Idea, endorsed by the Permanent Committee and the Council and represents a proposed second phase to Project PD 7a/87 (M) Phase I. This second Phase is designed to improve the content, lay-out and extent of coverage of the current Monthly Bulletin.

The programme for further improvements comprises:

- a) the development of efficient systems analysis and programming and upgrading the computer equipment with adequate local storage and processing capacity;
- b) measures to speed up data submission by participating countries and to assist countries joining the system to set up efficient data submission. This is to be done through establishing contacts with appropriate national institutions to assess their needs and to give assistance to them to improve their capabilities; and
- c) a better presentation of the analytical supplement to include an explanatory and informative text as well as summary tables and graphics.

### 2.3 Other Activities

#### 2.3.1 Annual Market Discussions

As was stated in the last Annual Report, ITTO's Market Discussions was inaugurated as an annual item "Market Review and Outlook" on the agenda of the three Permanent Committees and was held at the beginning of the Fourth Sessions of the Permanent Committees in Abidjan, Côte d'Ivoire, on 17 and 18 May 1989. The structure and scope of the discussions had been worked out with the invaluable assistance

of Mr. T.J. Peck, Director, ECE/FAO Agriculture and Timber Division (Timber Section) of the U.N. Economic Commission for Europe, Geneva.

The Market Discussions are held for two days at a Joint Session of all three Permanent Committees at the beginning of the first of the bi-annual Sessions of the Permanent Committees, presided over by the incumbent Chairman of the Permanent Committee on Economic Information and Market Intelligence. A Rapporteur is appointed from among the delegates.

The background documentation for the discussion comprises:

a) Country Market Statements

These are to be prepared and submitted by Members on the basis of the following agreed standard format and Outline:

1. A review of the general economic situation (economic growth, interest rates, exchange rates, government policies relating to investment, trade, etc.) general price movements, recent developments in the main utilization sectors in tropical timber (building and construction, furniture, etc.).
2. Forest management and policy changes and trends and short-term outlook in round wood production, particularly factors affecting supply, including availability of species.
3. Discussion of trends in wood-processing industries and short-term outlook; significant changes in capacity and type of production; use of lesser-known species
  - (i) sawmilling,
  - (ii) plywood and other wood-based panels,
  - (iii) other further processing.

4. Discussion of export/import trends and short-term outlook  
(volume, stock changes, species considerations, etc.)
  - (i) logs,
  - (ii) sawnwood,
  - (iii) plywood and veneer sheets,
  - (iv) wood manufactures.
  
5. Discussion of trends and short-term outlook in main end-use sectors
  - (i) By species (changes in species use in different end-use sectors) and products,
  - (ii) By end-use sector (developments in specific user industries: doors, windows, other industrial joinery, furniture, etc.).
  
6. Recent developments or plans having an impact on markets of tropical timber (new export or import restrictions, freight, standardization, grading rules, investments) and other factors having an impact on markets and industry.
  
7. Other matters.

b) Elements for the Annual Review

This is prepared by the Secretariat with available data on production, imports and exports of tropical timber products and an analysis of some economic and market trends. The Elements for the Annual Review is partly based on information extracted from national responses to the 1989 Questionnaire (the Annual Forecasting Enquiry) which will have been sent earlier to Members.

c) Worksheets

These are tables prepared by the Secretariat containing short-term forecasts aggregated from the countries' forecasts. Delegations are invited to point out any corrections, additions and updatings to the statistical tables collated and posted on a notice board.

The entire scope of the Market Discussions is structured as follows:

1. A General Introduction by the Secretariat

Using various sources of information including the "Elements for the Annual Review" and preliminary forecasts, this gives an overview of the general world economic situation as it relates to the tropical timber market, the international market situation, recent developments in that market and the short-term outlook as seen from the forecasts. This may be followed by a discussion.

2. Brief Presentation of Country Market Statements

Here, delegations are allowed to comment briefly on any new important developments since they submitted their statements. Questions may also be asked of delegations on specific points raised in their Statements.

3. Market Discussion

This focuses on the selected general theme concerning tropical timber trade and industry and various topics. For the separate discussion of the various topics under this general theme, there are introductions by two Discussion Leaders, chosen on the basis of their local knowledge and experience in the timber trade and industry. Each Discussion Leader gives a brief presentation of not more than 10 minutes on the particular subject. General discussions then follow.

4. Special Topics

Special topics are chosen. Speakers are selected to address the special topics which focus on a host country Presentation: The Forest Resources Situation, the Timber Trade and Industry of the host country for that particular session. Two other subjects are chosen of relevance to the general theme.

5. A General Market Statement

This is a statement on market developments prepared by a Drafting Committee constituted after usual consultations. The Statement is released to the Press after approval by the Committee.

6. A timetable is drawn up for the two-day discussions which requires strict compliance in order to derive maximum benefit from the discussions within the short time available.

The 1989 Market Discussions took place under the Chairmanship of Mr. John Medeiros (USA), Chairman of the Permanent Committee on Economic Information and Market Intelligence. The Rapporteur was Dr. Geoffrey K. Elliot (U.K.) of Price and Pierce Ltd, U.K. The Chairman of the Drafting Committee was Mr. Michael Latham (U.K.), President of the ATIBT. The Discussions focussed on the general theme of the Consumer Markets for Tropical Timber and Timber Products, grouped into 3 geographical sectors -- Europe, Asia/Pacific and North America. The special topics included:

- i) A host country presentation: "The Forest Resources Situation, the Timber Trade and Industry of Côte d'Ivoire" by Mr. Soundele Konan, Director of Cabinet of the Ministry of Forestry, and Director General of SODEFOR, Côte d'Ivoire;
- ii) "Africa as a Source of Supply as seen from a European point of view" by Mr. A. de Wagheneire, former President of the UCBT;
- iii) "The Development and Application of Hardwood Grading Rules" by Mr. Michael Latham, President of ATIBT.

The Discussions Leaders were:

- Mr. Morten Bjørner (Denmark), President, Traehandlerforening, Denmark
- Mr. Kanemi Matsuki (Japan), Executive Director of JLIA
- Mr. Ekkehard Anders, (Federal Republic of Germany)
- Mr. Jacques Rougier (France), President of J. Rougier & Co.
- Mr. Frank Sheridan (USA), President, Afrasian Woods.

The Drafting Committee, with the Secretariat in attendance,  
comprised:

- Mr. Michael Latham (U.K.), Chairman
- Dr. Geoffrey Elliot (U.K.), Rapporteur
- Mr. Morten Bjørner (Denmark)
- Mr. Jacques Rougier (France)
- Mr. Kanemi Matsuki (Japan)
- Mr. Sergio Azevero S. Barreiros (Brazil)
- Mr. Kees Bosdijk (The Netherlands)
- Mohd. Sinon Mudzakir (Malaysia).

In order to refine and revise the substance and structure of the Market Discussions it was agreed to conduct an evaluation during the Fifth Session of the Permanent Committee in Yokohama in November 1989. After the evaluation, the Secretariat was requested to hold consultations to draw up a list of subjects for the 1990 Market Discussions which would take place during the Sixth Session. The theme and topics considered and approved by the Committee were the following:

a) General Theme

Development of Value-Added Processing: the Experience of the Asia/Pacific Region:

- i) The Japanese, Korean and Chinese Perspectives;
- ii) European and North American Perspectives;
- iii) other In-Transit Processors - Singapore, Chinese Province of Taiwan and Hong Kong.

b) Special Topics

Host country Presentation: The Forest Resources Situation, the Timber Trade and Industry of Indonesia

c) Trends in Trade of Tropical Timber Products in the Asia/Pacific Region

d) The Timber Situation and Prospects for India.

2.4 Criteria and Priority Areas for Programme Development and Project Work

2.4.1 Panel of Experts

Special mention must be made of the continuing deliberations on the question of Criteria and Priority Areas for Programme Development and Project Work. A number of Council Resolutions have been adopted; documents have been prepared on the ITTO's mandate in the area of Economic Information and Market Intelligence, in particular on measures to build up the ITTO's in-house capability in market intelligence.

At its Fifth Session in November 1989, the Permanent Committee made a recommendation, which was approved by the Council, to establish a Panel of Experts to draw up a Draft Action Plan and a Programme of Work in the field of Economic Information and Market Intelligence. Following consultations between the Committee and the Permanent Committee on Forest Industry, it was recommended that the Secretariat should arrange for the Expert Panel to meet concurrently and at the same venue with a similar Expert Panel established on Forest Industry in order to ensure close co-ordination of the relevant elements for the Draft Action Plans. The meetings of the Expert Panels were tentatively scheduled for March 1990 in The Netherlands. The Expert Panel on Economic Information and Market Intelligence comprises of 13 Members under the Chairmanship of Mr. S. Makon Wehiong (Cameroon), the 1990 Chairman of the Permanent Committee on Economic Information and Market Intelligence.

2.5 Statistical Operations

2.5.1 Data Processing Systems Configuration

The Computer equipment now comprises five IBM PS/2 Model 50 microcomputers connected by local area network to IBM PS/2 Model 80 server. In addition, five stand-alone workstations (IBM PS/2 Model 30's and IBM PC/AT) are in use. A new laser printer KYOCERA F1000+ was ordered to be installed towards the end of 1989. With the laser

printer and suitable software programs the quality of printing of ITTO's documents and publications will be greatly improved.

Different business graphics programs have been tested to examine the possibilities of producing better quality graphics.

New versions of standard microcomputers products have been updated.

Two new laptop computers (Toshiba Dynabook J-3100SS and Toshiba J-3100SGT) have been ordered which will enable ITTO staff members to have data processing facilities and to have access to ITTO's own databases during duty travel and official meetings.

#### 2.5.2 Communications

During 1989 a new version of ICC (International Computer Center) terminal emulator and communication program was installed.

Through linkage with KDD (Japan International Telephone Company) a new communication line called VENUS-P (international packet-switching network) is in operation. This has reduced the cost to the ITTO of the data communication line between ITTO and international organizations.

In autumn 1989 the World Press Centre, operating from London, offered for ITTO the possibility to use their Clearing House Services to disseminate ITTO's activities. The communication program was examined and tested and ITTO will begin to test this information distribution possibility during the Eighth Session of the ITTC and the Sixth Sessions of the Permanent Committees.

#### 2.5.3 Analytical/reporting software

A new microcomputer version of the UNCTAD Trade Information System was installed in the summer of 1989. Database software "Lesser Known Tropical Wood Species", made by the CTFT, was installed in October 1989.

2.5.4 Processing of Statistical Data and Forecasts

In August 1989 the Forecasting Enquiry Questionnaire was sent out to all Members. By the end of 1989 a number of national responses to the August 1989 Forecasting Enquiry for the Annual Review had already been received and the data processing work has started.

3. REFORESTATION AND FOREST MANAGEMENT

3.1 Pre-Projects

3.1.1 Completed Pre-Projects

The Permanent Committee decided, at its First Session in November 1987, to implement two pre-projects on planting activities:

- (i) Study on Plantation Establishment Methods, and
- (ii) Study on Enrichment Planting.

Contracts for the execution of the two pre-projects were awarded to Japan Overseas Forestry Consultants Association (JOFCA) and work on the studies started in March 1988. The study on enrichment planting was executed in co-operation with Centre Technique Forestier Tropical (CTFT).

The two Pre-Project studies were completed in March 1989 and reports on the studies were presented to the Fourth Session of the Committee in May 1989 as documents PPR 12/89 (F) and PPR 15/89 (F) respectively.

3.1.2 Pre-Projects in Progress

Seven approved Pre-Projects are still under execution or being prepared for execution. Summaries of their status of development at the end of 1989 are given below.

- (i) Improvement of Harvesting Systems for Sustainable Management of Tropical Forests

Budget requirement: US\$ 1,330,000

The Pre-Project, which was proposed by the Secretariat, is designed to be implemented in five stages. Each stage is to be completed and evaluated before decision on execution of the following stage is taken.

The Committee decided, at its Second Session in June 1988, to implement part of stage 1 of the Pre-Project, and the Council, at its Fourth Session, allocated US\$ 150,000 for this purpose.

ITTO has contracted Forskningsstiftelsen Skogsarbeten (the Forest Operations Institute), Stockholm, Sweden to execute the approved Sub-Pre-Project. The Agreement regulating the implementation of the work came into force on 1 November 1988. The execution of the Study was planned to take 15 months.

A progress review of the Sub-Pre-Project was made in the last week of November 1989.

The execution of the study has proceeded according to plan. All field work has been completed and the report containing findings and recommendations will be ready for presentation to the Sixth Session of the Committee in May 1990.

(ii) Management of Natural Tropical Moist Forests to Obtain a Sustainable Production of Wood and Other Forest Products and Maintain the Ecological Balance in Ecuador

Budget requirement: US\$ 75,000 plus contribution in kind by the Government of Ecuador

The Committee decided, at its Second Session in June 1988, to implement this Pre-Project to assist the Government of Ecuador to further develop a project proposal with the same title and ITTO number PD 30/88 (F) submitted for consideration by the Committee. The Council allocated, at its Fourth Session, US\$ 75,000 for financing of the Pre-Project.

Draft proposals for Terms of Reference and Agreement between the Government of Ecuador and ITTO were prepared and subsequently amended according to proposals by the Government. The amended versions were signed by the Executive Director and sent to Dirección Nacional Forestal, Ministerio de Agricultura y Ganadería, Quito, for signature on 6 October 1988.

(iii) Coordinated Natural Forest Management and Sustainable Rural Development in Areas Adjoining Sapo National Park, Liberia

Budget requirement: US\$ 25,000 plus contribution in kind by the Government of Liberia

The Committee decided, at its Third Session in November 1988, to implement this Pre-Project Study to assist the Government of Liberia to improve and further develop a Project Proposal with the same title and ITTO number PD 45/88 (F) submitted for evaluation at the Committee. The Council allocated, at its Fifth Session, US\$ 25,000 for financing of the Pre-Project.

An Agreement, between the Government of Liberia and ITTO regulating the execution of the Pre-project, came into force on 26 October 1989.

Preparation for the start-up of the Study are under way.

The Forest Development Authority (FDA) of Liberia requested in May 1989 ITTO to assist in finding suitable consultants to assist the FDA in carrying out the Pre-Project. A short list of suitable consultants was sent to the Managing Director of FDA on 7 June 1989.

(iv) Study of Conservation Concerns Relating to the Diversification of Species Extracted for Timber

Budget requirement: US\$ 224,000

This Pre-Project had been developed by the Secretariat in co-operation with WWF International and was submitted for consideration by the Committee which decided, at its Third Session in November 1988, to implement the Study.

The Council, at its Fifth Session in November 1988, authorized the Executive Director to commence implementation of the Pre-Project when earmarked funds were made available for this purpose.

The Government of Denmark decided in March 1989 to earmark US\$ 224,000 of its voluntary contribution to the Special Account for financing this Study.

The International Institute for Environment and Development (IIED), London, has been chosen to execute the Pre-Project, and ITTO and IIED signed, on 31 May 1989 and 6 June 1989 respectively, a Memorandum of Agreement which regulates the implementation of the project.

The execution of the Study is co-ordinated with that of the Pre-Project Study entitled "The Conservation Status of Tropical Timbers in Trade", the implementation of which was decided by the Permanent Committee on Economic Information and Market Intelligence at its Third Session in November 1988 and which is under execution by the World Conservation Monitoring Centre (WCMC), Cambridge, U.K. The two studies over-lap to some extent and hence the need for close co-ordination.

Literature reviews and data collecting work is well under way by the end of 1989.

(v) Silvicultural Treatment through Selective Felling as Part of A Pilot Forest Development Project in the South Bakundu Forest Reserve, Cameroon

Budget requirement: US\$ 35,000

The Committee decided, at its Fourth Session in May 1989, to implement this Pre-Project to assist the Government of Cameroon to further develop a Project Proposal with the same title and ITTO number PD 52/89 (F) submitted for consideration at the Committee and the Council. The Council allocated, at its Sixth Session, US\$ 35,000 for financing this Pre-Project.

An Agreement between ITTO and the Government of Cameroon for the implementation of the Pre-Project has been finalized. A few details in the Terms of Reference for the Study remains to be finalized.

(vi) Manmade Forests of Indigenous Species - A Systematic Preparation to Industrial Tree Plantations, Ghana

Budget requirement: US\$ 35,000

The Committee decided at its Fourth Session to implement a Pre-Project to assist the Government of Ghana to further develop Project Proposal PD 46/88 Rev.1 (F) with title as above. The original Project Proposal PD 46/88 (F) had been revised on the advice of the Secretariat. The Council allocated, at its Sixth Session, US\$ 35,000 for the execution of the Pre-Project.

A draft Agreement and Terms of Reference for the execution of the Pre-Project have been prepared and submitted, on 2 June 1989, to the Government of Ghana for consideration.

(vii) Sustained Development in the Amazon Region

Budget requirement: US\$ 70,000

The Fifth Session of the Committee decided to implement this Pre-Project, which had been proposed by the Government of Brazil.

The aim of the Study is to design projects for agrosilvicultural and tropical fruit/industrial timber production experiments.

Draft Agreement and draft Terms of Reference for the execution of the Pre-Project have been prepared and submitted on 14 November 1989 for consideration by the proper State and Federal Authorities in Brazil.

3.2 Projects

3.2.1 Project Proposals

A total of seventeen projects in the field of reforestation and forest management were reviewed by the Permanent Committee during 1989. Five of these had been submitted to the Second Session in June 1988 but consideration of them were then deferred awaiting completion of pre-project studies in related fields.

Eight project proposals considered by the committee and recommended for implementation, one of them considered also by the

Permanent Committee on Forest Industry, were approved by the Council. For three of these projects the Council provided immediate financing.

One project proposal was approved by the Council for ITTO sponsorship.

Two project proposals were recommended for revision through pre-project activities.

The Committee considered five project ideas and recommended that they be developed into project proposals.

### 3.2.2 Completed Projects

One project was completed during 1989.

PD 57/89 (F,I) Seminar and Study Tour on Sustainable Development of Tropical Forests and Tropical Timber Manufacturing Industries in Japan

Budget Requirement: US\$ 102,000

The Project was executed in conjunction with the Fifth Sessions of the Permanent Committees and the Eighth Session of the Council.

Industries processing tropical timber and the timber importing port were visited in Nagoya on 8 November 1989, and traditional Japanese timber use was studied in Kyoto on 10 November 1989.

The Seminar was held in Kyoto on 9 November 1989 with five speakers representing forest science, governments, forest industry organizations and environmental organizations. The Seminar was well attended and received attention from Japanese as well as international media. The Seminar was chaired by Prof. N-E Nilsson.

The papers presented at the Seminar together with highlights of the discussions which followed the presentations is being compiled

into a report to be presented to the Sixth Session of the Permanent Committee and the Eighth Session of the Council.

3.2.3 Projects under Implementation

Four projects in the field of Reforestation and Forest Management were under execution at the end of 1989.

(i) PD 2/87 (F) Rehabilitation of Logged-over Forests in Asia/Pacific Region

Source of Funding: Government of Japan - US\$ 440,000  
To be determined - US\$ 787,100

Budget: Total - US\$ 1,227,100 + contribution in kind by participating countries  
ITTO Contribution - US\$ 1,227,100

Implementing Agency: Japan Overseas Forest Consultants Association (JOFCA) [First Phase]

Starting Date and Duration: March 1989 - Two years

The Project was approved by the Council at its Third Session in November 1987, but financing was not made available, at that time, for implementation.

The Government of Japan provided partial financing for the Project in its budget for the year 1988/89, amounting to US\$ 240,000, and in its budget for 1989/90, US\$ 200,000, and indicated that further financing would be given favourable consideration in subsequent budgets for completion of project implementation.

At its Fourth Session in Rio de Janeiro in June 1988, the Council authorized the Executive Director to start work on Project PD 2/87 (F) up to a total commitment of US\$ 240,000, provided that a fully funded, viable sub-project could be identified, and implemented without increasing the total cost of the Project. Such a sub-project was identified and presented to the Third Session of the Committee.

An Agreement between ITTO and JOFCA for the execution of the Sub-project was signed on 1 December 1988.

The Sub-project became operational on 10 March 1989 when the budget resource were made available by the Forestry Agency of Japan.

The aim with the sub-project is to establish:

- (a) the extent of forest in need of rehabilitation;
- (b) what efforts are being made to rehabilitate disturbed forests and the results of these efforts;
- (c) what research into forest rehabilitation have been carried out or is in progress, and what variation with regard to forest types, intensity of logging and range of measures this research covers; and
- (d) the need for further research.

The collection of basic data and their compilation and analysis is completed and a consolidated report for the Region is under preparation and will be presented to the Sixth Session of the Committee and the Eighth Session of the Council. Draft country reports for Papua New Guinea, Solomon Islands, Fiji, India, Indonesia, Malaysia, the Philippines and Thailand have been prepared.

(ii) PD 10/87 (F) Forest Management of Natural Forests in Malaysia

Source of Funding: Government of Switzerland - US\$ 272,350  
Government of Malaysia - US\$ 322,795

Budget: Total - US\$ 595,145  
ITTO Contribution - US\$ 272,350

Implementing Agency: Forestry Department Headquarters,  
Peninsular Malaysia

Starting Date and Duration: 8 August 1988 - Ten years

The Project was approved by the Council at its Third Session in November 1987 and financing was allocated to allow immediate implementation.

The Project was slightly amended by the Council at its Fourth Session in Rio de Janeiro in June 1988 to extend the period of ITTO monitoring and review, from the originally approved three years of the establishment phase to the full project period of ten years. This also

required allocation of additional budget resources of US\$ 15,000 to bring the total ITTO budget contribution to US\$ 272,350. The financial support to Project work remains limited to the first three years.

An Agreement regulating the implementation of the project was signed by ITTO and the Government of Malaysia on 8 August 1988. The Project became operational upon signing of the Agreement. However, the Forestry Department had initiated work on establishing the required sample plots already in May 1988.

Four research areas have been selected in the following geographic locations:

- |                      |   |
|----------------------|---|
| Virgin forests:      | 1. Lesong Forest Reserve, State of <u>Pahang</u> ;          |
|                      | 2. Sungai Lalang Forest Reserve, State of <u>Selangor</u> ; |
| Logged-over Forests: | 3. Cherul Forest Reserve, State of <u>Terengganu</u> ;      |
|                      | 4. Kledang Saiong Forest Reserve, State of <u>Perak</u> .   |

Formal agreements for the retention of the study areas for a minimum period of ten years have been established with the States of Selangor, Terengganu and Perak. The State Governments of Pahang has agreed in principle to a similar guarantee but the formal document has still not been finalized.

In Pahang (area 1 above), the following activities have been completed:

- Pre-felling inventory and analysis of inventory data,
- Sub-division into replication blocks, and
- Marking of trees to be felled.

Felling was started in July 1989 and the setting up of permanent sample plots is scheduled to start in October 1989. Application of silvicultural treatment is scheduled to begin in December 1989.

In Selangor (area 2), the following activities have been completed:

- Pre-felling forest inventory and analysis of inventory data,
- Boundary demarcation and blocking, and
- Marking of trees to be felled.

Felling is in progress.

In Terengganu (area 3), the forest inventory has been completed and the analysis of inventory data is in progress. The boundary demarcation and sub-division into replication blocks have been started.

In Perak (area 4), the following activities have been completed:

- Forest inventory and analysis of inventory data, and
- Sub-division into replication blocks.

Setting up of permanent sample plots was started in October 1989. Application of silvicultural treatment is in progress.

The first joint review of the progress of project execution was held in first week of April 1989.

Project execution is ahead of schedule.

(iii) PD 17/87 (F): Investigation of the Steps Needed to Rehabilitate the Areas of East Kalimantan Seriously Affected by Fire

Source of Funding: Government of Switzerland - US\$ 367,600  
Government of Indonesia - US\$ 94,400

Budget: Total - US\$ 462,000 + contribution in kind by the Government of Indonesia  
ITTO Contribution - US\$ 367,600

Implementing Agency: Agency for Research and Development of the Ministry of Forestry, Government of Indonesia

Starting Date and Duration: (1 June 1988) 30 January 1989 - One year

The Project was approved for immediate implementation by the Council at its Third Session in November 1987.

The Agreement which regulates the execution of the Project was signed on behalf of the Government of Indonesia on 26 May 1988 and by ITTO on 1 June 1988. The Agreement designates the Agency for Research and Development of the Ministry of Forestry, Government of Indonesia, Executing Agency.

The Government of Indonesia has, with the approval of ITTO, contracted the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) to provide certain assistance.

The start of the Project was delayed awaiting finalization of contract with the consultants and the formal delegation of authority to the Agency for Research and Development to execute the Project. The official starting date was 30 January 1989. However, the work on the execution of the project had started on 29 October 1988.

A joint ITTO/Government of Indonesia review of the progress in Project execution was held on 4-8 September 1989.

The quality of the work which has been done is satisfactory and the project results have the potential of providing a good basis for the next phase of the Project, which will, in first hand, be concerned with establishing a pilot project for land and forest rehabilitation.

Data collection and analysis have been completed and a final report containing project findings and recommendations are under preparation and will be presented to the Committee at its Sixth Session.

Project proposal for the development of the pilot area has been prepared and will also be presented to the Sixth Session.

(iv) PD 24/88 (F) Integration of Forest-Based Development in the Western Amazon - Phase I - Forest Management to Promote Policies for Sustainable Production

Source of Funding:

Government of Brazil	-	US\$ 1,977,000
Government of Japan	-	US\$ 763,000
Government of Switzerland	-	US\$ 220,000
Government of The Netherlands	-	US\$ 85,000
WWF	-	US\$ 10,000

Budget: Total - US\$ 3,075,000  
ITTO Contribution - US\$ 1,078,000

Implementing Agency: FUNTAC (Technology Foundation of the State of Acre)

Starting Date and Duration: May 1989 - Three years

The Project was approved by the ITTC at its Fourth Session in Rio de Janeiro in June 1988. The Council also authorized financing and immediate implementation of the Project. The implementation was however subject to that certain conditions proposed by the Permanent Committee on Reforestation and Forest Management were met. These conditions required among other things that a mechanism for consultation with the people living in the area and with representatives of other economic sectors concerned with development of Western Amazon was established. Provision should also be made for the continuation, beyond the project period, of long-term research started under the Project.

These conditions were met, to the satisfaction of the Secretariat, in January 1989 and the Agreement regulating the execution of the Project, the text of which had been agreed upon earlier, was sent to the Government of Brazil for signature on February 8, 1989. The exchange of signed documents took place in Abidjan in May 1989 at the occasion of the Sixth Council Session and the Project became officially operational at that time.

The Technology Foundation of the State of Acre (FUNTAC), is Executing Agency and will, in the execution of the Project, collaborate with the Brazilian Institute for Renewable Natural Resources (IBAMA), the National Institute for Amazon Research (INPA), The Superintendency



Budget: Total - US\$ 845,000  
ITTO Contribution - US\$ 417,500

Implementing Agency: TROPENBOS in partnership with la  
Direction du Reboisement and CENAREST

Starting Date and Duration: To be determined - Three years

The Project was approved for immediate implementation by the Council at its Third Session in November 1987.

The execution of this Project requires that a Memorandum of Understanding between the Governments of The Netherlands and Gabon is formulated and approved by both Governments. This Memorandum is under negotiation.

- (ii) PD 34/88 Rev.1 (F) Conservation, Management, Utilization and Integrated and Sustained Use of the Forests in the Chimanes Region, Beni Department, Bolivia

Sources of Funding:

Government of Bolivia	-	US\$ 1,394,000
Government of Japan	-	US\$ 575,000
Government of Switzerland	-	US\$ 355,000
Government of France	-	US\$ 200,000
Government of Denmark	-	US\$ 125,000
WWF	-	US\$ 5,000

Budget: Total - US\$ 2,654,000  
ITTO contribution - US\$ 1,260,000

Implementing Agencies: Center for Forest Development,  
Bolivia, and Conservation  
International

Starting Date and Duration: Early 1990 - Three years

The Project was approved by the Council at its Fifth Session in November 1988, but financing for immediate implementation was not made available at that time. At the Sixth Session of the Council full financing of the Project was secured.

The Agreement between the Government of Bolivia and ITTO regulating the implementation of the Project is expected to be finalized in January 1990.

(iii) PD 53/89 Rev.1 (F) Preparation of A Master Land-Use Plan For Forest Areas, Cameroon

Sources of Funding: Government of Norway - US\$ 22,000  
Government of Cameroon - US\$ 85,000  
To be determined - US\$ 373,000

Budget: Total - US\$ 480,000  
ITTO contribution - US\$ 395,000

Implementing Agency: Government of Cameroon

Starting Date and Duration: To be determined - One year

The Project was approved by the Council at its Sixth Session in May 1989. The Council did not, at that time, make available financing, but authorized immediate implementation as soon as earmarked funds were made available for the Project.

Full financing for the Project has still not been secured.

(iv) PD 55/89 (F) Research and Development Activities in the Framework of Forest Management Operations in Côte d'Ivoire's Closed Forests: Establishment of a Typological Classification of Forests on the Basis of Silvicultural Operations

Sources of Funding: Government of Italy - US\$ 700,000\*  
To be determined - US\$ 764,000

\* The total contribution to the Special Account by the Government of Italy is \$ one million and the Government has tentatively indicated that \$ 700,000 are to be used for co-financing of this Project.

Budget: Total - US\$ 1,464,000 + contribution  
in kind by the Government of  
Côte d'Ivoire  
ITTO contribution - US\$ 1,464,000

Implementing Agency: SODEFOR/C.T.F.T.

Starting date and Duration: To be determined - Five years

The Project was approved by the Council at its Sixth Session in May 1989. Funds for Project implementation were not allocated at that time, but the Council authorized financing and implementation of the Project as soon as unearmarked funds are available.

Unearmarked funds for full financing of the project have still not become available in the Special Account by the end of 1989.

(v) PD 58/89 (F) Tropical Forestry Internship

Source of Funding: Government of United States - US\$ 148,200  
(in kind)  
To be determined - US\$ 109,500

Budget: Total - US\$ 257,700  
ITTO Contribution - US\$ 109,500

Implementing Agency: United States Department of  
Agriculture, Forest Service, Institute  
of Tropical Forestry, Rio Piedras,  
Puerto Rico

Starting Date and Duration: To be determined - Three years

The Project was approved by the Council at its Sixth Session in May 1989. Financing for the implementation of the Project was not made available at that time, but the Council authorized financing and implementation as soon as earmarked funds are available in the Special Account.

(vi) PD 68/89 Rev.1 (F) Management of the Tapajós Forest for Sustainable Production of Industrial Timber

Sources of Funding: To be determined

Budget: Total - US\$ 3,037,946  
ITTO contribution - US\$ 1,513,146

Implementing Agency: Brazilian Institute for the  
Environment and Renewable Natural  
Resources (IBAMA)

Starting date and Duration: To be determined - Five years

The Project was approved by the Council at its Seventh Session in November 1989. Funds for Project implementation was not made available at that time, but the Council authorized financing and implementation as soon as earmarked funds are available in the Special Account. Such funds have still not become available.

(vii) PD 69/89 Rev.1 (F) Workshop on Sustained Tropical Forest Management with Special Reference to the Atlantic Forest

Sources of Funding: Government of Japan - US\$ 68,000

Budget: Total - US\$ 68,000 + contribution  
in kind by IBAMA  
ITTO contribution - US\$ 68,000

Implementing Agency: Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA)

Starting date and Duration: Early 1989 - Eight months

The Project was approved for immediate implementation and funding by the Council at its Seventh Session in November 1989.

A draft Agreement for the implementation of the Project has been prepared by the Secretariat and was submitted for consideration by the Authorities in Brazil on 14 November 1989.

(viii) PD 71/89 Rev.1 (F) The economic and Environmental Value of Mangrove Forests and Present State of the Conservation

Sources of Funding: To be determined

Budget: Total - US\$ 270,000 + contribution in  
kind by participating  
Governments  
ITTO contribution - US\$ 270,000

Implementing agency: Japan International Society for Mangroves in cooperation with Okinawa International Association of Mangrove

Starting date and Duration: To be determined - Eighteen months

The Project was approved by the Council at its Seventh Session in November 1989. Funds for Project implementation were not allocated at that time, but the Council authorized financing and implementation of the Project as soon as earmarked funds are available in the Special Account. Such funds are still not available.

(ix) PD 72/89 (F) Seminar on Sustainable Development of Tropical Forests

Sources of Funding: Government of Japan - US\$ 50,000

Budget: Total - US\$ 50,000  
ITTO contribution - US\$ 50,000

Implementing Agency: ITTO Secretariat

Starting date and Duration: Eighth Council Session - One day

The Project was approved at the Seventh Session of the Council in November 1989 and funds were made available for immediate implementation.

Contacts with potential speakers have been initiated.

3.3 Non-Project Activities

3.3.1 Action Plan

The Permanent Committee proposed at its Third Session in November 1988 that a Panel of Experts be formed and given the task to draft an Action Plan for ITTO in the field of Reforestation and Forest Management. This proposal was endorsed by the Fifth Session of the Council which made budget resources available to meet the costs of the work of the Panel.

The Panel was formed in December 1988 and started its work in January 1989. It was made up of the Committee Chairman and Vice-Chairman, three representatives each of Producer Members and Consumer Members, one representative from United Nations Specialized Agencies (FAO), one representative of the environmental NGOs (WWF) and two consultants. The Assistant Director acted as Co-ordinator of the Panel.

The Draft Action Plan was finalized at a meeting in Paris on 23-25 February 1989. It identifies 21 areas which require priority action by ITTO and other organizations and agencies concerned with tropical forestry, if the timber producing and environmental protection functions of the tropical forests are to be retained and enhanced. The

Panel recommended both project and non project work in these priority areas.

The Committee considered the Draft Action Plan at its Fourth Session in Abidjan in May 1989 and draw the following conclusions:

- (i) The Plan should be considered more as a reference document indicating elements for action than as a real plan. Accordingly, it has been decided to change its title to "Elements for an Action Programme in the Area of Reforestation and Forest Management".
- (ii) It is essential that similar work be undertaken in the two other areas of activity of ITTO - Forest Industry and Economic Information and Market Intelligence - to ensure overall consistency of ITTO activities.
- (iii) Given the very broad areas of activity that have been proposed, it becomes necessary to advise the Secretariat on which activities should be implemented first. The Committee has given high priority to the following action areas and activities:

<u>Action Area</u>	<u>Activity</u>
a) Policy reviews embracing the forestry sector	Non-project
b) ITTO-sponsored meetings	Project, Non-project
c) Political representation	Non-project
d) Tropical forest resource assessment	Project, Non-project
e) The development of the economic case for natural forest management	Project
f) Identification of field projects where sustainable production of timber and non-timber products may be combined	Projects
g) Feasibility of measures to encourage sustainable management	Projects
h) Determination of responses to silvi-cultural treatment	Project, Non-project

i) Local timber processing, a key to stronger national forest policies	Non-project
j) Human resources development	Project
k) Demonstration models of management	Project
l) Guidelines for 'best practice'	Project, Non-project
m) Guidelines for sustainability	Project, Non-project

### 3.3.2 Work Programme and Priority Activities

The Council requested, at its Sixth Session in May 1989, the Executive Director to prepare a work programme of the Secretariat for the years 1990 and 1991 in the field of Reforestation and Forest Management. This request was based on proposals made by the Permanent Committee at its Fourth Session.

The Council further requested, also based on recommendations by the Permanent Committee, the Executive Director to propose activities for priority implementation in eight specified action areas.

The proposed work programme and the proposed activities were considered by the Committee at its Fifth Session in November 1989. The Committee combined the two proposals into a "Programme of Work for ITTO in the Field of Reforestation and Forest Management for the Year 1990", which contains work programme for the Secretariat and action proposals for the Organization in the following eight areas:

- (i) Develop guidelines for "best practice" and sustainability in relation to the sustainable management of natural forests and plantations;
- (ii) Develop the economic case for natural forest management;
- (iii) Strengthen policy initiatives embracing the forestry sector;
- (iv) Increase awareness and mobilize support to ensure the sustainable management and conservation of tropical forests;
- (v) Develop demonstration models of management for the sustainable production of timber and non-timber products and conservation;
- (vi) Strengthen research on responses to silvicultural treatment;

- (vii) Develop human resources in tropical forest management; and
- (viii) Consider incentives to encourage sustainable management.

The "Programme of Work for ITTO in the Field of Reforestation and Forest Management for the Year 1990" was submitted, with recommendations that it be endorsed, to the Seventh Session of the Council which took note of the Report containing the Programme. The Programme contains recommendations for action in each one of the eight areas and such actions have been initiated.

### 3.3.3 Guidelines for Best Practice in Forest Management

The Overseas Development Administration (ODA) of the United Kingdom made available to ITTO an expert for a total work input of two months to prepare a paper regarding the need for and scope of guidelines for the management of natural forests and plantations in the tropics. The Paper was to be completed in January 1990.

Australia also offered to assist in the development of guidelines by making available expertise and providing advice based on the experience with development and operation of management codes of practice in Australia.

In November 1989, at its Fifth Session, the Committee proposed that a small Working Group of representatives of Producer and Consumer Members, International agencies, NGOs and the private sector be convened to consider the paper under preparation by ODA, and other relevant documents. The Working Group should, based on these documents, develop recommendations and principles on how the guidelines are to be prepared and advise the Secretariat on the action to be taken for commissioning the preparation of the Guidelines for Best Practice.

The Council endorsed, at its Seventh Session, the establishment of the Working Group and authorized the Executive Director to allocate necessary funds from the Administrative Budget to cover the expenses of representatives of Member Governments to participate in the work of the Group.

4. FOREST INDUSTRY

4.1 Pre-Projects

4.1.1 Completed Pre-Projects

The Pre-Project study on "Sawing of Difficult Species", approved by the ITTC at its Second Session in March 1987 executed by the United States Forest Products Laboratory, was completed in February 1989. This Pre-Project study generated a review report (ITTO pre-project report PPR 14/89) on this problem, providing a comprehensive examination of the basic elements involved in timber sawing. The Pre-Project surveyed the materials used for metal cutting that might be used for wood cutting; discussed the problems found in current saw designs; and assessed the breadth of the problem by compiling a list of high density and siliceous tropical woods. The study recommended further research: (1) to examine the potential for using polycrystalline diamond, silicon nitride and new formulations of tungsten carbide for saw teeth; and (2) to investigate effects of force levels, power requirements, vibration, and sawdust particles motion and compaction on sawing. The results of the study provide guidelines in the preparation of a project proposal to address the problems reviewed.

The Pre-Project study on "Harmonization of Specifications on Tropical Timber Products", approved by the Council at its Fourth Session in June 1988 and executed by the Technical Association of the Tropical Timber Industry (ATIBT), was completed in November 1989. The study reviewed grading rules for logs and lumber in use in all three tropical timber producing regions and in the international tropical timber trade. The study concluded that existing log grading rules are satisfactory and current standard practices are globally known and acceptable to both producers and consumers. As for lumber, the Pre-Project study disclosed that the existing grading rules are far less in use, although often referred in commercial transactions without the two parties involved being aware of it. The study further concluded that although only one or two lumber grading rules are in use in each producing region, the adoption of a single set of grading rules is unlikely to be feasible because of tropical species diversity,

different user requirements, and peculiar uses and habits of producing regions. Instead, efforts are recommended to achieve harmonization on a regional basis. The study lists a number of basic pre-conditions, of which the need to train graders and inspectors carries high priority.

#### 4.1.2 Pre-Projects in Progress

The Permanent Committee, at its Fourth Session in May 1989 decided to implement three Pre-Projects:

- (i) Tropical Timber in Construction and Development of Harmonized Stress Grading Rules;
- (ii) Industrial Processing of Rubber Wood Timber in Africa; and
- (iii) Appropriate Supply of Wood Raw Materials in Producing Countries with Dwindling Forest Resources: The Case of the Philippines.

The study on "Tropical Timber in Construction and Development of Harmonized Stress Grading Rules" has been contracted to the United States Forest Products Laboratory. The study will: (1) compile and review the available documentation on stress grading rules and tropical timber structural applications; (2) review the status of tropical timber utilization in construction; (3) draft documents with needed technical information; (4) assess the role and potential contribution of harmonized stress grading rules to increased use of tropical timber in construction; and (5) prepare recommendations and proposals for actions to promote production, trade and consumption of appropriately stress graded sawn tropical hardwood. The study is expected to be completed at the end of 1990.

The study on "Industrial Processing of Rubber Wood Timber in Africa" is being implemented under the responsibility of the Centre National de Developpement des Forets (CENADEFOR), Cameroon. This pre-project study will assist selected African countries having rubber wood plantations to plan future manufacturing and trade in rubberwood products. The work will include a study tour to rubberwood plantations and processing facilities, a market study, and a sawmilling feasibility

study involving the technical aspects and the financial analysis. The study is expected to be completed in the second half of 1990.

The Department of Environment and Natural Resources of the Philippines is implementing the third Pre-Project study, on "Appropriate Supply of Wood Raw Materials in Producing Countries with Dwindling Forest Resources: The Case of the Philippines". The study will: (i) assess the demand for industrial timber raw materials in the Philippines; (ii) review logging, transport and raw material processing requirements; (iii) assess the silvicultural potential of selected species; and (iv) prepare recommendations for follow-up activities to promote industrial use and plantation of the selected species. The study is expected to be completed in the second half of 1990.

#### 4.2 Projects

At its two Sessions held in 1989, the Permanent Committee on Forest Industry appraised 18 projects submitted for its consideration. Following the Committee's recommendations, the Council approved for implementation by ITTO 12 project proposals (3.a/87 Rev.2, 4/87 Rev.1, 37/88 Rev.3, 43/88 Rev.2, 48/88 Rev.1, 49/89, 54/89, 60/89, 65/89, 67/89, 70/89 Rev.2, and 73/89). The Committee recommended revision of 5 out of the 6 remaining proposals, whilst recommending that the sixth proposal should not be further considered by ITTO.

In the field of Forest Industry, the Council approved in the triennium 1987/1989 a total of 23 projects for implementation, although financing and allocation of funds were effected only for 15 projects. The scope and status of implementation of on-going projects as well as of a project completed in 1989 are briefly reviewed in sections 4.2.1, 4.2.2 and 4.2.3.

##### 4.2.1 Projects Completed in 1989

PD 21/87 (I) Roundtable on Opportunities and Constraints to Latin American Tropical Hardwood-Based Industrial Development

Source of Funding: ITTO Contribution and Government of Brazil

Budget: Total - \$ 100,000 plus ITTO and  
Brazilian Government  
contributions in kind  
ITTO Contribution - \$ 100,000 plus contribution  
Government of Brazil - In kind

Implementing Agency: ITTO and Brazilian Institute for  
Forestry Development

Starting Date and Duration: October 1988 - 6 months

Through this Project, a Roundtable was organized and convened to review the situation of the tropical hardwood timber industry in ITTO Member countries in Latin America/Caribbean. ITTO and the Brazilian Institute for Forestry Development (now Brazilian Institute for Environment and Renewable Natural Resources) executed the Project.

The Roundtable was held in Brasilia, Brazil, on 20-23 February 1989. The various segments of the forestry sector participated in the Roundtable, with the public sector (government forestry administrations, research agencies, trade and foreign affairs agencies, etc.) and private sector (industries, trade and industry associations, private consultants, etc.) accounting respectively for 68 and 15 percent of Roundtable participants. The remaining 17 percent were from International Organizations and conservation NGOs. Five hundred copies of the Roundtable proceedings were printed and distributed to interested parties in ITTO Member countries.

The project attained its objectives, having provided an efficient dialogue and discussion forum that reviewed the issues related to the development of the tropical hardwood based industry in ITTO Member countries of Latin American/Caribbean. Of particular interest to ITTO were the recommendations the Roundtable addressed to the Organization:

- (1) Intensify its fund raising efforts for the implementation of activities required to realize its objectives, and intensify also its public relations efforts;
- (2) Prepare an Action Plan designed to increase public awareness of

the problems and solutions related to the conservation of tropical forests, including:

- 2.1 A series of seminars, roundtables, and workshops in producing and consuming countries;
- 2.2 Study tours designed to promote a better knowledge, of conservation and production activities in the region's tropical forests;
- 2.3 Preparing a basic document presenting the problems of tropical forests in the region and explaining to the population the need to avoid policies that may contribute to reducing the importance of tropical forests. This document should stress that:
  - (a) One of the most effective ways of preserving forests is to develop them as an on-going and sustainable source of environmental and economic resources through adequate and rational management;
  - (b) An outright ban on the marketing of tropical timber, instead of preserving forests could make them economically useless, which in turn would cause and precipitate their destruction;
- 2.4 Studying the feasibility of establishing information centers in consuming countries to disseminate information on tropical forests and their commercial products to the general public, consumer groups, conservation organizations, government agencies, etc.;
- 2.5 Developing and adopting measures and mechanisms designed to give preference in international trade to tropical timber extracted from forest areas under appropriate management;

- (3) Continue in its efforts to establish a pilot project and information network designed to develop and promote operational models for the sustainable management of forests and for the industrial utilization of forest products in strategic forest areas of its Members countries;
- (4) Prepare a study on the long-term supply and demand of tropical timber in the world as a guide to sectoral planning by producing countries;
- (5) Continue its efforts to promote the standardization and classification of tropical timber, with a view to developing and facilitating trade in tropical timber products in order to bring increased benefits to producing countries;
- (6) Continue its efforts to promote training in fields that are not appropriately covered by other institutions, with emphasis on such areas as production and plant management in tropical timber-processing industries;
- (7) Plan actions designed to promote the development of industries based on tropical hardwood timber in Member countries of Central America and the Caribbean;
- (8) Within two years at most, organize another roundtable similar to that organized in Brasilia.

4.2.2 Projects under Implementation

- (1) PD 3a/87 Rev.2 (I) Enhancing Locally the Value of Lesser Known Species (Manufacture of Blockboards from Lesser Known Species in Cameroon)

Source of Funding: ITTO and Government of Cameroon

Budget:	Total	-	\$217,000
	ITTO Contribution	-	\$137,000
	Government of Cameroon	-	\$80,000

Implementing Agency: CTFT/CENADEFOR

Starting Date and Duration: February 1990 - 12 months

This 12-month project will transfer to Cameroon technologies for processing lesser-known species wood raw materials into a manufactured stable product (edge-glued panel).

A research centre in Cameroon (CENADEFOR) assisted by the "Centre Technique Forestier Tropical" (France) will be responsible for the project development activities. Fifteen to twenty cubic meters of edge-glued panel will be manufactured, of which five cubic meters will be distributed to timber using industries and craftsmen to allow them to become familiar with the characteristics of the products. Additionally, the Project includes a 2- to 3-day training sessions aimed at promoting and raising interest of the private sector in manufacturing and using edge-glued panels.

Finalization of contractual agreement and other arrangements for implementation are expected to be made by the end of January 1990, with project commencement planned for February 1990.

- (2) PD 3d/87 (I) Proposals for Actions in Favor of the Lesser Known Species: d. Measures in Support of the Lesser Known Species of Africa and Latin America/Caribbean

Source of Funding: ITTO

Budget: Total - \$ 242,000

Implementing Agency: CTFT and ATIBT

Starting Date and Duration: February 1988 - 1 year

This project is designed to improve the tropical timber trade and economy by increasing acceptance and commercialization of lesser-known species from Africa and Latin America/Caribbean regions. The promotion of lesser-known species will be pursued by providing the manufacturers in the producing and importing countries with literature and promotional materials covering processing, utilization and properties of selected lesser-known species. Technical notes describing 10 African and 10 Latin American/Caribbean species were published in December 1989. The draft text for a comprehensive atlas of Latin America/Caribbean species has also been completed. The Atlas will provide a full description of 83 commercial tropical hardwoods of

Latin America/Caribbean. The final revision of the atlas text is underway, with printing scheduled for April 1990.

This Project is being implemented under the responsibility of the Centre Technique Forestier Tropical (CTFT), France.

- (3) PD 3e/87 (I) Proposals for Actions in Favor of the Lesser Known Species: e. Creation of an International Research and Development Network

Source of Funding: ITTO

Budget: Total - \$ 255,000

Implementing Agency: ITTO and CTFT

Starting Date and Duration: February 1988 - 18 months

This Project is establishing a Data Bank covering initially technical and commercial information on 130 African and Latin American tropical timber species. A few species from Asia will also be covered in this first phase.

The agencies participating in the Network are:

Africa

Cameroon	Centre National de Developpement des Forets
Congo	Centre Technique Forestier Tropical
Côte d'Ivoire	Centre Technique Forestier Tropical
Gabon	Direction de l'Industrie
Ghana	Forest Products Research Institute
Liberia	Forestry Development Authority

Latin America/Caribbean

Bolivia	Centro de Desarrollo Forestal
Brazil	Brazilian Institute for Environment and Renewable Natural Resources
Ecuador	Direccion Nacional Forestal
Honduras	Ministerio de Agricultura
Honduras	COHDEFOR (Corporacion Hondurena de Desarrollo Forestal)
Peru	Instituto Nacional Forestal y de Fauna
Trinidad & Tobago	Exploitation of Forestry and the Environment

The Data Bank Network is now nearly operational, and as of December 1989 most participating agencies were already able to provide

information on the species covered in the Data Bank. A pamphlet containing instructions to increase access and use of the Data Bank has been prepared and will be distributed to potential users.

This project is being implemented under the responsibility of the Centre Technique Forestier Tropical (CTFT).

(4) PD 4/87 Rev.1 (I) Training in Planning and Management of Forest Industries in Developing Countries

Source of Funding: Finnish International Development Agency (FINNIDA)

Budget: Total - \$ 1,772,500

Implementing Agency: Forestry Training Program (FTP) with the assistance of FAO and ITTO

Starting Date and Duration: October 1989 - 4 1/2 years

This 4 1/2-year Project will design and implement - in Africa, Latin America/Caribbean and Asia/Pacific - training programmes with the aim of increasing and improving the appropriateness and contribution of existing and new timber-based industries to regional and sub-regional development. The Project will: (1) survey the training materials and review the curricula of the existing training institutions specializing in forest industries; (2) prepare appropriate training materials and further training proposals necessary for forest industries planning, management and operation; (3) design and hold six seminars to improve the knowledge and skills of about 120 managers of forest industry enterprises and representatives of public agencies from producing regions; and (4) design and implement at national level six complementary and further training programs on training skills and planning and management of appropriate forest industries.

Implementation of the Project started in October 1989 with the recruitment of a project manager. The project is being implemented by the Forest Training Program (FTP) of FINNIDA with the assistance of ITTO and FAO.

(5) PD 11/87 (I) Malaysian Timber Industry Board and Timber Industry Upgrading

Source of Funding: ITTO

Budget: Total - \$ 345,000

Implementing Agency: Malaysian Timber Industry Board

Starting Date and Duration: January 1989 - 3 years

This 3-year Project is implementing a training programme for forest industries and government executives from Malaysia. The training programme contemplates both short term courses in technical areas in the timber industry (marketing, furniture standards and design, feasibility studies, and so on) as well as formal education courses at graduate level, leading to masters degrees in business administration. The implementation of this training programme is regarded as essential if Malaysia is to cope with the large demand of trained personnel and experts needed by its expanding further processing industrial facilities.

The Project is being implemented by the Malaysian Timber Industry Board.

(6) PD 16/87 Rev.1 (I) Research and Development on the Standardization of Tropical Timber at the Andean Sub-Regional Level Phase I: Review of the Current Situation of Timber Standardization and Development of Work Plans for Subsequent Phases

Source of Funding: ITTO

Budget: Total - \$ 135,000

Implementing Agency: National Institute for Agriculture Research, assisted by the Board of Cartagena Agreement (JUNAC)

Starting Date and Duration: 6 months (project commencement pending action by the implementing agency)

This 6-month Project will survey and assess the present status of timber standards and nomenclature of species and groups of species at the level of the Cartagena Agreement Board. The study will

focus on standardization of mechanically processed wood products (sawnwood, veneer, plywood and blockboard) in the five Andean Pact Member Countries (Bolivia, Colombia, Ecuador, Peru and Venezuela). The findings will be discussed at a sub-regional seminar to prepare work plans for the: (1) preparation of uniform nomenclature for species and groups of species; (2) standardization for the dimensioning, scaling and grading of timber products; and (3) establishment of a center for timber graders and preparation of a development and training plan to assist the adoption of the new standards and nomenclatures.

Effective project commencement has been delayed because of difficulties in finalizing implementation arrangements involving the various parties (the project will be executed under the responsibility of forestry agencies or forestry research agencies of participating countries, coordinated by ITTO).

(7) PD 18/87 Rev.1 (I) Selection and Introduction of Lesser-Known and Lesser-Used Species for Specific End-Uses

Source of Funding: The Government of The Netherlands and Forestry Agency of Japan

Budget: Total - \$ 212,800

Implementing Agency: Agriculture University, Wageningen, The Netherlands and TNO Timber Research Institute, Delft, The Netherlands

Starting Date and Duration: April 1989 - 1 year

This one-year Project will generate a computer program that will select tropical timber species that meet the requirements of selected end-uses. The Research work started in April 1989 as planned. A literature survey on lesser-known species properties and criteria for end-uses was carried out. To supplement the literature review a questionnaire on properties of lesser commercialized species was prepared by the implementing agencies and distributed through ITTO headquarters to the timber producing Member countries. Also, draft criteria on selection of timber species for the manufacture of different end-products were set up and forwarded to research centers in different Western European countries for review and consultation.

Contributions and suggestions have been received from Building Research Establishment BRE, Princess Risborough Laboratory (United Kingdom), Bundesforschungsanstalt fuer Forst - und Holzwirtschaft (BFH) (Federal Republic of Germany), Centre Technique Forestier Tropical (CTFT) (France), Centre Technique du Bois et de l'Ameublement (CTBA) (France), National Timber Information Bureau (NHVB) (Belgium) and Technological Institute, Wood Technology (Denmark).

Using a draft version of the criteria for selecting timber for the specific end uses, the development and testing of the computer program has been started. An experimental version for the evaluation of the species entered in the program has been made available for internal use and has been adapted to enable testing on various computer systems. A primary set-up for the matching of species with the end-uses concerned in this project, has been implemented. Also, the output from ITTO Project PD 3/87 (I) by Centre Technique Forestier Tropical has been received and is being used to test the model in which the species are matched with end-uses.

(8) PD 20/87 (I) Publication of Technical Documents and Relevant Information to the Forest Products Industry

Source of Funding: ITTO

Budget: Total - \$ 98,000

Implementing Agency: ITTO

Starting Date and Duration: January 1988 - 12 months

Translating and publishing of technical documents in the field of Forest Industry is undertaken under this Project.

Due to initial translation and printing delays, the project is now expected to be completed by May 1990. The number of copies to be printed for each document and completion or estimated completion dates are as summarized below:

1. Sawdoctoring Manual

French	- 1,000 copies (printed Apr. 1989)
Portuguese	- 1,000 copies (printed Oct. 1989)

2. Handbook of Hardwood Timber Preservation
  - English - 1,000 copies (printed May 1990)
  - Spanish - 1,000 copies (printed May 1990)
  - Portuguese - 1,000 copies (printed Mar. 1989)
  
3. FAO Asia Pacific Forest Industries Development Group:  
Quality Control in Primary Forest Industries
  - French - 1,000 copies (printed Mar. 1989)
  - Spanish - 1,000 copies (printed Mar. 1989)
  - Portuguese - 1,000 copies (printed Apr. 1990)
  
4. FAO Asia Pacific Forest Industries Development Group:  
A Key to Production of Quality Veneer
  - French - 1,000 copies (printed Mar. 1989)
  - Spanish - 1,000 copies (printed Mar. 1989)
  - Portuguese - 1,000 copies (printed Apr. 1990)
  
5. Catalogue of Amazonian Species
  - English - 3,000 copies (printed Mar. 1989)

Over 2,000 copies of the publications already printed have been distributed to interested agencies and other users in ITTO Member countries.

(9) PD 37/87 Rev.3 (I) Industrial Use of New Forest Species in Peru

Source of Funding: ITTO Contribution and Government of Peru

Budget: Total - \$ 910,000  
ITTO Contribution - \$ 448,750  
Government of Peru - \$ 461,250

Implementing Agency: General Directorate of Forests and Wildlife of the Ministry of Agriculture and Industrial Timber Corporations of Pucallpa, Iquitos and Lima

Starting Date and Duration: 2 years

This two-year Project involves formulation and implementation of an applied research programme to promote industrialization and commercial introduction of 20 lesser-known timber species found in Peru. Species, for which basic technical information already exists will be processed and tested in seven wood industries in the departments of Lima, Loreto and Ucayali. Products manufactured on a

trial basis will be promoted and introduced in the domestic and international markets. Industrial research will concentrate on sawmilling, wood drying and preservation, veneer and plywood manufacturing, posts, sleepers, wood-cement boards, parquet, moulding, furniture and housing components. The programme will contribute to technology transfer to processing mills in Peru and manpower development through training of national counterparts, and through several courses and seminars to be attended by at least 300 participants at management and technical levels. Upon completion of the industrial research, market development, and training programmes, the wood industries of Pucallpa, Iquitos and Lima are expected to have 20 percent of their wood raw materials supplied by the 20 species studied and introduced through this Project.

At the Seventh Session in November 1989 the Council approved a phased implementation for this Project and allocated funds for the initial phase. The work is expected to commence early in 1990.

(10) PD 41/88 (I) The Identification, Properties and Uses of the Tropical Timber Imported to China from Southeast Asia

Source of Funding: ITTO and Government of China

Budget: Total	- \$ 53,800
ITTO	- \$ 33,000
Government of China	- \$ 20,800

Implementing Agency: Research Institute of Wood Industry,  
Chinese Academy of Forestry (CRIWI)

Starting Date and Duration: March 1989 - 1 1/2 years

This Project is to generate technical and promotional material to assist Chinese importers and users to properly identify, process and utilize tropical timbers from Southeast Asia. The technical literature on Asian tropical timbers will be reviewed and technical data will be stored in computers for utilization by interested parties in China. The Project is the first phase of a comprehensive programme that includes the study of species from Africa and Latin America/Caribbean.

The contract for implementation of this project was signed with the Research Institute of Wood Industry, Chinese Academy of Forestry, on 9 March 1989. This agency is taking the initial steps to execute the project, and starting consultations with respective institutions and trade associations in producing countries to make appropriate selection of species. A technical mission to producing countries initially planned to include Indonesia, Malaysia and the Philippines, has been effected only to Malaysia so far.

(11) PD 44/88 (I) Seminar for the Promotion of Further Processing of Tropical Hardwood Timber in the African Region

Source of Funding: ITTO

Budget: Total - \$ 154,400

Implementing Agency: ITTO and Ghana Timber Export Development Board

Starting Date and Duration: February 1989 - 8 months

This Project will review the status of tropical timber processing in Africa and convene a seminar to promote further processing in the region. The seminar will introduce and discuss appropriate manufacturing and marketing techniques as well as ways to overcome financial constraints facing further processing activities in ITTO African Member countries.

The Seminar is being organized jointly by ITTO and the Ghana Timber Export Development Board (GTEDB). The contractual Agreement for project implementation was signed on 10 February 1989. Consultations have been held between ITTO and GTEDB to organize the Seminar programme and decide on Terms of Reference for preparation of technical papers. The Seminar has been rescheduled to take place from 13 to 16 February 1990, in Accra, Ghana.

(12) PD 60/89 (M,F,I) Fellowship and Related Assistance Program to Promote Tropical Forest Sector Development

Source of Funding: Government of The Netherlands and Government of Japan

Budget: Total - \$ 204,000

Implementing Agency: ITTO

Starting Date and Duration: July 1989 - 1 year

This fellowship and small grants programme is to provide funds for:

- (a) Fellowships to support short-term activities to increase technological knowledge and R and D expertise of technical personnel from ITTO's producing Member countries. These activities will primarily include visits and short-term on the job training in demonstration forests, factories, workshops and R and D institutions, participation at seminars, conferences, and short-term courses;
- (b) Grants to finance short-term technical assistance to producing countries in the form of advisory services and information exchange;
- (c) Grants to finance preparation of technical documents under author's contracts to effect transfer of technology or technical information of importance for the development and upgrading of manpower in the forestry sector in producing countries.

In the field of Forest Industries a total of 18 fellowships and grants were approved in 1989:

<u>Fellowship applicant</u>	<u>Subject</u>
John A. Sagoe	Techniques for developing kiln drying schedules for commercially unknown tropical hardwoods
Harry J. Van der Slooten	Feasibility study concerning possibilities to export Brazilian hardwood for musical instrument manufacture
Arturo Pablo	Wood composite panels

Ruben Zamora	Transfer of industrial technology
Cecile Baldoza	Transfer of industrial technology
Josefina Palisoa	Testing and quality control techniques for wood and other materials for furniture
Olli Haltia	Impact of forest industry to sustainable economic development. The case study on the Brazilian tropical timber-based economy.
K.E. Haizel	Marketing and utilization of tropical timbers
Sergio Yoshio Nakamura	Timber utilization in low cost housing
Ir. Yushiansyah	Research training on forest products
Sjachrun Sjahibar	Training in forest products/ logging
Dan Wu	Adhesives for gluing tropical timber
Lifei Zhang	Further processing of coconut, rubber, teak and other tropical timbers and developments within the further processing field
Huaijum Wang	Further processing of coconut, rubber, teak and other tropical timbers and developments within the further processing field
Liu Yangi	Further processing of coconut, rubber, teak and other tropical timbers and developments within the further processing field
Floriano Pastore Junior	Production and utilization of rubber wood
Alfredo de Souza Mendes	Timber drying research
Richard Bruce	Log supply in Para, Brazil: availability and constraints to utilization

(13) PD 73/89 (M,F,I) Assistance for Project Identification and Formulation

Source of Funding: ITTO

Budget: Total - \$ 286,900 plus contribution in kind  
ITTO Contribution - \$ 286,900 plus contribution in kind

Implementing Agency: ITTO

Starting Date and Duration: 1 year

This one-year Project will design and implement training activities to improve capability of producing countries to identify, design and formulate appropriate tropical forestry development projects. The training activities will include: (1) the preparation of training materials on project design and formulation; (2) the organization and convening of 4 training workshops on planning and formulation of appropriate projects (2 in Africa and one each in Asia/Pacific and Latin America/Caribbean); and (3) a few missions to be undertaken for producing countries that request assistance for formulation of specific projects.

The main project outputs expected are:

- (a) 60 professionals of ITTO producing Member countries with enhanced capacity and ability to plan and formulate appropriate forestry development projects within ITTO's mandate;
- (b) A minimum of 50 forestry development projects appropriately formulated meeting the ITTA requirements, as well as reflecting interests and priorities of producing Member countries;
- (c) A comprehensive manual for proper formulation of projects for submission to ITTO;
- (d) A review and assessment of the viability of several dozen

project profiles (including profiles developed under the TFAP framework) within the scope of the ITTA and ITTO priorities.

The project will be implemented under overall co-ordination of ITTO and the work is expected to commence in 1990.

4.2.3 Approved Projects Pending Financing

(1) PD 12/87 (I) Research on Utilization of Tropical Timber in Construction

Source of Funding: ITTO and FRIM

Budget: Total - \$ 494,422  
ITTO contribution - \$ 273,884  
FRIM contribution - \$ 220,538

Implementing Agency: The Forest Research Institute of  
Malaysia (FRIM)

Starting Date and Duration: 5 years

This Project consists of a research program in timber housing construction, to be carried out by the Forest Research Institute of Malaysia, to increase and improve the utilization of timber in housing and building construction in the country. Research emphasis will be on timber use and performance in load bearing applications, and expected outputs include several technical papers, manuals and design guides.

(2) PD 43/88 Rev.2 (I) Study for the Marketing of Tropical Timber and Promotion of the Consumption of Less Well Known Species on International Markets: Phase 1 - Promotion for Selected Asian Markets

Source of Funding: ITTO contribution

Budget: Total - \$ 920,000

Implementing Agency: ITTO and Brazilian Institute for  
Forestry Development (IBDF)

Starting Date and Duration: 2 years

The Project will assess the problems affecting the marketing of Latin American/Caribbean timbers in selected Asian markets and carry

out a promotion programme to increase the trade between the two regions.

The Project has two main parts. The first part will: (1) review the timber market in selected Asian countries and assess the potential of Latin American/Caribbean timbers in selected market outlets; (2) compile a list and technical information on species that potentially meet requirements of these markets, including those requirements of commercial importance such as adequate volumes and competitive prices; and (3) design and hold six seminars to promote the selected timbers in the main market outlets identified and in the producing regions to promote the production and trade. The second part of the project will implement an operational import and market programme with the objective of actually trading limited trial volumes covering at least 40 lesser-known species described and promoted under the first part of the Project.

(3) PD 48/88 Rev.1 (I) Drying Mixtures of Tropical Hardwoods

Source of Funding: ITTO

Budget: Total - \$ 475,737

Implementing Agency: United States Department of  
Agriculture, Forest Service, Forest  
Products Laboratory in cooperation with  
one cooperating institution from each  
producing region

Starting Date and Duration: 5 years

The Project will carry out research activities to develop the basis of a grouping system that can deal effectively with Drying Mixtures of Tropical Hardwood Species that have a wide range of characteristics.

The grouping systems will be developed by correlating specific gravity and initial moisture content with drying time and then grouping together species of similar estimated drying times.

In order to establish the necessary experimental and analytical techniques, experimental work will first be carried out

using US species in the US Forest Products Laboratory. In this phase (24 months) one researcher from each of the three producing regions (Africa, Asia and Latin America/Caribbean) will be trained in these techniques to subsequently conduct similar studies in research institutions in their home countries. This second project phase is expected to take 30 months and will test the model and technology with a few dozen tropical hardwood species.

This Project follows recommendations that have arisen from an ITTO-funded Pre-Project study on Seasoning Mixed Species of Tropical Hardwood. The study concluded and recommended that more research is needed to develop effective methods for grouping species, while highlighting that basic specific gravity, initial moisture content and shrinkage are the prime wood properties to be considered when attempting to group different wood species for mixed drying.

(4) PD 49/89 (I) Creation of International Promotion Centre for Lesser Known Species in Europe (preparatory phase)

Source of Funding: ITTO and CTFT

Budget: Total - \$ 455,000 plus CTFT contribution in kind

Implementing Agency: CTFT

Starting Date and Duration: 2 years

This Project will establish and operate a permanent Promotion Center for the introduction of approximately 30 to 50 lesser-known species (LKS) in the European market. The Center will have a timber yard and trading office in the harbour of Antwerp (Belgium) where trial volumes of lesser-known species would be stocked, promoted and traded. These operational activities will be preceded by a 6- to 10-month preparatory phase designed to inform producing countries in the three regions and to secure their inputs and participation. (So far, only the preparatory phase has been approved by the Council.)

(5) PD 54/89 (I) Study on Utilization Structure of Tropical Timber Products in Korea and Promotion of Processed Wood Products Supply from Tropical Timber Producing Countries

Source of Funding: ITTO and Government of ROK

Budget: Total - \$ 123,000  
ITTO contribution - \$ 73,000  
Government of ROK - \$ 50,000

Implementing Agency: Korea Forest Research Institute

Starting Date and Duration: 2 years

This two-year Project will investigate the Korean market for tropical timber and review the country's import and utilization trends. The study will concentrate on the furniture and musical instrument industries and will provide the basis for promoting imports of semi-processed and processed timber products for these industries. To this effect, the Project will survey and assess the potential of selected producing countries from Africa, Asia/Pacific and Latin America/Caribbean to supply higher added value parts and components to be used in production lines of furniture and musical instruments mills in the Republic of Korea. The Project will also produce valuable information on comparative production advantages and on investment opportunities in further processing enterprises in selected ITTO producing Member countries.

(6) PD 65/89 (I) Promotion of Imports of Tropical Sawwood in China (preparatory phase)

Source of Funding: ITTO and Government of China

Budget: Total - \$ 352,000 plus Government of China's contribution in kind  
ITTO contribution - \$ 352,000  
Government of China - In kind

Implementing Agency: Research Institute of Wood Industry  
Chinese Academy of Forestry (CRIWI)

Starting Date and Duration: 3 years

This three-year Project will establish and operate a promotion center for the introduction of sawwood of 40 lesser-known species to major industrial timber users in China. The establishment

of the center will be preceded by an assessment of its feasibility and survey of major Chinese consumers to determine their willingness to participate in the program. In this preparatory phase, Latin American/Caribbean, African and Asian producing countries and exporters will also be approached to secure their collaboration and inputs. (So far, only the preparatory phase has been approved by the Council.)

(7) PD 67/89 (I) Training Program on Mechanical Processing Operations in the South American Sawmilling and Plywood Industries

Source of Funding: ITTO and INPA

Budget: Total	-	\$ 2,443,000
ITTO contribution	-	\$ 1,953,000
INPA contribution	-	\$ 490,000 (in kind)

Implementing Agency: INPA (Brazil) and International Agency (to be selected), with assistance of Forestry/Training agencies of Bolivia, Ecuador and Peru

Starting Date and Duration: 4 years

This four-year Project will design and implement in South America a training programme on sawmilling and veneer and plywood manufacturing techniques. A total of 460 technicians from Bolivia, Brazil, Ecuador and Peru are expected to attend a series of 20 courses covering: (i) sawmilling techniques, (ii) saw doctoring and maintenance, (iii) lathe and slicer operation, and (iv) modern plywood manufacturing operations. Trainees of all participating countries will attend the first eight courses covering the four subjects. Courses will initially be given in the wood industry research facilities of the National Institute for Amazonian Research, with project experts assisted by local staff. After testing and refining training materials and curricula, the training courses will be offered also in the other 3 participating countries, provided appropriate facilities are made available.

These direct project training activities are expected to alleviate acute shortage of skilled workers, technicians and supervisors in mechanical processing industries, and to establish the basis for the regular and continuous offer of training courses for the

wood industry in South America on a national level in at least two countries, and possibly in all four participating countries.

(8) PD 70/89 Rev.2 (I) World Conference on Tropical Plywood in Asia Pacific Region

Source of Funding: ITTO and Japan Plywood Manufacturers Association

Budget: Total - \$ 205,000 plus contribution in kind  
ITTO contribution - \$ 175,000 plus contribution in kind  
JPMA contribution - \$ 30,000

Implementing Agency: ITTO and JPMA

Starting Date and Duration: 8 months

This Project will organize and convene a conference on tropical plywood. The Conference will be a forum for exchange of information, consultation and co-operation between tropical plywood producers and consumers. The Conference will focus on: (i) sustainability of resources; (ii) technology transfer; (iii) processing and quality improvement; (iv) waste reduction; (v) standardization; and (vi) improvement of statistics. Several technical papers addressing these topics will be commissioned and prepared prior to the Conference.

4.3 Other Activities

4.3.1 Work Plan in the Field of Forest Industry

The Seventh Session of the Council, acting upon recommendations by the Permanent Committee, decided to establish and finance a Panel of Experts to develop a Draft Action Plan and Work Program in the field of Forest Industry. The Panel is expected to meet in March 1990 to prepare a Draft Work Plan to be submitted to the Permanent Committee and Council in their First Session in the year 1990.

4.3.2 Market Review and Outlook

In 1988 the ITTO decided to institute annual market and industry discussions to provide the opportunity for a broad exchange of views among its Members, trade and industry associations and conservation NGOs and strengthen the role of the Council in its work of monitoring and reviewing the tropical timber situation in accordance with Article 28 of the ITTA.

The 1989 Market Review benefitted from the wide range of participants from Member Governments, Timber Trade and Industry Associations and conservation NGOs.

The analysis of the market developments and topics raised by participants is summed up in the Market Statement which was considered and approved by the ITTC at its Sixth Session and released to the Press. The Market Statement is reproduced in section 2.3 of this report.

4.3.3 Co-operation with UNIDO in the Organization of the Second Consultation on the Wood and Wood Products Industry

Following consultations for ITTO-UNIDO co-operation held at the Fourth Committee Session (May 1989), the representative of UNIDO attending the Fifth Session of the Committee (November 1989) presented a formal invitation for the UNIDO-ITTO joint organization of the Second Consultation on the Wood and Wood Products Industry. The Committee was receptive to the above proposal, and requested the Secretariat to hold further consultations with UNIDO and prepare a proposal on ITTO's participation including required financial inputs for Committee and Council's appraisal and decision at the next Sessions in the first half of 1990. ITTO contribution is likely to consist of funds for participation of some representatives from producing Member countries in the Consultation as well as provision of technical information and documentation generated under other activities and projects implemented by ITTO.

Annex I

Status of Members as of 31 December 1989

<u>Member</u>	<u>Signature</u>	<u>Provisional application</u>	<u>Ratification, accession (a), acceptance (A) approval (AA)</u>
Australia			16 Feb 1988
Austria			6 Mar 1986 (a)
Belgium/Luxembourg	29 Jun 1984	28 Sep 1984	21 Feb 1986
Bolivia	1 Nov 1984	25 Jun 1985	
Brazil	31 Mar 1985	31 Mar 1985	
Cameroon	15 Apr 1985	14 Jun 1985	19 Nov 1985
Canada			21 May 1986 (a)
China			2 Jul 1986 (a)
Congo	7 Mar 1985		28 Mar 1985
Côte d'Ivoire	27 Mar 1985	27 Mar 1985	
Denmark	29 Jun 1984		28 Sep 1984
Ecuador	31 Mar 1985	31 Mar 1985	19 Jan 1988
Egypt	31 Mar 1985	31 Mar 1985	16 Jan 1986
European Economic Community	29 Jun 1984	29 Mar 1985	
Finland	10 May 1984		13 Feb 1985
France	29 Jun 1984	29 Jun 1984	6 Aug 1985 (AA)
Gabon	26 Sep 1984	19 Mar 1985	18 Nov 1988
Germany, Federal Republic of	29 Jun 1984	29 Jun 1984	21 Mar 1986
Ghana	29 Mar 1985		29 Mar 1985
Greece	29 Jun 1984	28 Nov 1984	26 Jul 1988
Honduras	27 Sep 1984	29 Mar 1985	
Japan	28 Mar 1984		28 Jun 1984 (A)
India			19 Feb 1986 (a)
Indonesia	13 Jun 1984		9 Oct 1984
Ireland	29 Jun 1984		4 Oct 1984
Italy	29 Jun 1984		29 Mar 1985
Liberia	8 Mar 1984		29 Mar 1985
Malaysia	14 Dec 1984		14 Dec 1984
Netherlands	29 Jun 1984	20 Sep 1984	29 May 1987 (A)
Norway	23 Mar 1984		21 Aug 1984
Panama			3 Mar 1989 (a)
Papua New Guinea			27 Nov 1986 (a)
Peru	31 Mar 1985	31 Mar 1985	
Philippines	31 Mar 1985	31 Mar 1985	
Portugal			3 Jul 1989 (a)
Republic of Korea			25 Jun 1986 (a)
Spain	27 Feb 1985	24 Apr 1985	1 Apr 1986
Sweden	23 Mar 1984		9 Nov 1984
Switzerland	30 Apr 1985		9 May 1985
Thailand			9 Oct 1985 (a)
Trinidad & Tobago	29 Apr 1985		9 May 1986
Union of Soviet Socialist Republics	28 Mar 1985		20 May 1985 (A)
United Kingdom	29 Jun 1984		18 Sep 1984
United States of America	26 Apr 1985	26 Apr 1985	

Annex II

INTERNATIONAL TROPICAL TIMBER COUNCIL  
Sixth Session  
16-24 May 1989, Abidjan, Côte d'Ivoire

RESTRICTED  
ITTC(VI)/14  
24 May 1989  
Original: English

RESOLUTION 1(VI)

THE PROMOTION OF SUSTAINABLE FOREST MANAGEMENT  
A CASE STUDY IN SARAWAK, MALAYSIA

The International Tropical Timber Council,

Reaffirming the obligation and commitment of all Members to the objectives of the ITTA, 1983,

Bearing in mind Article 1 (a) of the ITTA, "to provide an effective framework for co-operation and consultation between tropical timber producing and consuming Members with regard to all relevant aspects of the tropical timber economy", and Article 1 (h) of the ITTA, "to encourage the development of national policies aimed at sustainable utilization and conservation of tropical forests and their genetic resources, and at maintaining the ecological balance in the regions concerned",

Recalling the Statement made by the Representative of Malaysia at the Fifth Session of the International Tropical Timber Council informing the Council of the serious efforts to promote sustainable forest management in Malaysia and inviting international assistance to support the implementation of these policies,

Taking note of the Statement made by the representative of Malaysia at its current Session of the ITTC,

Expressing its appreciation to the Government of Malaysia for its readiness to welcome a Mission to visit Sarawak, Malaysia at a date to be decided by mutual agreement,

1. Establishes a Mission with the following terms of reference:

- a) To assess the sustainable utilization and conservation of tropical forests and their genetic resources as well as the maintenance of the ecological balance in Sarawak, Malaysia, taking fully into account the need for proper and effective conservation and development of tropical timber forests with a view to ensuring their optimum utilization while maintaining the ecological balance, in the light of recent ITTO studies on forest management for sustainable timber

production in Member countries and relevant reports by other organizations;

- b) Based on its findings, to make recommendations for further strengthening of sustainable forest management policies and practices, including areas of international co-operation and assistance.
2. Authorizes financing not exceeding \$330,000 from the Pre-Project Sub-Account for the work of the Mission.
  3. Appreciates the readiness of the Government of Malaysia to fully co-operate in facilitating the work of the Mission and to allow it to visit any part of Sarawak, to meet any persons and also to make available information relevant to the work of the Mission.
  4. Invites all Members, and relevant international organizations and international institutions to lend their fullest support for the success of the Mission.
  5. Appeals to all members, bearing in mind Article 30 of the ITTA, to use their best endeavours to co-operate to promote the attainment of the objectives of the ITTA and avoid any action contrary thereto.
  6. Requests the Executive Director to take all necessary measures for the implementation of this Resolution and to prepare the necessary documentation for this purpose.
  7. Requests the Executive Director to communicate this Resolution to all international organizations and others interested in the work of the ITTO.
  8. Further requests the Mission to present, on a confidential basis, a Progress Report at the Seventh Session and its final Report at its Eighth Session.

**Annex III**

TROPICAL TIMBER MARKET STATEMENT

1. ITTO has established a sound quantitative data base which represents 93 percent of the value of the total net exports of member nations and 89 percent of total world exports of tropical wood products.
2. The annual value of the international trade in tropical wood products (logs, sawnwood, plywood and veneer) is in excess of US\$ 6 billion. Between 1985 and 1987 the value traded has grown by 26 percent per annum. Net reduction in the volume of logs traded has been offset by increases in volumes of sawnwood, plywood and veneer.
3. Tropical hardwood log exports have fallen from 28.5 million cubic meters worldwide in 1987 to 22.9 million cubic meters in 1988, an annual drop of 19.5 percent, but are expected to rebound somewhat during 1989 to 24 million cubic meters. Producers' tropical sawn hardwood exports, which had already risen 2.4 percent from 9.10 million cubic meters in 1987 to 9.32 million cubic meters in 1988, are expected to rise more rapidly to 10 million cubic meters in 1989. In the case of tropical plywood, producers look forward to a modest 1.3 percent increase in their exports during 1989, up to 7.5 million cubic meters. This follows the strong expansion to 7.38 million cubic meters in 1988, from 6.86 million cubic meters of exports in 1987.
4. This trend reflects the desire by producing countries to add value to their forest based industries, to provide additional earning capacity, improved employment prospects and opportunities for planned development.
5. The pattern is expected to continue in the long-term and will gather momentum as secondary processing into semi-finished products consolidates and the manufacture of further finished items advances. Producing countries are firm in their resolve to meet the technological

changes and training challenges which arise from the drive towards value added markets.

6. Short term market trends in all consuming regions (Europe, Asia/Pacific and North America) indicate that aggregate market growth has reached a plateau characterized by a movement away from the trade in logs, a stabilization in the demand for sawnwood and a modest increase in the demand for plywood and further processed items.

7. This trend reflects moderation in the general level of economic growth in Europe and North America which directly influences the demand for wood products. Upward pressures on interest rates decrease stockholding, increase the cost of sales and induce hesitation in the market place. However in the Asia/Pacific region economic growth rates remain strong, resulting in increased demand for wood products. Domestic requirements in the major producing countries of the region may be expected to take an ever-increasing share of production.

8. Many tropical timbers maintain a strong share in market sectors which emphasize the intrinsic characteristics of the raw material. Few are uniquely free from substitution by alternative materials which include softwood, wood based panels and other substitute materials. Customer preference for lighter coloured woods has reinforced the demand for temperate conifer and broadleaved timbers.

9. Constraints in the international trade of tropical wood products lead to uncertainty in trade flow and debilitating instability in price structures. Rising export taxes may be expected to have commercial repercussions. The reduction of log supply and restraints imposed by national policies on sawnwood released to the export market are matters of concern to the timber industries in consuming countries. Many of these constraints arise from the perceived need to re-inforce more effective forest management methods.

10. A growing interest in the natural environment has generated world wide public awareness of the challenges posed in tropical resource management. ITTO is pleased to note a meaningful dialogue between environmental groups, those entrusted with the management of tropical resources and the tropical timber industries. In general more diffusion of information to the public about sustained yield management of tropical forests is necessary.

11. Those in consuming nations are becoming more aware that for many tropical countries the forest resource is a primary development asset. Destabilization of the international trade in tropical forest products is counter-productive to the sustainable management of this asset and may often accelerate its depletion.

12. In some consuming regions trade associations have expressed their intentions to provide positive assistance to producer countries to utilize their forest resources to best advantage. In Europe, the Union pour le Commerce des Bois Tropicaux dans la C.E.E. (UCBT) seeks the means to establish a surcharge on imported tropical wood products. In Japan, the newly established Environment Committee of the Japan Lumber Importers' Association (JLIA) will seek powers from their members to make funds available. Both these Trade Associations express the desire to channel additional resources into the Special Account of ITTO. In North America, the IHPA will commit resources to promote the preservation of the tropical forest through conservation, utilization, reforestation and education.

13. Within the totality of the international trade in wood products consuming countries recognize the aspirations of producing countries to raise the level of income from their forest products industries and to sustain forest resources. Producing countries maintain that more remunerative export prices are essential in order to further sustain tropical timber resources, and that ITTO has to take account of this fact. At the same time, the market share derived from tropical resources will be affected by the international market forces, which may induce preference for alternatives.

14. ITTO has proved to be a uniquely qualified forum to address the challenges and opportunities presented in the international tropical timber economy.

Note: The tables of the Tropical Timber Markets Forecasts (1987-1989) appear in the Report of the International Tropical Timber Council at its Sixth Session {document ITTC(VI)/15}.

Annex IV

SCHEDULE OF OFFICIAL TRAVEL AND PARTICIPATION AT CONFERENCES

(1) Administration

- 14 January -  
3 February 1989 - Executive Director (ED) took part and made a presentation at the International Conference on 'The Management of Tropical Forests - Utopia or Chance for Survival', in Feldafing, FRG. Subsequently visited Bonn, Copenhagen, Rome, Geneva and London for consultations with authorities in these Member countries. In Rome, made a courtesy call on the newly appointed ADG of Forestry Department of FAO.
- 12 - 19 February 1989 - ED visited Malaysia for consultations in Kuala Lumpur and Kuching, Sarawak.
- 9 March 1989 - ED held discussions with various NGOs representatives in Japan.
- 13 - 22 March 1989 - ED visited Washington, D.C., Toronto and Ottawa for consultations with relevant authorities and NGO's representative in U.S.A. and Canada. Also attended Advisory Board Members' Meeting of the Osborn Center Forestry Policy Grants Programme in Washington.
- 13 - 26 April 1989 - ED visited and had consultations with authorities in Malaysia, in Kuala Lumpur and Kuching regarding the proposed ITTO Mission to Sarawak. Consultations were also held with NGO's (SAM) in Penang and WWF in Kuala Lumpur. Further consultations on this matter were held with EEC Members in Brussels, Swiss authorities and WWF International.
- 10 - 26 May 1989 - Sixth Session of the ITTC and Fourth Sessions of the Permanent Committees in Abidjan, Côte d'Ivoire.
- 4 - 12 June 1989 - ED attended ASEAN Forestry Meeting in Manila, then participated at the 'Enquete-Kommission' of the German Bundestag on tropical forests in Bonn before visiting Helsinki for consultations.

- 26 June - 3 July 1989 - ED visited Malaysia for consultations regarding the ITTO Mission to Sarawak before going to London to hold discussions with Lord Cranbrook to lead the Mission. Opportunity was also taken to hold discussions with authorities in London.
- 3 - 4 August 1989 - ED made a presentation at International Symposium for the Survival of Mankind on the occasion of the 40th Anniversary of the Mainichi Shimbun's Population Problem Research Council.
- 7 - 13 August 1989 - ED together with Lord Cranbrook visited Sarawak to discuss the logistics and other arrangements for the ITTO Mission.
- 17 August 1989 - ED held discussions with various NGO's representatives in Japan.
- 11 - 13 September 1989 - ED participated at the Tokyo Conference on Global Environment and Human Response toward Sustainable Development. He made a keynote speech on 'Development and the Environment in Developing Countries' and 'Issues concerning Tropical Forests and their Future Outlook'.
- 13 - 27 September 1989 - ED visited India, Togo, Cameroon, Zaire and France for consultations with relevant authorities.
- 8 - 10 November 1989 - ED visited Nagoya and Kyoto in preparation for the ITTO's Study Tour and Seminar.
- 22 November -  
14 December 1989 - ED visited Malaysia co-ordinate the work of ITTO's Mission to Sarawak.

(2) Economic Information and Market Intelligence

- 15 - 27 February 1989 - Assistant Director went on mission to Abidjan, Côte d'Ivoire, to assist host country officials in preparatory arrangements for the organization of the Sixth Session of the Council and the Fourth Session of the Permanent Committees.
- Also stopped over in Accra to assist local officials in the arrangements for the organization by the Ghana Export Timber Organization of the planned ITTO Seminar on the Promotion of Further

Processing of Tropical Hardwood Timber in the African Region [under PD 44/88 (I)].

- 6 - 9 June 1989 - Assistant Director, after the Sixth Session of the ITTC in Abidjan stopped over in Bonn to accompany the Executive Director during his attendance to testify before the Federal Republic of Germany Bundestag Enquete Commission on the Environment.
- 13 - 24 September 1989 - Accompanied the Executive Director on his official visit to the capitals of Member State, India; and of prospective Member States: Togo and Zaire.
- 26 - 29 September 1989 - Stopped over in Singapore to present a Paper entitled "The ITTO and the Prospects for the Tropical Timber Trade in the Asian Region" at the Woodmac Asia 89 Conference.
- 9 - 13 October 1989 - Attended the Forty-Seventh Session of the UN ECE Timber Committee in Geneva. The Session discussed cooperation between the Timber Committee and the ITTO and discussed and adopted a Communique on the question of the threat of a selective boycott of imports of tropical timber products into Europe and North America.
- 27 November -  
15 December 1989 - Attended the Ninth TFAP Forestry Advisors Group Meeting at the World Bank, Washington. Made a presentation to the Meeting on the activities of the ITTO and current developments of interest.
  - He held meetings in United Kingdom with officials of the ODA and the Oxford Forestry Institute on the arrangements for the financing and implementing of the Pre-Project on "Incentives in Producer and Consumer Countries to Promote Sustainable Development of Tropical Forests".
  - He represented ITTO at an Informal Meeting of International Secretariats of International Conventions Relating to Biological Diversity convened by UNEP in Geneva (14-15 December 1989).
- 29 May - 6 June 1989 - The Statistician, after the 6th ITTC, went on official missions to Gabon to familiarize himself with the statistical operations of the Ministry of Forestry of Gabon, other Forest Products and timber trade and industry agencies in Libreville and of the ATO Headquarters Secretariat in Libreville.

- He went to Rome and Geneva to assist in introducing the new Programmer/Systems Analyst to the relevant officials at the FAO in Rome and at the ECE/FAO Agriculture and Timber Division of the UN ECE in Geneva.
  - He also visited Kuala Lumpur, Malaysia, to hold discussions with officials of the Ministry of Primary Industries, the Forestry Department, the MTIB and the Forestry Research Institute.
- 25 May - 1 June 1989
- The Programmer/Systems Analyst, after the 6th Session of the ITTC, went on official missions to be introduced to the Computer and Statistical Operations of the FAO in Rome and of the ECE/FAO Agriculture and Timber Division of the UN ECE, and of the ITC in Geneva.

(3) Reforestation and Forest Management

- 14 - 18 January 1989
- The Assistant Director participated in International Symposium on "Management of Tropical Rainforests - Utopia or Chance of Survival" at Feldafing, Federal Republic of Germany, arranged by Deutsche Stiftung für Internationale Entwicklung.
- 18 - 21 January 1989
- The Assistant Director participated in meetings at Ministries and Agencies of Government in Bonn, Federal Republic of Germany.
- 22 - 28 January 1989
- The Assistant Director took part in a drafting group meeting held in Bangkok, Thailand to prepare documents for the Panel of Experts which had been formed to prepare a Draft Action Plan for ITTO in the field of reforestation and forest management.
- 21 - 26 February 1989
- The Panel of Expert for the preparation of Draft Action Plan for ITTO in the field of reforestation and forest management met in Paris, France. The meeting was attended by the Assistant Director as coordinator of the Panel's work.
- 26 - 31 March 1989
- The Assistant Director represented ITTO at a workshop on defining priorities for research into more effective management of biological resources,

arranged by U.S.A.I.D in co-operation with N.S.F, in Bangkok, Thailand.

- 1 - 7 April 1989 - The first progress review of project PD 10/87 (F) was conducted in Malaysia by the Assistant Director in cooperation with the Forestry Department, Peninsular Malaysia.
- 7 - 11 May 1989 - The Assistant Director represented ITTO at the TFAP Forest Advisers meeting held in Paris, France.
- 12 - 26 May 1989 - The Assistant Director attended the Fourth Session of the Committee and the Sixth Session of the Council in Abidjan, Côte d'Ivoire.
- 2 - 7 June 1989 - The Assistant Director represented ITTO at the Round Table Meeting on the National TFAP of Bolivia held in Santa Cruz, Bolivia.
- 4 - 9 September 1989 - The mid term review of Project PD 17/87 (F) was conducted by the Assistant Director in cooperation with the Agency for Forest Research and Development, Ministry of Forestry, Indonesia, in Jakarta and Samarinda, Indonesia.
- 24 - 30 September 1989 - The Second Steering Committee meeting for Project PD 24/88 (F) was held in Rio Branco, Acre, Brazil. The Assistant Director participated in the meeting.
- 14 - 16 October 1989 - The Assistant Director visited Nagoya and Kyoto to make preparations for the study tour and seminar to be held in conjunction with the Fifth Session of the Committee as part of Project PD 57/89 (F,I).
- 8 - 10 November 1989 - The Assistant director made final arrangements for and supervised the seminar executed as part of Project PD 57/89 (F,I) in Kyoto.
- 28 November -  
4 December 1989 - The Assistant Director conducted a mid-term review of the Pre-Project "Improvement of Harvesting Systems for Sustainable Management of Tropical Forests" in Stockholm, Sweden.
- 4 - 6 December 1989 - The Assistant Director had meetings at FAO Headquarters, Rome, Italy, with officials of the Forestry Department and

the Fellowships Branch to discuss FAO involvement in implementing Projects PD 60/89 (F,M,I) and PD 73/89 (M,F,I).

(4) Forest Industry

- 14 February -  
2 March 1989 - Assistant Director and Projects Manager helped to organize and attended a Roundtable on Opportunities and Constraints to Latin American Tropical Hardwood-Based Industrial Development, in Brasilia, Brazil.
- 16 - 24 May 1989 - Assistant Director and Projects Manager served the Fourth Session of the Permanent Committee on Forest Industry and the Sixth Session of ITTC, in Abidjan, Côte d'Ivoire.
- 4 - 7 December 1989 - Assistant Director attended an Expert Group Meeting on the Wood and Wood Industry, at UNIDO, Vienna, Austria, in preparation of the Second Consultation of the Wood and Wood Products Industry.
- 25 - 31 May 1989 - Projects Manager visited Accra for consultations with the Ghana Timber Export Development in preparation of the Seminar for the Promotion of Further Processing of Tropical Hardwood Timber in the African Region.

Annex VI

Contributions to the Special Account - 1989  
(in U.S. dollars)

Pre-Project Sub-Account

Japan	162,200.00	
	145,500.00	307,700.00
Denmark		224,000.00
Mission to Sarawak:		339,670.00
- Australia	50,000.00	
- Denmark	50,000.00	
- Japan	50,000.00	
- Netherlands	50,000.00	
- Norway	45,000.00	
- Sweden	15,000.00	
- Switzerland	40,000.00	
- United Kingdom	39,670.00	
	Total:	<u>871,370.00</u>

Project Sub-Account

Netherlands	70,000.00	
	136,039.00	206,039.00
Japan	377,790.00	
	529,318.45	
	82,223.00	
	655,140.97	
	739,000.00	2,383,472.42
Switzerland	102,017.00	
	355,000.00	
	56,929.50	513,946.50
Sweden		386,039.00
Denmark		130,208.33
Norway		21,685.70
	Total:	<u>3,641,390.95</u>

**Annex VII**

Administrative Budget 1990  
Estimated Expenditures for the Financial Year 1990  
(in United States dollars)

[Post Adjustment Multiplier: 229.4; U.N. Rate of Exchange US\$ 1 = ¥133]

	<u>Estimated Total</u>
<b>A. SALARIES AND BENEFITS</b>	
A1. Salaries .....	789,400
A2. Staff Assessment .....	[ 74,211]*/
A3. Post Adjustment .....	780,995
A4. Rental Subsidy .....	85,000
A5. Education Grant plus Travel .....	135,000
A6. Dependency Allowance .....	38,700
A7. Home Leave .....	27,000
A8. Language Allowance .....	4,000
A9. Overtime .....	10,000
A10. Assignment Allowance .....	27,600
A11. Separation Benefits .....	30,000
A12. Removal Costs .....	50,000
A13. Repatriation Travel .....	45,000
Component Total:	<u>\$2,022,695</u>
<b>B. INSTALLATION AND INITIAL TRAVEL</b>	
B1. Installation Grant .....	72,450
B2. Lumpsum Benefit .....	10,800
Component Total:	<u>\$83,250</u>
<b>C. OFFICIAL TRAVEL</b>	
C1. Transportation/Tickets .....	110,000
C2. DSA .....	67,800
Component Total:	<u>\$177,800</u>
<b>D. SOCIAL SECURITY</b>	
D1. Provident Fund .....	99,275
D2. Accident/Health Insurance .....	13,500
D3. Japanese National Scheme .....	42,500
Component Total:	<u>\$155,275</u>
<b>E. CONSULTANTS</b> .....	110,000
Component Total:	<u>\$110,000</u>
<b>F. STATISTICAL OPERATIONS</b>	
F1. Computer Software and Servicing .....	17,000
F2. Communications, User Charges and Supplies .....	40,000
F3. Training and Staff Development .....	10,000
Component Total:	<u>\$67,000</u>

\*/ Applied to Japanese Staff only, and payable by Japan.

	<u>Estimated Total</u>
G. OTHER COSTS	
G1. Communications .....	45,000
G2. Publications .....	55,000
G3. Transport .....	20,000
G4. Library .....	20,000
G5. Supplies .....	25,000
G6. Hospitality .....	15,000
G7. Bank Charges .....	7,000
G8. Auditor .....	30,000
	<hr/>
Component Total:	\$217,000
	<hr/>
H. COUNCIL MEETINGS	
H1. Costs not met by Japan .....	20,000
	<hr/>
Component Total:	\$20,000
	<hr/>
I. COSTS MET BY JAPAN	
I1. Office, equipment, utilities .....	<u>**/</u>
I2. Council Meetings .....	<u>**/</u>
I3. Initial Travel .....	<u>**/</u>
I2. Removal Costs .....	<u>**/</u>
	<hr/>
Component Total:	<u>**/</u>
	<hr/>
J. CONTINGENCY RESERVE (Bank Deposit = US\$ 600,000.00)	-
	<hr/>
GRAND TOTAL:	<u>\$2,815,020</u>
	<hr/> <hr/>

\*\*/ Payable or reimbursable by Japan based on actual expenditures.

Estimated Receipts for the Financial Year 1990  
(in United States dollars)

1.	Bank Interest earned in 1989 .....	US\$	37,884.00
2.	Assessed Contribution of Members for 1990 .....		2,815,136.00
			<hr/>
	TOTAL (equivalent to estimated expenditures):	US\$	2,853,020.00
			<hr/> <hr/>

Assessed Contributions of Members for 1990  
(Total: US\$ 2,815,136)

<u>PRODUCERS</u>	<u>Votes</u>	<u>Contribution</u>
<u>Africa</u>		
Cameroon .....	33	46,450
Congo .....	33	46,450
Côte d'Ivoire .....	33	46,450
Gabon .....	33	46,450
Ghana .....	33	46,450
Liberia .....	33	46,450
<u>Asia and Pacific</u>		
India .....	43	60,525
Indonesia .....	165	232,249
Malaysia .....	150	211,135
Papua New Guinea .....	34	47,857
Philippines .....	39	54,895
Thailand .....	27	38,004
<u>Latin America</u>		
Bolivia .....	35	49,265
Brazil .....	183	257,585
Ecuador .....	25	35,189
Honduras .....	20	28,151
Panama .....	21	29,559
Peru .....	41	57,710
Trinidad and Tobago .....	19	26,744
Total (Producers):	1,000	\$1,407,568
 <u>CONSUMERS</u>		
Australia .....	19	26,744
Austria .....	11	15,483
Canada .....	15	21,114
China .....	40	56,303
Egypt .....	15	21,114
<u>European Economic Community</u>		
Belgium-Luxembourg .....	25	35,189
Denmark .....	13	18,298
France .....	52	73,193
Germany, Federal Republic of .....	44	61,933
Greece .....	14	19,706
Ireland .....	12	16,891
Italy .....	37	52,080
Netherlands .....	40	56,303
Portugal .....	20	28,151
Spain .....	26	36,597
United Kingdom of Great Britain and Northern Ireland .....	53	74,601
Finland .....	11	15,483
Japan .....	327	460,275
Norway .....	11	15,483
Republic of Korea .....	81	114,013
Sweden .....	11	15,483
Switzerland .....	11	15,483
Union of Soviet Socialist Republics .....	14	19,706
United States of America .....	98	137,942
Total (Consumers):	1,000	\$1,407,568
GRAND TOTAL:		\$2,815,136