



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

Distr.
GENERAL

ITTC(XXXIV)/32
6 August 2003

Original: ENGLISH

THIRTY-FOURTH SESSION
12 – 17 May 2003
Panama City, Panama

**REPORT OF THE
INTERNATIONAL TROPICAL TIMBER COUNCIL
AT ITS THIRTY-FOURTH SESSION**

Panama City, Panama

12– 17 May 2003

Table of Contents

	Pages
Report	1-41
Opening of the Session.....	1
Ascertainment of the Quorum	2
Adoption of Agenda and Organization of Work	2
Membership of the Council	2
Report of the Credentials Committee.....	3
Distribution of Votes	3
Admission of Observers.....	3
Statement by the Executive Director.....	3
Report of the Informal Advisory Group (IAG) – Decision 3(XXII)	4
CITES Listing Proposals by Members – Decision 3 (XVI).....	4
The Potential Role of Phased Approaches to Certification in Tropical Timber Producer Countries as a Tool to Promote Sustainable Forest Management	4
Civil Society/Private Sector Partnerships for Sustainable Forest Management	7
Measures to Improve Project Formulation and Appraisal	10
Preparations for Negotiating a Successor Agreement to the ITTA, 1994.....	13
ITTO Objective 2000	14
Report of the Compilation and Analysis of Information on Relevant Issues Affecting Market Access for Tropical Timber.....	20
Promotion of Sustainable Forest Management in the Congo Basin	22
Forest Law Enforcement in the Context of Sustainable Timber Production and Trade	25
Progress Report on the Implementation of the ITTO Work Programme for the Year 2003	28
Matters Related to Article 16 of the ITTA, 1994.....	29
ITTO Fellowship Programme	29
Draft Annual Report for 2002	29
Special Account and Bali Partnership Fund	30
Reports of the Associated Sessions of the Committees.....	31
Dates and Venues of the Thirty-fifth, Thirty-sixth and Thirty-seventh Sessions of the Council and Associated Sessions of the Committees.....	33
Other Business	33
Decisions and Report of the Session	36
Closing of the Session	38
 Annex I List of Participants	
 Annex II Agenda	
 Annex III Text of Main Decisions adopted by the Council at its Thirty-fourth Session	
 Annex IV Reports of the Associated Sessions of the Four Committees	
 Annex V Report of the Informal Advisory Group (IAG)	

REPORT

OPENING OF THE SESSION (Agenda Item 1)

1. The Thirty-fourth Session of the International Tropical Timber Council was opened by the Chairperson of the Council, Dato' Dr. B.C.Y. Freezailah (Malaysia). The Chairperson welcomed all delegates to the Session and on behalf of the Council expressed gratitude and appreciation to the Government of the Republic of Panama for hosting the Session. He noted that the warmth, hospitality and excellent arrangements that had characterized ITTC Sessions remained undiminished. The Chairperson, on behalf of the Council, expressed deep indebtedness to H.E. Dr. Arturo Vallarino, First Vice-President of the Republic of Panama for gracing the occasion with his presence. Dato' Dr. Freezailah also acknowledged the participation of H.E. Mr. Jorge Viana, Governor of the State of Acre, Brazil; H.E. Mr. Emile Doumba, Minister of Forest Economy, Water and Fisheries of Gabon; H.E. Mr. Satyadeow Sawh, Minister of Fisheries, Crops, Livestock and Forestry of Guyana; H. E. Dr. Juan Carlos Navarro, Mayor of the City of Panama; and Ing. Ricardo Anguizola, Administrator General, Autoridad Nacional del Ambiente of the Republic of Panama.
2. The Chairperson recalled some important milestones in the growth and development of the ITTO as the Council began to embark upon the process of negotiating a successor agreement to the ITTA, 1994. He called for enhanced level of cooperation between producers and consumers and greater international assistance if the ITTO was to make further significant progress in the achievement of sustainable forest management. He noted that greater cooperation and balance of obligations and responsibilities between producers and consumers were needed in terms of political and financial commitments. Dato' Dr. Freezailah indicated that during the last fifteen years, the ITTO had withstood the test of time under various stresses and strains. A solid foundation had been established for international cooperation to address the tropical forest problematique. He noted with pride that all ITTO Producer Countries were seriously embarking on the difficult, expensive and long journey to achieve the ITTO 2000 Objective and some had even reached the level of confidence to subject their forests to certification. He urged that in order to facilitate and expedite the journey to achieve this objective, enhanced level of international assistance would be needed, without which the ITTO would soon reach its limits of growth and capacity.
3. In his statement to the Council, H.E. Mr. Satyadeow Sawh, Minister of Fisheries, Crops, Livestock and Forestry of Guyana stated that the ITTO had made a very positive contribution to the promotion of sustainable forestry practices worldwide. He was confident that the ITTO would continue to provide both Producing and Consuming Member Countries with the appropriate guidelines and support to further assist countries to meet their national and international obligations in the course of utilizing their forest resources for maximum social, economic and ecological benefits. H.E. Minister Sawh informed the Council that the Guyana Forestry Commission (GFC) was actively engaged in poverty alleviation programmes through the empowerment of local communities, particularly native Amerindian communities to manage dedicated state forest resources. In addition, the GFC recently issued its first forest conservation concession to Conservation International, to be used for non-timber extractive purposes. He thanked the Council for sending a diagnostic mission to undertake detailed review of the Forestry Sector in Guyana. He hinted that the Government of Guyana would be formally approaching the ITTO for assistance in the implementation of the recommendations of the diagnostic mission.
4. H.E. Mr. Jorge Viana, Governor of the State of Acre, Brazil, stated that with the election of President Lula da Silva, Brazil was living through a very special moment in time and had really taken a new direction. He stated that Brazil had witnessed important changes in its forest sector but still had a lot to do. The forest sector currently accounted for 8% of Brazilian exports and represented 4% of GDP. He stated that the new Government of Brazil was well aware of the enormous potential of the forest sector and that the sector would soon become a priority sector for the Government. He said the ITTO had provided the state of Acre an opportunity to implement a forest management project that had made Acre a model state in the use of forest resources. He noted that the economic base for all the work being carried out by the Government was the sustainable use of forests. Mr. Viana reported that together with the Central Government of Brazil and with the support of the ITTO, Acre was creating the first state forest for the production of

mahogany. He predicted that in 4 years time, Acre would have approximately 60% of the total area of the state under a system of conservation units that would include extractive reserves, indigenous areas, state and national parks and public sustainable production forests.

5. H.E. Mr. Emile Doumba, Minister of Forest Economy of Gabon renewed the commitment of the Government of Gabon to promote the sustainable management of tropical forests as a means of combating poverty and contributing to the global effort towards maintaining major ecological balances. He indicated that Gabon was implementing a new forest policy based on (i) sustainable development of forests; (ii) the industrialization of the timber sector; (iii) the conservation of biological diversity; and (iv) the involvement of rural Gabonese nationals in the management of community forests. He hailed the many laudable initiatives launched by the ITTO in recent years to assist Gabon in its multiple forms of action in support of sustainable tropical forest management. He noted that the ITTO 2000 Objective was a useful, proactive initiative which, in the long run, would ensure that all Member Countries of the ITTO would achieve significant progress towards the sustainable management of their forests.
6. In his statement to the Council, Ing. Ricardo Anguizola, Administrator General of ANAM thanked the Council for giving Panama the opportunity to host the Thirty-fourth Session of the ITTC. He said that communities living in forest areas suffered from widespread poverty and were losing their traditional knowledge and as a result, most forest areas in the world had been subjected to environmental degradation. He stressed the need for an urgent action to ensure the appropriate management of forest resources and the social and economic development of forest communities. He stated that in the eastern region of Panama, the area of forest was showing signs of stabilization and the process of deforestation was beginning to decline. He noted that the participation of the civil society in the protection of fragile forest areas constituted an effective way of creating public awareness and contribution to the conservation and management of forest resources. Ing. Anguizola stated that since its inception, the ITTO had fulfilled the task of promoting tropical timber trade thereby contributing to the development of its Member Countries while ensuring the conservation of their tropical forest resources.
7. In his address to the Council, H.E. Dr. Arturo Vallarino, First Vice-President of the Republic of Panama said it was an honour and a pleasure for Panama to host the Thirty-fourth Session of the ITTC. He stated that Panama would welcome any support or cooperation that would help the country to develop its forestry potential. The Government of Panama had the responsibility to continue strengthening actions aimed at the sustainable management of its natural forests and the development of new commercial reforestation projects covering an area of 1,200,000 hectares. The Vice-President said the Government was determined to face this challenge. He informed the Council that in January this year, the Republic of Panama promulgated an Executive Decree approving the National Forest Policy Guidelines and Strategy which addressed priority issues such as the incorporation of forest management into the primary sector development strategy as a viable economic activity; the harmonization of land uses among various users based on production capacity of the land and the sustainability of forest management and harvesting; the sustainable management of the state's forest heritage; and the development of the National Forest Plantations Plan.

ASCERTAINMENT OF THE QUORUM (Agenda Item 2)

8. The Executive Director, Dr. Manoel Sobral Filho, reported that the Quorum for the Thirty-fourth Session of the ITTC had been met (The full list of participants is contained in Annex 1).

ADOPTION OF AGENDA AND ORGANIZATION OF WORK (Agenda Item 3)

9. The Chairperson referred to document ITTC(XXXIV)/1 and invited comments from the Council on the provisional agenda. In the absence of any comments, the provisional agenda was adopted (Annex II).

MEMBERSHIP OF THE COUNCIL (Agenda Item 4)

10. The Executive Director reported that there had been no change in the membership of the Council. The total membership remained at fifty-seven (57), comprising thirty-one (31) producing and twenty-six (26) consuming members, including the European Community (The membership of the Council is attached to the agenda).

REPORT OF THE CREDENTIALS COMMITTEE (Agenda Item 5)

11. The report of the Credentials Committee was presented by the Chairperson of the Committee, Mr. Raúl Pinedo (Panama).
12. He referred to document ITTC(XXXIV)/3 and reported that the Committee was composed of representatives from Côte d'Ivoire, Honduras, Indonesia, Panama, Germany, Netherlands, Switzerland and U.S.A. The Committee met on 16 May 2003 and examined and accepted the credentials of forty-three (43) countries and the European Community which participated in the Thirty-fourth Session of the ITTC and the Sessions of the Committees.

DISTRIBUTION OF VOTES (Agenda Item 6)

13. The Chairperson referred to document ITTC(XXXIV)/1 Annex. He informed the Council that in accordance with Article 19(4) of the ITTA, 1994, the proposed distribution of votes would be used for the assessment of the contribution of each Member to the Administrative Budget for 2004.
14. In the absence of any comments by Members, the proposed distribution of votes for 2003 was approved.

ADMISSION OF OBSERVERS (Agenda Item 7)

15. The Chairperson drew Council's attention to document ITTC(XXXIV)/Info.3 which listed states, inter-governmental, governmental and non-governmental organizations applying for Observer status. The Council admitted all applicants.

STATEMENT BY THE EXECUTIVE DIRECTOR (Agenda Item 8)

16. The Executive Director welcomed delegates to the Thirty-fourth Session. He thanked H.E. Dr. Arturo Vallarino, First Vice-President of the Republic of Panama for gracing the Session with his presence. Dr. Sobral also acknowledged the participation of H.E. Mr. Emile Doumba, Minister of Forest Economy, Water and Fisheries of Gabon; H.E. Mr. Satyadeow Sawh, Minister of Fisheries, Crops, Livestock and Forestry of Guyana; H.E. Mr. Jorge Viana, Governor of the State of Acre, Brazil; H.E. Dr. Juan Carlos Navarro, Mayor of the City of Panama; and Ing. Ricardo Anguizola, Administrator General, Autoridad Nacional del Ambiente of the Republic of Panama.
17. Dr. Sobral reported on preparations for the negotiation of a successor agreement to the ITTA, 1994. He noted that the report of the Working Group convened under Decision 8(XXXIII) would be placed before the Council and expressed his delight at the conclusion drawn by the Working Group that the Members of the Organization wish to retain an Agreement. He indicated that the ITTA, 1994, with its unique focus on promoting tropical forest development and tropical timber trade was yet to realize its full potential not because of inaction but because its full implementation was such a daunting task, almost certainly not consistent with its agreed duration.
18. The Executive Director informed the Council on further progress made in the implementation of Decision 11(XXXII) on the Potential Role of Phased Approaches to Certification in Tropical Timber Producer Countries as a tool to promote sustainable forest management. He reported that three regional workshops had been convened: in Jakarta, Indonesia; Libreville Gabon; and Panama City, Panama. He noted that the outcomes of these regional workshops would provide valuable guidance to the Council in determining how producing member countries could be assisted to put in place a practical, phased approach and to build up necessary capacities for their actual involvement in certification. He indicated that the Council's decision to provide such assistance would play an important role in enabling tropical developing countries to start to bridge the gap with temperate forest competitors in terms of forest area certified.
19. On the ITTO national-level training workshops on the application of ITTO Criteria and Indicators for Sustainable Management of Natural Tropical Forests the Executive Director indicated that so far seven workshops had been held. The workshops had facilitated the completion and submission of the first national reports on progress towards sustainable forest management using the ITTO Criteria and Indicators Reporting Formats. He mentioned that demand for national criteria and indicators training workshops had outstripped the supply of funds provided through

Decision 9(XXX), with the four workshops scheduled for the second semester of the year likely to exhaust the budget.

20. The Executive Director reported that at the meeting of the WTO Committee on Trade and Environment held last February, the issue of forest products trade was considered. Developing countries stressed that importing countries should avoid using management standards unilaterally as non-tariff barriers, under the pretext of conservation to affect market access. He noted that some major importing countries supported this view and stated that the objective of sustainable forest management did not conflict with trade liberalization. He indicated that these remarks reflected very well the philosophy inherent in the ITTA, 1994 and should therefore encourage Member Countries to pursue the issue of market access for tropical timber with sustained vigour.
21. Dr. Sobral said that the Council's renewed commitment and continuous financial support to promote sustainable forests were re-assuring and should not be doubted. He noted that while many pessimists continued to limit themselves to pointing out that tropical forests faced continued degradation, ITTO had formulated and approved guidelines for the restoration, management and rehabilitation of degraded and secondary tropical forests. While skeptics might doubt the possibility of sustainable forest management because of the complexity of tropical forests, ITTO continued to support the expansion of knowledge and understanding of tropical forest ecosystems with a view to facilitating such management. While others paled in the face of the financial constraints to sustainable forest management, ITTO had been engaged in the search for mechanisms and approaches that might increase remuneration for tropical forest products and services in order to enhance the competitiveness of natural forests as a land-use among the other options available to forest owners.

REPORT OF THE INFORMAL ADVISORY GROUP (IAG) (Agenda Item 9)

22. The Chairperson referred to document ITTC(XXXIV)/2. He reported that the Informal Advisory Group established under Decision 3(XXII) held its Twelfth Meeting on 11 May 2003. The meeting was attended by the Chairperson and Vice-chairperson of Council, the Chairpersons of the Committees, the spokespersons of the Consumer and Producer Groups, representative of the Government of Japan, the Executive Director and the Chairperson of the PrepCom.
23. Issues considered by the IAG included: preparations for negotiating a successor agreement to the ITTA, 1994; outcome of the Working Group on "Préparations for negotiating a Successor Agreement to the ITTA, 1994" held in Bern, from 7 to 11 April 2003; enhancing project financing; draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII) and a list of possible decisions for the Thirty-fourth ITTC Session (the full report of the IAG is attached as Annex V).

CITES LISTING PROPOSALS BY MEMBERS (Agenda Item 10)

24. The Executive Director recalled Decision 3(XVI) which requested Members to inform the ITTO at the earliest opportunity of any proposals by Members to list internationally traded tropical timber species in CITES appendices. He reported that the Secretariat had not been advised by any Member on proposals to list any tropical timber species in CITES appendices.

THE POTENTIAL ROLE OF PHASED APPROACHES TO CERTIFICATION IN TROPICAL TIMBER PRODUCER COUNTRIES AS A TOOL TO PROMOTE SUSTAINABLE FOREST MANAGEMENT (Agenda Item 11)

25. The report was presented by Dr. Markku Simula. He noted that phased approaches appeared to offer a much needed practical means to address the constraints that tropical timber producers were facing in having access to certification as an instrument towards sustainable forest management and promotion of trade from sustainably managed forests. Dr. Simula highlighted that there was considerable interest in this instrument by buyers and their groups, forest owners and managers, industrial producers and exporters, governments, financing institutions and certification systems and bodies.
26. Dr. Simula identified three types of phased approaches – producer approaches, buyer approaches and certification systems. He highlighted a number of key concerns including:

- Emergence of differing requirements for exclusion of certain unacceptable sources in some buyers' policies;
 - Risk of confusion among parallel initiatives;
 - Communication on the results;
 - Conflicts of interest between advisory and audit functions;
 - Equity: access for small-scale forest owners and community forests; and
 - Economic feasibility and sharing of benefits.
27. Dr. Simula said that the general procedure for phased approach had been well defined. He indicated that the procedure involved: preliminary audit; preparation of action plan; entry to the system/registration by an appropriate body; phased implementation of the plan; verification of progress in implementation; and certification audit.
28. Dr. Simula outlined the following measures to assist community and small-scale forest owners:
- Group certification approach;
 - Simplification of guidelines or adjustment of standard requirements;
 - Provision of longer time-frames in applying phased approach than for example in large-scale concessions;
 - External funding and assistance, incentives tied to the progress made; and
 - Partnerships between communities.
29. Dr. Simula highlighted some key principles and characteristics of phased approaches including:
- Full certification should be the goal;
 - Clear commitment and time-bound action plan;
 - Truthful communication through adequate means;
 - Acceptability to buyers, consumers, international NGOs and other stakeholders;
 - Economic feasibility (sufficient return on investment) and
 - Support mechanisms and tangible incentives.
30. On the role of governments, Dr. Simula recommended the following: (i) creation of enabling conditions for sustainable forest management, including adequate and consistent legal, social and political framework and necessary support; (ii) ensuring the long-term secure tenure of forests; (iii) definition of the necessary legal requirements for forest management; (iv) effective enforcement of rules and regulations; (v) provision of support and incentives for implementing sustainable forest management and its certification and removal of possibly existing disincentives; (vi) application of public procurement criteria which make provision for phased approaches; and (vii) development of nationally applicable criteria and indicators for sustainable forest management.
31. Dr. Simula made the following recommendations for the ITTO:
- Endorsement by the ITTC for phased approaches to be developed;
 - Preparation of a technical guidance document on how to implement phased approach;
 - Carrying out a study on costs and benefits of certification, including its phased implementation;
 - Promoting greater comparability and consistency between tropical timber-related procurement policies of buyers and public agencies;
 - Promoting phased approaches among buyers, government agencies, certification systems and other stakeholders through further consultations, and promoting the buyer acceptance for credible applications of phased approaches;
 - Raising awareness among governments, markets, donor agencies, NGOs, multilateral development banks and international organizations on the merits of phased approaches and related possibilities to offer incentives to FMUs involved in their implementation;
 - Providing support to the emerging regional initiatives to develop certification and phased approaches to achieve it, notably in Africa and Asia-Pacific;
 - Continuing provision of support to capacity building through support to national working groups, training programmes and other related activities.
32. Dr. Simula made recommendations directed to both producing and consuming country governments, including:
- Considering the principles, criteria and indicators for sustainable forest management in the national legislation; and

- Promoting the use of certified products and considering phased approaches in public procurement policies.
Other recommendations were made for the private sector, certification schemes and other stakeholders.
33. Dr. Simula said that the conclusions and recommendations were still preliminary and would be revised based on the final report of the Panama Workshop and the guidance received from the ITTC.
 34. Mr. Patrick Falcone (France) sought information on whether any tests had been carried out with timber companies in either Africa, Asia-Pacific, Latin America or elsewhere. In response, Dr. Markku Simula indicated that the concept of phased approach was quite new and at an incipient phase. He cited a few cases in Asia where phased approaches had been implemented under certification bodies' support programmes. He also mentioned that the buyers approaches were being practiced and cited IKEA and Home Depot as buyers that were implementing their own buyers policies.
 35. Mr. Luiz Cesar Gasser (Brazil) indicated that there should be a more explicit reference to the fact that the legal requirements should be referred to in the national legislation.
 36. Dr. Dradjad Wibowo (Indonesia) proposed that the Council should consider the recommendations contained in the report and adopt a decision on phased approaches at the Session. He noted that there were certain key issues to be addressed by the Council, including joint field assessment and evaluation of cost and benefit.
 37. Mr. Michael Fullerton (Canada) commented on the role of governments in phased approaches and indicated that such a role would depend on the structure, extent and maturity of the private and social sectors in a particular country. As such he wondered how it would be possible to get to the stage of endorsement, awareness raising and support for phased approaches to certification.
 38. Mr. Mitsunori Namba (Japan) commended the Secretariat for being able to arrange three workshops in Asia, Africa and Latin America on phased approaches to certification in spite of time constraints. He welcomed the fruitful discussions and the outcomes of the workshops which involved various stakeholders and looked forward to promoting the development of certification system by taking concrete measures proposed in the workshops. He noted that the establishment of a widely recognized certification system was of outmost importance for the realization of sustainable forest management. He further indicated that certification could play a significant role in preventing illegal logging. He stated that there were two important factors to be considered in order to promote dissemination of certification system, notably, the promotion of phased approaches and elaboration of the study on mutual recognition between international and domestic standards.
 39. Dato Suboh Mohd Yassin (Malaysia) stated that the phased approach to certification was a pragmatic one that would pave the way towards attaining the objectives of sustainable forest management. He noted that phased approaches would provide solutions to the problems of countries trying to implement the ITTO Criteria and Indicators. He hoped that the phased approach would ease and assist countries in implementing the certification scheme of their choice. He urged the ITTO to assume a much more active role by assisting countries to implement the phased approaches to certification and removing any uncertainties that might exist. He further noted that there was a proliferation of criteria and indicators which had added to the confusion and had complicated matters further. The need for an internationally agreed criteria and indicators had therefore been exacerbated. He urged the ITTO to build and follow-up on its achievements in the area of criteria and indicators.
 40. Mr. Luis Ernesto Barrera Garavito (Guatemala) supported the intervention by Brazil and stated that the legal requirements should be made part of national legislation. He sought clarification on the relationship between producers and consumers in supporting the implementation of phased approaches to certification. He also sought clarification on the type of alliances needed with the FAO in order to strengthen national forestry programmes.
 41. Mr. Enzo Barattini (European Community) sought clarification on how the phased approach system could become a reality. He wanted to know how ITTO could assist and contribute to the

implementation of the phased approach system, since Members should have the freedom to choose any of the various certification systems.

42. Dr. Markku Simula (Consultant) stated that the issue of legal requirements was discussed in depth in the three workshops and the conclusion was that the legal requirements should be made part of national legislation. In addition, the issue of compliance should also take into consideration those international conventions that the country was signatory to. Dr. Simula noted that in all forest certification systems, legal compliance was a basic criterion and, therefore, forest certification could contribute to the control of illegal activities.
43. Mr. Daniel Birchmeier (Switzerland) commended the Secretariat for its continued effort in organizing consultations on the issue of certification. He noted with delight the growing interest in the ITTO regarding discussions on forest certification. He commended Dr. Markku Simula for his contribution and successive reporting over the past eight years on certification that had allowed a comprehensive and evolving understanding on the subject. He indicated that the work done so far was very useful, not only for understanding and reaching consensus on what should be the role of the ITTO in forest certification, but also for furthering the efforts towards concrete actions in promoting certification. Mr. Birchmeier stressed Switzerland's support for efforts that aim at increasing the area of certified forests in the tropics and urged the Council to move faster towards more concrete actions. He called for increased efforts to facilitate the access to forest certification for producer countries that want to make the most of market opportunities available to timber from certified sources. He also pledged Switzerland's support for ITTO's efforts towards capacity building, information exchange and the development of phased approaches to certification.
44. Mr. Luiz Cesar Gasser (Brazil) urged the ITTO to support the establishment of a process that would consider minimum standards between the different existing certification systems especially with respect to social requirements.
45. The Chairperson invited the two caucuses to reflect on the agenda item with a view to reaching consensus on a probable Council decision. He thanked Dr. Simula for his presentation.

**CIVIL SOCIETY/PRIVATE SECTOR PARTNERSHIPS FOR SUSTAINABLE FOREST MANAGEMENT
(Agenda Item 12)**

46. The report was presented by Mr. Barney Chan (Malaysia), Chairperson of the Working Group.
47. He referred to document ITTC(XXXIV)/5 and recalled Decision 5(XXXIII) that set up the Working Group. The Working Group comprised representatives from two Producing Member Countries (Cameroon and Bolivia); representatives from two Consuming Member Countries (Germany and U.S.A.); a representative of the Trade Advisory Group (TAG); and a representative of the Civil Society Advisory Group (CSAG).
48. Mr. Chan outlined the terms of reference of the Working Group:
 - Review information on experiences with existing civil society/private sector partnerships;
 - Review results of the evaluation of partnerships in the Congo Basin;
 - Develop guidelines for selecting, monitoring and evaluating partnerships; and
 - Develop procedures for developing, submitting and implementing partnership proposals.
49. Mr. Chan reported that the results of the evaluation of partnerships in the Congo Basin were not available and there had also been no pilot partnership projects implemented pursuant to Decision 5(XXXIII). On procedures for developing, submitting and processing proposals, the Working Group indicated that proposals were to be developed and submitted jointly by partnerships of eligible civil and private sector entities. He noted that eligible expenses to be financed by the ITTO included training, workshops, technical assistance, and travel. The ITTO funding should also not exceed US\$50,000 per project. He indicated that the ITTO Secretariat would administer the ITTO support to partnership projects, including the selection of partnership proposals based on the Working Group's guidance. The closing date for the receipt of proposals would be 1 February and subject to the availability of funds, a second closing date would be 1 August each year.
50. The guidelines for selecting partnership proposals included the following criteria:

- Advance the implementation of sustainable forest management consistent with the ITTO C&I;
 - Address a critical issue in the implementation of sustainable forest management in ITTO producer countries and generate results or lessons that would be useful beyond the specific partnership or region;
 - Entail regular collaboration between the partners over a sustained period, and demonstrate the intention to sustain the partnership beyond the life of the funding; and
 - Identify the roles, responsibilities and commitments of each partner in a memorandum of understanding or similar document.
51. The proposed partnership activities should conform to one of the following types:
- Assistance to forest managers/producers to implement sustainable forest management;
 - Assistance to forest managers/producers to achieve certification;
 - Assistance to forest managers/producers to improve processing/utilization and/or marketing of sustainably produced forest products; and
 - Assistance to forest managers/producers and local communities to address social issues and relationships between stakeholders.
52. The report also provided guidelines for selecting partnership proposals as well as guidance on monitoring and evaluating partnerships. An independent evaluation of selected partnerships would be undertaken approximately every two years.
53. The report made the following recommendations:
- Expedite implementation of paragraph 3 of Decision 5(XXXIII), and evaluation of the Congo Basin Partnerships;
 - An independent assessment of the pilot projects, leading to possible revision of selection criteria, monitoring and evaluation;
 - Review and revise, with participation of TAG and CSAG, guidance for ITTO support for private sector/civil society partnerships, taking into consideration the findings of the independent assessment, of the evaluation of partnerships in the Congo Basin and other relevant experiences;
 - Set up a revolving fund to support at least 10 partnerships a year, of up to US\$50,000 each; and
 - Member Countries, CSAG and TAG to widely publicize the potentials of such partnership.
54. Mr. Luiz Cesar Gasser (Brazil) noted that it would be necessary and important for project proposals to be developed under the partnerships to adopt the same format as prescribed by the ITTO Manual for Projects and Member Countries would thereby follow the criteria of analysis in order that the ideas and priorities would be in accordance with national policies. He indicated that the Government of Brazil was currently developing criteria to articulate the working areas of the ITTO with the priorities of the national government. These criteria would be used in selecting and prioritizing projects to be submitted to the ITTO. He stated that the Government of Brazil was willing to work and cooperate with the representatives of the civil society and the private sector. He called for further analysis of the recommendations of the Working Group.
55. Mr. Daniel Birchmeier (Switzerland) noted that the discussions on the issue of civil society/private sector partnerships for sustainable forest management showed that the ITTO had moved ahead in recognizing that sustainable forest management could no longer be viewed as a business of government alone. He indicated that unless the civil society and the private sector were involved in the process of sustainable forest management, the enormous potential offered by each category of actors would not be utilized. He urged the Council to develop clear and realistic focus and priorities for the partnerships. He noted that examples of partnerships for sustainable management of tropical forests were already available in different continents such as for example in the Congo Basin. He urged the Council to learn from these experiences so that they could be shared among all Member Countries. He stated that the Council had not exhausted the debate on ITTO's experiences and lessons learnt from model forest management projects which had been financed in the past. He indicated that Switzerland believed that the model forest management concept remained the best conceptual framework to develop partnerships between the private sector and civil society for sustainable forest management. He stated that although Switzerland was supportive of the recommendations to build partnerships between civil society and the private sector for sustainable forest management, more reflection was needed to evolve a comprehensive approach of model forest management in which the aspect of partnership would

be developed. He reiterated that Switzerland would like to see partnerships discussed with reference to model forests, in which the ITTO had so much invested. He recommended that the Working Group should further reflect on the content to be given to the partnerships, the roles of each party and the priorities for ITTO support. He also sought clarification on what might be the eventual supportive role of governments in such partnerships.

56. Mr. Mitsunori Namba (Japan) stated that Japan had on previous ITTC Sessions repeatedly pointed out that the participation of civil society was a prerequisite for the realization of sustainable forest management. He reiterated Japan's strong support to promote partnerships with the civil society. He supported the view expressed by Switzerland that there was the need for more concrete and detailed actions on the general recommendations contained in the report. He sought further clarification on the recommendation to establish a revolving fund to support at least 10 partnerships in a year.
57. Mr. Luis Ernesto Barrera Garavito (Guatemala) supported the concept of civil society/private sector partnership for sustainable forest management. He, however, indicated that any such partnerships should be well defined.
58. Mr. A.S.K. Boachie-Dapaah (Ghana) proposed looking beyond the activities of ITTO in order to draw on experiences and lessons learnt from elsewhere. He urged that the deadline for the submission of civil society/private sector proposals must be harmonized with the ITTO Project Cycle. The project preparation, submission, reviews and funding must also follow the established ITTO process. He stressed that the ITTO should avoid setting up procedures for specific groups. He encouraged Member Countries to identify and report on existing partnerships.
59. Dr. David Brooks (U.S.A.) supported the view expressed by Switzerland and Ghana that there were probably more examples of civil society/private sector partnerships to draw on, which could be brought to the attention of the Council and used to reinforce and illustrate what the Council was trying to accomplish through such partnerships. He welcomed the report of the Working Group as a starting point for discussion, but noted however, that the report did not provide sufficient and concrete guidance as to the way forward.
60. H.E. Mr. Susanto Sutoyo (Indonesia) welcomed the report of the Working Group. He indicated that the idea that the ITTO should give financial support to civil society/private sector partnerships was a new concept. He noted that since ITTO was a multilateral organization, providing financial support to civil society/private sector partnerships should be with the consent or knowledge of the national governments in order to avoid possible unnecessary negative impacts at the implementation stage.
61. Lic. Gonzalo Menéndez (Panama) supported the concept of partnerships between the civil society/private sector but indicated that certain ideas were not covered by the report of the Working Group. He cited the following:
 - partnership should be specific like those mentioned in the WSSD Plan of implementation; and
 - partnerships should follow a development plan of the country concerned.Mr. Menéndez also indicated that projects involving civil society/private sector partnerships should follow the ITTO Project Cycle.
62. In his response, Mr. Barney Chan (Malaysia) indicated that it was the opinion of the Working Group that such civil society/private sector partnerships were usually small in size, and of short duration and therefore recommended a much simple approach for the evaluation and funding of such partnership proposals instead of going through the established ITTO Project Cycle. The Working Group also reflected on the bureaucratic procedures normally associated with project submission and tried to reduce such bureaucracies by proposing that the Secretariat be tasked to handle such small proposals without going through the Project Cycle. He, however, conceded that it was up to the Council to make the final decision.
63. Ms. Barbara Lang (Germany), a member of the Working Group, provided additional clarification to some of the issues raised. She noted that the Working Group did not have enough documented experiences of such partnerships to draw on and develop precise guidelines. The Working Group understood the spirit of Decision 5(XXXIII) was to enable ITTO to facilitate and give support to initiatives brought forward by civil society and private sector which normally could

not apply for projects. Therefore, it was the opinion of the Working Group that such proposals should not go through the governmental screening process. She explained further that the Working Group understood its task as one of developing something very simple with a framework that would allow the ITTO to provide assistance to such partnerships.

64. Mr. Ricardo Umali (Philippines) indicated that the Philippines was fully supportive of the concept of civil society/private sector partnerships. He noted that there were already some existing partnerships and indicated that it was important to secure some data from such existing partnerships. He called for the strengthening of existing partnerships instead of sending signals that the ITTO was encouraging the formation of new partnerships.
65. H.E. Mr. Susanto Sutoyo (Indonesia) referred to paragraph 13 of the report and called for more elaboration and clarification on the social issues to be addressed.
66. The Chairperson referred the report to the two caucuses for further deliberation.

MEASURES TO IMPROVE PROJECT FORMULATION AND APPRAISAL (Agenda Item 13)

67. The report was presented by Mr. Patrick Hardcastle, Chairperson of the Twenty-fifth Expert Panel for Technical Appraisal of Project and Pre-project Proposals. He referred to document ITTC(XXXIV)/6 and noted that each year about 100-120 project and pre-project proposals were submitted to the ITTO with an average approved budget of approximately US\$450,000. He further noted that the available funding amounted to approximately US\$10 to 15 million annually, which could support between 20 to 25 projects. Statistically, only about 20% of the proposals appraised by the Expert Panel were eligible for approval and funding. About 60 per cent of the proposals were in the field of Reforestation and Forest Management, 23% in Forest Industry and 17% in Economic Information and Market Intelligence.
68. The Panel made a number of observations, including:
 - The ITTO Manual for Project Formulation was not well understood by many proponents. The Manual was overly complex, especially in respect of budget details;
 - Despite spending over US\$1 million on project formulation workshops, there had been no discernible improvement in project formulation. It seemed there was a limited correlation between those attending the workshops and those preparing proposals;
 - Only in very few cases did ITTO national focal points take a pro-active role in appraising proposals prior to submission;
 - The project idea concept had not been well utilized and there was a need for revision of the format.
69. The Panel concluded that a more rapid and cheaper appraisal process was needed and proposed the following actions to be taken by the Council:
 - Give country focal points a greater role;
 - Use project ideas and pre-projects more widely;
 - Make use of ITTO selected mentors or consultants;
 - Provide clear country statements of priorities; and
 - Allow Secretariat to check basic details and return proposals that do not meet requirements; and
 - Reduce the Members of the Expert Panel from 12 to 6.
70. The Panel recommended that the ITTO Manual for Project Formulation be revised.
71. Ms. Jennifer Conje (U.S.A.) noted that the information presented in the report was particularly valuable in understanding the significant financial and time resources incurred as a result of multiple revisions of project proposals. She said it was a reflection on the need for the ITTO and its Members to improve the quality of proposals. She stated that the recommendations in the report on how to improve the project formulation process appeared to conceptually address the root problem of problem analysis and the development of project ideas. She reiterated that it was difficult to write a good proposal if the identification of underlying problems was flawed and risk factors were not adequately addressed. She noted that although the recommendations in the report were a good starting point, such a process change would need further financial and operational analysis. She urged that any new process developed by the Council should remain transparent, balanced and in no way exclusive, especially in the selection of mentors and

consultants. She indicated that the success and effectiveness of ITTO's project work would play an important role in affirming ITTO's credibility and effectiveness in the field. She, therefore, called for an improvement in the quality of proposals as a starting point for facilitating successful projects.

72. Mr. Daniel Birchmeier (Switzerland) welcomed the report and the recommendations on improving the process of project formulation and approval. He particularly welcomed the recommendation to reduce the time and financial resources spent in preparing proposals. He agreed with the recommendation that ITTO should support innovative projects that provide benefits to a number of Member Countries and assist in implementing policies, especially progress towards Objective 2000. He recommended that a realistic schedule for the implementation of the recommendations be elaborated for the consideration of the Council at the next Session. Mr. Birchmeier reassured the Council that Switzerland would continue to support the activities of the Expert Panel and would contribute to the collective effort of ensuring that project proposals submitted to the Council for approval were of high quality and would yield tangible results.
73. Mr. Matthew Dadswell (Australia) welcomed the report of the Panel and expressed concern about the lack of high quality proposals and the cost associated with processing such proposals. He noted that there were lots of gains to be made by increasing the quality of proposals through broader consultation involving proponents with other ITTO Member Countries and drawing on experience and assistance of both mentors and consultants as well as donor countries. He believed that the Secretariat could play a much stronger role in respect of some aspects of the project proposals such as checking presentational details. He also proposed that the Secretariat should be given the authority to return proposals for correction, if required.
74. Mr. Mitsunori Namba (Japan) reiterated the importance of project work to the ITTO. He indicated that project formulation, appraisal, implementation and monitoring should be carried out effectively and efficiently based on certain criteria and format. He noted that well established criteria and format adhered to by Member Countries would ensure a smooth project cycle. He indicated that the Panel's analysis of the past five years provided good guidelines for future consideration. He cited the recommendation to create a pool of expertise and strengthening the national ITTO focal point as issues of special importance that the Council should address in future. He reiterated that proper management of project implementation was very important and expressed serious concern about the current situation where many approved projects had not been implemented. He informed the Council that the delegation of Japan would submit a draft decision on the proper management of project implementation for the consideration of the Council.
75. Mr. Camilo Aldana Vargas (Colombia) called for a strengthening of the initial stages of the project formulation and appraisal process. He agreed with the intervention by Japan that the ITTO national focal points should be strengthened. He stressed that the opinion of national focal points should also be respected. He urged the ITTO to assist national focal points in addressing their needs and problems as well as their plans for forestry development.
76. Mr. Don Wijewardana (New Zealand) noted the alarming costs incurred on bad project proposals. He supported the recommendations of the Panel and indicated that there was a need to ensure that only good quality proposals were brought before the Expert Panel for appraisal. He pointed out that reducing the number of Panel members from 12 to 6 could result in a bottleneck. He proposed that the preliminary cost of appraising a project proposal should be borne by the both the ITTO and the national government submitting the proposal to avoid the problem of governments submitting poor quality proposals.
77. Mr. A.S.K. Boachie-Dapaah (Ghana) noted with concern the low level of submission of trade and industry related projects. He stated that the project formulation workshops should, in future, focus on the training of trainers with a view to building local capacity and keeping the costs of training to the minimum. He said that the involvement of technical institutions and universities in Member Countries in such training workshops could be useful in building a pool of expertise in Producing Member Countries. He urged the ITTO to use the national focal points much more extensively in dissemination of ITTO project management guidelines. He called on the ITTO to strive to develop capacities within the national focal points which would serve as a screening mechanism in order to eliminate poor quality proposals before submission to the ITTO. He proposed exploring linkages between national focal points and ITTO Regional Officers to improve the quality of

- project proposals. In his opinion, project proposals could be improved by establishing a strong linkage between executing agencies, national focal points and consultants. He noted that significant reduction in the costs could be achieved if local consultants were used. He endorsed the recommendation to encourage the development of an interactive programme to guide proponents in the development of project proposals.
78. Mr. Luis Ernesto Barrera Garavito (Guatemala) reiterated the importance of the preliminary costs of evaluation but stressed that the cost of negotiation was equally important. He, however, acknowledged that Guatemala did not have an enormous experience with ITTO projects and negotiations.
 79. Mr. Patrick Falcone (France) commended the Panel for the report. He sought clarification on the principles and criteria used in selecting Members of the Expert Panel for Technical Appraisal of Project Proposals.
 80. H.E. Mr. Susanto Sutoyo (Indonesia) expressed the view that the improvement recommended by the Expert Panel should also address the national capacity building in Producing Member Countries. He supported the recommendations by the Expert Panel to improve: project proposals in terms of quality and content; the procedures of submitting project proposals by using information technology; and the decision making process.
 81. Mr. Enzo Barattini (European Community) welcomed the report of the Expert Panel. He noted the importance of ITTO project work and indicated that the ITTO Regional Officers could in future play a very important role in project formulation and preparation, especially for projects that cover a group of Member Countries. He called for more attention to be paid in balancing the project distribution among the three technical areas of Reforestation and Forest Management, Forest Industry and Economic Information and Market Intelligence. Mr. Barattini clarified the position of the European Union with respect to funding of projects. He indicated that the procedures currently in place for the approval and execution of projects did not correspond to the internal procedures of the European Community. He proposed that a study be carried out to harmonize ITTO project proposals with the procedures of the European Community. Mr. Barattini reiterated that illegal logging was one of the priority issues receiving funding from the European Community.
 82. Mr. Ricardo Umali (Philippines) indicated that most of the recommendations were targeted at improving the formulation of project proposals by Member Countries. He reiterated the need to strengthen the ITTO focal points in Member Countries to screen proposals before submitting to the ITTO. He agreed to the recommendation to use the expertise of mentors and consultants to assist in project formulation. However, there was the need to set up clear guidelines on how that would be done. Mr. Umali supported the recommendation to limit the number of revisions of project proposals to only one or two. He, however, cautioned that there was the need for proper synchronization of procedures between the Expert Panel and the Committees.
 83. Mr. Luiz Cesar Gasser (Brazil) welcomed the report of the Expert Panel. He noted that the distribution of resources between the three technical areas of Reforestation and Forest Management, Forest Industry and Economic Information and Market Intelligence was not balanced. He attributed this to the lack of an adequate scheme that gave Member Countries the different opportunities offered by the ITTO. He reported that Brazil had adopted a national forestry programme and there was a need for compatibility between the national forestry programme of Brazil and the priority areas for ITTO funding. Brazil was, therefore, drawing up a programme that would synchronize the multi-lateral orientations of the ITTO with the national forestry programme to allow greater access to the different stakeholders, to establish a dissemination mechanism of projects generated and their assessment with regard to the quality and effectiveness. The programme would also seek to enhance cooperation with other national bilateral and multilateral initiatives. A core technical group would be established to implement the framework and to receive and analyze the proposals for new projects as well as project reports for projects already under implementation. The central coordination group would comprise representatives of the Ministries of Foreign Affairs, Environment, Development, Foreign Trade and Industry. Three representatives of NGOs would serve on the technical group.
 84. Ms. Astrid Bergquist (Sweden) associated herself with the comments made by the delegation of the European Community. She welcomed the report of the Expert Panel. She supported the earlier intervention by the delegation of Ghana and reiterated the lack of balance in the project

proposals among the three technical divisions. She called for more funding of projects in the areas of Economic Information and Market Intelligence and Forest Industry. She expressed concern about the recommendation to reduce the number of Expert Panel members from 12 to 6. She noted that over the years, the Expert Panel for Technical Appraisal of Project Proposals had benefited from the experience of very well qualified women experts and hoped that the proposal to reduce the number to 6 would not affect the future representation of women on the Expert Panel. She pleaded for gender balance in all Expert Panels and appealed to Member Countries to select women candidates to serve on the Expert Panels of the Organization.

85. Mr. Frederick Vossenaar (Netherlands) commended the Expert Panel for the report. He reiterated that project work had been an important pillar in the work of the ITTO. He believed that the projects should focus on the core competencies of the ITTO. Commenting on the earlier statement by the delegation of the European Community, Mr. Vossenaar indicated that if changing the format of ITTO project proposals would open a window of opportunities of financing by the European Community, then a similar idea might apply to financing through other international organizations and the Netherlands would fully support such a proposal.

PREPARATIONS FOR NEGOTIATING A SUCCESSOR AGREEMENT TO THE ITTA, 1994 (Agenda Item 14)

86. The report of the Working Group as contained in document ITTC(XXXIV)/7 was presented by Dr. Jürgen Blaser (Switzerland), Chairperson of the Working Group. The Working Group reviewed the responses in writing provided by 17 Member Countries and the European Union. The United States delivered its comments orally to the meeting of the Working Group. A summary of the responses is contained in Annex II of document ITTC(XXXIV)/7. Dr. Blaser reported that the Working Group drew the following conclusions from the country survey:
- Not all countries had responded to the questionnaire. Some important Consuming and Producing Member Countries did not provide any response;
 - There was a broad and strong common opinion that a successor Agreement to the ITTA, 1994 should maintain its focus on tropical forests and international tropical timber trade, while establishing or reinforcing strong linkage to all forests and all timber trade;
 - The ITTA, 1994 should be the basis for the negotiation of a successor Agreement;
 - There was general consensus on a range of issues, particularly on the position of the ITTO in the context of international organizations, e.g. the position of the ITTO as a member of the CPF was widely recognized;
 - There were some variations in opinion, relating to the scope of a successor Agreement, new and emerging issues and organizational and financial issues;
 - In terms of frequency of Council Sessions, there was support by some Consuming Member Countries for a single annual meeting; some Producing Members preferred to maintain biannual meetings;
 - Some Member Countries questioned the usefulness of the present Producer/Consumer division in the light of current market data and trends; and
 - Some Producing Members felt there were inequity in the distribution of project funding.
87. On the time-table for the PrepCom for the negotiation of a successor Agreement, the Working Group proposed the following:
- PrepCom I, Panama, 19-21 May 2003: setting the context and negotiation of the elements to be considered in the scope of an Agreement (Article 1 of the successor ITTA); and
 - PrepCom II, Yokohama, 10-12 November 2003: organizational and funding, including remaining administrative issues relating to a new Agreement.
88. The Working Group recommended to the Council to give discretion to the PrepCom in deciding on any intersessional work as needed, including provision of funds and/or extending the mandate of the Working Group, if needed.
89. The Chairperson thanked Dr. Jürgen Blaser for the report. The Chairperson referred to the Report of the Informal Advisory Group, as contained in document ITTC(XXXIV)/2 and drew the Council's attention to additional information regarding the dates and venues of PrepCom II, the UN Negotiating Conference, the Thirty-sixth Session of the ITTC and the Thirty-seventh Session of the ITTC. He informed the Council that in view of logistical difficulties, PrepCom II would be held from 10 to 12 November 2003, at the Yokohama Sangyo Boeki Center instead of Pacifico

Yokohama; the Thirty-sixth ITTC would be held in Switzerland from 20 to 23 July 2004; the UN Negotiating Conference would be held from 26 to 30 July in Geneva, Switzerland; and the Thirty-seventh ITTC would be held from 13 to 18 December 2004 at the Yokohama Exhibition Center Annex. Dato' Dr. Freezailah also urged the Council to consider the recommendations in the IAG Report to provide funding to facilitate the participation of some Producing Members in PrepCom II and any intersessional Working Group that might be convened.

90. H.E. Mr. Paulo Pinto Assumpção (Brazil) commended the Working Group for the report. He noted that the Thirty-fourth ITTC Session was an important occasion for both the Organization and its Member States, as the Council began preparations for the negotiation of a successor Agreement to the ITTA, 1994. He also noted that the future of ITTO was promising and the challenges of the negotiating process had to be faced with the experience gathered over the past eight years. For Brazil, an evaluation of what had been achieved under the ITTA, 1994 showed a positive balance. There was no doubt that the international cooperation promoted within the ITTO had been instrumental in supporting initiatives aimed at the sustainable management of tropical forests. Also important had been the strengthening of the notion of trade as a tool for the promotion of practices that guaranteed the conservation of natural resources. He urged the ITTO to explore new sources of financing and cited the Global Environmental Facility (GEF) as a good example. On project work, H.E. Mr. Assumpção indicated that a new concept of evaluation seemed to be necessary, so as to include the notion of strategic evaluation of project results. This would imply the identification of the impact of project execution in the context of a country's forest sector, and not only its effects in terms of the accomplishment of ITTO's objectives. He said that the need was felt within the Brazilian Government to establish a new set of criteria for the assessment of project proposals by submitting such proposals for domestic evaluation before submission to the ITTO. The objective of this procedure was to match the three activity areas of ITTO with the Brazilian Government's priorities in the forest sector. He informed the Council that a consultative committee would probably be set up to supervise the cooperation activities carried out with the ITTO. He was confident that the Thirty-fourth ITTC Session and the meeting for the negotiation of the Successor Agreement to the ITTA, 1994 would make concrete progress at this important stage of the ITTO.
91. Mr. A.S.K. Boachie-Dapaah (Ghana) welcomed the report of the Working Group. He noted that the response level to the questionnaire was about 32 percent. He urged Member Countries that had not responded to the questionnaire to do so. He mentioned that there should be increased focus on community and poverty alleviation as new and emerging issues. He endorsed the establishment of an Executive Board/Committee. He proposed that the Council should link payment of membership contributions to access to project funds. He endorsed the recommendations of the Working Group regarding the negotiation process and the agenda for PrepCom I.
92. Mr. Kiyeon Ko (Republic of Korea) welcomed the report of the Working Group. He highlighted the need to evaluate the objectives of the ITTA, 1994 as the Council embarked on the process of negotiating a successor Agreement. He noted that since the adoption of the ITTA, 1994 many international organizations and processes had evolved. He, therefore, called for collaboration between the ITTO and these international organizations and processes for the implementation of sustainable forest management. He supported the proposal to establish an intersessional Working Group.

ITTO OBJECTIVE 2000 (Agenda Item 15)

(a) Report on Assistance provided to Guyana to Identify Factors Limiting Progress towards Achieving ITTO Objective 2000

93. The report was presented by Mr. Patrick Hardcastle, leader of the mission. The mission visited Guyana from 14 to 25 October 2002. Guyana is a small (215,000 sq. km), heavily forested country (75% cover of tropical high forest) on the north coast of South America with a total annual wood production of 400,000 m³. Forestry contributed about 4% to the GDP of Guyana and provided full time employment to only about 15,000 people. The forest cover accounted for 75% of the land, two-thirds of which was pristine forest. Less than 50% of the state forest had been allocated to concessions.
94. Mr. Patrick Hardcastle mentioned that the mission specifically focused its attention on the forest industry. He stated that the forest resource of Guyana had received major donor inputs over the

past few years. The nature of Guyana's forest resource was inherently challenging with low fertility, very fragile forest ecology, and highly diverse species base. Accessibility to the resource by road and river was difficult. The trees were of small diameter. The mission noted that there was limited timber production potential with a huge service value potential that was hard to commercialize.

95. The mission noted that Guyana would always be a comparatively high-cost, small-player in the international wood and wood products market. In spite of that, the following were achievable:
- Sustainable forest management within the forest estate;
 - Generation of stable employment in the forest and in downstream industry;
 - High standards of health, safety and social equity for employees;
 - Equitable financial return to those engaged in the sector;
 - Positive impact on rural poverty; and
 - Significant economic returns to Guyana generally.

The mission identified the following critical problems:

- (i) An under-capitalized forest industry sector, largely structured on family ownership, operating in an economy with very high interest rates;
- (ii) An extremely diverse resource with predominantly hard heavy dark timber species;
- (iii) Misguided attempts to add value through further processing without due consideration of operational and market requirements;
- (iv) Inability to meet normal contractual requirements on specification and delivery within a highly competitive international market;
- (v) Limited understanding of the nature of the raw material and the requirements of the markets;
- (vi) Failure to capitalize on regional markets;
- (vii) Inadequate support from government for increased processing and niche marketing with excessive focus on fiscal incentives geared towards building hinterland infrastructure;
- (viii) Lack of transparency, a culture of distrust and unwillingness to cooperate in order to secure wider benefits;
- (ix) Inadequate training facilities in place for the industry, especially at artisan and operator level; and
- (x) Unwillingness to adopt low technology, labor intensive approaches and specialization rather than forward integration.

96. The mission recommended the following elements of a new strategy:
- Specialization – with aim of securing optimal efficiency at each stage of harvesting and processing;
 - Favour low-capital, labor intensive approaches;
 - Niche, regional marketing of added value products;
 - Strengthen industry organization;
 - Improve communication among the stakeholders and players;
 - Secure transparent, readily available information pertaining to the sector to assist supply contracts; and
 - Make fiscal and other incentives more relevant to all players and focused on securing wider aims.

97. The mission recommended the following actions for the Government of Guyana:
- Review, analyze and revise current fiscal and other incentives and also review fees and charges;
 - Prioritize resolution of outstanding land issues, notably in Amerindian areas: part of national land use policy;
 - Facilitate inward investment of capital for service functions, preferably in parallel with production;
 - Improve harbour and coastal infrastructure;
 - Review cost and supply of power, including use of mill residues for power generation;
 - Employ experienced forest industry specialists in the Guyana Forestry Commission;
 - Support an effective industry-wide association, with subsidiary bodies for different groups;
 - Work with industry for better mutual understanding;
 - Support training of industry operators and managers;

- Explain clearly legislation and other instruments;
 - Develop a clear, objective strategy on log exports;
 - Support improved information flows;
 - Provide a market information service;
 - Develop generic marketing of Guyana timbers; and
 - Support good industrial relations practice;
98. The mission made the following recommendations to the industry:
- Accept the need for cooperation and change;
 - Improve communication with Government and Guyana Forestry Commission;
 - Undertake training on technical and managerial aspects and apply these;
 - Concentrate on building specialized business;
 - Contribute to transparent information flows;
 - Work cooperatively to secure overseas markets;
 - Support multiple-use forests;
 - Develop appropriate low-technology and high-labor based investments; and
 - Adopt a realistic view on returns on investment.
99. The mission called on the ITTO to assist in the following:
- Support for operator and managerial training;
 - Provide technical expertise on industry restructuring;
 - Supply technical assistance to develop marketing strategies, skills and expertise;
 - Develop appropriate structures for a forest industry representation and negotiation forum;
 - Include Guyana in generic marketing initiatives;
 - Give guidance on product design and specification;
 - Support to a local market information service;
 - Develop national strategies for wider use of lesser used species and for mangrove conservation and management; and
 - Encourage engaging in ITTO meetings.
100. Mr. James Singh (Guyana) on behalf of the Government of Guyana thanked the ITTO and the members of the diagnostic mission for the excellent work done in executing the review. He stated that the Government of Guyana was generally in agreement with the findings and recommendations of the mission. He noted that the forest resource in Guyana was commercially poor compared to some other countries and current harvesting levels stood at 10 cubic meters per hectare although the allowable cut was 20 cubic meters per hectare. Mr. Singh acknowledged that more work was therefore needed to be carried out on the lesser used species, since currently only about thirty out of more than one thousand species in Guyana were being commercially exploited. He stated that the Guyana Forestry Commission (GFC) had instituted appropriate mechanisms to ensure that utilization of these lesser-used species was done in a sustainable manner. He acknowledged that there was currently a lot of wastage of raw material and production of poor quality products in the forestry sector. The Government of Guyana recognized that to have access to markets, the industry had to improve on its quality. Also, wastage of raw materials had to be reduced to allow for better management of the forest resource. The Government had therefore mandated the GFC to develop a code of practice for processing operations through extensive stakeholder consultations and field-testing. Mr. Singh noted that the lack of effective marketing was a major impediment to the growth and contribution of the forestry sector to Guyana's national economy. He stated that with more than 75% of Guyana's land area covered with forests, the sector had the potential to contribute more than its current 4% to the GDP. Mr. Singh stated that Guyana's coastline was currently about 2 meters below sea level with the danger of flooding of the coastal plain where about 90% of the population was currently living. He called on the ITTO to provide assistance for the management of Guyana's mangrove ecosystem. He assured the Council that the Government of Guyana was prepared to work with the ITTO in the speedy implementation of the mission's recommendations.
101. Mr. Alhassan Attah (Ghana) noted that the report indicated improved control in chainsaw logging in Guyana and sought further clarification on how this was achieved for the benefit of other countries facing similar problems. Mr. James Singh (Guyana) stated that Guyana introduced a log tagging and tracking system since 1999, which allowed all logs to be traced to the stump. The introduction of this system had contributed to the regulation against illegal chainsaw activities. He also stated that the GFC had instituted a code of practice for forestry operations specifying clearly

the environmental and social standards that all operators had to conform to. In addition, chainsaw loggers were being issued with a quota and once they achieved that quota they must seek permission from the GFC before they could fell any more trees.

102. Mr. Keister Evans (Tropical Forest Foundation) noted that one of the recommendations in the report was training of staff. He stated that the Guyana Forestry Commission was working in partnership with other institutions to establish a forestry training center partially funded by the ITTO. The center has a permanent project director, coordinator and twelve staff members many of whom were seconded from the GFC and had all received training at the Tropical Forest Foundation Training Center in Brazil. He commended the efforts of the GFC.

(b) Report on Assistance provided to Trinidad and Tobago to Identify Factors Limiting Progress towards Achieving ITTO Objective 2000

103. The report was presented by Prof. Jeff Sayer (Consultant). The mission visited Trinidad and Tobago in December 2002. Prof. Sayer gave a brief overview of the Trinidad and Tobago Forest Sector. The country was made up of two main islands, Trinidad (4,828 sq. km) and Tobago (ca. 300 sq. km) and a number of small islets, with a population of 1.3 million people. Forestry contributed about 0.1 percent to the GDP. He noted that Trinidad and Tobago had a long tradition of high quality forests management. The first forest reserve in the western hemisphere was established in Tobago more than 200 years ago. Trinidad and Tobago had one of the oldest forest service in Latin America/Caribbean. The state-owned forests was composed of 35 legally gazetted forest reserves with a total area of 131,430 ha and eight unproclaimed forest reserves totaling 11,650 ha. A total of 77,066 ha of the forest reserves had been allocated for production forestry.

104. The mission identified the following as critical issues for the sustainable development of forest resources:

- The absence of an agreed strategy and policy for the forest sector was a source of uncertainty for the Forestry Department and weakened its operational capacity;
- Parts of the designated permanent forest estate no longer supported forest cover and important forest resources existed on abandoned agricultural or estate crop land which was not classified or managed as forests. The designation and status of all forest resources need to be updated;
- Encroachment (squatting) for shifting agriculture by unemployed, landless people to grow a range of short-term crops had escalated to alarming proportions in the country;
- Lack of information on forest resources, including weak statistical data bases;
- The industrial infrastructure was outdated and relatively inefficient including over-capacity of saw mills and outdated processing equipment; and
- Forest fires.

105. The mission made the following recommendations:

- (i) The Forestry Department needed to diversify the skills mix of its staff, increase the number of staff at technical and professional levels, and improve its information collection and management functions and its ability to manage financial and other resources;
- (ii) The potential of the forest sector would not be realized unless the level of political support provided to the Forest Department was greatly increased;
- (iii) The decision to move from timber management to an integrated approach to forest resources management should be implemented vigorously;
- (iv) The draft forest policy must be subjected to public scrutiny, adapted if necessary and given government approval;
- (v) The weaknesses in inter-agency cooperation must be addressed. In particular the problems of strip mining and squatting must be addressed at governmental level;
- (vi) Mechanisms for better community/civil society involvement in and ownership of forest programmes must be instituted;
- (vii) Adequate funding for forest programmes must be allocated from central budgets;
- (viii) Strategic analysis and actions were needed to improve the competitiveness of the forest sector;
- (ix) Greater efforts are required in measures to protect biodiversity;
- (x) Rehabilitation of degraded forests and restoration of forest on degraded lands should become higher priority issues for the Forest Department in the future;

- (xi) There was an urgent need for much better information on the forest resource base and for a rigorous system for managing this information;
 - (xii) The Forestry Department needs to enhance its capacity to deal with multi-stakeholder negotiations, resolve conflicts and explore opportunities for joint or co-management of forest resources both on state lands, private lands and in and around protected areas; and
 - (xiii) The Forestry Department needed to build a constituency for forests and forestry through stakeholder consultations, demonstration of the values of forest resources, and campaigns to raise public and political awareness.
106. The mission further encouraged the ITTO to undertake a project in Trinidad and Tobago that would provide appropriate support to strengthen the capacity of the Forest Department to carry out a multi-stakeholder and multi-resource assessment of forests.
107. Mr. Sheriff Faizool (Trinidad and Tobago) noted that it was a pleasure for the Government of Trinidad and Tobago to host the mission. He thanked the Council and the Secretariat for sending the diagnostic mission to Trinidad and Tobago. He proposed that the Caribbean region should be considered as a venue for future training and meetings of the ITTO. He stated that the Government of Trinidad and Tobago was currently working towards a national stakeholder consultation in relation to a revised forest policy. He pledged that the Government of Trinidad and Tobago would continue to support the goals and objectives of the ITTO.
108. Dato' Suboh Mohd. Yassin (Malaysia) commended members of the technical mission for a comprehensive report. He expressed Malaysia's interest in developing its plantation forestry. He noted that plantation forestry had a great potential in furthering the achievement of sustainable forest management since it would reduce the strain on the natural forests. He mentioned that Malaysia had made some progress in its plantation development but not to a level that was desired and that there was some lackluster response especially from the private sector because of the long gestation period. He called on the ITTO to support such efforts in the future.
109. Mr. Henri-Felix Maître (France) stated that it was difficult to commercialize well-managed teak plantations because of the market price and that was very regrettable.
110. Mr. Luis Ernesto Barrera Garavito (Guatemala) sought information on the commitment of the ITTO after diagnostic missions and case studies had been conducted in Member Countries. He also sought clarification on the procedures used to launch the technical missions.
111. The Executive Director explained that it was expected that Member Countries would follow-up on the recommendations and the plan of action made by the diagnostic missions. He noted that follow-up work was not entirely the responsibility of ITTO and that it was up to the Member Country to draw up a work programme to address the recommendations either nationally, or in the context of other international organizations or the private sector. On the procedures for launching the missions, the Executive Director stated that Decision 2(XXIX) authorized the Executive Director to provide assistance to a maximum of five Producer Countries per calendar year, upon request.
- (c) Report on Progress towards Implementation of National Workshops on the Effective Use of ITTO Formats for Reporting on Forest Management**
112. The report was presented by Dr. Jürgen Blaser (Switzerland). He referred to Decision 9(XXX) which requested the Executive Director to (i) arrange, on request by Member Countries, national level workshops in ten major Producer Member Countries to train officials, forest managers, forest concessionaires and others directly involved in sustainable forest management, in the effective use of the ITTO Reporting Formats at both the national and forest management unit levels; (ii) render assistance to develop national level reports on progress on sustainable forest management; (iii) make recommendations for revision of the Criteria and Indicators and the ITTO Reporting Formats; and (iv) prepare basic information for the publication of the report on the "Status of Tropical Forest Management".
113. Dr. Blaser stated that the specific objective of the workshops was to "test and use Criteria and Indicators as a Tool to Sustainably Manage a Forest Management Unit". He reported that seven workshops had so far been held: Pokola, Congo (2-5 July 2002); Papua New Guinea (6-9 August 2002); Abidjan, Côte d'Ivoire (28-21 August 2002); Vanuatu (10-12 September 2002); Tandag,

Philippines (16-19 September); Kribi, Cameroon (13-16 January 2003); Rio Alegro, Colombia (11-14 February 2003). He indicated that nearly 300 participants had been trained in these seven workshops, comprising 112 forest managers; 31 from NGOs/communities; 95 from state agencies; and 45 from other stakeholders.

114. Dr. Blaser outlined some outcomes of the workshops:
 - Work of ITTO better known by field actors in the tropics;
 - Link between sustainable forest management, criteria and indicators and certification made;
 - ITTO Criteria and Indicators at forest management unit level field-tested;
 - Direct information from countries as inputs into the ITTO status of tropical forest management report.
115. Dr. Blaser mentioned that ten countries had so far submitted country reports on progress towards ITTO Year 2000 Objectives using the Criteria and Indicator Reporting Format. The countries were Colombia, Vanuatu, Panama, Congo, Thailand, Myanmar, Indonesia, Togo, Gabon and Peru.
116. Dr. Blaser reported that workshops had been scheduled to be held in: Brazil, Peru, Ecuador, Bolivia, Panama, Myanmar and Togo.
117. Mr. Luis Ernesto Barrera Garavito (Guatemala) drew the Council's attention to the ITTO Conference on Criteria and Indicators held in Guatemala City, Guatemala in February 2003 supported by the U.S.A., Finland, FAO and ITTO. There were 109 participants from 73 countries. He noted that 30 recommendations and 28 conclusions were adopted at the workshop. He proposed that the recommendations and conclusions of the Guatemala workshop be taken into consideration at the training workshops on the effective use of the ITTO Reporting Formats.
118. Mr. Daniel Birchmeier (Switzerland) reiterated Switzerland's commitment to encouraging and supporting the continuing efforts towards the ITTO Objective 2000. Switzerland is particularly committed to capacity building activities, such as training in the application of ITTO Criteria and Indicators and use of ITTO's format to report on sustainable forest management and the state of tropical forest management. He noted that the report on the progress in the implementation of national workshops on the use of the ITTO formats for reporting on sustainable forest management showed that there was still a need for more training. He proposed that the Council should adopt a decision to continue the training workshops in Member Countries, with the active involvement of the private sector and civil society. He said the Decision to be adopted by the Council should urge Member Countries to provide national reports.
119. Mr. Ricardo Umali (Philippines) informed the Council that the Philippines had recently submitted its national report on progress towards ITTO Objective 2000 based on the criteria and indicators reporting format.
120. Mr. Oscar Antonio Alvarez Gomez (Colombia) noted the importance of the workshop on criteria and indicators for sustainable forest management held in Colombia. He indicated that the workshop was timely because Colombia had just been discussing its National Forest Development Plan.
121. Ms. Barbara Lang (Germany) sought further clarification on the suggestion to link the ITTO Criteria and Indicators with auditing and certification. In response Dr. Jürgen Blaser said that certification schemes work on the basis of criteria and indicators and the proposal to link the ITTO Criteria and Indicators with auditing would show how the different standards were related and contributed to support sustainable forest management.
122. The Executive Director recalled that Decision 9(XXX) also requested Producer Members to produce their national reports using the ITTO Criteria and Indicators Reporting Format. However, in spite of several reminders and the offering of technical and financial assistance for the preparation of these reports only ten Producing Member Countries had submitted their national reports. He reiterated the importance of the national reports for the preparation of the landmark report on the "State of Forest Management in the Tropics". He urged all Producing Members which had not submitted their reports to endeavor to do as soon as possible.

REPORT OF THE COMPILATION AND ANALYSIS OF INFORMATION ON RELEVANT ISSUES AFFECTING MARKET ACCESS FOR TROPICAL TIMBER (Agenda Item 16)

123. The report as contained in document ITTC(XXXIV)/10 was presented by Mr. Amha Bin Buang (ITTO Secretariat). He recalled that the Council at its Thirty-third Session considered the interim version of the report that had subsequently been finalized by the consultant taking into account the comments by Members.

124. Mr. Amha highlighted the three categories of recommendations contained in the final report:

Recommendations for ITTO and the International Community:

- Improvement of the annual statistical data and short-term market information including a more comprehensive coverage of changes influencing market access of tropical timber in major markets and extension of coverage of species specific data on production and trade;
- Expansion of analytical work based on the data including compatibility between export and import statistics of tropical timber and quantitative analysis on demand, supply, prices and direction of trade;
- Improvement of coverage of tropical timber (particularly species) in, as well as linkages and compatibility with other data sources, such as FAOSTAT, COMTRADE, UNECE, EUROSTAT and other regional bodies;
- Monitoring of tariff and non-tariff barriers;
- Research on trade impacts on sustainable forest management, and vice versa;
- Addressing illegal harvesting and trade;
- Continued monitoring of the comparability and equivalence between certification schemes;
- Filling the gaps in market access knowledge; and
- Future ITTO activities should give priority to its communication to relevant international fora such as the CPF.

125. Recommendations for Producing Member Countries:

- Review and align the policies on forest, international trade and environment, in order to improve cost competitiveness of the industry and to promote further processing;
- Review and align the in-country barriers and impediments to export trade in tropical timber products, which unduly add to transaction cost and often provide an incentive for corruptive practices;
- Put into action the ITTO Criteria and Indicators for Sustainable Forest Management of tropical forest as a framework to demonstrate legal and sustainable supplies from the country through development of national criteria and indicators for sustainable forest management and integration of criteria and indicators to national planning, monitoring and reporting systems; and
- Emphasize simultaneous sustainability in forest resources, timber economy and social issues.

126. Recommendations for Consuming Member Countries:

- Assessment of potential impacts on sustainable forest management, environmental conservation and sustainable development in Producing Member Countries, of requirements on tropical timber exporters;
- When developing various instruments and mechanisms related to criteria and verification of "legal and sustainable origin", the countries should seek to cooperate with each other and aim at compatible arrangements and methods for notification and verification;
- Through ITTO, other international channels, and bilaterally, provision of support to Producing Member Countries to assist them in addressing the requirements imposed on tropical timber;
- Systematically collect information on market barriers and impediments to tropical timber in the importing countries to be provided to ITTO in connection with annual reporting.

127. Mr. A.S.K. Boachie-Dapaah (Ghana) welcomed the report. He endorsed the recommendations for ITTO to extend its statistical coverage to species specific data on production and trade. He also endorsed the need to monitor tariff and non-tariff barriers. He noted that an enhanced linkage between ITTO and WTO could facilitate the reduction of trade barriers for tropical timber. He encouraged Member Countries to support the ITTO participation in the activities of the WTO,

particularly in work related to the WTO Committee on Trade and Environment. Mr. Boachie-Dapaah expressed similar concern on the issue of illegal harvesting and trade and proposed that efforts at addressing illegal harvesting and trade should focus on providing resources and assistance for capacity development in Producing Member Countries. He stressed that activities aimed at addressing the issue of illegal harvesting and trade must be seen as a process and efforts must be made to avoid undue hardships to tropical timber producing countries. He indicated that there should be clarity on the definition of legality.

128. Mr. Michael Fullerton (Canada) welcomed the report. He, however, expressed a number of concerns with respect to both the body and recommendations of the report. He noted that some sections of the report seemed to suggest that existing international agreements could be seen as barriers to trade and he expressed his disagreement with such an interpretation in the report. He also referred to pages 57 through 59 of the report where there were references to under-collection of economic rent as a subsidy and to the ongoing softwood lumber dispute between the United States and Canada. He disagreed with those references and indicated that the softwood dispute was ongoing and proposed that those references should be deleted from the report. Regarding the assertion that under-collection of rent was a subsidy, Mr. Fullerton proposed that the report should rather indicate that there were various views on this matter, including whether rent under-collection by a landowner would distort production decisions.
129. Dato' Suboh Mohd. Yassin (Malaysia) referred to the recommendations for ITTO and the international community and reiterated that ITTO had a very important role to play with respect to market access for timber products through the WTO process and negotiations. He cited the WTO Ministerial meeting in Cancun, Mexico scheduled for the later part of the year and called on ITTO to monitor developments at that meeting in order to alert and advise Member Countries on issues affecting tropical timber. He stressed that information from such meetings if disseminated in a timely manner would assist Member Countries to get better market access for their products. He, however, cautioned that all these efforts would not come to fruition without the support and cooperation of Member Countries. Dato' Suboh referred to the WTO side-event held in conjunction with the ITTC Session and stated that the speaker, Ms. Doaa Abdel-Motaal, acknowledged in her presentation that removing the existing barriers to trade might bring about an increase in global incomes by about 2.8 trillion dollars and that removal of agricultural subsidies in OECD Countries could increase incomes in developing countries by as much as three times all the ODA that they received. Dato' Suboh noted that there were some disturbing trends in the area of market access whereby certain Consuming Member Countries had resorted to unsubstantiated measures that affect market access for timber and timber products. He urged the ITTO to give some attention to the matter in order to alleviate the problems of market access faced by Producing Member Countries and also to alleviate the concerns of the Consuming Member Countries. He noted that the report, due to time constraint, did not deal in-depth with the review of international trade regime and therefore only enumerated briefly the various international and regional trade agreements and fora and the provision related to trade in tropical timber. He called for further research on the implications and impacts of international trade regimes in order that governments and the trade could react appropriately. Dato' Suboh also proposed that the positive work being done by the ITTO, for example the phased approaches to certification and the achievement of ITTO Objective 2000 be communicated world-wide. He called on the ITTO to organize workshops and seminars to disseminate such information, particularly on phased approaches to certification, if approved by the Council. Dato' Suboh said that there were various obstacles confronting the marketing of tropical timber as expressed by various speakers during the Annual Market Discussion and urged the ITTO to address these issues in line with the objectives of the Organization.
130. Dr. David Brooks (U.S.A.) agreed that issues related to market access and market conditions were fundamental for the consideration of the Council. He stated that the United States would carefully review the report and the recommendations. In that regard, he noted that a number of the recommendations would translate closely into many of the routine activities of the Organization and therefore presented opportunities for follow-up work. He also noted with pleasure that activities at the WTO relevant to the ITTO Members were being brought to the attention of the Council and stated that that was a reflection of the substantial progress being made in implementing some of the recommendations in the report. Dr. Brooks also recognized the importance of division in responsibilities and opportunities regarding what ITTO could do and what governments could take up in a forum such as the WTO. He commended the Secretariat for organizing the WTO side-event. Dr. Brooks noted that some of the comments submitted by the

delegation of the United States had been incorporated in the report and agreed with the delegate of Canada that there were still some technical issues in the report that the U.S.A. would take exception. He encouraged other Members to submit their comments on the report. He noted that the report presented an opportunity for Council to identify, if necessary, any activities outside the routine activities of the Organization.

131. Mr. Enzo Barattini (European Community) welcomed the report. He indicated that there should be a clear separation between the jurisdiction of WTO and that of the ITTO and urged the Council to avoid the risk of overlapping jurisdiction between the two Organizations. He said that the ITTO could play a strong role by assisting Member Countries to synthesize their domestic policies to enhance their compatibility with the rules of the WTO.
132. Mr. Camilo Aldana Vargas (Colombia) stated that countries needed to know the quality standards that apply in the international market place in order to encourage investments in technologies that would improve not only primary production of timber but throughout the process. He said that that was pre-requisite for participating in the international markets that usually demanded high quality standards.

PROMOTION OF SUSTAINABLE FOREST MANAGEMENT IN THE CONGO BASIN (Agenda Item 17)

(a) Report on the Workshop to Develop a Regional Applied Research Programme Focusing on Social, Economic and Environmental Aspects of Tropical Forest Management

133. The report was presented by Prof. Jeff Sayer (Consultant). He referred to Decision 10(XXXII) which mandated the ITTO to work with CIFOR to examine the possibilities of improving the research basis for sustainable forest management in the Congo Basin.
134. The study was composed of the following inter-linked stages:
- A desk study of previous regional research planning and priority-setting exercises;
 - An updated evaluation of research capacity in the five ITTO Member Countries in the Congo Basin; and
 - A test of a networked research exercise conducted by scientists from each of the countries of the region.
135. The report made the following conclusions about the present situation:
- The countries of the region had launched major initiatives to address forest conservation and management needs at the regional level;
 - Many development assistance agencies and environmental NGOs were adopting regional approaches to forest conservation and management in the Congo Basin. However, little research was actually being conducted at a regional level;
 - Only one regional institution – CORAF-Forêt focused exclusively on forestry research. However, CORAF-Forêt had suffered a long period of under-funding. In the meantime, the FAO-sponsored Forestry Research Network for sub-Saharan African FORNESSA – was contributing to research coordination and information exchange;
 - Individual national forest research systems were too weak to meet research needs. Strong regional cooperation could produce the critical mass necessary to remedy the situation; and
 - Various forestry training and education institutions of the region had created the “Réseau des instituts de formation forestière d’Afrique centrale” – RIFFEAC. This informal network of forestry training education was a great step towards a regional integration of forestry teaching programmes and created a real platform for exchange of information, programmes and experiences.
136. The report recommended the following priority areas for research in support of ITTO’s mandate in the Congo Basin countries:
- Changing approaches to production forest management;
 - Addressing social and ecological issues in forest management; and
 - Production forest management and sustainable development
137. On forest research capacity assessment in the Congo Basin, the report made a number of conclusions, including:

- The number of researchers active in forest research in the countries of the region was very low in relation to the extent and value of the forest resource;
 - Although government researchers were quite well paid compared to other civil servants, they received much less than people of equivalent seniority working for the private sector or the international conservation NGOs;
 - Research operating budgets were extremely low and in some cases not available at all;
 - The rate of publication in internationally recognized journals was very low;
 - There were almost no libraries or documentation centers available to forest scientists in the region;
 - Overall, the conditions and incentives for national scientists in the region to conduct high quality scientific work were very poor;
 - There was a general lack of communication and collaborations between research institutions within the same country and within the region; and
 - The lack of suitable research infrastructure, career evolution prospects and financial incentive for scientists of the region induced a general "brain-drain" with the best people moving to the private sector, international organizations or foreign countries.
138. On test of a networked approach to conducting research in the Congo Basin, the report indicated that the main value of the study was to contribute to the understanding of how to organize networked research in the Congo Basin region. The pilot study focused on the social, environmental and economic sustainability of industrial concessions in the Congo Basin Member Countries. The study involved:
- Identifying external factors impacting on concession performance;
 - Typologies of concessions and measures to improve concession performance; and
 - Producing results immediately relevant to AFLEG and to understanding barriers to achieving sustainable forest management and certification.
139. The report made the following general conclusions and recommendations:
- (i) The weakness of research capacity in the region was a major constraint to achieving ITTO targets for sustainable forest management. There was a need to strengthen capacity at the national level;
 - (ii) There had been little investment to date in conducting multi-country comparative research using teams of scientists from different countries;
 - (iii) The pilot study demonstrated the potential of sub-regional networked research to yield understanding and insights with application to the problems of achieving sustainable forest management in the region;
 - (iv) There was an opportunity and a need to assist in the building and facilitating of multi-country and multi-disciplinary teams and of training them in the use of modern statistical techniques to produce quality research products; and
 - (v) ITTO should support a project proposal on the "Social and Ecological Sustainability of Logging Concession in Central Africa" prepared by participants at the regional research meeting in Libreville.
140. Mr. Athanase Boussengue (Gabon) commended the team of scientists who carried out the study. He noted with satisfaction the high quality of the report. He indicated that the report had identified all the weaknesses in forestry research in the Congo Basin countries. He reiterated that although the Congo Basin was endowed with enormous forest resources, there were not sufficient researchers to cover the different areas of forestry research. He highlighted the poor working conditions of researchers as one of the contributory factors. He noted with dismay that the absence of a forestry research library or documentation center in the Congo Basin coupled with the lack of financial incentives had contributed to the "brain-drain" in the region. He reported that a meeting was held in Libreville to identify the most important elements affecting forestry research and to carry out certain infrastructural activities for forestry research in the region. He supported the recommendations in the report. He urged the Council to revamp research in the Congo Basin for the benefit of the entire scientific community.
141. Mr. Madi Ali (Cameroon) commended the team of researchers for the comprehensive report. He mentioned that in Cameroon, forestry research was being carried out in the universities and specialized centers. It had also been part of the government's programme to establish a forestry research institute but that had been hampered by the lack of funds. He supported the proposal submitted by the government of Gabon for the establishment of a regional research center. He indicated that there was sufficient expertise in Cameroon and that there was the need to organize

all the expertise into a research center. He also urged the Council to broaden the work related to forest concessions.

142. Mr. Patrick Falcone (France) welcomed the report and noted that the report had highlighted one of the great needs for sustainable development of forest resources in the Congo Basin. He mentioned that France had carried out a ten-year assessment in the wet forests of Africa and arrived at the conclusion that although there was international cooperation, forestry research had not been given much financial support. He urged the Council to develop a long-term programme involving consolidation of the infrastructure and human resources. He indicated that the Government of France alone would not be able to accomplish the task and appealed to other donors to join the partnership.
143. Dr. David Brooks (U.S.A.) welcomed the report. He noted that the Congo Basin Forest Partnership had made considerable progress since it was launched by the US Secretary of State at the WSSD in Johannesburg in 2002. He indicated that the Congo Basin Forest Partnership had enabled the partners to establish a platform to address sustainable forest management and the activities needed to support sustainable forest management from both regional and national perspectives. He acknowledged the strong partnership existing between the United States and France as well as the important role played by the ITTO in supporting and enabling the partnership to be effective. The United States was continuing its efforts to finding ways to make the partnership effective and pledged that the United States would continue to support the efforts of research in the region.
144. Prof. Jeff Sayer (Consultant) provided additional information on the study. He indicated that there was no intention in the study to identify individual concessionaires that were doing things wrongly. He noted that there was no difficulty at all in obtaining information from the concessionaires. Prof. Sayer also stated that a lot of the investments in strengthening research would have to take place at the national level. He also acknowledged that there were a number of good individual researchers in the region but had not been provided with the conditions to carry out good research. Prof. Sayer said there was a request for additional US\$46,000 to enable the scientists to complete the study.

(b) Report on the Training Workshop for Trainers in Forest Management

145. The report was presented by Mr. Emmanuel Ze Meka (ITTO Secretariat). He referred to document ITTC(XXXIV)/12. The training workshop for trainers in forest concession management was convened in Kribi, Cameroon, from 17 to 21 February 2003 by the Network of Central African Forestry Training Institutes (RIFFEAC) with the support of the ITTO. The workshop was attended by 30 participants mostly from various forestry training institutes in the Congo basin. A smaller number of participants were water and forest management officers from governmental organizations, the private sector and NGOs.
146. The workshop was expected to achieve the following outputs:
 - Current challenges facing sustainable forest management practices and forest concession management;
 - Forest concession manager's responsibilities in integrating social and environmental aspects with sustainable forest management;
 - Forest manager's training profile and background; and
 - Actions to improve sustainable forest management training standards in forestry training institutions.
147. The workshop considered and approved a project proposal drafted by Members of the RIFFEAC to support the updating of forest management and forest concession management training courses. The project proposal would be submitted to the ITTO for funding by the Government of Gabon.
148. Mr. Madi Ali (Cameroon) supported the inclusion of new ideas on forest management in the curricula of forestry training institutions in the Congo Basin.
149. Mr. Athanase Boussengue (Gabon) commended the ITTO Secretariat for organizing the workshop. He urged the Council to give special attention to the draft project proposal submitted by the Government of Gabon to support the updating of forest management and forest concession management training courses.

FOREST LAW ENFORCEMENT IN THE CONTEXT OF SUSTAINABLE TIMBER PRODUCTION AND TRADE (Agenda Item 18)

(a) Preliminary Report on the Case Study on Export and Import Data on Tropical Timber Products in the Context of International Trade

150. Dr. Steven Johnson (ITTO Secretariat) reported on this agenda item. He referred to document ITTC(XXXIV)/14 and stated that since the last progress report was made to the Council, several Member Countries had nominated consultants to carry out the export/import data case study. These include Brazil, China, Republic of Congo, Indonesia, Malaysia, Thailand and U.S.A. He reported that Bolivia, Cameroon, Japan and Papua New Guinea were yet to nominate consultants. Work was already underway on the case study in the U.K., Indonesia and China.
151. Mr. Kazuyuki Morita (Japan) welcomed the report. He stressed the importance of the study regarding trade in tropical timber from the point of view of both importers and exporters. He indicated that analysis of the data would reveal the extent and magnitude of illegal activities in the forest and associated trade. He said that it would be important to reach a consensus on the definition of illegal activities in forest management, and urged that the implementation of the case studies be accelerated in order to provide the Council the opportunity to discuss concrete measures towards the elimination of illegal logging and enhance the proper promotion of tropical timber market.

(b) Report on a Case Study on Forest Law Enforcement in Peru

152. The report was presented by Dr. Carlos Chirinos Arrieta (Consultant). He stressed the importance of the forestry sector in Peru's national economy. He noted that in Latin America, Peru was second to Brazil in terms of forest areas rich in biodiversity. The forestry sector contributed about 1% to the GDP of Peru. One of the reasons for the increase in illegal logging activities was the series of modifications that had regulated harvesting activities in the last few years which had significantly bureaucratized the whole process, making access to relevant legal authorizations excessively complex and generating a great deal of instability due to constant changes. He indicated that this had been compounded by structural reasons related to poverty, the lack of employment and income-generating opportunities in the Amazon region and the displacement of communities caused by restrictions on illegal coca crops.
153. He noted that a significant number of national forest industries had found a way of accessing raw materials requiring low-investment and minimum commitment, through the establishment of partnerships with small-scale loggers and production chains that targeted contracts or areas under 1,000 hectares.
154. The designation of protected areas without effective short term implementation of monitoring and administration mechanisms had also been identified as an enabling factor for illegal loggers, who being aware of the lack of monitoring procedures and of the unlikely presence of other loggers, had encroached into protected areas for the purpose of illegally logging valuable species. The lack of ethics and professionalism of some forest engineers was identified as another factor that had contributed to the proliferation of illegal logging practices in Peru.
155. Dr. Chirinos pointed out that despite still being in its initial stages, the new commercial production forest regime based on long-term forest concessions was not perceived to be a viable alternative adapted to the conditions of small-scale forest loggers. He called for more detailed studies to be undertaken to identify other means of giving small-scale forest loggers access to formal commercial production.
156. The study made the following recommendations for the improvement of law enforcement and reducing illegal logging practices;
- (a) Extensive information and training programmes for forest loggers on issues related to forest legislation, forest management, and participation, monitoring and control mechanisms for forest law enforcement;
 - (b) Realistic options for granting access to production forests to small-scale loggers, which must be adapted to quasi manual and hardly mechanized working conditions but under long-term management requirements;

- (c) Regional decentralization of the decision-making process for the approval of forest harvesting permits as well as strengthening of these positions with trained personnel;
 - (d) Establishment, in the short term, of a body responsible for the supervision of forest concessions, which must be independent of the institution responsible for granting concessions and approving management plans, currently in the hands of INRENA;
 - (e) Strengthening the implementation of punitive measures for forest legislation violations, in order to demonstrate that the sanctioning body would not only strive to anticipate or prevent illegal acts, but would also effectively punish those committing the illegal acts;
 - (f) Encouraging the establishment of management committees and other forms of local participation to support monitoring and prevention of illegal logging activities in their respective watershed areas; and
 - (g) Strengthening concession management practices through the implementation of projects aimed at promoting local community participation in the use of intermediate technologies that would facilitate waste utilization, charcoal processing and industrialization, and actions geared to generating employment opportunities and increasing production efficiency in the management of concessions.
157. Mr. Luis Cesar Gasser (Brazil) referred to paragraph 2 of the Introduction of document ITTC(XXXIV)/15 which stated inter-alia that "The World Bank's Forestry Law Enforcement Study (Contreras, 2003) has identified illegal logging as the greatest threat to the survival and conservation of the world's forest resources, having documented this problem in several countries. In Latin America, for example, the study points out that 80% of harvesting activities in the Amazon forests of Brazil is illegal, whilst in Colombia this figure reaches 42%". Mr. Gasser rejected the figures quoted in the document and called for more work in order to update the figures. He also stated that some of the concepts regarding the production of wood from non sustainable sources needed to be clarified.
158. Mr. Daniel Birchmeier (Switzerland) welcomed the report. He noted that the report contained valuable information and was very transparent on the extent and impacts of illegal logging in Peru. He indicated that the report illustrated the need for the Council Members to work together to find ways of maintaining the confidence in the timber trade by stepping up national and multilateral measures for law enforcement in full respect of international trade rules. He urged the Council to design concrete programmes to assist countries that were making efforts to enforce forest laws and to combat illegal trade. He indicated his recognition of the complexities of the problems involved, but believed that one of the feasible steps for ITTO Member Countries was to promote declaration of species and origin, as well as production of methods of imported timber. He also urged the ITTO to increase its support to country programmes and projects aiming at land-use control, control of timber flow and auditing the management of timber producing forests.
159. Mr. A.S.K. Boachie-Dapaah (Ghana) welcomed the report and the issues raised regarding forest law enforcement in Peru. He noted that the report highlighted the complex nature of the problem of illegal logging and its linkage to poverty and livelihood of forest communities. He emphasized that such case studies provided the basis for a learning experience as well as encouraged the exchange of experiences among Member Countries. He stated that in Ghana, illegal logging was mainly in the form of chainsaw activities to meet the growing domestic demand for timber due to increased growth in the construction and building industry. He cited Ghana's experience in the control of illegal logging and noted that legal reforms must be accompanied by institutional changes to achieve meaningful results. He called on the donor countries to support Producing Member Countries' institutional capacity building. He proposed that the Council should engage consultants to analyze the case studies highlighting success stories in addressing illegal logging. The studies might also determine what constituted illegal logging in Member Countries with a view to establishing a common definition.
160. H.E. Mr. José Antonio Bellina (Peru) commended the consultant for the report. He indicated that there was a great deal of understanding between the Government and Civil Society on environmental issues. He reported that since 2000 a new forestry and wildlife legislation had been enacted and a draft legislation on protected areas with guidelines was being prepared. He noted that Peru and the neighboring countries had been adopting a series of measures to control illegal logging and cited a transboundary cooperation agreement between Peru and Brazil involving control and surveillance activities by both countries along their common borders. H.E. Mr. Bellina also cited workshops and training carried out in both Brazil and Peru. He indicated that though progress had been made to achieve sustainable management of natural resources a lot still remained to be done. He stated that the draft legislation on protected areas

would also involve a prevention plan and a plan for the control of deforestation and called for the support of the international community through multilateral and bilateral agreements.

161. Dato' Suboh Mohd. Yassin (Malaysia) informed the Council that a case study on forest law enforcement in Malaysia would soon be carried out by TRAFFIC International, an environmental NGO. He also announced that the Government of Malaysia had taken action to ban the importation of logs from Indonesia with effect from 25 June 2002. He explained that the Government's action was a reaction to the move by Indonesia Government to ban the export of logs so as to combat illegal logging in Indonesia which had reached a serious stage. He stressed that Malaysia had not issued any import license for the importation of logs from Indonesia since the announcement of the ban. He noted that in spite of the ban and strict enforcement efforts taken so far, Malaysia was still confronted with the problems of illegal Indonesia logs entering Malaysia. He stressed that the Malaysia enforcement authorities particularly the Royal Malaysian Customs had made a number of arrests involving boats carrying illegal logs from Indonesia with false declaration that the logs were from other sources and not from Indonesia. He stated that unfortunately Malaysia continued to be accused by some international environmental watchdogs and NGOs of not taken any action to halt such illegal activities. Dato' Suboh stated emphatically that Malaysia viewed these allegations seriously since Malaysia would not allow illegal logs from Indonesia to jeopardize its efforts to implement a certification scheme and also to assure Malaysia's international timber buyers that wood and wood products exported from Malaysia were from sustainable sources. Dato' Suboh also announced that with effect from 1 June 2003 Malaysia would ban the importation of squared logs from Indonesia. He hoped that these efforts would help to negate whatever allegations and bad publicity that had been made against Malaysia. He stated that the policy would be reviewed after six(6) months to assess its effectiveness in halting the importation of illegal logs from Indonesia. He reiterated that overcoming the problem of illegal logging was the responsibility of the sovereign government concerned.

162. H.E. Mr. Susanto Sutoyo (Indonesia) noted that law enforcement was the weakest link in Members' efforts to promote sustainable forest management. He welcomed the report on a case study on forest law enforcement in Peru. He also welcomed the statement by the delegation of Switzerland urging Members to enhance international cooperation on forest law enforcement, particularly to combat international trade in illegally logged timber. Mr. Sutoyo expressed appreciation and gratitude to the delegation of Malaysia for providing the Council with the latest information on the strong measures imposed by the Malaysian Government with regard to the issue of law enforcement. He proposed that the functions of the Committee on Reforestation and Forest Management should be extended to include activities related to combating illegal logging as well as trade in illegally logged timber.

163. Mr. Athanase Boussengue (Gabon) welcomed the report and the statements by the delegations of Japan and Switzerland offering to provide support to Member Countries that were ready to carry out studies on illegal logging. He mentioned that Gabon promulgated a new legislation in 2001 and invited the ITTO to carry out a case study on forest law enforcement in Gabon.

164. Mr. Ricardo Umali (Philippines) expressed support for the case studies on forest law enforcement. He noted that illegal logging operated in different context in different countries. He proposed that it might be important for the Council to know how the data gathered in the different case studies would be analyzed and evaluated. He noted further that it might be incomprehensible if the complexities of the problem were not properly traced back to verifiables in order to be able to integrate the data and analyze in future.

165. Dra. Angela Andrade (Colombia) sought clarification on the relationship between illegal harvesting and illegal cultivation in forest areas which was the main cause of forest destruction in the Amazon. She noted that the report did not address such an important cross-cutting issue.

166. Mr. Enzo Barattini (European Community) welcomed the report. He noted that the report underscored that the problem of forest law enforcement was extremely difficult and complicated and the solution did not seem to be within the scope of the ITTO because of the complexities of all the elements and the wide ranging implications. He stressed that the European Community was very sensitive to the problem and was putting up a communiqué on the issue of illegal logging. The communiqué would address the European Community's perception of the problem and the possibilities for cooperation that could be envisaged for the future. He noted that the

problem of statistics was related to the problem of origin of the timber. He stressed that through monitoring and surveillance systems, as well as international cooperation, a remedy could be found, taking cognizance of national legislations of the country concerned. Mr. Barattini lauded the statement made by the delegation of Malaysia and commended the Government of Malaysia for instituting a series of actions to deal with the problem of illegal logging. He reiterated that the European Community was ready to examine and cooperate with any initiatives or actions undertaken to facilitate the fight against illegal logging.

167. Mr. Agogno Koffi (Togo) welcomed the report. He noted that the concerns expressed in the report applied to most Producing Member Countries. He stated that Togo was equally anxious to find solutions to the problem of illegal harvesting.
168. Dr. David Brooks (U.S.A.) welcomed the report. He noted with satisfaction the seriousness with which the Council was tackling the issue of illegal logging. He also noted that the number of interventions made by delegations on the agenda item demonstrated both the seriousness of Members' collective or individual efforts to address the problem of illegal logging and also an indication of Members' willingness to collaborate to address the problem. He indicated that there were mixed efforts being undertaken by Member Countries and the United States was seeking ways to support effective capacity building efforts in countries where illegal logging was a problem. He reinforced earlier comments made by a number of delegations that the Council should be careful not to use measures involving trade restrictions in addressing the problem of illegal logging. He indicated that the Council should focus its attention and address illegal logging as a problem undermining sustainable forest management.

PROGRESS REPORT ON THE IMPLEMENTATION OF THE ITTO WORK PROGRAMME FOR THE YEAR 2003 (Agenda Item 19)

169. The Executive Director reported on the status of implementation of the ITTO Work Programme for 2003. He stated that for each activity, the Secretariat identified the implementation approach, the cost implications as well as the implementation status. The report is contained in document ITTC(XXXIV)/16.
170. Ms. Aulikki Kauppila (Finland) noted that the work programme was very heavy and on behalf of the Consumer Group commended the Secretariat for the efficient implementation of the programme. She proposed the following additions to the work programme:
- Climate change: ITTO should strengthen cooperation with UNFCCC and participate in the Ninth Meeting of the Conference of Parties to be held in December 2003, in Milan, Italy; and
 - ITTO should participate in and contribute to the UNFF Meeting on Decentralization to be convened in Switzerland in 2004.
171. Dr. David Brooks (U.S.A.) pledged an additional US\$101,060 to the Congo Basin Forest Partnership, in the context of the work programme for 2003.

MATTERS RELATED TO ARTICLE 16 OF THE ITTA, 1994 (Agenda Item 20)

172. After his brief introductory remarks, the Chairperson invited the two Spokespersons to comment on this agenda item. Following the remarks by the Spokespersons, the Council unanimously approved a four (4) years extension of the appointment of the Executive Director for a second term from 6 November 2003 to 5 November 2007. The decision was greeted with applause.
173. In his response, the Executive Director thanked the Council for the trust reposed in him and pledged to continue to work for the attainment of the Objectives of the ITTO, with the guidance of the Council.

ITTO FELLOWSHIP PROGRAMME (Agenda Item 21)

(a) Progress Report on the ITTO Fellowship Programme

174. The report was presented by Mr. E. Collins Ahadome (ITTO Secretariat). He referred to document ITTC(XXXIV)/17 and reported that one hundred and sixty-one (161) fellowships amounting to US\$886,675.00 had so far been awarded under the Freezailah Fellowship Fund.

Seventy-six percent (76%) of these awards were in the field of Reforestation and Forest Management, fifteen percent (15%) in Forest Industry and nine (9%) in Economic Information and Market Intelligence. In terms of geographical distribution of the awards, twenty-seven percent (27%) were awarded to applicants from Africa, thirty-six (36%) from Asia-Pacific, twenty-five (25%) from Latin America, nine (9%) from developing Consumer Countries and three percent (3%) from Consuming Countries. Females accounted for thirty-three percent of the total awards.

175. Additional pledges to cover awards and other costs for 2003 were made by:

Japan	US\$145,000
United States:	US\$45,000
Australia:	US\$10,000

(b) Report of the Chairperson of the Fellowship Selection Panel

176. The report was presented by Ms. Jan McAlpine (U.S.A.), Chairperson of the Fellowship Selection Panel. She referred to document ITTC(XXXIV)/18 and reported that the Fellowship Selection Panel composed of representatives of Ghana, Philippines, Venezuela, Netherlands, Switzerland and U.S.A. met twice during the Thirty-fourth Session of the ITTC. The Panel evaluated a total of 126 applications and recommended 28 applications for Council's approval.
177. Ms. McAlpine stated that the Fellowship Programme was one of the outstanding successes of the ITTO. She thanked the Government of Japan for significantly increasing its contribution to allow the Council to continue its substantive support for the fellowship work. She also acknowledged the financial contributions of the Governments of U.S.A. and Australia. She encouraged other donors to support the Freezailah Fellowship Programme.
178. The Council unanimously approved the report of the Fellowship Selection Panel.
179. H.E. Mr. Susanto Sutoyo (Indonesia) extended appreciation and gratitude of the ITTO for selecting three nationals of Indonesia for the Freezailah Fellowship Award.

DRAFT ANNUAL REPORT FOR 2002 (Agenda Item 22)

180. Mr. E. Collins Ahadome (ITTO Secretariat) reported on the activities of the Organization in 2002, as detailed in the Draft Annual Report contained in document ITTC(XXXIV)/4. The key decisions, policy work, voluntary contributions received by the Organization in 2002 and a summary of projects, pre-projects and activities funded by the Organization in 2002 were noted. Also highlighted in the Draft Annual Report was the work of the Committees and a summary of the world timber situation in 2002.

SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (Agenda Item 23)

(a) Pledges to the Special Account and the Bali Partnership Fund

181. The Chairperson invited pledges to the Special Account and the Bali Partnership Fund. Dr. David Brooks (U.S.A.) on behalf of the U.S.A. pledged US\$75,000 to Sub-Account B of the Bali Partnership Fund.

(b) Review of Resources in the Bali Partnership Fund

182. The Council noted the resources in the Bali Partnership Fund as contained in document CFA(XIII)/5.

(c) Report of the Panel on Sub-Account B of the Bali Partnership Fund (BPF)

183. The report was presented by Mr. Pravitt Chittachumnonk (Thailand), Chairperson of the Panel. The Panel was composed of representatives of Japan, Switzerland, U.S.A. Ecuador, Togo and Malaysia. The report noted that as at the end of the Thirty-third Session of the Council, twenty-seven activities, five pre-projects and five projects with a total budget amount of US\$10,266,641.00 had been funded from the resources of the Sub-Account B. The available resources of the Sub-Account B of the Bali Partnership Fund amounted to US\$3,223,554.60. The report further noted that since the establishment of the Sub-Account B, the total receipts to date amount to US\$13 million of which US\$11 million was from interest earned and the balance of US\$2 million was donor contributions. The Panel recommended to the Council that the financing limit of projects, pre-projects and activities to be financed from the Sub-Account B of the Bali Partnership Fund at the Thirty-fourth Session should not exceed US\$1.0 million. The Panel recommended to the Council a list of prioritized actions, pre-projects and projects eligible for financing from the resources of the Sub-Account B of the Bali Partnership Fund.
184. Mr. Mitsunori Namba (Japan) informed the Council that at the Thirty-fourth Session of the ITTC, the Government of Japan had pledged about US\$2.3 million dollar for the financing of eighteen projects. He noted that the number of donor countries was very limited and named U.S.A., Switzerland, Norway, Australia, Korea and Finland as the countries that pledged to finance projects, pre-projects and activities at the Session. He stressed that there was the need for more donor countries, taking into account the future of the ITTO. He indicated that although he understood the financial situation of other major countries, he stressed that Japan was equally facing financial problems. It was becoming difficult to obtain approval from Japan's financial authorities. Japan would, however, endeavor to maintain its financial contribution to the ITTO. He urged other donor Member Countries to make further effort to support the Organization.
185. Mr. Enzo Barattini (European Community) congratulated all the donor countries who had generously pledged funds in order to contribute to the success of the ITTO. He restated that the European Community was making every effort to respond positively to the appeal by the delegation of Japan for more donor countries to assist in the work of the Organization. He mentioned that the European Union and its Member States were among the major donor of funds for development assistance throughout the world and proposed that if the ITTO could implement procedures that might be in unison with the procedures of the European Community, it might be possible to find the means to use the instrument available at the European Community for funding projects. He reassured the Council that the European Community was trying every possible effort and hoped that in the near future or within the context of the successor Agreement this could be realized.
186. Ms. Jan McAlpine (U.S.A.) stated that the commitment of Member Countries to the ITTO and its work should overcome the obstacles to reaching any agreement and seeing a way forward. She noted that there were some Consuming Members who had expressed substantial views on the direction, focus and issues of the ITTO but without a concurrent financial commitment to support the activities of the Organization. She indicated that that was not acceptable and that rhetoric without action was not consistent with sustainability. She noted that the Organization was at the brink of negotiating of a successor Agreement and urged Consuming Members to support the Organization financially to achieve its objectives. She noted that three Member Countries had made substantial contributions to the ITTO and commended especially the Government of Japan. She indicated that Japan's contribution at the Thirty-fourth Session was indeed troubling because it had limited the ability of the Organization to do more. She was confident that Japan,

Switzerland, United States and other donors could on their own accelerate their commitment to the ITTO. However, in her opinion, Member Countries who had taken the responsibility and interest in the work of the ITTO should not be talking about limitations and impediments to getting increased funding from their governments. She urged Member Countries to figure out a way of getting more financial assistance to the ITTO. She called on the Council to address the issue of funding as a matter of urgency. She noted that the Organization was at a critical moment and urged both Producers and Consumers to work together to enhance the work of the ITTO.

187. Mr. Daniel Birchmeier (Switzerland) strongly supported the intervention made by the Vice-Chairperson of the ITTC. He also agreed with the call by Japan for a broader sharing of the financial burden of the ITTO. On the issue of cooperation, Mr. Birchmeier noted that although bilateral contributions were very important, support for multilateral approach was equally important.

REPORT OF THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 24)

188. Mr. Henri-Felix Maître (France), Chairperson of the Committee on Reforestation and Forest Management presented the report of the Committee.
189. He referred to document CRF(XXXII)/7 Rev.1. He reported that the Committee reviewed one completed project and two completed pre-projects where the field activities had been completed. The final report and other technical documentation had been submitted to the Secretariat as well as the audited financial report of the project's accounts. The Committee also reviewed nine (9) completed projects and one pre-project pending financial audit reports. The Committee noted that consultants had been engaged to carry out ex-post evaluation on thirteen completed projects selected for ex-post evaluation at its Thirtieth Session. The Committee decided to select further projects for ex-post evaluation during the Thirty-third Session of the Committee in November 2003. The Committee recommended to the Council the approval and funding of four (4) new projects and three (3) new pre-projects.
190. On policy work, the Committee considered the following issues in accordance with its work programme for 2003: (i) progress in the work to promote understanding and use of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests; (ii) progress in the application of criteria and indicators for sustainable forest management; (iii) in cooperation with relevant organizations, monitoring the political implications on the resource base of climate change and related policy developments, and the contribution of the resource base to the mitigation of the effects of climate change; (iv) conservation, rehabilitation and sustainable management of mangroves, in collaboration with relevant organizations; and (v) monitoring and assessing the environmental social and economic costs and benefits of forest plantation development and utilizing that information to promote new plantations.
191. Dr. James Gasana (Switzerland) commented on PPD47/02 (F) – "Promotion of Clean Development Mechanism in the Framework of Sustainable Forest Management with Local Communities Involvement". He noted that the results of the pre-project were very useful and in line with the national policies of Indonesia. He proposed that the Committee report should include a statement calling on the Government of Indonesia to submit the project proposal developed through PPD47/02 (F) to the ITTO as soon as possible.
192. The report of the Committee was approved by the Council. (The full report is contained in Annex IV).
193. The report of the Joint Session of the Committee on Economic Information and Market Intelligence and the Committee on Forest Industry was presented by Dr. Fidel Reyes Lee (Guatemala), Chairperson of the Joint Session. He referred to document CEM, CFI(XXXII)/10.
194. The Committees noted the report of the ITTO Annual Market Discussion – 2003, held in Joint Session of the three technical committees. The theme of the Market Discussion was "World Trade and Business Development" and was moderated by Mr. Barney Chan (Sarawak Timber Association).

195. The Joint Committees considered the reports on two completed pre-projects and one completed project. The Joint Committees received the report of ex-post evaluation conducted on two projects PD15/96 Rev.2 (I,M) – “Utilization, Collection and Trade of Tropical Non-Wood Forest Products in the Philippines” and PD17/92 Rev.4 (I) – “Technology Transfer/Commercialization of Selected Cocowood Utilization Technologies”. The Joint Committees discussed lessons learnt from previous ex-post evaluations and recommended that the issue be further discussed during a Joint Session of all the four ITTO Committees. The Joint Committees decided to defer the decision on the selection of projects for ex-post evaluations until the next Session. The Committee recommended to the Council the approval and funding of five (5) projects and five pre-projects approved at the Thirtieth Session. The Committees also recommended that funding be made immediately available for four projects and seven pre-projects approved at earlier Sessions.
196. On policy work, the Committee discussed three (3) issues under the Committee on Forest Industry and nine (9) issues under the Committee on Economic Information and Market Intelligence. The issues were:
- Forest Industry:
- (i) Assessment of the Multiple Benefits of Downstream Processing of Tropical Timber in Producer Countries; (ii) Work directed at Technical and Environmental Standards and International Standards Activities; and (iii) Develop, Publish and Disseminate Information on Increasing Timber Processing and Utilization Efficiency and Reducing Waste
- Economic Information and Market Intelligence:
- (i) Market Access; (ii) Forest and Timber Certification; (iii) Life Cycle Analysis (LCA) of Timber Products; (iv) Proposed Listing of Timber Species in the Appendices of CITES; (v) Trade in Secondary Processed Wood Products (SPWP); (vi) United Nations Forum on Forests (UNFF) – matters on trade and sustainable forest management; (vii) Inter-Secretariat Working Group on Forest Statistics (IWGFS); (viii) Consider activities to fill gaps in data and include collection and analyzing data on plantation resources and enhancing analysis of data on undocumented trade; (ix) ITTO Work Programme for 2003.
197. The report was approved by the Council (the full report is contained in Annex IV).
198. Mr. Pravitt Chittachumnonk (Thailand), Chairperson of the Committee on Finance and Administration, presented the report of the Committee. The Committee reviewed Members' contributions to the Administrative Budgets (1986-2003) and recommended to the Council to write-off the amount of US\$24,836.72 due from the Russian Federation, a former Member, subject to the full settlement should the country decide to rejoin the Organization. The Committee also reviewed the status of the Administrative Account for 2003 and recommended to the Council to authorize the Executive Director to transfer, if and when necessary, an amount not exceeding US\$300,000 annually from the Working Capital Account (WCA) to the current account of the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization. The Committee also recommended to the Council to authorize the Executive Director to utilize annually, the interest income earned in the Administrative Account, to hire on a temporary and intermittent basis, consultants and contractors to support the Secretariat in carrying out its duties and that unexpected interest, if any, would be carried forward for utilization in the following years.
199. The Committee reviewed the resources of the Special Account and the Bali Partnership Fund and recommended to the Council to authorize the Executive Director to expand, at his discretion, the scope of investment of ITTO funds available in the Organization's bank accounts by investing funds in such instruments as the US Treasury securities considered as having no "credit risk", on a temporary basis, and that the period of investment should not exceed the duration of the current Agreement (ITTA, 1994). The Committee also considered the Auditor's Report for the Financial Year of 2002 and recommended to the Council to adopt the Report of the Independent Public Accountants on the Accounts of the Organization for the Financial Year of 2002.
200. The Committee noted the report on proposed amendments to the Financial Rules needed to implement a biennial work programme and proposed Administrative Budget and recommended to the Council to amend the Financial Rules of the Organization. The Committee also recommended to the Council to convene an Expert Panel on Management of Project Implementation to review the current status of the projects and pre-projects that were being implemented by the ITTO, to

identify causes of delay in the implementation of the projects and pre-projects as well as challenges in effective monitoring of the project work and to determine the necessary remedial actions.

201. H.E. Mr. Susanto Sutoyo (Indonesia) mentioned that a couple of years ago, the Government of Indonesia decided to review its membership of international organizations and subsequently withdrew from some international organizations. He, however, assured the Council that Indonesia would continue its membership of the ITTO and participate actively in the activities of the ITTO. He indicated that although Indonesia withdrew its membership from some international organizations, the Government still honored its financial obligations to these organizations. He, therefore, expressed his disagreement with the recommendation to write-off the amount of US\$24,836.72 due from the Russian Federation, a former Member of the ITTO. He cautioned that the Council should not create such precedence and noted that it was contrary to Members' obligation under Article 43, paragraph 3 of the ITTA, 1994. He urged the Council to re-consider the recommendation to write-off the arrears owed by the Russian Federation.
202. The Chairperson of the Council referred the recommendations to write-off the amount of US\$24,836.72 due from the Russian Federation, back to the Committee on Finance and Administration for its re-consideration at its next Session.
203. The report was approved by the Council subject to the Committee re-considering the recommendation to write-off the arrears of the Russian Federation at its next Session (the full report is contained in Annex IV).

DATES AND VENUES OF THE THIRTY-FIFTH, THIRTY-SIXTH AND THIRTY-SEVENTH SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 25)

204. The Council confirmed that its Thirty-fifth Session would be held from 3 to 8 November 2003, in Yokohama, Japan. The Second Session of the Preparatory Committee for the Negotiation of a Successor Agreement to the ITTA, 1994 would be held from 10 to 12 November 2003 in Yokohama, Japan; The Thirty-sixth Session of the ITTC was scheduled from 20-23 July 2004 in Switzerland; The First Part of the Negotiation of a Successor Agreement to the ITTA, 1994, was scheduled from 26-30 July 2004 in Geneva, Switzerland; The Thirty-seventh Session of the ITTC was scheduled from 13-18 December 2004 in Yokohama, Japan.
205. Mr. Daniel Birchmeier (Switzerland) confirmed Switzerland's readiness to host the Thirty-sixth Session of the ITTC from 20 to 23 July 2004. He extended a cordial invitation to all Member Countries as well as observer countries and organizations. He indicated that Switzerland would do its best to ensure the success of the Thirty-sixth Council Session.

OTHER BUSINESS (Agenda Item 26)

Statement by the Representative of the FAO

206. The statement was delivered by Dr. C.T.S. Nair, Chief, Forestry Planning and Statistics Branch. He noted that in recent years, the collaboration between FAO and ITTO had strengthened significantly through a number of initiatives. Firstly, there had been joint activities addressing critical issues in the sustainable management of forests in the tropical countries. He indicated that FAO and ITTO were collaborating closely in the area of criteria and indicators for sustainable forest management, especially in addressing issues relating to their adoption at the regional and country levels. The two organizations were working side-by-side on the next Global Forest Resources Assessment, which included efforts to streamline and harmonize the forest-related definitions used in many international processes. Strengthening information systems, particularly relating to forest products has been another area of collaboration. Recognizing the importance of streamlining data collection on forest products, FAO and ITTO in collaboration with EUROSTAT and UNECE have developed the Joint Forest Sector Questionnaire, which had reduced the reporting burden on countries. FAO and ITTO had jointly organized a number of regional workshops (in Bangkok, Canberra and Iquitos) to enhance the capacity of tropical countries and to strengthen the system of data collection, processing and reporting.
207. Dr. Nair further noted the critical role played by the ITTO in supporting the UNFF through the Collaborative Partnership on Forests (CPF). He said that as Chair of the CPF, Mr. Hosny El-Lakany, Assistant Director General, FAO, wished to bring to the attention of the Council the

exceptional contribution being made by the ITTO Secretariat to the work of the CPF, and cited specifically ITTO's valuable membership of the CPF Task Force working to reduce the burden on countries of reporting to international forest-related processes.

208. On behalf of Mr. El-Lakany, Dr. Nair thanked the Council for the flexibility it had shown in allowing the ITTO Secretariat to contribute to the CPF efforts and for the determination that the Council had demonstrated in encouraging collaborative work across agencies. He commended the Executive Director, Dr. Sobral Filho for his exemplary leadership in promoting inter-agency cooperation and FAO was delighted to note that the Council had extended the term of appointment of the Executive Director.
209. In conclusion, Dr. Nair stated that FAO was particularly pleased to count ITTO as one of its principal partners in efforts to help Member Countries to achieve sustainable forest management. He noted that there were substantial opportunities to enhance synergy of action in several areas and to build national capacity in forest policy formulation, legislation, research, education and training.

Statement by the Representative of UNFF

210. The statement was delivered by Dr. Mahendra L. Joshi, Programme Officer, UNFF. He noted that as inter-governmental bodies on forests, the UNFF and the ITTO were closely connected. The Economic and Social Council of the United Nations (ECOSOC) established UNFF as a key body on international forest issues and a platform for promoting sustainable forest management of all types of forests worldwide. Dr. Joshi recalled the establishment of the Collaborative Partnership on Forests (CPF) to support UNFF and enhance cooperation and collaboration among the partner organizations on forests. He informed the Council that the ITTO had been a very active partner in the CPF and was grateful to ITTO for its support to UNFF work. He noted ITTO's role as a focal agency in the CPF on trade in forest products and services. He acknowledged ITTO's inputs into the reports of the UN Secretary-General on economic aspects of forests and on trade and sustainable forest management, as well as ITTO's contributions to many country-led initiatives in support of UNFF. Dr. Joshi mentioned that the UNFF Secretariat was grateful to the ITTO for providing to the UNFF Secretariat short term staff secondment. He indicated that at the moment there was no staff secondment from ITTO at the UNFF Secretariat and he urged the Council to endorse a proposal by the Executive Director to resume staff secondment to the UNFF Secretariat.
211. Dr. Joshi highlighted some important aspects of UNFF work that were of interest to the Council. UNFF was functioning under its multi-year programme of work from 2001 through 2005. He informed the Council that the UNFF3 would be held from 26 May to 6 June 2003 and would deal with among other issues, economic aspects of forests including trade. Other substantive elements to be discussed at UNFF3 include (i) maintaining forest cover to meet current and future needs; (ii) forest health and productivity; and (iii) enhanced cooperation and policy and programme coordination. He also briefed the Council on the UNFF multi-stakeholder dialogue that would provide a unique opportunity to government delegates and CPF member organizations to actively interact with major groups by sharing information, lessons learned and other common concerns. The knowledge emerging from such a dialogue would influence and enhance the decision-making process of UNFF.
212. Dr. Joshi said that as the Council was beginning its negotiation on a successor Agreement, it would be interesting to note that UNFF had been mandated to consider parameters of a mandate for developing a legal framework on all types of forests.

Statement by the Representative of the Trade Advisory Group (TAG)

213. The statement was presented by Mr. Barney Chan (Malaysia), General Manager, Sarawak Timber Association.
214. Mr. Chan stated that the ITTO Annual Market Discussion-2003 featured presentations made by three guest speakers. The presentations underlined the various concerns in the international tropical timber trade. He noted that one of the speakers who presented the Pan European Forest Certification Council (PEFC) stated that over 46 million hectares of forests had been certified under the PEFC scheme.
215. Mr. Chan said that the TAG was supportive of the Council's continued interest in certification, particularly in the phased approach. He, however, noted that sustainable forest management

should be the ultimate goal of the ITTO and not certification per se. Producers would welcome Council's recognition of phased approaches towards sustainable forest management in the same manner as they would recognize phased approaches towards certification. He indicated that given the number of certification schemes in existence, the Council should support mutual recognition of schemes in its work on phased approach. He said that phased approaches might be one way of addressing a major concern of the trade – illegal logging and illegal trade in timber. He said that TAG members would distance themselves from such activities which distort the market terribly and were dangerous enemies of sustainable forest management. Such illegal activities were a source of instability in the market and were disincentives to good forest management. The TAG urged the Council to pay serious attention to the ITTO "Annual Review and Assessment of the World Timber Situation especially the discrepancies between export and import figures of Member Countries. He called for more studies into these figures to seek clarity for the market. The TAG further urged the ITTO to work closely with other international agencies to forge a package of national and international measures which would seriously seek a solution to illegal logging and trade.

216. Mr. Chan reiterated that it was of considerable concern to the TAG that decisions in CITES appeared to be driven by politics and emotions rather than the science upon which the process of listing should be based. He cited the decision to uplift big leaf mahogany from Appendix III to Appendix II. The TAG however, alerted the Council to the risks to the tropical timber trade if the process of CITES was based on doubtful and scanty scientific evidence without technical input from the ITTO. Mr. Chan recalled that at the Sixteenth Session of the ITTC in Cartagena, Colombia CITES and ITTO entered into a formal agreement to exchange participation in each other's meetings, to share information and to advise each other on issues related to trade in endangered tropical timber species. He noted that the close cooperation between CITES and ITTO envisaged in that agreement appeared to have no longer existed. The TAG urged the Council to re-examine that agreement and to re-invigorate the exchange between the two organizations.
217. Mr. Chan reported to the Council the completion of a pre-project PPD 26/01 (M) on "Feasibility of and Support for a Tropical Timber Promotion Campaign". He noted that the resultant project proposal would be considered by the Twenty-sixth Expert Panel for Technical Appraisal of Project and Pre-project Proposals. He stressed the importance of the project proposal for the timber trade and commended the Secretariat for its effort. He also expressed his appreciation for the initiative taken by the Secretariat on life cycle analysis of tropical timber products and urged the Secretariat to do more work on higher value and quality products to counter the market instability of primary products.
218. Mr. Chan noted with surprise that the support for the CSAG/TAG partnership was not coming fully from the Council despite earlier encouragement. He proposed that the Council should perhaps allow the two groups to work together, one step at a time without placing high expectations for a complete solution.

Statement by the Representative of the Civil Society Advisory Group (CSAG)

219. The statement was presented by Dr. Andrew Deutz (IUCN – The World Conservation Union.)
220. Dr. Deutz thanked the Council, on behalf of the CSAG, for the opportunity to become formal partners in the ITTC. The CSAG greatly appreciated the opportunity and was dedicated to using it to advance the mission and mandate of the ITTO. The CSAG aimed to promote an opportunity for local voices and experiences to be heard in the Council and to explore the equity dimensions of the tropical timber trade. The CSAG was actively seeking to broaden the participation of under-represented social groups in the CSAG, such as groups representing local communities, the labor movement and indigenous peoples. Similarly, the CSAG was seeking to broaden the participation of representatives from under-represented geographic areas. The CSAG looked forward to increased engagement in the Council as well as in the series of PrepCom meetings and in the United Nations Conference for the Negotiation of a Successor Agreement to the ITTA 1994. In this regard, the CSAG particularly welcomed the Council decision on the successor agreement which provided resources to ensure the participation of CSAG and TAG members from developing countries in the UN Conference for the Negotiation of a Successor Agreement to the ITTA, 1994. Dr. Deutz hoped that the Council would find mechanisms to support the participation of CSAG members from Producing Member Countries in the PrepCom meetings and in future Council Sessions. He indicated that that was necessary in order to ensure regionally

balanced participation in the CSAG and, therefore, civil society in the Council Sessions. He noted with appreciation the support provided for the CSAG panel at the Thirty-third Council Session. He indicated that the CSAG had a lot of ideas for future panel topics that it would like to contribute. He also pointed out that the Global Environment Facility (GEF) and the UN Commission on Sustainable Development provided regular on-going support for civil society representatives from developing countries in the GEF Council and CSD Sessions respectively. He reiterated the intention of the CSAG to work with all delegations and groups within the ITTC. In particular, the CSAG looked forward to collaborating with the Trade Advisory Group.

Statement by the Representative of the Association of Indonesian Forest Concession Holders (APHI)

221. The statement was delivered by Dr. R. Robianto Koestomo, Chairman of Foreign Affairs, APHI.
222. On behalf of members of APHI, Dr. Koestomo thanked the Council for inviting the APHI to present its experience through the implementation of a pre-project on "Clean Development Mechanism within the Context of Land Use, Land Use Change and Forestry". He thanked the Council for accepting the completion report and the financial audit of the pre-project PPD47/02 (F). He hoped that the resulting project proposal would be funded by the Council. He thanked Dr. Jürgen Blaser for his direct guidance in the development of the project proposal. He also commended Dr. Carmenza Robledo's invaluable contribution. Dr. Koestomo commended the Executive Director and staff of the Secretariat for their dedication and hard work. He also thanked the Government and people of Panama for their hospitality and excellent organization of the ITTC.

Statement by the Representative of the International Network for Bamboo and Rattan (INBAR)

223. The statement was delivered by Dr. Maxim Lobovikov, Program Manager, INBAR.
224. The International Network for Bamboo and Rattan (INBAR) was an intergovernmental organization established by treaty among twenty-seven (27) Member Countries. Sixteen of INBAR Member Countries were also Members of the ITTO, namely, Ghana, Togo, Cameroon, , China, India, Indonesia, Malaysia, Myanmar, Nepal, Philippines, Bolivia, Colombia, Ecuador, Peru, Venezuela and Canada. He noted that bamboo and rattan trade had been estimated to be 5-7 billion dollars per annum, almost half of the total tropical timber trade. He indicated that virtually any product that could be produced of wood was currently being produced of bamboo, including pulp, paper, veneer, boards, flooring, roofing, furniture, charcoal and even cloth and vegetables.
225. Dr. Lobovikov said that bamboo was not a rival material to tropical timber, but rather a complementary and additional material. He noted that bamboo and rattan, in many instances could provide sufficient income and prevent deforestation, desertification, illegal logging and shifting cultivation. He stated that INBAR and the ITTO were natural partners and that there were many areas of possible cooperation between the ITTO and INBAR. He cited statistics as one of the areas where both could cooperate. He expressed INBAR's satisfaction with the results of the ITTO-INBAR pre-project on bamboo and rattan statistics, and called for more close cooperation between INBAR and the ITTO on forest statistics. Dr. Lobovikov cited illegal logging and deforestation as another area that the two organizations could cooperate. He noted that it would be impossible to stop illegal logging unless income alternatives were offered to timber communities and industries. He indicated that because of the shorter rotation for bamboo, in most of the cases it offered sufficient income to prevent forest over-logging, deforestation, soil degradation and shifting cultivation. Dr. Lobovikov called for cooperation between ITTO and INBAR on the issue of certification. He mentioned that INBAR and CFC had recently established a 2 million US\$ project in Nepal and Bangladesh and bamboo certification was one of the leading components of the project and would welcome the active participation of ITTO experts in the new INBAR project.

DECISIONS AND REPORT OF THE SESSION (Agenda Item 27)

226. The Chairperson referred to document ITTC(XXXIV)/20 to ITTC(XXXIV)/31 comprising twelve (12) Decisions for adoption by the Council at its Thirty-fourth Session. The Council approved all the twelve (12) Decisions as contained in Annex III. Amendments and editorial corrections were noted. Rule 33 of the Rules of Procedures was to be applied to the circulation of the Decisions and the report of the Council to Members.

Streamlining Council Decision Making Procedures – Decision 7(XXXIII)

227. The Chairperson noted that under Decision 7(XXXIII) the Council adopted new procedures for the decision making process. He invited comments from the Council on the new procedures.
228. Ms. Aulikki Kauppila (Finland), on behalf of the Consumer Group, stated that the new procedures had positive effects on the Thirty-fourth Session of the Council. She noted that there was an improvement in the process as well as effectiveness. She, however, stated that in order for the caucuses to work effectively it was important that they should be well informed right from the beginning of the meeting to avoid any confusion. She noted that the new procedures had made the decision-making process more transparent. She indicated since the procedures were being implemented for the first time, both caucuses had problems following them hence there was a bit of flexibility in the procedures. She called for more discipline in the procedures in the future to avoid confusion. She proposed that the donor community be informed of the Decisions to be taken beforehand in order to discuss with their relevant financing authorities prior to the Session.
229. Mr. Daniel Birchmeier (Switzerland) indicated that a number of lessons could be learned from the first experience with the new decision-making procedure that could be used to further improve ITTO's future work in that respect. He noted that the new process had proven to have many positive aspects: it provided a structure for the process, including a clear schedule. It also enhanced transparency in the decision-making process. By providing for an early circulation of new proposals for decision, it gave more time for preparation and thus enabled a better understanding of the issues. Nevertheless, he noted that the first experience with the new rules had also made clear that some uncertainties still remained. He proposed that countries should be invited to submit written comments to the Secretariat. He indicated that while flexibility was appropriate in some aspects because it was the first experience of the Council with the new procedures, nevertheless in the future the procedures should be strictly adhered to. He commended the Chairperson for his able leadership in guiding the Council through the first experience with the new procedures. He stressed that it was important that the group of friends of the Chair should only agree on the number of decisions and the first negotiation text, but not pre-negotiate the decisions. He stated that pre-negotiations by the small group would only lead to duplication and lack of transparency. Mr. Birchmeier concluded his intervention by urging the Council to begin the negotiation process earlier in future Sessions.
230. Dr. David Brooks (U.S.A.) stated that although there were some unanticipated complications associated with the implementation of the new procedures for the decision-making process, he would reinforce the conclusion that, on balance, the new procedures were in the right direction. He noted that the new procedures had made the decision-making process transparent and accessible to all Council Members. He also reinforced the comments made by the delegation of Switzerland and the Spokesperson of the Consumer Group that the Council should endeavour to adhere to the structures laid down in Decision 7(XXXIII). He urged Members to clearly differentiate the merits of the structure from Members' candid assessment of their own performance in following the procedures. He highlighted the fact that the Council was entering a period of negotiations which could complicate and cloud the agenda of the Council and urged Members to remain focused and to follow the procedures outlined in Decision 7(XXXIII) to ensure the achievement of good results in a more collaborative and efficient manner. He concluded that the new procedures had provided the Council with an important structure that would advance the future work of the Council.
231. Dr. Dradjad Wibowo (Indonesia) supported the intervention by the delegate of the United States that Decision 7(XXXIII) had provided the Council with a structure of significant merit for improving the effectiveness and efficiency of the decision-making process. He noted, however, that many Member Countries were unable to meet the procedures for decision-making under Decision 7(XXXIII). He indicated that some flexibilities and improvement in the new procedures might be needed for Decision 7(XXXIII) to become operational in a more effective manner. He cited case where a Member might submit a proposal for a decision when the issue might not be on the Council agenda. He called for more clarity on such issues. He also cited emerging topics that needed urgent and prompt decision by the Council. He called for some flexibility on the part of the Council in such an instance. He proposed that Members should be requested to submit written comments on how the procedures could be improved and the issue placed on the agenda for the next Council Session.

232. Dato' Suboh Mohd. Yassin (Malaysia) associated himself with the comments made by the delegation of Indonesia. He noted that Decision 7(XXXIII) had contributed to a better handling of the process for decision-making. He indicated, however, that there was the need for some improvement in the process. He said that some flexibility might be necessary especially to allow follow-up actions on some of the recommendations of studies presented to the Council and which Members might not have the opportunity to reflect upon. He indicated that the Council could defer for later consideration issues that might not be urgent.
233. Mr. Luis Cesar Gasser (Brazil) supported the proposal by the delegation of Indonesia that the issue should be revisited during the next Session of the Council. He stated that some flexibility was needed in the implementation of Decision 7(XXXIII).
234. Mr. Enzo Barattini (European Community) supported the statements made by the delegations of Switzerland and United States and indicated that Decision 7(XXXIII) had improved the decision-making process. He noted that the new procedures had brought transparency and efficiency into the decision-making process. He indicated that Members should adhere strictly to all the procedures and conditions stipulated in Decision 7(XXXIII) particularly with regard to deadlines. Regarding issues not contained in the agenda of the Council but which could be a subject of Council Decision, Mr. Barattini urged the Council to abide by the agenda.
235. The Chairperson invited Members to submit written comments on the issue to the Secretariat for the consideration of the Council at its next Session.

CLOSING OF THE SESSION (Agenda Item 28)

Statement by the Consumer Spokesperson

236. Ms. Aulikki Kauppila (Finland), on behalf of the Consumer Group, noted that during the last few years, the ITTO community had managed to exchange views and negotiate on delicate and tricky issues in a constructive manner. She indicated that the Council should be happy and proud of the direction in which the ITTO was developing. She commended the able and experienced leadership of the Chairperson, Dr. B.C.Y. Freezailah. She also commended the organizers of the Annual Market Discussion and stated that the exchange of information on markets was one of the core tasks of the ITTO. Ms. Kauppila also commended the organizers of the side-event and noted that the presentation by the World Trade Organization (WTO) was timely, interesting and useful. She indicated that by organizing such events, ITTO was creating links to other international organizations and stakeholders in fields related to tropical timber.
237. Ms. Kauppila noted with pleasure the decisions adopted by the Council at the Session, and stated that they were all useful for the further development of the Organization as well as for the implementation of its tasks. She cited Decision 5(XXXIV) by which the Council renewed the appointment of the Executive Director, Dr. Manoel Sobral Filho, and indicated that in the view of the Consumer Group, that was the most important decision adopted by the Council at the Session. She commended the Executive Director for his good leadership, experience and diplomatic skills. She was pleased to note that the Council could count on the support of the Executive Director during the next four years. Ms. Kauppila also commended the staff of the Secretariat for their responsiveness and also for assisting in the preparation of most of the draft decisions. She expressed her personal thanks to the Producer Spokesperson, Mr. Charles Philippe Sikapiek (Cameroon) for his cooperation and friendliness throughout the Session. She thanked the Government and People of Panama for their hospitality and hard work during the Session. She also thanked the translators and interpreters.

Statement by the Producer Spokesperson

238. Mr. Charles Philippe Sikapiek (Cameroon), on behalf of the Producer Group, expressed satisfaction with the quality of the work of the Thirty-fourth Session of the Council, and commended the hard work of all delegations. He noted that the negotiation of a Successor Agreement to the ITTA, 1994 was the most immediate and urgent challenge facing the Organization. He stressed the importance of the ITTO and the need for its continued existence for the sustainable management of the tropical forests. He urged all the partners to show flexibility and understanding during the negotiations of a Successor Agreement to the ITTA, 1994 in order that the new agreement would receive wide ratification by Member Countries. Mr. Sikapiek commended the efforts of all the donors who had supported the ITTO financially, even in their times of difficult budgetary situations.

239. Mr. Sikapiek thanked the Government and People of Panama for the warm hospitality accorded to delegates. He commended the Executive Director and staff of Secretariat for their hard work and dedication. He also thanked the translators and interpreters for their hard work.
240. Mr. Sikapiek informed the Council that Mr. Jean Williams Sollo (Cameroon) would continue as the Spokesperson of the Producer Group in subsequent Council Sessions. He expressed his personal thanks to Ms. Aulikki Kauppila (Finland), the Consumer Spokesperson, for the spirit of cooperation that characterized their discussions. Mr. Sikapiek commended the able leadership of the Chairperson, Dr. B.C.Y. Freezailah.

Statement by the Representative of the European Community

241. Mr. Enzo Barattini, on behalf of the European Community and its Member States, congratulated the Council for the positive outcome of the Thirty-fourth Session. He thanked the Government of Panama for hosting the Session. He noted that in the field of forestry, there was the need for a collaborative and joint partnership between consuming and producing countries and a coherent strategy for the real achievement of sustainable forest management. He indicated that all the efforts depended on intensified efforts to support long-term economic development and poverty reduction. He cautioned that if Council Members did not act together in a mutual partnership, there would be only one loser- the entire humanity.
242. Mr. Barattini recalled discussions on the market situation and the attention being focused on a new EU legislation on certification of building products. He informed the Council that the EU Decision on measures to promote expansion and diversification of international trade in tropical timber was mainly intended to check whether the legislation might affect trade in some tropical timber products. He indicated that the normative referred to was not an extra barrier, but actually a simplification of the former situation. He noted that previously, fifteen (15) sets of conformity standards accompanying procedures existed for each family of construction products and the new regime had provided one harmonized standard based on all the requirements of the national standards and only one "stop-shop" for obtaining access to the 370 million EU consumers. He indicated that, in practice, the new procedure was intended to facilitate trade and save time and money through an economy of scale. He said that it was the belief of the European Community that after a certain time of adjustment, exporting to the EU would be easier and rapid. He noted that the process would require capacity building on the part of Producing Member Countries.
243. Mr. Barattini noted that a large number of decisions adopted at the Session aimed at encouraging Producing Member Countries to accomplish important steps towards the achievement of sustainable forest management. He welcomed the decisions and hoped that these would improve the capability of Members to achieve sustainable forest management. The European Community and its Member States welcomed the ITTO Work Programme for 2003 and noted that although ambitious, the European Community was confident that the Secretariat would fulfill the heavy tasks assigned in an extremely efficient manner. Mr. Barattini commended the Executive Director and staff of the Secretariat for their efficiency and responsiveness.
244. Mr. Barattini indicated that the European Community and its Member States would embark on the process of negotiation of a Successor Agreement to the ITTA, 1994 with optimism and were ready to make proactive contribution to the process. On the issue of project implementation, Mr. Barattini indicated that the EC would look at the matter in the most positive way, in compliance and in accordance with EU's rules and provisions. He reiterated that the commitment and contribution of Members must not be measured in relation to the level of financial contribution.
245. Mr. Barattini commended the efficient and able leadership of the Chairperson and Vice-Chairperson of the Council. He also congratulated the Executive Director on the renewal of his appointment for a second term. Mr. Barattini thanked the Government and People of Panama, particularly Ing. Ricardo Anguizola, as well as the Lord Mayor of the City of Panama for the warm and cordial reception accorded to delegates. He also thanked the interpreters and translators.

Statement by H.E. Dr. Juan Carlos Navarro, Mayor of the City of Panama

246. H.E. Dr. Juan Carlos Navarro said that he had attended four Council Sessions over the last twenty years and had followed the work of the ITTO very closely. He thanked the Council for accepting the invitation by Panama to host the Thirty-fourth ITTC Session. He hoped that delegates enjoyed their stay in Panama. He thanked the Executive Director and staff of the

Secretariat for their hard work and dedication. He also commended Ing. Ricardo Anguizola, Administrator General of ANAM, the Chairperson, Dr. B.C.Y. Freezailah and the Vice-Chairperson, Ms. Jan McAlpine. He said that he was impressed by the book written by Dr. Duncan Poore – “Changing Landscape” not only because of the summary of the history of the ITTO and its impact on world forestry but also the scientific insights provided by the book into landscapes and the changing nature of such landscapes as well as the forestry issues facing the global community and putting the ITTO history in context. He noted that the book provided a useful tool for the work of the ITTO. Dr. Navarro noted that ITTO projects under implementation would continue to make a difference in the world for sustainable use and sustainable forestry. He indicated that Panama, like many Producing Member Countries, was facing important challenges in managing its forest and timber resources wisely. He assured the Administrator General of ANAM that he would continue to work with him and other national authorities to strengthen the national parks, protect biological diversity, strengthen certification processes as well as public-private partnerships. He urged other Member Countries to do likewise; using ITTO as a global forum for resources, both technical and financial. He thanked the Council and the donor community for approving and financing a project on “Conservation and Reforestation of Threatened Mangrove Forest Areas along the Pacific Coast of Panama”.

Statement by Ing. Ricardo Anguizola, Administrator General, ANAM

247. Ing. Ricardo Anguizola stated that it was a great honor for Panama to host the Thirty-fourth ITTC Session. He noted that it was the first time that the ITTC had been held in Central America. He congratulated the Chairperson, the Vice-Chairperson, the Executive Director and all delegates for the great efforts made in ensuring a successful Council Session. He also thanked the Council and the donor community for approving and funding a number of projects and pre-projects. He also welcomed the decisions adopted by the Council which aimed at achieving sustainable forest management, the fundamental objective of the ITTO. He supported the concept of phased approaches to certification and urged the Council to continue its efforts in that regard. He called for proper coordination between the ITTO and CITES for the expansion of trade in a more demanding consumer market. He noted the increasing awareness of the People of Panama on environmental issues, especially those that affect the sustainability of the forests. He reiterated the commitment of the Government and People of Panama towards sustainable forest management in order to achieve profitability of the forests and thereby fight poverty and improve the living conditions of forest dependent communities.
248. Ing. Anguizola stated that Panama had approximately 50% of the mangroves of Central America and had, therefore, been chosen as the Regional Center for Mangrove Conservation. A new site in Panama had also been approved as a RAMSAR site by the Conference of Parties to RAMSAR. He thanked the Council for approving and funding a project on “Conservation and Reforestation of Threatened Mangrove Forest Areas along the Pacific Coast of Panama” and a pre-project on “Technical Assistance for the Development of a Project Proposal in Institutional Strengthening for Forest Fire Prevention, Mitigation and Management in the Natural and Planted Forests of Panama”.

Closing Statement by the Chairperson

249. In his closing remarks, the Chairperson, Dato’ Dr. B.C.Y. Freezailah, on behalf of the Council, expressed his gratitude and appreciation to the Government and People of Panama for their outstanding support and warm hospitality. He also thanked Members of the Council for the positive chemistry and flexibility which prevailed during the Session. He noted that there were some difficult issues and moments which were natural in a complex organization like the ITTO. Nevertheless, the Council was able to work together with professionalism and a cooperative spirit to adopt by consensus twelve Decisions, some of which were controversial and sensitive.
250. The Chairperson acknowledged the contributions of the donor community who funded several projects and various activities at the Session; Japan, Switzerland, United States, Norway, Australia, Finland and Korea, to the tune of US\$4.4 million. He also expressed his gratitude to the Vice-Chairperson of the Council, Ms. Jan McAlpine (U.S.A.), the Spokespersons of the two caucuses, Ms. Aulikki Kauppila and Mr. Charles Philippe Sikapiek, the Chairs and Vice-Chairs of the Committees for their excellent contributions and cooperation. Dato’ Dr. Freezailah congratulated the Executive Director, Dr. Manoel Sobral Filho, on the extension of his appointment for a second term. He also commended the staff of the Secretariat for their devotion to duty. He thanked all observers present at the Session including organizations such as FAO, UNFF, WTO, ANCON and others, for their presence and expression of support. He thanked the interpreters and translators for their cooperation and devotion to duty.

251. The Chairperson noted that the Thirty-fourth Session of the ITTC had adopted several important decisions. He indicated that the decision on negotiating a Successor Agreement to the ITTA, 1994 had provided an excellent road map to facilitate negotiations. Donor contributions would enable many Producing Member Countries to participate and provide inputs for a new agreement. Some of the studies to be undertaken would also provide guidance on the lessons learnt and new opportunities and challenges. He hoped that the same positive atmosphere and cooperation spirit during the Council Session would prevail during PrepCom I. He reiterated that the negotiation must not be a competition between Producers and Consumers. On market access and certification, the Chairperson noted that the decisions adopted by the Council were more than significant not only because they were fundamental to achieving sustainable management of tropical forests and trade in tropical forest products, but they also demonstrated the resilience of the ITTO and the flexibility of some Members. Dato' Dr. Freezailah stated that timber certification by phases or with in-built minimum requirements was the only pragmatic way to move along the difficult road to achieve sustainable forest management. He said that these schemes were already on-going and the ITTO could not be an innocent bystander. He recalled that as early as 1996, the ITTO Mission to Bolivia was informed about work on timber certification in a project called BOLFOR. He also cited Malaysia's cooperation with the Netherlands on timber certification based on minimum requirements legislated by the Dutch Parliament. On a regional level, the Chairperson cited ASEAN, the Association of Southeast Asia Nations, as having initiated dialogue with the EU to promote ASEAN-EU cooperation on timber certification in phases. He reiterated that timber certification was the only pragmatic mechanism at the moment to address the issue of illegal logging.
252. The Chairperson expressed dismay that a decision to put cooperation between TAG and CSAG on a more formal basis could not be realized at the Session. Nevertheless, he hoped that the initiatives for such collaboration between TAG and CSAG based on the guidelines developed by the Expert Panel on this issue and the three pilot activities would further strengthen cooperation between TAG and CSAG.
253. The Chairperson recognized the participation of eight previous Council Chairpersons at the Thirty-fourth ITTC Session and invited the Council to give them a hearty round of applause.
254. The Chairperson officially closed the Thirty-fourth Session of the ITTC.

ANNEX I

LIST OF PARTICIPANTS

Document: ITTC(XXXIV)/Info. 2 Rev.1

Distr.
General

ITTC(XXXIV)/Info.2 Rev.1
19 May 2003

English/French/Spanish

THIRTY-FOURTH SESSION
12 – 17 May 2003
Panama City, Panama

LIST OF PARTICIPANTS

* * * * *

LISTE DES PARTICIPANTS

* * * * *

LISTA DE PARTICIPANTES

MEMBERS

AUSTRALIA

- * Mr. Matthew Dadswell
Manager, Forest Industry Development and Trade, Department of Agriculture, Fisheries and Forestry, Canberra
- ** Mr. Malcolm Jamieson
Assistant Manager, Forest Industry Development and Trade, Department of Agriculture, Fisheries and Forestry, Canberra

BOLIVIA

- * Ms. Claudia Rocabado de Armijo
Second Secretary, Embassy of Bolivia, Panama City

BRAZIL

- * H.E. Mr. Pedro Paulo Assumpção
Ambassador, Embassy of Brazil, Panama City
- ** Mr. Jorge Viana
Governor, State of Acre
- ** Mr. Luiz Cesar Gasser
First Secretary, Ministry of External Relations, Brasília
- ** Mr. Carlos Antonio Rocha Vicente
Diretor do Programa Nacional de Florestas, Ministério do Meio Ambiente, Brasília
- ** Mr. Gilberto Siqueira
Secretary, Planning and Sustainable Economic Development, State of Acre
- ** Mr. Carlos Ovidio Duarte Rocha
Forestry Secretary, State of Acre
- ** Mr. João Cesar Dotto
President, Acre Technological Foundation (FUNTAC)
- ** Mr. Marcelo Argüelles de Souza
Manager, Forest Management of Protected Areas
- ** Ms. Rócia Silva Oliveira
Manager, Technical, Multilateral International Cooperation, Brazilian Agency for Cooperation, Brasília
- ** Ms. Carmen Roseli Caldas Menezes
Technical, Multilateral International Cooperation, Brazilian Agency for Cooperation, Brasília
- *** Dr. Ivan Tomaselli
Director, ABIMCI/STCP, Curitiba

CAMBODIA

- * Mr. Hour Lim Chhun
Vice Chief, Planning and Accounting Office, Department of Forestry and Wildlife, Phnom Penh
- ** Mr. Ung Sam Ath
Deputy Director, Department of Forestry and Wildlife, Phnom Penh

Notes: * Representative/Représentant/Representante
 ** Alternate representatives/Représentant suppléants/Representantes supplentes
 *** Advisers/Conseillers/Asesores

CAMEROON

- * Mr. Madi Ali
 - ** Mr. Kede Otodo
 - ** Mr. Jean Williams Sollo
 - ** Mr. Charles Philippe Sikapiek
 - ** Mr. Wilfred Dinga Daiga
 - ** Mr. Schadrack Ondoua Ekotto
 - ** Mr. Wa Mathurin M.
- Secrétaire Général, Ministère de
l'Environnement et des Forêts, Yaoundé
Directeur des Forêts, Ministère de
l'Environnement et des Forêts, Yaoundé
ex-Directeur Général, ONADEF, Yaoundé
Chef Cellule des Projets, Ministère de
l'Environnement et des Forêts, Yaoundé
President Comité de Pilotage, Agence
Nationale d'Appui au Développement
Forestière, Yaoundé
Directeur Adjoint des Projets Cofinancés,
ONADEF, Yaoundé
Député

CANADA

- * Mr. Michael Fullerton
- Senior Policy Advisor, Canadian Forest
Service, Ottawa

CHINA, PEOPLE'S REPUBLIC OF

- * Mr. Yu Furong
- Deputy Representative, Commercial Office,
Embassy of P.R. China, Panama City

COLOMBIA

- * Dra. Angela Andrade
 - ** Mr. Francisco Zapata Ospina
 - *** Mr. Camilo Aldana Vargas
 - *** Mr. Oscar Antonio Alvarez Gómez
 - *** Ms. María Patricia Tobón Hincapié
- Directora Técnica de Ecosistemas, Ministerio
del Medio Ambiente, Santafé de Bogotá
Director General, CORANTIOQUJA, Medellín
Presidente, Corporación Nacional de Fomento
Forestal (CONIF)
Director General, Corporación Autónoma
Regional Rionegro (CORNAMRE)
Coordinadora Técnica, CORNARE

CÔTE D'IVOIRE

- * Ms. Jeannette Orega Coffi
 - ** Ms. Heya Chantal Adingra
 - ** Mr. Martial Me Kouame
 - ** Mr. Kadio Adjumane Aime
- Directeur de Cabinet, Ministère des Eaux et
Forêts, Abidjan
Directeur de la Planification, de la
Programmation des Projets et des ONG,
Ministère des Eaux et Forêts, Abidjan
Directeur Technique de la SODEFOR, Abidjan
Directeur des études et projets, SODEFOR,
Abidjan

ECUADOR

- * Ing. Carlos Enriquez
 - ** Mr. Pablo Mateus Alarcón
 - ** Mr. Alfredo Carrasco
- Director Nacional Forestal, Ministerio del
Ambiente, Quito
Presidente Ejecutivo, CORMADERA
Coordinador Regional, FOSEFOR

EUROPEAN COMMUNITY

- * Mr. Enzo Barattini
- ** Mr. Andrés Tobias y Rubio

Deputy Head of Unit, European Commission,
Brussels
Principal Administrator, DG EII, External
Relations, Council of the European Union,
Brussels

GREECE

- * Mr. Christos Stratoyannis

Counsellor of Economic and Commercial
Affairs, Permanent Representative to the E.U.,
Brussels

DENMARK

- * Mr. Claus Reinhardt Hansen
- *** Mr. Christian Straarup

Head of Section, Ministry of Foreign Affairs,
Copenhagen

FINLAND

- * Ms. Aulikki Kauppila

Counsellor, Ministry of Agriculture and Forestry,
Helsinki

FRANCE

- * Mr. Patrick Falcone
- ** Mr. Alain Chaudron

Ministère des Affaires Etrangères, Paris
Chargé de mission affaires forestières
internationales, Ministère de l'Agriculture, de
l'Alimentation, de la Pêche et des Affaires
Rurales, Paris
CIRAD-FORET, Montpellier

- ** Mr. Henri-Felix Maître

GERMANY

- * Mr. Thomas Knebel
- ** Ms. Barbara Lang

Deputy Head of Division, Federal Ministry of
Economics and Technology, Berlin
Forest Policy Officer, Deutsche Gesellschaft für
Technische Zusammenarbeit, Eschborn

ITALY

- * Mr. Marco Cesaroni

Embassy of Italy, Panama City

NETHERLANDS

- * Mr. Frederik Vossenaar
- ** Mr. Leendert Rittershaus

Counsellor, Embassy of the Netherlands, Tokyo
Senior Policy Advisor, Ministry of Agriculture,
Nature and Fisheries, The Hague

SPAIN

- * Ms. Teresa Ruiz Toledo

Oficinal Comercial, Embajada de España,
Panama City

SWEDEN

- * Ms. Astrid Bergquist

Senior Advisor, Ministry of Industry,
Employment and Communications, Stockholm

GABON

- * H.E. Mr. Emile Doumba
Ministre, Ministère de l'économie forestière, Libreville
- ** Mr. Jean Boniface Memvie
Secrétaire Général, Ministère de l'économie forestière, Libreville
- ** Mr. Athanase Boussengue
Directeur Général Adjoint des l'économie forestière, Libreville
- ** Mr. Alphonse Owele
Conseiller Ministre, Ministère de l'économie forestière, Libreville

GHANA

- * Mr. A.S.K. Boachie-Dapaah
CEO, Forestry Commission, Accra
- ** Mr. J.K. A. Wireko-Brobby
Commissioner, Forestry Commission
- ** Mr. Alhassan Attah
Manager, London Office, Forestry Commission, London
- ** Mr. Tabi Agyarko
Senior Planning Officer, Ministry of Lands and Forestry, Accra
- ** Mr. Fredua Agyeman
Technical Director, Ministry of Lands and Forestry, Accra

GUATEMALA

- * Mr. Luis Ernesto Barrera Garavito
Gerente, Instituto Nacional de Bosques (INAB), Guatemala City
- ** Dr. Fidel Reyes Lee
Vicerrector/Asesor, Universidad Rural de Guatemala, INAB, Guatemala City,

GUYANA

- * H.E. Mr. Sataydeow Sawh
Minister, Ministry of Fisheries, Crops, Livestock and Forestry, Bourda
- ** Mr. James Singh
Commissioner of Forests, Guyana Forestry Commission, Kingston

HONDURAS

- * Mr. Gustavo A. Morales
Gerente General, AFE-COHDEFOR, Tegucigalpa
- ** Ms. Hilda Rosario Hernandez Alvarado
Sub-Gerente General, AFE-COHDEFOR, Tegucigalpa

INDIA

- * H.E. Mrs. Primrose R. Sharma
Ambassador, Embassy of India, Panama City
- ** Mr. Thanglura Darlong
Counsellor, Embassy of India, Panama City

INDONESIA

- * H.E. Mr. Susanto Sutoyo
Director General of Multilateral Economic, Finance and Development, Ministry of Foreign Affairs, Jakarta
- *** H.E. Mr. Ahwil Loetan
Ambassador of the Republic of Indonesia to Mexico and Panama

** Mr. Andradjati

** Mr. Wisnu Prastowo

** Ms. Sri Murniningtyas

** Mr. Asa Patia Silalahi

** Dr. Dradjad H. Wibowo

** Mr. Jimmy Chandra

** Mr. Dani Pitoyo

Director, Commodity and Standardization,
Ministry of Foreign Affairs, Jakarta
Forestry Attaché, Embassy of Indonesia, Tokyo
Deputy Director, Bureau of International
Cooperation and Investment, Ministry of
Forestry, Jakarta
Head of Economic Division, Embassy of the
Republic of Indonesia to Mexico and Panama
Executive Director, Indonesian Ecolabelling
Institute, Bogor
Forestry Industry Revitalization Board, Jakarta
Forestry Industry Revitalization Board, Jakarta

JAPAN

* Mr. Mitsunori Namba

** Mr. Tetsuo Hiraide

** Mr. Kazuyuki Morita

** Mr. Hiroshi Tsujino

** Mr. Naohito Izumikawa

** Mr. Taira Iwasaki

** Mr. Tadashi Nobe

** Mr. Hosei Yoshida

Senior Assistant, Developing Economies
Division, Economic Affairs Bureau, Ministry of
Foreign Affairs, Tokyo
Councillor, Embassy of Japan, Panama City
Assistant Director, Wood Products Trade
Office, Forestry Agency, Tokyo
First Secretary, Embassy of Japan, Panama
City
Official, Developing Economies Division,
Economic Affairs Bureau, Ministry of Foreign
Affairs, Tokyo
Official, Developing Economies Division,
Economic Affairs Bureau, Ministry of Foreign
Affairs, Tokyo
Technical Official, Wood Products Trade Office,
Forestry Agency, Tokyo
Second Secretary, Embassy of Japan, Panama
City

MALAYSIA

* Y. Bhg. Dato' Suboh Mohd Yassin

** Mr. Mohd Zulkarnain Abd Kadir

** Mr. Loon Lai Cheong

** Mr. Shaharuddin Mohamad Ismail

** Ms. Khong Lye Fong

** Dr. Woon Weng Chuen

** Ms. Siti Syaliza Mustapha

** Dato' Dr. Freezailah bin Che Yeom

** Mr. Frederick Kugan

** Dr. Penguang Manggil

*** Mr. Paul P.K. Chai

*** Mr. Barney Chan

Deputy Secretary General II, Ministry of Primary
Industries, Kuala Lumpur
Assistant Secretary, Ministry of Primary
Industries, Kuala Lumpur
Principal Assistant Secretary, Ministry of
Foreign Affairs, Kuala Lumpur
Deputy Director General, Forestry Department
Headquarters, Kuala Lumpur
Director, Malaysian Timber Industry Board,
Kuala Lumpur
Director, Techno-Economics Division, Forest
Research Institute Malaysia, Kuala Lumpur
Junior Executive, Public and Corporate Affairs,
Malaysian Timber Council, Kuala Lumpur
Chairman, Malaysian Timber Certification
Council (MTCC), Kuala Lumpur
Senior Assistant Director, Forestry Department
of Sabah
Senior Assistant Director, Sarawak Forestry
Department, Kuching
Consultant, ITTO Unit, Sarawak Forestry
Department, Kuching
General Manager, Sarawak Timber
Association, Kuching

NEPAL

- * Dr. Damodar Prasad Parajuli
Chief, Foreign Aid Coordination Division,
Ministry of Forests & Soil Conservation,
Kathmandu
- ** Mr. Jamuna Krishna Tamrakar
Director General, Department of Forest,
Kathmandu

NEW ZEALAND

- * Mr. Don Wijewardana
Director, International Forestry Policy, Ministry
of Agriculture and Forestry, Wellington

NORWAY

- ** Mr. Olav Bakken Jensen
Adviser, Ministry of Environment, Oslo

PANAMA

- * Ing. Ricardo Anguizola
Administrador General de la Autoridad
Nacional del Ambiente (ANAM), Panama City
- ** Lic. Gonzalo Menéndez
Sub Administrador General, ANAM, Panama
City
- ** Lic. Bessie Vásquez
Secretaria General, ANAM, Panama City
- ** Lic. Ricardo A. Rivera Jaramillo
Director Nacional de Patrimonio Natural,
ANAM, Panama City
- ** Ing. Raúl Gutiérrez Rivera
Jefe, Servicio Nacional de Desarrollo y
Administración Forestal, ANAM, Panama City
- ** Ing. Roberto de la Cruz
Director Nacional de Planificación, Encargado,
ANAM, Panama City
- ** Lic. Laura Fernández
Jefa, Servicio Nacional de Administración de
Áreas Protegidas y Vida Silvestre, ANAM,
Panama City
- ** Ing. Eustorgio Jaén
Jefe, Departamento de Uso Sostenible de
Recursos Naturales, ANAM, Panama City
- ** Lic. Luis Barría
Jefe, Cooperación Técnica Internacional,
ANAM, Panama City
- ** Ing. Jorge Mosquera
Administrador Regional del Ambiente, Darién,
ANAM
- ** Ing. Carlos Ramírez
Administrador Regional del Ambiente, Coclé,
ANAM
- ** Ing. Raúl Brenes Vargas
Administrador Regional del Ambiente, Panamá
Este, ANAM
- ** Lic. Dario Arrue
Administrador Regional del Ambiente, Panamá
Metro, ANAM
- ** Ing. Carmelo Martino
Administrador Regional del Ambiente, Panamá
Oeste, ANAM
- ** Ing. José del C. Montenegro
Administrador Regional del Ambiente, Colón,
ANAM
- ** Lic. Bernardo Brea
Administrador Regional del Ambiente,
Veraguas, ANAM
- ** Ing. Gerardo González
Administrador Regional del Ambiente, Herrera,
ANAM
- ** Lic. David Vergara
Administrador Regional del Ambiente, Los
Santos, ANAM
- ** Ing. Helvecia Bonilla
Servicio Nacional de Desarrollo y
Administración Forestal, ANAM

** Ing. Clementito Herrera

** Ing. Manuel Hurtado

** Ing. Félix Magallón

** Lic. Neyra Herrera

** Lic. Raúl Pinedo

** Ing. Irving Ricardo Díaz H.

*** Ms. Beatriz Harrick

*** Mr. Guillermo Villarreal

*** Mr. Juan Planells

*** Mr. Ricardo Delvalle

*** Mr. Jaime Orozco

Servicio Nacional de Desarrollo y
Administración Forestal, ANAM
Servicio Nacional de Desarrollo y
Administración Forestal, ANAM
Servicio Nacional de Desarrollo y
Administración Forestal, ANAM
Coordinadora del Proyecto Sistema de
Información Forestal, ANAM
Jefe, Departamento de Planificación y
Estrategia Ambiental, ANAM
Presidente del Colegio de Ingenieros
Forestales de Panamá (CIFP), Panama City
Coordinadora de Proyecto, ANRAP, Panama
City
Presidente, Empresa SELLORO, S.A., Panama
City
Asesor, Maderas de Cerro Azul (Grupo
MELLO), Panama City
Gerente, ECOFOREST
Gerente, Plywood Orozco

PAPUA NEW GUINEA

* Mr. Brown Harold Kiki

** Mr. Michael Avosa

Acting Managing Director, Papua New Guinea
Forest Authority, Boroko
Coordinator, Forestry Aid, Papua New Guinea
Forest Authority, Boroko

PERU

* H.E. Mr. José Antonio Bellina

** Mr. Teobaldo Reategui

** Ms. Luz Caballero de Clulow

** Mr. Luis Enrique Serrano Niño

Ambassador, Embajada del Perú, Panama City
Ministro Consejero, Embajada del Perú,
Panama City
Consejera, Embajada del Perú, Panama City
Gerente General Adjunto, INRENA, Lima

PHILIPPINES

* Mr. Romeo T. Acosta

** Mr. Ricardo M. Umali

Director, Forest Management Bureau, DENR,
Quezon City
Executive President and Forest Industry
Representative, Sustainable Ecosystems
International Corp. Quezon City

REPUBLIC OF KOREA

* Mr. Kiyeon Ko

** Mr. Kugbo Shim

** Mr. Sun-Tae Park

Deputy Director, Korea Forest Service, Daejeon
Research Scientist, Korea Forest Research
Institute, Seoul
Second Secretary, Embassy of the Republic of
Korea, Panama City

SURINAME

* Mr. Iwan Krolis

** Ms. Mieke Soemodihardjo

General Director, SBB
Legal Advisor, SBB

SWITZERLAND

- * Mr. Daniel Birchmeier
- ** Mr. Franz Perrez
- ** Dr. Jürgen Blaser
- ** Dr. James K. Gasana

Programme Officer, State Secretariat for
Economic Affairs (seco), Bern
Deputy Head, International Affairs Division,
Swiss Agency for the Environment, Forests and
Landscape (SAEFL), Bern
Technical Advisor, Intercooperation, Bern
Technical Advisor, Intercooperation, Bern

THAILAND

- * Mr. Pravit Chittachumnonk

Administrative Development Officer,
Department of National Park Wildlife and Plant
Conservation, Bangkok

TOGO

- * Mr. Tetoufea H. Koffi
- ** Mr. Agogno Koffi
- ** Mr. Ayih Atayi-Agbobly

Directeur Général, Office de Développement
des Forêts (ODEF), Lomé
Conseiller Technique, Ministère de
l'environnement et ressources forestières, Lomé
Directeur Technique, ODEF, Lomé

TRINIDAD & TOBAGO

- * Mr. Sheriff Faizool

Conservator of Forests, Ministry of Public
Utilities and the Environment, Port of Spain

UNITED STATES OF AMERICA

- * Dr. David Brooks
- ** Mr. Christopher Ellis
- ** Ms. Jan McAlpine
- *** Ms. Jennifer Conje
- *** Mr. Michael Hicks
- *** Mr. Douglas W. MacCleery
- *** Ms. Anne Divjak
- *** Mr. Matthew P. Roth

Director for Natural Resources Policy, Office of
the U.S. Trade Representative, Washington,
D.C.
International Forest Management Officer, Office
of Ecology and Terrestrial Conservation,
Bureau of Oceans and International
Environmental and Scientific Affairs,
Department of State, Washington, D.C.
Senior Advisor, Office of Ecology and
Terrestrial Conservation, Bureau of Oceans and
International Environmental and Scientific
Affairs, United States Department of State,
Washington, D.C.
Policy Analyst, USDA Forest Service,
Washington, D.C.
Coordinator, Trade Policy, Forest and Fishery
Products Division, Foreign Agricultural
Services, United States Department of
Agriculture, Washington, D.C.
Senior Policy Analyst, Forest Management,
Forest Service, United States Department of
Agriculture, Washington, D.C.
Director, International Trade Policy, Wood
Products International, American Forest and
Paper Association, Washington, D.C.
Head, Economy Section, Embassy of the
U.S.A., Panama City

VENEZUELA

- | | |
|---|---|
| * H.E. Dr. Flavio Leopoldo Granados Pomenta | Embajador, Embajada de Venezuela, Panama City |
| ** Mr. Ramón Alfredo López | Segundo Secretario, Embajada de Venezuela, Panama City |
| ** Mr. Renzo Silva | Director General del Recurso Forestal, Ministerio del Ambiente y de los Recursos Naturales, Caracas |
| ** Ms. Olga J. Pérez Gutiérrez | Directora de Planificación del Recurso Forestal, Ministerio del Ambiente y de los Recursos Naturales, Caracas |

OBSERVERS

Potential Members

MEXICO

Mr. Arturo Cobián López	Director de Comercio Internacional, Comisión Nacional Forestal
Mr. Saúl B. Monreal Rancel	Gerente del Programa de Desarrollo de Plantaciones Comerciales

VIETNAM

Mr. Nguyen Ngoc Binh	Director General, Department for Forest Development, Ministry of Agriculture and Rural Development
Mr. Pham Trong Hien	Senior Forestry Officer, Department for Forest Development, Ministry of Agriculture and Rural Development

Permanent Observer

UNITED NATIONS FORUM ON FORESTS (UNFF)

Dr. Mahendra L. Joshi	Programme Officer
-----------------------	-------------------

Specialized Agencies

FOOD AND AGRICULTURE ORGANIZATION (FAO)

Dr. C.T.S. Nair	Chief, Forestry Planning & Statistics Branch
-----------------	---

INTERNATIONAL TRADE CENTRE, UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT /WORLD TRADE ORGANIZATION (UNCTAD/WTO)

Mr. Jukka Tissari	Market Development Officer
-------------------	----------------------------

WORLD TRADE ORGANIZATION (WTO)

Ms. Doaa Abdel-Motaal	Economic Affairs Officer
-----------------------	--------------------------

Inter-governmental Organizations

AFRICAN TIMBER ORGANIZATION (ATO)

Mr. Remy Mukongo Shabantu	Chef de Service Statistiques et Documentation
Mr. Emmanuel Siisi-Wilson	Technical Director, Forest Management Certification

INTERNATIONAL NETWORK FOR BAMBOO AND RATTAN (INBAR)

Dr. Maxim Lobovikov	Program Manager
---------------------	-----------------

IUCN - THE WORLD CONSERVATION UNION

Dr. Andrew Deutz

Head, Canada Office

Governmental Organizations

DEPARTMENT OF NATIONAL PARK, WILDLIFE AND PLANT CONSERVATION

Ms. Khanita Meedej

Senior Forest Officer

Non-governmental Organizations

ASOCIACION NACIONAL PARA LA CONSERVACION DE LA NATURALEZA (ANCON)

Lic. Lider Lenin Sucre Garay
Mr. Luis Héctor Córdoba

Director Ejecutivo
Forestry Engineer

THE ASSOCIATION OF INDONESIAN FOREST CONCESSION HOLDERS (APHI)

Drs. R. Robianto Koestomo
Dr. Untung Iskandar
Ir. Hesty Mulyandari

Chairman of Foreign Affairs
Project Coordinator
Technician

BANCO NACIONAL DE PANAMA

Ms. Taadia de Quintero

Jefe de Depto. De Credito, Agropecuario
y Forestal

CENTRO ESTUDIOS CIENTIFICOS APLICADOS (CECA)

Mr. Jaime Quiros

Secretario General

CIPAN

Mr. Mauricio Castro Schmitz

Secretario General

COILLTE IRISH FORESTRY BOARD

Mr. Raymond Keogh

Head, International Teak Unit

CONSERVATION INTERNATIONAL

Dr. Richard E. Rice

Chief Economist

CONSORCIO MADERERO LICAIMA

Mr. Ivan Ramos B.

Vice President

CORPORACION DE MANEJO FORESTAL SUSTENTABLE (COMAFORS)

Mr. Marco Vinuesa

Coordinador General

ESCUELA DE CIENCIAS FORESTALES (ESFOR)

Ing. Victor Hugo Acha G.

Director Proyecto PD63/97 Rev.3 (F)

ESNACIFOR

Mr. Cesar Alvarado

Director

HIROSAR JAYA

Mr. Morris Kapong Tamang

Project Manager

**INTERNATIONAL CENTER FOR RAIN FOREST CONSERVATION AND DEVELOPMENT
(IWOKRAMA)**

Dr. Graham Watkins

Director General

**INTERNATIONAL LIAISON COMMITTEE (ILC) FOR THE THIRD INTERNATIONAL WILDLAND FIRE
CONFERENCE**

Mr. Denny Truesdale

Chairman

INTERNATIONAL WOOD PRODUCTS ASSOCIATION

Mr. Eric Thomsson
Ms. Wendy Baer

Past President
Executive Vice President

NATIONAL FOREST TECHNICIANS ASSOCIATION OF PANAMA (ANTEFORP)

Mr. Sebastian Sutherland

Secretario General

NSW RURAL FIRE SERVICE

Mr. Duncan Sutherland

Director, Business Development

PEFC COUNCIL

Mr. Ben Gunneberg

Secretary General

RAINFOREST ALLIANCE

Mr. Jonathan Jickling

Manager, Certification Quality and
Systems

SWISS FEDERAL LABORATORIES FOR MATERIALS TESTING AND RESEARCH (EMPA)

Dr. Carmenza Robledo-Abad

Area Manager, Climate Change and
Forest

TROPICAL FOREST FOUNDATION

Mr. Keister Evans

Executive Director

WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT

Mr. James Griffiths

Director

WORLD RESOURCES INSTITUTE

Mr. Stephen Cox
Dr. Ralph Ridder

Biological Resources Program Director,
Global Forest Watch Executive Director
Technical Director, Global Forest Watch

AUTHORIZED INVITEES

Ms. Stephanie Caswell	Consultant
Dr. Carlos Chirinos Arrieta	Consultant
Mr. Patrick Hardcastle	Consultant
Prof. Peter Kanowski	Consultant
Dr. Richard Murphy	Consultant
Dr. Duncan Poore	Consultant
Mr. Lamon Rutten	Consultant
Prof. Jeff Sayer	Consultant
Mr. Tan Seng Hock	Consultant
Dr. Markku Simula	Consultant
Dra. Josefina Takahashi Sato	Consultant

Mr. James Griffiths	Market Discussion Speaker
Mr. Auvo Kaivola	Market Discussion Speaker

Earth Negotiations Bulletin - Reporting Staff

Ms. Charlotte Salpin
Mr. Andrew Baldwin
Mr. Langston Goree
Ms. Fiona Koza
Ms. Nienke Beintema
Mr. Francis Dejon
Ms. Brandy Filtzer

LANGUAGE TEAM

Interpreters

Mrs. Odile Bertin-Faull
Ms. Bernadette Boyde
Ms. Angelica Marquez
Ms. Maryse Perez-Duarte
Ms. Mercedes Reyes
Ms. Carmen Huneeus de Espinosa
Ms. France Fontaine de Lucioparades
Ms. Beatriz Dorronsoro
Ms. Gloria Santodomingo
Ms. Maria Cecilia Navas
Ms. Marjorie Robotham

Translators

Ms. Claudia Adán
Ms. Maria Eugenia Sanint
Mr. Francis Marche
Ms. Guyonne Proudlock
Ms. Claudine Fleury

OFFICERS OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL AND ASSOCIATED COMMITTEES

Council

Chairperson	Dr. B.C.Y. Freezailah
Vice-Chairperson	Ms. Jan L. McAlpine

Economic Information and Market Intelligence

Chairperson	Dr. Gilbert Kaya
-------------	------------------

Reforestation and Forest Management

Chairperson	Mr. Henri Félix-Maître
Vice-Chairperson	Mr. A.S.K. Boachie-Dapaah

Forestry Industry

Chairperson	Dr. Fidel Reyes Lee
Vice-Chairperson	Ms. Astrid Bergquist

Finance and Administration

Chairperson	Mr. Pravitt Chittachumnonk
Vice-Chairperson	Mr. Christopher Ellis

Spokespersons

Producers	Mr. Charles Philippe Sikapiek
Consumers	Ms. Aulikki Kauppila

ITTO SECRETARIAT

Dr. Manoel Sobral Filho
Executive Director

Mr. Takeichi Ishikawa
Assistant Director, Management Services

Mr. Amha Bin Buang
Assistant Director, Economic Information and Market Intelligence

Mr. Emmanuel Ze Meka
Assistant Director, Forest Industry

Dr. Eva Müller
Assistant Director, Reforestation and Forest Management

Dr. Steven E. Johnson
Statistician

Dr. Michael J. Adams
Market Information Service Coordinator

Mr. Mahboob Hasan
Financial/Administrative Officer

Mr. Alastair D. Sarre
Editor/Communication Officer

Mr. Charas Mayura
Finance/Administrative Officer

Mr. John J. Leigh
Conservation Officer, Reforestation and Forest Management

Dr. Hwan Ok Ma
Projects Manager, Forest Industry

Mr. Edmond Collins Ahadome
Information Officer

Dr. Ruben Guevara
Regional Officer – Latin America

Ms. Manami Oshima
Research Assistant

Ms. Patricia Hanashiro
Administrative Assistant

Ms. Masaki Miyake
Statistical Assistant

Ms. Kanako Sakaguchi
Secretary

Mr. Michiaki Fujimoto
Secretary

Ms. Naho Tamura
Secretary

Ms. Maiko Miura
Document Clerk

Mr. Zen-U Hotta
Secretary

Ms. Utako Aoike
Secretary

* * *

ANNEX II

AGENDA

DOCUMENT: ITTC(XXXIV)/1

Distr.
GENERAL

ITTC(XXXIV)/1
25 February 2003

Original: ENGLISH

THIRTY-FOURTH SESSION
12 – 17 May 2003
Panama City, Panama

AGENDA

1. Opening of the Session
2. Ascertainment of the Quorum
3. Adoption of Agenda and Organization of Work
4. Report on Membership of the Council
5. Report of the Credentials Committee
6. Proposed Distribution of Votes for 2003
7. Admission of Observers
8. Statement by the Executive Director
9. Report of the Informal Advisory Group (IAG) – Decision 5(XXVI)
10. CITES Listing Proposals by Members – Decision 3(XVI)
11. The Potential Role of Phased Approaches to Certification in Tropical Timber Producer Countries as a Tool to Promote Sustainable Forest Management – Decision 11(XXXII)
12. Civil Society/Private Sector Partnerships for Sustainable Forest Management – Decision 5(XXXIII)
13. Measures to Improve Project Formulation and Appraisal – Decision 7(XXXIII)
14. Preparations for Negotiating a Successor Agreement to the ITTA, 1994 – Decision 8(XXXIII)
15. ITTO Objective 2000 – Decisions 2(XXIX) and 9(XXX)
- (a) Report on Assistance Provided to Producer Countries to Identify Factors Limiting Progress Towards Achieving Objective 2000; and
- (b) Report on Progress in the Implementation of National Training Workshops on the Use of ITTO Formats for Reporting on Sustainable Forest Management.
16. Report on the Compilation and Analysis of Information on Relevant Issues Affecting Market Access for Tropical Timber - Decision 6(XXXI)
17. Promotion of Sustainable Forest Management in the Congo Basin – Decisions 9(XXXII) & 10(XXXII)
18. Forest Law Enforcement in the Context of Sustainable Timber Production and Trade – Decision 6(XXXI)

/...

19. Progress Report on the Implementation of the ITTO Work Programme for the Year 2003 – Decision 3(XXXIII)
20. Matters Related to Article 16 of ITTA, 1994
21. ITTO Fellowship Programme – Decision 4(XXVII)
 - (a) Progress Report on the ITTO Fellowship Programme; and
 - (b) Report by the Chairperson of the Fellowship Selection Panel
22. Draft Annual Report for 2002
23. Special Account and Bali Partnership Fund
 - (a) Pledges to the Special Account and the Bali Partnership Fund;
 - (b) Review of the resources in the Bali Partnership Fund; and
 - (c) Report of the Panel on Sub-Account B of the Bali Partnership Fund (BPF).
24. Reports of the Associated Sessions of the Committees
25. Dates and Venues of the Thirty-fifth, Thirty-sixth and Thirty-seventh Sessions of the Council and the Associated Sessions of the Committees
26. Other Business
27. Decisions and Report of the Session
28. Closing of the Session

ANNOTATIONS TO THE AGENDA

Item 1 - Opening of the Session

The Thirty-fourth Session of the Council will be opened by the Chairperson of the Council, Dato' Dr. B.C.Y Freezailah (Malaysia).

Item 2 - Ascertainment of the Quorum

The Executive Director will report to the Council on the state of the quorum requirement for the start of the Session.

Item 3 - Adoption of Agenda and Organization of Work

[Document ITTC(XXXIV)/1]

The Council may decide to consider and adopt its Agenda. On the schedule of meetings, the Council may consider the draft schedule distributed under Decision 5(XXII), the advice of the Informal Advisory Group (IAG) and undertake due consultations in the Chairperson's Coordinating Bureau, issuing the time-table daily and at more frequent intervals as necessary. Registration shall be during 14:30-18:00 hours on Sunday, 11 May 2003 at the foyer, adjacent to the Miramar Grand Ballroom, Third Floor of the Miramar Inter-Continental Panama Hotel and 08:30-12:30 hours and 15:30-17:00 hours for 12 – 13 May 2003 at the same venue. The first Council meeting of the Session will convene at 10:00 hours on Monday, 12 May 2003. Please refer to the General Information Notes [Document ITTC(XXXIV)/Info.1] for details.

Item 4 - Report on Membership of the Council

The Executive Director will report on the status of membership of the Council.

Item 5 - Report of the Credentials Committee

[Document ITTC(XXXIV)/3]

The Council may consider and adopt the Report of the Credentials Committee and approve the credentials of delegations.

Item 6 - Proposed Distribution of Votes for 2003

[Document ITTC(XXXIV)/1 Annex]

The proposed distribution of votes for the year 2003, in accordance with Article 10(6) of the ITTA, 1994, is shown in the Annex to this Agenda. In accordance with Article 19(4) of the ITTA, 1994, this distribution of votes will be used for the assessment of the contribution of each Member to the Administrative Budget for 2004.

Item 7 - Admission of Observers

[Document ITTC(XXXIV)/Info.3]

The Council may decide to admit those States and Organizations which request admission to the Session as Observers. Two lists of such applicants will be submitted at the Session for consideration and decision. The first such list shall contain the names of all States and Organizations which have previously been admitted to the Council Sessions, and the second those States and Organizations who are applying for admission on the first occasion at this Session.

Item 8 - Statement by the Executive Director

The Executive Director will address the Council and report on activities of the Organization and other developments of relevance to the Organization.

Item 9 - Report of the Informal Advisory Group (IAG) – Decision 5(XXVI)
[Document ITTC(XXXIV)/2]

Pursuant to Decision 5(XXVI), and in order to organize its work for the Session, the Council may consider the report of the Twelfth Meeting of the Informal Advisory Group (IAG), to be convened on Sunday, 11 May 2003.

The report of the Twelfth Meeting of the IAG will be presented by the Chairperson (Dato' Dr. B.C.Y. Freezailah).

Item 10 - CITES Listing Proposals by Members – Decision 3(XVI)

Pursuant to its Decision 3(XVI) the Council may arrange consultations on Members' proposals to list internationally traded tropical timber species in the CITES Appendices which have been reported to the Secretariat since the last Session.

Item 11 - The Potential Role of Phased Approaches to Certification in Tropical Timber Producer Countries as a Tool to Promote Sustainable Forest Management – Decision 11(XXXII)

The Council may wish to consider the results and recommendations of the three regional workshops convened to disseminate and discuss the findings of the study on the Potential Role of Phased Approaches to Certification as a Tool to Promote Sustainable Forest Management.

Item 12 - Civil Society/Private Sector Partnerships for Sustainable Forest Management – Decision 5(XXXIII)
[Document ITTC(XXXIV)/5]

The Executive Director will report on progress in the development of Civil Society/Private-sector partnerships to help implement sustainable forest management. The Council may also consider the report of the Working Group convened to provide guidance for ITTO's support of these partnerships.

Item 13 - Measures to Improve Project Formulation and Appraisal – Decision 7(XXXIII)
[Document ITTC(XXXIV)/6]

The Council may consider the report of the Expert Panel for Technical Appraisal of Project proposals which pursuant to Decision 7(XXXIII) considered and recommended measures to improve the project and pre-project appraisal process, including measures to strengthen assistance to Members in project formulation.

Item 14 - Preparations for Negotiating a Successor Agreement to the ITTA, 1994 – Decision 8(XXXIII)
[Document ITTC(XXXIV)/7]

Pursuant to its Decision 8(XXXIII) the Council may consider the report of the Working Group convened to:

- (a) identify issues to be addressed in negotiating a Successor Agreement to the ITTA, 1994, drawing on Members' comments and other relevant documents;
- (b) undertake an analysis of potential changes to the ITTA, 1994, based on Council's decisions at the Thirty-third Session, written comments received from Members, and other relevant documents; and
- (c) determine the institutional and organizational implications of these potential changes.

Item 15 - ITTO Objective 2000 – Decisions 2(XXIX) & 9(XXX)
[Documents ITTC(XXXIV)/8 & 9]

Pursuant to its Decision 2(XXIX), which requested the Executive Director to render assistance to producer countries, on request, to identify, in each country, those factors which most severely limit progress towards achieving Objective 2000 and sustainable forest management and to formulate an action plan to overcome these, the Council may receive the reports on the assistance provided to Guyana and Trinidad and Tobago [Documents ITTC(XXXIV)/8 & ITTC(XXXIV)/9].

The Council may also receive a report on progress towards implementation of national workshops approved under Decision 9(XXX) to train officials, forest managers and forest concessionaires on the effective use of ITTO formats for reporting on forest management.

Item 16 - Report on the Compilation and Analysis of Information on Relevant Issues Affecting Market Access for Tropical Timber – Decision 6(XXXI)

[Document ITTC(XXXIV)/10]

The Council may consider the revised report on the compilation and analysis of information on relevant issues affecting market access for tropical timber.

Item 17 - Promotion of Sustainable Forest Management in the Congo Basin – Decisions 9(XXXII) & 10(XXXII)

[Documents ITTC(XXXIV)/11, 12 & 13]

The Council may wish to consider the following reports related to the promotion of sustainable forest management in the Congo Basin:

- (a) Report on the Workshop to Develop a Regional Applied Research Programme focusing on social, economic, and environmental aspects of Tropical Forest Management.
[Document ITTC(XXXIV)/11]
- (b) Report on the Training Workshop for Trainers in Forest Management
[Document ITTC(XXXIV)/12]; and
- (c) Report on the African Ministerial Conference on Forest Law Enforcement
[Document ITTC(XXXIV)/13].

Item 18 - Forest Law Enforcement in the Context of Sustainable Timber Production and Trade Decision 6(XXXI)

[Documents ITTC (XXXIV)/14 & 15]

The Council may consider the following reports related to Forest Law Enforcement in the Context of Sustainable Timber Production and Trade:

- (a) Preliminary Report on the Case Study on Export and Import Data on Tropical Timber Products in the Context of International Trade [Document ITTC(XXXIV)/14]; and
- (b) Report on a Case Study on Forest Law Enforcement in Peru.
[Document ITTC(XXXIV)/15].

Item 19 - Progress Report on the Implementation of the ITTO Work Programme for the Year 2003

[Document ITTC(XXXIV)/16]

The Council may consider the report on the implementation of the Work Programme for 2003.

Item 20 - Matters Related to Article 16 of ITTA, 1994

The Council may wish to consider the appointment of the Executive Director, as the tenure of the incumbent will expire on 5 November 2003.

Item 21 - ITTO Fellowship Programme – Decision 4(XXVII)

The Council may consider: (a) the progress report prepared by the Secretariat on implementation of the ITTO Fellowship Programme, as called for in Decision 4(XXVII) [Document ITTC(XXXIV)/17]; and (b) the report of the Fellowship Selection Panel presented by its Chairperson [Document ITTC(XXXIV)/18]. The Council will announce the final selection of awards based on the Chairperson's report.

Item 22 - Draft Annual Report for 2002
[Document ITTC(XXXIV)/4]

The Secretariat will present to the Council the draft Annual Report for 2002.

Item 23 - Special Account and Bali Partnership Fund

- (a) Pledges to the Special Account and the Bali Partnership Fund

The Council may invite Members and Observers to announce any new contributions they may wish to pledge to the Special Account and the Bali Partnership Fund.

- (b) Review of the resources in the Bali Partnership Fund

The Council may conduct a review of the adequacy of the resources in the Bali Partnership Fund to meet the needs of Producing Members to achieve the purpose of the Fund, as called for in the ITTA, 1994, Article 21. [Information on the resources of the Bali Partnership Fund are contained in Document CFA(XIII)/5].

- (c) Report of the Panel on Sub-Account B of the Bali Partnership Fund

The Council will have before it the report of the Panel on Sub-Account B of the Bali Partnership Fund established under Decision 4(XXX) to consider actions/activities, pre-projects and projects that are eligible for funding under Sub-Account B. The Council may consider and adopt the recommendations contained in the report.

Item 24 - Reports of the Associated Sessions of the Committees

The Council will have before it the Reports of the Associated Sessions of the Committees presented by the respective Chairpersons. The Council may consider and adopt the recommendations contained in each of the Reports.

Item 25 - Dates and Venues of the Thirty-fifth, Thirty-sixth and Thirty-seventh Sessions of the Council and the Associated Sessions of the Committees

The Council may wish to consider the dates and venues of the Thirty-fifth Session scheduled from 3 to 8 November 2003, in Yokohama, Japan, and the Thirty-sixth Session scheduled for May 2004 in Geneva, Switzerland.

In order to maintain the established practice of setting Session dates and venue eighteen months in advance to facilitate logistical arrangements, the Council may also wish to set the dates of the Thirty-seventh Session to be held in Yokohama in the fall of 2004.

Item 26 - Other Business

The Council may consider any matters raised under this item.

Item 27 - Decisions and Report of the Session

The Council shall consider the proposed decisions and adopt them accordingly. In accordance with Rule 33 of the Rules of Procedure, a report on the proceedings shall be prepared by the Executive Director and shall be circulated to all Members as soon as possible.

Through Decision 7(XXXIII) the Council adopted the following procedures for the Council decision making:

- (a) The Council will give guidance to the Executive Director through the Council Chairperson on routine or non-controversial matters not having financial implications. This guidance will be included in the Report of the Session, not reflected as decisions of Council;
- (b) In order for draft decisions by Members to be considered by Council, the following procedures will be adopted:

- In relation to the Provisional Agenda, Members submit proposals for Council decisions to the Executive Director for circulation to all Members not less than two weeks prior to Council. Each proposal contains three elements: the subject, the purpose of the decision, and the proposed action, including any financial implications. The Executive Director will not circulate incomplete proposals.
- Minus Day 1: The IAG considers the proposals for Council decisions from Members, as well as proposals from the Executive Director.
- Council Day 1: The Chairperson presents the proposals to Council as part of the IAG report and identifies which, if any, can be handled per 4.a of the decision.
- Day 2: The proposals for draft decisions are discussed in Caucuses and via informal consultations.
- Day 3: The Council decides the topics it will consider for decision; then the Chairperson, assisted by a small group and the Executive Director, develops preliminary draft decisions for circulation to and consideration by all Members.
- Day 4+: The Chairperson's Open-Ended Drafting Group convenes to discuss and finalize draft decisions.
- Noon, Penultimate Day: Final decisions are submitted for translation. Decisions still under negotiation are deferred to the next Council Session.

(c) These procedures will be reviewed at the Thirty-fourth Session.

The Council may wish to review the above procedures.

Item 28 - Closing of the Session

Following any final statements by Delegates, the Chairperson will close the Thirty-fourth Session of the Council.

Annex

PROPOSED DISTRIBUTION OF VOTES FOR 2003

	<u>No. of Votes</u>	
	2002	2003 (Approved)
<u>PRODUCERS</u>		
Africa		
Cameroon	26	27
Central African Republic	26	26
Congo	26	27
Côte d'Ivoire	26	26
Democratic Republic of the Congo	26	27
Gabon	26	27
Ghana	26	26
Liberia	26	26
Togo	26	26
Asia & Pacific		
Cambodia	17	16
Fiji	14	14
India	22	22
Indonesia	147	143
Malaysia	109	112
Myanmar	28	29
Papua New Guinea	29	29
Philippines	15	15
Thailand	16	16
Vanuatu	14	13
Latin America/Caribbean		
Bolivia	24	23
Brazil	163	163
Colombia	23	23
Ecuador	15	15
Guatemala	12	12
Guyana	17	16
Honduras	12	12
Panama	12	12
Peru	28	28
Suriname	15	15
Trinidad and Tobago	11	11
Venezuela	23	23
Total:	<u>1,000</u>	<u>1,000</u>

	<u>No. of Votes</u>	
	2002	2003 (Approved)
<u>CONSUMERS</u>		
Australia	14	13
Canada	14	16
China	200	207
Egypt	16	15
European Community		
Austria	11	10
Belgium/Luxembourg	20	17
Denmark	13	14
Finland	10	10
France	33	33
Germany	25	23
Greece	11	12
Ireland	14	14
Italy	32	27
Netherlands	30	30
Portugal	20	21
Spain	32	29
Sweden	11	11
United Kingdom	43	37
Japan	262	265
Nepal	10	10
New Zealand	10	10
Norway	10	11
Republic of Korea	64	73
Switzerland	11	11
United States of America	84	81
Total:	<u>1,000</u>	<u>1,000</u>

* * *

ANNEX III

TEXT OF THE MAIN DECISIONS

ADOPTED BY THE COUNCIL AT ITS THIRTY-FOURTH SESSION

Documents: DECISION 1(XXXIV) ITTC(XXXIV)/20
 DECISION 2(XXXIV) ITTC(XXXIV)/21
 DECISION 3(XXXIV) ITTC(XXXIV)/22
 DECISION 4(XXXIV) ITTC(XXXIV)/23
 DECISION 5(XXXIV) ITTC(XXXIV)/24
 DECISION 6(XXXIV) ITTC(XXXIV)/25
 DECISION 7(XXXIV) ITTC(XXXIV)/26
 DECISION 8(XXXIV) ITTC(XXXIV)/27
 DECISION 9(XXXIV) ITTC(XXXIV)/28
 DECISION 10(XXXIV) ITTC(XXXIV)/29
 DECISION 11(XXXIV) ITTC(XXXIV)/30
 DECISION 12(XXXIV) ITTC(XXXIV)/31

THIRTY-FOURTH SESSION
12 – 17 May 2003
Panama City, Panama

DECISION 1(XXXIV)

PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Thirty-fourth Session the recommendations of the three Committees on Projects, Pre-Projects and Activities, as contained in documents CEM, CFI(XXXII)/10, and CRF(XXXII)/7; and the report of the Fourth Meeting of the Panel on Sub-Account B of the Bali Partnership Fund as contained in document ITTC(XXXIV)/19;

1. Decides:

(i) to approve the following Projects:

PD 133/02 Rev.3 (M)	Timber and Timber Products Trade Flow Study in the Philippines (The Philippines) ITTO Budget: \$126,937.00
PD 196/03 Rev.1 (M)	Upgrading and Strengthening of the National Forest Statistics Information System in Venezuela (Venezuela) ITTO Budget: \$384,265.00
PD 152/02 Rev.3 (F)	Demonstration Project for the Rehabilitation and Multipurpose Sustainable Management of Mangrove Forest Ecosystems on the Coast of Ecuador (Ecuador) ITTO Budget: \$548,394.00
PD 156/02 Rev.3 (F) Phases I and II	Conservation and Reforestation of Threatened Mangrove Forest Areas along the Pacific Coast of Panama (Panama) ITTO Budget: \$491,257.00 – Phase I \$316,887.00 – Phase II
PD 167/02 Rev.2 (F)	Integration of Forest Management Units (FMU) into Sustainable Development Units (SDU) through Collaborative Forest Management in Surigao de Sur, Philippines (The Philippines) ITTO Budget: \$630,907.00
PD 206/03 Rev.1 (F)	Development of Human Resources in Sustainable Forest Management and Reduced Impact Logging in the Brazilian Amazon (Brazil) ITTO Budget: \$599,650.00
PD 73/01 Rev.5 (I,M)	Promotion of Tropical Non-Wood Forest Products (NWFPS) in Guangxi Autonomous Region, China based on Sustainable Community Development (China) ITTO Budget: \$286,677.00

- PD 103/01 Rev.4 (I) Demonstration of Rubberwood Processing Technology and Promotion of Sustainable Development in China and other Asian Countries (China)
ITTO Budget: \$349,641.00
- PD 189/03 Rev.1 (I) Support Project for the Updating of Training in Forest Management and Forest Concession Management in Central African Forestry Schools (Gabon)
ITTO Budget: \$149,460.00

- (ii) to approve sponsorship of the following Project for funding through other relevant financial institutions in accordance with Article 20, (6), (7) and Article 28 of the ITTA, 1994:

- PD 102/01 Rev.4 (M) Economic Database on Bamboo and Rattan (China)
Budget: \$346,726.00

- (iii) to authorize financing for immediate implementation of the following Projects approved at this Session:

PD 133/02 Rev.3 (M)	\$126,937.00
PD 152/02 Rev.3 (F)	\$548,394.00
PD 156/02 Rev.3 (F) Phase I	\$491,257.00
PD 206/03 Rev.1 (F)	\$599,650.00
PD 189/03 Rev.1 (I)	\$149,460.00

- (iv) to authorize the release of additional funds in the amount of \$200,000.00 for the continued implementation of the Freezailah Fellowship Fund;

- (v) to authorize financing for immediate implementation as soon as earmarked funds are available in the Special Account of the following Projects approved at this Session:

PD 196/03 Rev.1 (M)	\$384,265.00
PD 156/02 Rev.3 (F) Phase II	\$316,887.00
PD 167/02 Rev.2 (F)	\$630,907.00
PD 73/01 Rev.5 (I,M)	\$286,677.00
PD 103/01 Rev.4 (I)	\$349,641.00

2. Decides:

- (i) to approve the following Pre-Projects:

- PPD 64/02 Rev.1 (M) Promotion of Guatemalan Certified Timber Trade (Guatemala)
ITTO Budget: \$50,000.00
- PPD 74/03 Rev.1 (M) Development of the National Forest Information System of Guatemala (Guatemala)
ITTO Budget: \$30,581.00
- PPD 72/03 Rev.1 (F) Technical Assistance for the Development of a Project Proposal on Institutional Strengthening for Forest Fire Prevention, Mitigation and Management in the Natural and Planted Forests of Panama (Panama)
ITTO Budget: \$36,623.00
- PPD 75/03 Rev.1 (F) Genetic Improvement of Tropical Forest Species (Guatemala)
ITTO Budget: \$42,400.00

PPD 83/03 (F)	Study on Encouraging Private Sector Investment in Industrial Forest Plantations in the Tropics ITTO Budget: \$147,630.00
PPD 68/03 Rev.1 (I)	Study on Utilization of Plantation Teak (Myanmar) ITTO Budget: \$39,722.00
PPD 80/03 Rev.2 (I)	Promoting the Utilization of Rubberwood from Sustainable Sources in Indonesia (Indonesia) ITTO Budget: \$69,340.00
PPD 81/03 (I)	Training Needs Analysis for Furniture and Lumber Industries in the Philippines (The Philippines) ITTO Budget: \$65,733.00

- (ii) to authorize financing for immediate implementation of the following Pre-Projects approved at this Session:

PPD 64/02 Rev.1 (M)	\$50,000.00
PPD 74/03 Rev.1 (M)	\$30,581.00
PPD 72/03 Rev.1 (F)	\$36,623.00
PPD 75/03 Rev.1 (F)	\$42,400.00
PPD 80/03 Rev.2 (I)	\$69,340.00

- (iii) to authorize the release of additional funds for the continued implementation of the following Activities:

PP-A/33-125: Public Relations, Education and Outreach – Additional Funds [Decision 3(XXXIII)]	\$50,000.00
PP-A/30-102: The Role of ITTO in International and Regional Organizations and Fora – Additional Funds [Decision 7(XXX)]	\$73,000.00
PP-A/30-102: The Role of ITTO in International and Regional Organizations and Fora – Staff secondment to the UNFF [Decision 7(XXX) para.5]	\$180,000.00
PP-A/32-122: Promotion of Sustainable Forest Management in the Congo Basin – Additional Funds [Decision 10(XXXII)]	\$101,060.00

- (iv) to authorize financing for immediate implementation as soon as earmarked funds are available in the Special Account, of the following Pre-Projects approved at this Session:

PPD 83/03 (F)	\$147,630.00
PPD 68/03 Rev.1 (I)	\$39,722.00
PPD 81/03 (I)	\$65,733.00

3. Decides to authorize financing for immediate implementation of the following Activities from resources obtained through voluntary contributions:

Strengthening the Asia Forest Partnership Decision 3(XXXIV)	\$166,500.00
Cooperation Between ITTO and CITES on Mahogany (<i>Swietenia macrophylla</i>) Decision 7(XXXIV)	\$66,600.00
Management of Project Implementation	\$50,000.00

Decision 8(XXXIV)

Phased Approaches to Certification	\$250,000.00
Decision 10(XXXIV)	

4. Decides to authorize financing for immediate implementation of the following Activities from resources obtained through voluntary contributions, and/or resources of the Sub-Account B of the Bali Partnership Fund, and/or resources of the Working Capital Account of the Administrative Account:

Criteria and Indicators for Sustainable Forest Management	\$643,800.00
Decision 4(XXXIV)	

Negotiating a Successor Agreement to the ITTA, 1994	\$565,000.00
Decision 6(XXXIV)	

Measures to Promote the Expansion and Diversification of International Trade in Tropical Timber	\$150,000.00
Decision 12(XXXIV)	

5. Decides to authorize financing for immediate implementation of the following Activity from resources of the Sub-Account B of the Bali Partnership Fund:

Expert Panel for Technical Appraisal of Project Proposals, Twenty-sixth Meeting; and One-day Extended Panel Meeting – Decision 11(XXXIV)	\$103,500.00
--	--------------

6. Urges Members to consider financing those approved Projects, Pre-Projects and Activities for which funds are not immediately available,

7. Appeals to Members to make unearmarked contributions to the Special Account which comprise at least 10% of the total value of their pledges, in accordance with Decision 6(XIII), the remainder being voluntary contributions allocated to approved Projects, Pre-Projects and Activities and furthermore decides that such unearmarked contributions shall not be allocated without the prior authorization of the Council,

8. Further appeals to Members to also make voluntary contributions to the Bali Partnership Fund, particularly to the Sub-Account B of this Fund to finance Projects, Pre-Projects and Activities to assist Members in achieving the Year 2000 Objective of ITTO,

9. Requests the Executive Director to continue consultations with potential donors and the Common Fund for Commodities in order to secure financing for those Projects, Pre-Projects and Activities for which funds are not immediately available.

* * *

Distr.
GENERAL

ITTC(XXXIV)/21
17 May 2003

Original: ENGLISH

THIRTY-FOURTH SESSION
12 – 17 May 2003
Panama City, Panama

DECISION 2(XXXIV)

MANAGEMENT OF THE ADMINISTRATIVE BUDGET FOR 2002

The International Tropical Timber Council,

Appreciating the continuing efforts made by the Executive Director and his staff in exercising cost savings in the expenditures from the Administrative Budget;

Noting with concern the insufficient receipts of contributions from members to the Administrative Budget due to untimely payment of assessed contributions;

Recognizing that the possible receipts of contributions from members to the Administrative Budget before the end of each financial year often fall short of the estimated total expenditures;

Noting further that the balance of the Working Capital Account at present stands at US\$3,422,876.45;

Decides to:

1. Authorize the Executive Director to transfer, if and when necessary, an amount not exceeding US\$300,000.00 annually from the Working Capital Account to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization;
2. Further authorize the Executive Director to use the interest earned in the Administrative Account to hire on a temporary and intermittent basis, consultants and contractors to support the Secretariat in carrying out its duties;
3. Request members to pay as early as possible and in full their contributions to the Administrative Budget, as well as all arrears in contributions from previous years;
4. Urge the Secretariat to look for cost saving measures on a continuing basis and to exercise economies where possible in incurring expenditures in the Administrative Budget; and
5. Request the Executive Director to review the status of the Working Capital Account and report to Council should its balance fall below US\$2,500,000.00 at any time.

* * *

/...

Distr.
GENERAL

ITTC(XXXIV)/22
17 May 2003

Original: ENGLISH

THIRTY-FOURTH SESSION
12 – 17 May 2003
Panama City, Panama

DECISION 3(XXXIV)
STRENGTHENING THE ASIA FOREST PARTNERSHIP

The International Tropical Timber Council,

Recognizing the value of the forests in Asia and the Pacific and the economic, environmental and social significance of the timber trade in many countries in Asia and the Pacific;

Recalling ITTO's continuing promotion of sustainable forest management and timber trade in the region through its policy development and project program;

Further recalling the launch of the Asia Forest Partnership as a Type II initiative at the World Summit on Sustainable Development (WSSD) in August 2002;

Noting that the goals of the Partnership, which include supporting sustainable forest management, combating illegal logging, managing forest fire and promoting forest restoration in the Asia region, correspond with the ITTO goals contained in the Yokohama Action Plan;

Wishing to ensure that all stakeholders, including those in civil society and the private sector, are able to participate in the partnership;

Realizing that insufficient access to finance and information may hinder such participation;

Decides to:

1. Request the Executive Director, in cooperation with relevant member organizations of the Collaborative Partnership on Forests (CPF), to support the Governments of Indonesia and Japan in convening a regional workshop that brings together a broad range of stakeholders, including relevant civil-society and private-sector organizations in the Asia and Pacific region, from both consumer and producer countries, to support the Asia Forest Partnership in accordance with the attached terms of reference. The participation of civil-society and private-sector organizations and ITTO producing member countries will be supported using funds made available under this decision;
2. Request the Executive Director to support the development of a network for the sharing of information among Asia Forest Partnership participants, including civil-society and private-sector stakeholders;
3. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirements of this decision, not exceeding US\$166,500.00; and
4. Request the Executive Director to report on progress being made in the implementation of this decision at the Thirty-seventh Session of the Council.

ANNEX

TERMS OF REFERENCE FOR WORKSHOP

- Refine and operationalize the goals of the Asia Forest Partnership and the mechanisms for its implementation;
- Draw from the experiences and lessons learned in similar partnerships, particularly the Congo Basin Forest Partnership;
- Solicit the views and contributions of a broad range of stakeholders from civil society and the private sector in formulating the programs and activities of the Asia Forest Partnership;
- Create a network for the sharing of information among partners, including stakeholders from civil society and the private sector;
- Make recommendations for various groups of partners to strengthen the Asia Forest Partnership.

Participants in the workshop should include representatives from:

- Participating ITTO member countries;
- Relevant international organizations;
- Relevant stakeholder groups, particularly those from civil society and the private sector.

**BUDGET FOR DECISION ON
'STRENGTHENING THE ASIA FOREST PARTNERSHIP'**

Item	Unit Cost (US\$)
Workshop:	
Background paper	12,000
Logistics	40,000
Participation of civil society, private sector and producer countries	75,000
Secretariat travel	8,000
Publications	7,000
Support for information network	8,000
ITTO Programme Support (11%)	16,500
Total	166,500

* * *

Distr.
GENERAL

ITTC(XXXIV)/23
17 May 2003

Original: ENGLISH

THIRTY-FOURTH SESSION
12 – 17 May 2003
Panama City, Panama

DECISION 4(XXXIV)

CRITERIA AND INDICATORS FOR SUSTAINABLE FOREST MANAGEMENT

The International Tropical Timber Council,

Recalling Decision 3(XXIV) and 3(XXVI) on Criteria and Indicators for Sustainable Management of Natural Tropical Forests, which encouraged Member countries to apply the revised ITTO Criteria and Indicators for reporting in relation to the Year 2000 Objective, urged countries to prepare projects to test the revised Criteria and Indicators and requested the Executive Director to review the Manual for the Application of the ITTO Criteria and Indicators and to cooperate with and support regional and international criteria and indicators initiatives worldwide;

Also recalling Decision 9(XXX), which, *inter alia*, requested the Executive Director to arrange, on request by Member countries, national level workshops in ten major producer Member countries to train officials, forest managers, forest concessionaires and others directly involved in sustainable forest management, in the effective use of the ITTO Reporting Formats at both the national and forest management unit levels;

Noting the successful completion of seven national workshops to date and the strong interest by many producer member countries to hold national workshops;

Recalling Decision 5(XXX), which called for ITTO to co-sponsor an international Conference on Criteria and Indicators for Sustainable Forest Management;

Welcoming the report of the International Conference on the Contribution of Criteria and Indicators to Sustainable Forest Management – The Way Forward (CICI 2003), hosted by Guatemala on 3-7 February 2003 and jointly organized by ITTO, FAO, INAB, The United States State Department and Forest Service and the Government of Finland;

Noting the recommendation by the CICI 2003 for ITTO and FAO to convene a joint expert meeting;

Decides to:

1. Request the Executive Director to arrange, on request by Member countries, national level workshops in a further eight producer Member countries to train officials, forest managers, forest concessionaires and others directly involved in sustainable forest management, in the effective use of the ITTO Reporting Formats at both the national and forest management unit levels;
2. Strongly encourage all producer Member countries to submit their first National level report, including the Summary of Highlights, by 31 August 2003, using the ITTO Criteria and Indicators Reporting Format, so as to allow the Status of Tropical Management report called for in Decision 9(XXX) to be compiled in 2004;

3. Authorize the Executive Director to render assistance to producer Member countries to complete their first national level reports, either through the workshops provided for in paragraph 1 and/or by financing appropriate expertise;
4. Authorize the Executive Director to convene jointly with FAO an international expert meeting on criteria and indicators to consider:
 - a) developing a communication network among processes, countries and other relevant partners;
 - b) improving a common understanding of concepts, terms and definitions;
 - c) identifying common approaches to and methods for collecting, storing and sharing data;
 - d) strengthening processes and inter-process cooperation; and
 - e) the merits of forming an ad hoc international technical advisory group to address technical issues related to criteria and indicators.

Request the Secretariat to prepare a document collating outcomes of the workshops and comments from member countries, as well as relevant recommendations of the international expert consultation referred to in paragraph 4, as input to the proposed expert panel;

The results of the meeting should provide input to the UN Forum on Forests for consideration at its 4th session in 2004;

5. Request the Executive Director to convene an expert panel to review the outputs of the national training workshops, the international expert meeting and other relevant fora and to make recommendations to the 36th Session of Council for the revision of ITTO's Criteria and Indicators and Reporting Formats; and
6. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirements of this decision, not exceeding US\$643,800.00. If sufficient contributions are not received by 31 July 2003, the Executive Director is requested to use funds from the Sub-Account B of the Bali Partnership Fund.

ANNEX

BUDGET FOR DECISION ON “CRITERIA AND INDICATORS FOR SUSTAINABLE FOREST MANAGEMENT”

Item		Unit Cost (US\$)	Total (US\$)
1.	National Training Workshops (8)	40,000	320,000
2.	Assistance to 10 Member Countries to Complete Reporting Formats	8,000	80,000
3.	Co-sponsor International Expert Meeting (20-25 experts)	120,000	120,000
4.	Convene Expert Panel (6-8 experts)	60,000	60,000
5.	ITTO Programme Support (11%)	63,800	63,800
TOTAL			643,800

* * *

THIRTY-FOURTH SESSION
12 – 17 May 2003
Panama City, Panama

DECISION 5(XXXIV)

MATTERS RELATED TO ARTICLE 16 OF ITTA, 1994

The International Tropical Timber Council,

Recalling its Decision 3(XXVII) by which it appointed Dr. Manoel Sobral Filho as the Executive Director of the International Tropical Timber Organization from 6 November 1999 to 5 November 2003;

Further recalling Decision 3(XXV) by which it adopted the Selection Procedures for an Executive Director;

Noting, with appreciation, his dedication and untiring contribution to the management of the Organization;

Noting also that the International Tropical Timber Agreement, 1994, has been extended until 31 December 2006;

Decides to renew the mandate of Dr. Manoel Sobral Filho with effect from 6 November 2003 to 5 November 2007 as the second term of his appointment.

* * *

Distr.
GENERAL

ITTC(XXXIV)/25
17 May 2003

Original: ENGLISH

THIRTY-FOURTH SESSION
12 – 17 May 2003
Panama City, Panama

DECISION 6(XXXIV)

NEGOTIATING A SUCCESSOR AGREEMENT TO THE ITTA, 1994

The International Tropical Timber Council,

Recalling Decision 8(XXXIII) on Preparations for Negotiating a Successor Agreement to the ITTA, 1994, which approved the schedule for the Preparatory Committee (PrepCom) meetings and renegotiations on a Successor Agreement to the ITTA, 1994, the convening of a Working Group to assist the First Meeting of the PrepCom, and the budgets for convening the Working Group and the First PrepCom Meeting;

Taking Note of the Report of the Working Group for consideration by the First Meeting of the Preparatory Committee for negotiating a Successor Agreement to the ITTA, 1994 [Document ITTC(XXXIV)/7];

Also taking note of the opportunity to consider potential contributions of remuneration for environmental services to sustainable forest management and the possibility of considering them during the negotiations of a Successor Agreement to the ITTA, 1994;

Welcomes the offer of the Secretary-General of UNCTAD to provide the forum for the negotiations of a Successor Agreement to the ITTA, 1994, and the proposed date of the Conference (first part) to negotiate a successor agreement;

Recognizing the need to consider planning for a Successor Agreement to the ITTA, 1994, in order to facilitate an orderly transition to a new Agreement;

Decides to:

1. Request the PrepCom to take measures to implement inter-sessional work as needed, including extending the mandate of the Working Group, if necessary;
2. Request the Executive Director to engage Consultants to prepare an overall background paper that summarizes experiences of implementation of the current ITTA, 1994;
3. Request the Executive Director to engage Consultants to prepare an overall background paper that will take stock of the most relevant studies available regarding internationally traded and potentially tradable environmental services, in accordance with the Terms of Reference in Annex A, for the purpose of informing Council and the PrepCom;

4. Request the Executive Director to advise the Secretary General of the United Nations Conference on Trade and Development in order to arrange for the United Nations Conference (first part) for the negotiation of a Successor Agreement to the ITTA, 1994, in Geneva, Switzerland, from Monday, 26 to Friday, 30 July 2004;
5. Convene the Thirty-sixth Council Session in Switzerland, from Tuesday, 20 to Friday 23 July 2004, and the Thirty-seventh Council Session in Yokohama, Japan, from Monday, 13 to Saturday, 18 December 2004;
6. Authorize the Executive Director to seek voluntary contributions from Member Countries to fund the cost of:
 - (a) any inter-sessional work, if necessary as may be decided by the First PrepCom, in the amount not exceeding US\$80,000;
 - (b) the Second PrepCom Meeting, including financial assistance for attendance of Producer Members as needed, in the amount not exceeding US\$180,000;
 - (c) engaging two Consultants to prepare an overall background paper that summarizes experiences of implementation of the current ITTA, 1994, in the amount not exceeding US\$50,000;
 - (d) engaging two Consultants to prepare an overall background paper that will take stock of the most relevant studies available regarding internationally traded and potentially tradable environmental services, in the amount not exceeding US\$45,000; and
 - (e) supporting the participation in the United Nations Conference (first part), of participants from developing member countries of the ITTO, including financial assistance for attendance of Producer Members as needed and of up to five members of the CSAG and up to five members of the TAG, in the amount not exceeding US\$210,000.
7. If sufficient contributions are not received, the Executive Director is requested to use funds from the Working Capital Account to cover the budget as specified in 6(a), (b) and (e) above.

ANNEX

Terms of Reference for Environmental Services Study

The paper should set out the main issues of relevance to tropical forests for various environmental services. It should give an overview of the current status and future potential of markets and trade of environmental services provided by tropical forests. The paper should:

- set out the conventional wisdom, contemporary understanding and views, as well as uncertainties that still exist in the field of marketability of environmental services;
- identify markets in services flowing from forests, with particular reference to environmental services, and global biodiversity benefits, including their relation to tropical timber producing forests;
- explore issues, potentials and constraints of emerging environmental service markets, including *inter alia* carbon, water and bioprospecting;
- analyse environmental services internalized by forest owners/managers versus external benefits; and
- identify and describe instances where remuneration for environmental services have contributed to the economic and financial viability of sustainable forest management.

* * *

THIRTY-FOURTH SESSION
12 – 17 May 2003
Panama City, Panama

DECISION 7(XXXIV)

**COOPERATION BETWEEN ITTO AND CITES ON MAHOGANY
(*SWIETENIA MACROPHYLLA*)**

The International Tropical Timber Council,

Recalling Decisions 6(XII), 3(XVI), 5 (XVIII) and 7(XX) on measures to improve cooperation between ITTO, CITES, and the CITES Timber Working Group;

Noting that ITTO has, in recent years, attended meetings of and provided inputs to the CITES Mahogany Working Group;

Further noting the decision taken at the 12th meeting of the Conference of Parties to CITES (COP12) in November 2002 to list *Swietenia macrophylla* (big-leaf mahogany) in CITES Appendix II;

Aware of the concerns expressed by member countries regarding the implementation of the Appendix II listing of *Swietenia macrophylla* (the first high-volume, high-value timber species included in Appendix II);

Taking note of the related decision taken at COP12 to extend and revise the mandate of the CITES Mahogany Working Group subject to the availability of external funding;

Decides to:

1. Request the Executive Director to contact the CITES Secretariat to offer to collaborate in order to provide technical, scientific and financial support to the work of the Mahogany Working Group;
2. Request the Executive Director to contact ITTO producer Member countries that are mahogany range States to identify their needs, if any, for effective implementation of the CITES Appendix II listing;
3. Request the Executive Director to assist countries that have identified needs and that are significant mahogany exporters to develop and submit projects to facilitate the effective implementation of the Appendix II listing; and
4. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirements of this decision, not exceeding US\$66,600.00. If sufficient contributions are not received by 31 July 2003, the Executive Director is requested to use funds from the Sub-Account B of the Bali Partnership Fund.

ANNEX

**BUDGET FOR DECISION ON
“COOPERATION BETWEEN ITTO AND CITES ON MAHOGANY (*SWIETENIA MACROPHYLLA*)”**

Item		Unit Cost (US\$)	Total (US\$)
1.	Co-sponsor meeting of Mahogany Working Group		30,000
2.	Assist three (3) member countries to develop project proposals	10,000	30,000
3.	ITTO Programme Support (11%)	6,600	6,600
TOTAL			66,600

* * *

THIRTY-FOURTH SESSION
12 – 17 May 2003
Panama City, Panama

DECISION 8(XXXIV)

MANAGEMENT OF PROJECT IMPLEMENTATION

The International Tropical Timber Council,

Noting the recommendation of the Committee on Finance and Administration at its Thirteenth Session for the need to accelerate the effective implementation of projects and pre-projects by the Organization;

Noting further the continuous efforts made by the Executive Director and his staff in the prudent control in implementation of projects and pre-projects;

Recognizing the substantial amount of project funds in the Special Account and the Bali Partnership Fund that remain to be expended for approved project expenditures due to delay in the implementation;

Decides to:

1. Request the Executive Director to:
 - a. Compile information on the current status of the Projects and Pre-Projects being implemented by the Organization; and
 - b. Identify causes of delay in the implementation of the Projects and Pre-Projects and challenges in effective monitoring of the project work.
2. Request the Executive Director to convene an Expert Panel by the end of October 2003, comprising: (a) three consumer member representatives that are main contributors to the Special Account and Bali Partnership Fund Account; and (b) three producer member representatives, one from each geographic region; to:
 - a. Determine the remedial actions necessary; and
 - b. Prepare a report for the consideration of the Council at its Thirty-fifth Session to be held in Yokohama, Japan.
3. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirement for the implementation of this Decision, in an amount not exceeding US\$50,000.00.

* * *

Distr.
GENERAL

ITTC(XXXIV)/28
17 May 2003

Original: ENGLISH

THIRTY-FOURTH SESSION
12 – 17 May 2003
Panama City, Panama

DECISION 9(XXXIV)

BIENNIAL WORK PROGRAMME AND ADMINISTRATIVE BUDGET

The International Tropical Timber Council,

Recalling Decision 7(XXXIII) on Measures to Reduce Costs and Improve the Efficiency and Effectiveness of the Organization – Annex I, Part B, paragraph 1 – “Measures to Improve Efficiency and Effectiveness – Work Programme and Budget”;

Noting Rules 2 and 3 of the Financial Rules and Rules relating to Projects;

Noting also the recommendations of the Committee on Finance and Administration (CFA) at its Thirteenth Session on amendments to the Financial Rules needed to implement a biennial work programme and administrative budget, one of the measures to improve the efficiency and effectiveness of the Organization, approved by the Council in its Decision 7(XXXIII);

Decides to:

1. Request the Executive Director to prepare a biennial Work Programme and proposed Administrative Budget for the 2004-2005 biennium, for consideration at the Thirty-fifth Session of the Council,
2. Amend paragraph 2 of Rule 2 of the Financial Rules and Rules relating to Projects as follows:

Sub-para. (a), line 1, replace “following year” with “following years”;

Sub-para. (c), line 1, replace “following financial year” with “following financial years”; and

Sub-para. (d), lines 2 and 3, replace “following year” with “following years”.

3. Amend paragraph 1 of Rule 3 of the Financial Rules and Rules relating to Projects as follows:

“The Executive Director shall prepare a draft administrative budget for a biennial period in the manner prescribed in Rule 2. The draft budget shall then be sent to all members at least 90 calendar days before the session of the Council at which the budget is to be approved. Revisions or amendments to the administrative budget for the second year in the biennial shall be sent to all members at least 90 calendar days before the session of the Council at which the second year’s budget is to be reviewed and approved.”

* * *

THIRTY-FOURTH SESSION
12 – 17 May 2003
Panama City, Panama

DECISION 10(XXXIV)

PHASED APPROACHES TO CERTIFICATION

The International Tropical Timber Council,

Reaffirming the commitment of Members to the process of advancing ITTO Objective 2000;

Recalling Decision 11(XXXII) on the Potential Role of Phased Approaches to Certification in Tropical Timber Producer Countries as a Tool to Promote Sustainable Forest Management and the progress achieved in its implementation;

Noting the outcomes and recommendations of the ITTO Regional Workshops on Phased Approaches to Certification held in Jakarta, Libreville and Panama City in the first half of 2003;

Appreciating the interest in and the support for phased approaches to certification by tropical timber producing countries as a practical means to address the constraints facing many tropical timber producers in achieving certification as one of the instruments to encourage sustainable forest management;

Acknowledging that a crucial baseline requirement for a phased approach to certification is verification of legality of timber origin;

Acknowledging that verification of legality of timber origin should be undertaken based on national legislations applied in each member country as well as international agreements ratified by the member country;

Recognizing that it is fundamental to know how the diversity of social and cultural conditions in all wood-producing countries is dealt with by different verifications and certification approaches;

Noting the need for closer cooperation between producer and consumer member countries in facilitating policy development and technical assistance to ensure the realization of enabling conditions necessary for the implementation of phased approaches to certification;

Recognizing the need for further development and promotion of phased approaches to certification as a tool to promote sustainable forest management in ITTO producing member countries;

Decides to:

1. Authorize the Executive Director to engage two consultants, one from a consumer and one from a producer country, to develop procedures on how phased approaches to certification might be implemented in tropical timber producing countries for presentation and consideration of the Council at its Thirty-sixth Session;
2. Authorize the Executive Director to engage two consultants, one from a consumer and the other from a producer country, to undertake a study to evaluate the costs and benefits of certification in selected ITTO producing member countries from the three

producer regions, according to the attached Terms of Reference for presentation and consideration of the Council at its Thirty-sixth Session;

3. Authorize the Executive Director to convene an international workshop on phased approaches to certification, if possible in collaboration with other partners, in a consumer member country after the Thirty-sixth Session, with a view to reporting its outcomes and recommendations no later than the Thirty-eighth Session of the Council based on the attached Terms of Reference; and
4. Authorize the Executive Director to seek voluntary contributions from member countries and other partners to meet the financial requirements of this decision, not exceeding US\$250,000.00.

ANNEX

Terms of Reference for the Development of Procedures

The consultants, one from a consumer and the other from producer member countries, will develop procedures on how phased approaches to certification might be implemented in tropical timber producer countries.

The assignment will include the following, taking into account the range of country conditions and the concerns of small and medium-sized enterprises:

- a) Define and elaborate relevant terms used in phased approaches to certification, drawing on the concept of phased approaches as presented to the Council at its Thirty-fourth Session, and develop procedures on how such approaches might be implemented. In particular, definition and clarification on how verification of legality of timber origin should be undertaken based on national legislations applied in each member country as well as international agreements ratified by the member country shall be provided. It is also fundamental to analyze how the diversity of social and cultural conditions in all wood-producing countries is dealt with by different verifications and certification approaches;
- b) Identify enabling conditions for implementation of phased approaches, at the local, national and international levels;
- c) Identify both external and internal constraints that may impede implementation of phased approaches, at local, national and international levels;
- d) Consult with relevant parties, including buyers groups, consumer groups, industry, retailers, certification schemes, certifiers, forest owners and managers, governments, environmental and social NGOs, representatives of local communities and indigenous people;
- e) Prepare a preliminary report to present at the Thirty-fifth Session of the Council; and
- f) Taking into account comments and views of Member Countries, finalize the report and present to the Thirty-sixth Session of the Council.

Terms of Reference for the Study

The consultants, one from a consumer and the other from producer member countries, will undertake a financial cost-benefit analysis (CBA) for forest management units (FMUs) for implementation of phased approaches.

The assignment will include the following:

- a) Elaborate on possible analytical models or approaches for assessing costs and benefits of forest certification and phased approaches;
- b) Carry out voluntary field-level case studies on the costs and benefits of certifying forest management units in selected ITTO producing member countries, delineating those costs and benefits associated with meeting certification requirements and those associated with certification assessments;
- c) Based on the analysis, identify under which conditions forest certification can be financially feasible, including through a phased approach, and managed ways how to reduce costs and increase benefits due to certification in tropical forests;
- d) Prepare a preliminary report to present at the Thirty-fifth Session of the Council; and
- e) Taking into account comments and views of Member Countries, finalize the report and present to the Thirty-sixth Session of the Council.

Terms of Reference for the Workshop

The international workshop will be for a duration of three days to be held in a key ITTO consuming member country.

The objectives of the workshop are:

- To solicit views, facilitate consultations and promote a better understanding of phased approaches to certification among buyers, government agencies with timber procurement policies, certification schemes and other stakeholders
- To raise awareness among governments, markets, donor agencies, NGOs, multilateral development banks and international organizations on the merits and benefits of phased approaches to certification and possibilities to encourage their implementation
- To facilitate understanding of procurement policies of buyers and public agencies as related to certification and the implications of such policies for tropical timber producers.

Participants of the workshop should include representatives from:

- ITTO producing and consuming member countries
- Certification schemes
- Environmental and social NGOs
- Local communities and indigenous peoples
- Buyers groups and consumer groups
- Industry, traders and retailers
- Local government municipalities.

Sponsorship will be provided to twenty (20) participants.

* * *

THIRTY-FOURTH SESSION
12 – 17 May 2003
Panama City, Panama

DECISION 11(XXXIV)

MEASURES TO IMPROVE PROJECT FORMULATION AND APPRAISAL

The International Tropical Timber Council,

Recalling Decision 7(XXXIII) which adopted measures to improve efficiency and effectiveness of the Organization which included, *inter alia*, measures related to project formulation, monitoring and evaluation;

Noting its request to the Expert Panel for Technical Appraisal of Project Proposals to propose measures to improve the project appraisal process and improve assistance to members for project formulation;

Welcoming the report provided by the 25th Expert Panel on its deliberations;

Recognizing the potential positive impacts of implementing the recommendations of the 25th Expert Panel;

Decides to:

1. Request the Executive Director to prepare a review assessing the financial and human resource implications on the Secretariat, ITTO's resources, and member countries in the implementation of the recommendations proposed by the Expert Panel in its report, with regard to, *inter alia*:
 - The creation and use of a pool of experts as detailed in the report (consultants, mentors, and referees);
 - The reduction of the Expert Panel from 12 to 6 members;
 - The proposed role of the Secretariat in checking factual and presentational details;
 - The estimated costs of proposals to the executing agency; and
 - The development of a tool for the preparation of the budget. The tool can be based on any suitable software, distributed on diskettes, CD, downloadable for website.

The review should also include prioritized actions for the introduction of the changes, showing responsible parties and a time table.
2. Request the Executive Director to prepare and send out a questionnaire to members asking for comments on perceived difficulties in project formulation and suggestions for the improvement of project appraisal to additionally inform the review;
3. Request the Executive Director to extend by one day the meeting of the 27th Expert Panel on the appraisal of projects and pre-projects, to analyze the Secretariat's review and prepare a report which will be tabled for presentation and discussion at the Thirty-sixth Session of the Council; and
4. Authorize the Executive Director to seek voluntary contributions from member countries to meet the financial requirements of this Decision, not exceeding US\$10,000.00. If sufficient contributions are not received, the Executive Director is requested to use funds from Sub-Account B of the Bali Partnership Fund.

* * *

Distr.
GENERAL

ITTC(XXXIV)/31
17 May 2003

Original: ENGLISH

THIRTY-FOURTH SESSION
12 – 17 May 2003
Panama City, Panama

DECISION 12(XXXIV)

MEASURES TO PROMOTE THE EXPANSION AND DIVERSIFICATION OF INTERNATIONAL TRADE IN TROPICAL TIMBER

The International Tropical Timber Council,

Recalling Decision 2(XXI), Decision 2(XXIII) and Decision 9(XXVI) relating to market access opportunities for international trade in tropical timber;

Noting the concerns expressed by some members on existing and evolving product standards and technical regulations in some countries that may affect the expansion and diversification of international trade in tropical timber;

Taking note that existing and evolving product standards and technical regulations offer both challenges and opportunities for the market access for sustainably produced tropical timber;

Welcoming the final report on Market Access of Tropical Timber pursuant to Decision 6(XXXI) [Document ITTC(XXXIV)/10], which compiles and analyses information on relevant issues affecting market access for tropical timber;

Decides to:

1. Authorize the Executive Director to engage two consultants, one from a producer country and one from a consumer country, to undertake a study to be presented to Council at its Thirty-sixth Session, which will:
 - identify product standards, quality or grading requirements, building codes, and technical regulations that may affect the trade of tropical timber and timber products;
 - assess the possible impacts of product standards, quality or grading requirements, building codes, and technical regulations, on trade in tropical timber, *inter alia*, with respect to panel products;
 - assess the capacity of tropical timber producing countries to meet existing and evolving product standards and technical regulations for timber products in importing countries and, where gaps exist, identify and propose ways to address them and provide relevant assistance to tropical timber producing countries;
 - propose recommendations for consideration by member countries and Council; and
 - in the context of the Doha Development Agenda, report on tariffs, negotiations and the negotiating process as related to tropical timber products at the Thirty-sixth Session of the Council.
2. Authorize the Executive Director to seek voluntary contributions from Member Countries to meet the financial requirements of this decision, not exceeding US\$150,000. If sufficient contributions are not received by 31 August 2003, the Executive Director is requested to use funds from Sub-account B of the Bali Partnership Fund.

* * *

/...

ANNEX IV

REPORTS OF THE ASSOCIATED SESSIONS OF THE FOUR COMMITTEES

Documents: CEM, CFI(XXXII)/10
 CRF(XXXII)/7 Rev.1
 CFA(XIII)/7

Distr.
GENERAL

CEM, CFI(XXXII)/10
16 May 2003

Original: ENGLISH

THIRTY-SECOND SESSION
12 – 17 May 2003
Panama City, Panama

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

THIRTY-SECOND SESSION OF THE COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE AND THE COMMITTEE ON FOREST INDUSTRY

Table of Contents

Report

Appendix A: Report on the ITTO Annual Market Discussion - 2003

**Appendix B: Technical Assessment of Project and Pre-Project Proposals in the
Areas of Economic Information and Market Intelligence and Forest
Industry and Summary Table**

REPORT

1. Opening of the Session

The Thirty-second Session of the Committees was opened on 12 May 2003 at a Joint Session of the Committee on Economic Information and Market Intelligence, the Committee on Reforestation and Forest Management, the Committee on Forest Industry, and the Committee on Finance and Administration, chaired by Mr. Henri Felix Maître (France). The subsequent meetings of the Committees during their current Session were conducted by Dr. Fidel Reyes Lee (Guatemala), Chairperson of the Committee on Forest Industry. The list of participants is presented in document ITTC(XXXIV)/Info. 2 Rev.1.

2. Adoption of Agenda and Organization of Work

The Committees adopted the Agenda for their joint Thirty-second Session as contained in document CEM, CFI(XXXII)/1.

3. Admission of Observers

The Committees admitted the observers listed in document ITTC(XXXIV)/Info.3 Rev.1 as approved by the Council.

4. Report of the Meeting of the Expert Panel for Technical Appraisal of Project Proposals [Joint Session with the Committee on Reforestation and Forest Management (CRF) and the Committee on Finance and Administration (CFA)]

The Committees noted the presentation made by Mr. Patrick Hardcastle (United Kingdom), Chairman of the Expert Panel at its Twenty-Fifth Meeting (27 January – 1 February 2003, Yokohama, Japan), on the Panel's report as contained in document CEM,CRF, CFI(XXXII)/1. Problems and issues identified by the Panel included: (i) limited attention by proponents to past general comments of the Expert Panels; (ii) poor problem analysis and translation into a logical framework for action; (iii) missing background information and unclear budget presentation; (iv) the larger than usual number of proposals - 53 projects and 15 pre-projects for a total of 68 - reviewed by the Panel; and (v) the low number of proposals (only 7 projects and 5 pre-projects) attaining Panel Category 1 (inferring a well formulated proposal that could be commended to the Committees with only minor modifications).

The Expert Panel recommended that radical changes were required to remedy the problem of the increasing number of poor quality proposals it was receiving. The Committees noted that the issue of improving project formulation would be considered under item 13 of the Council's agenda.

The Vice-Chairperson of the Committee on Finance and Administration (CFA) informed the Committees that procedures for effective project implementation would be considered by the CFA during this session, in accordance with the recommendation of the Informal Advisory Group.

The Committees also noted that a discussion on the potential of the Clean Development Mechanism (CDM) for ITTO and its members would be held during the current Session of the Committee on Reforestation and Forest Management. The Committee would also discuss a proposal for a study on encouraging private sector investment in industrial forest plantations in the tropics.

5. ITTO Annual Market Discussion – 2003 [Joint Session with the Committee on Reforestation and Forest Management (CRF)]

The Committees noted the report of the ITTO Annual Market Discussion – 2003, held in a Joint Session of the three technical committees on 13 May 2003, as contained in Appendix A. The theme of the Market Discussion was "World Trade and Business Developments". Mr. Barney Chan (Sarawak Timber Association) served as the moderator of the Market Discussion. The following presentations were made during the Market Discussion:

Mr. Guillermo Villareal "Trends and Current Issues in the Panamanian Timber Sector"

Dr. Ivan Tomaselli "Trends and Current Issues in the Tropical Timber Sector – Brazil"

Mr. Alhassan Attah	"Ghana Country Report"
Ms. Siti Syaliza Mustapha	"Malaysia Country Report"
Ms. Wendy Baer	"United States Market Report"
Ms. Doaa Abdel Motaal	"World Trade, An Update on the Doha Development Agenda"
Mr. James Griffiths	"The Sustainable Forest Products Industry – Opportunities and Challenges: A perspective from World Business Council for Sustainable Development (WBCSD)"
Mr. Auvo Kaivola	"Pan European Forest Certification (PEFC) Council – International Perspectives on Forest Certification"

6. Report on Completed Projects and Pre-projects

The Committees considered the Report on Completed Projects and Pre-projects as contained in document CEM, CFI(XXXII)/2 as follows:

Committee on Economic Information and Market Intelligence

PPD 13/00 Rev.1 (M)	Development of a Project Proposal for the Economic Valuation of Production Forests and Agroforestry System in the Peruvian Amazon (Peru)
---------------------	--

The Committees noted that the main outputs of the pre-project included (i) a literature review of the methodologies of economic valuation of environmental goods and services derived from forest and agroforestry systems; (ii) a three-day Expert Meeting to identify the most successful experiences in the valuation of environmental goods and services derived from forest and agroforestry systems; and (iii) a project proposal ("Economic Valuation of Production Forest and Agroforestry System in the Peruvian Amazon") formulated and submitted to ITTO based on the recommendation of the Expert Meeting and the review of existing information on methodologies of economic valuation. The project proposal for the economic valuation of environmental goods and services derived from forest management and agroforestry systems as well as forest and agroforestry plantations in the Peruvian Amazon would be submitted to the Twenty-sixth meeting of the Expert Panel. The Committees further noted that the completion report and final audited financial statements had been submitted in accordance with the pre-project agreement. The Committees duly declared the pre-project complete.

PPD 26/01 (M)	Assessing the Feasibility of and Support for a Tropical Timber Promotional Campaign (ITTO)
---------------	--

The Committees noted that the main output of this pre-project, to canvass views in a range of major producing member countries on the desirability of undertaking promotion of tropical timber, was to prepare a full project proposal, provided there was support for such a promotional effort. The project proposal that had been developed sought to gather objective information on the contentious issues of tropical forest management, to provide illustrative materials on current practices and to encourage partnerships between the timber industry and civil society environmental organizations. The Committees duly declared the pre-project complete. It was further recommended that the project proposal developed as a result of this pre-project be forwarded to the ITTO Expert Panel for Technical Appraisal of Project Proposals.

Committee on Forest Industry

PD 7/94 Rev.3 (M,I)	Information and Technical Assistance for Production and Trade on Tropical Timber (Brazil)
---------------------	---

The delegate of Brazil informed the Committees on activities implemented under the project, on results achieved, and on lessons learned and recommendations resulting from project implementation. He emphasized the appropriateness of the approach adopted by the project to provide direct assistance to a small number of private companies, through an industry association, in order to trigger critical changes leading to the improvement of forestry, industry and marketing

practices compatible with the requirements of sustainable forest management. The experience generated with the companies which received direct assistance could then be extended to other companies. At the request of the Committees, the delegate of Brazil gave further clarifications on the methodology developed to assess and monitor forest operations against the requirements for sustainability, indicating that specific indicators were developed, taking into account ITTO Criteria and Indicators and the country's legislation and regulations frameworks. The Committees expressed satisfaction with the explanation provided. Taking into account that the project completion report had been received by the Secretariat, the Committees decided to declare this project complete.

7. Ex-post Evaluation

(A) Ex-post Evaluation Missions/Report

PD 15/96 Rev.2 (I,M)

Utilization, Collection and Trade of Tropical Non-Wood Forest Products in the Philippines

The Committees commended the report of the ex-post evaluation presented by Professor Peter Kanowski, Australian National University (ANU). The Committees were pleased that in general the project was efficiently implemented and that the results obtained and the modest budget meant that the project represented a good investment for ITTO.

The Committees also supported the recommendations included in the report of the ex-post evaluation, emphasizing in particular the need to post relevant technical reports generated by project activities on the ITTO website as a means to disseminate project results. The Committees also took note of the information provided by the Secretariat on ITTO's work on non-wood forest products and on the cooperation established with other institutions in this field.

PD 17/92 Rev.4 (I)

Technology Transfer/Commercialization of Selected Cocowood Utilization Technologies (Philippines)

The Committees took note of the information provided by the Secretariat indicating that the 3-year project was co-funded by ITTO (Japan) and the Common Fund for Commodities for a total external contribution of US\$766,983 to which a local in-kind and cash contribution of US\$1,200,000 was added. The project was reported completed at the Twenty-third Session of the Committee on Forest Industry. The Common Fund for Commodities decided to carry out the ex-post evaluation of the project and Dr. Dietr Fink, Germany, was engaged for that purpose. Due to unexpected constraints, the consultant could not attend this Session to present the report of the ex-post evaluation as contained in Document CEM,CFI(XXXII)/3.

The Committees took note of the results of the evaluation as included in the report which was briefly introduced by the Secretariat.

(B) Discussion on Lessons Learnt from Previous Ex-post Evaluations

The Committees took note of the report prepared by the Secretariat on lessons learnt from ex-post evaluations in the field of Forest Industry [Document CEM,CFI(XXXII)/5]. The Committees underscored the importance of the proper management of projects and recognized that the problems and lessons learnt highlighted in the report were similar to those related to projects in all three technical areas of the organization. The Committees further observed that lessons learnt from ex-post evaluations were closely related to issues raised in the report of the Expert Panel for Technical Appraisal of Project Proposals [Document CEM,CRF,CFI(XXXII)/1], to measures to improve project formulation and approval [Document ITTC(XXXIV)/6] and to the proper management of projects proposed for discussion at the current Session of the Council.

The Committees recommended that the issue of lessons learnt from ex-post evaluations be further discussed during a joint Session of the four Committees and that a small working group be established to propose an appropriate course of action in order to make full use of lessons learnt from past evaluations with a view to improving the design and implementation of ITTO projects. The work of the working group would take into account the information papers prepared by the ITTO Secretariat on lessons learnt from ex-post evaluations carried out in the three technical fields of activities as well as the discussion on Document CEM,CRF,CFI(XXXII)/1 and Document ITTC(XXXIV)/6 mentioned above and the work of the Committee on Finance and Administration

relating to the proper management of projects. Taking into account that information papers had already been prepared for ex-post evaluations on completed projects in the fields of Reforestation and Forest Management and Forest Industry, the Committees recommended that similar work be carried out for completed projects in the field of Economic Information and Market Intelligence to be discussed by the Committees at their next Session.

(C) Selection of Projects for Ex-post Evaluation

The Committees noted that only one project, PD 7/94 Rev.3 (M,I) was declared completed at this Session. It was noted that members might need more time to consider the proceedings of the International Conference on Tropical Timber that reviewed and discussed the implementation and results of the project in order to assess the merits of conducting an ex-post evaluation for this project. It was also noted that two projects in the field of Economic Information and Market Intelligence declared complete at earlier sessions [PD 1/95 Rev.4 (M) and PD 15/98 Rev.2 (M)] were eligible for ex-post evaluation. The Committees decided to defer the decision on the selection of projects for ex-post evaluations until the next Session.

8. Consideration of Project and Pre-Project Proposals

The Committees considered the following four project and four pre-project proposals that had been evaluated and commended by the Expert Panel for the Technical Appraisal of Project Proposals as contained in document CEM, CFI(XXXII)/6:

Committee on Economic Information and Market Intelligence

PD 133/02 Rev.2 (M)	Timber and Timber Products Trade Flow Study in the Philippines
PD 196/03 Rev.1 (M)	Upgrading and Strengthening of the National Forest Statistical Information System in Venezuela
PPD 74/03 Rev.1 (M)	Development of the National Forest Information System of Guatemala

Committee on Forest Industry

PD 73/01 Rev.4 (I,M)	Promotion of Tropical Non-Wood Forest Products (NWFPS) in Guangxi Autonomous Region, China Based on Sustainable Community Development
PD 189/03 Rev.1 (I)	Support Project for the Updating of Training in Forest Management and Forest Concession Management in Central African Forestry Schools (Gabon)
PPD 68/03 Rev.1 (I)	Study on Utilization of Plantation Teak (Myanmar)
PPD 80/03 Rev.1 (I)	Promoting the Utilization of Rubberwood from Sustainable Sources in Indonesia
PPD 81/03 (I)	Training Needs Analysis for the Furniture and Lumber Industries in the Philippines

The Committees considered in detail the comments of the Twenty-fifth Expert Panel for Technical Appraisal of Project Proposals on these proposals, and the revisions incorporated in the final versions in response to these comments. The final versions of all proposals were thoroughly evaluated by the Committees. The detailed results of the Committees' evaluation and appraisal of these four project and four pre-project proposals are presented in Appendix B.

The Committees also considered the following project proposal which the Expert Panel could not commend and had submitted to the Committees for final appraisal:

PD 102/01 Rev.4 (M)

Economic Database on Bamboo and Rattan (China)

The detailed result of the Committees' evaluation and appraisal of this project proposal is presented in Appendix B.

The Committees also considered the following project proposal which was approved at the Thirty-third Session of the Council and which was subsequently revised by the Government of China following the recommendation of the Consultative Committee of the Common Fund for Commodities:

PD 103/01 Rev.4 (I)

Demonstration of Rubberwood Processing Technology and Promotion of Sustainable Development in China and other Asian Countries

The detailed result of the Committees' evaluation and appraisal of this project proposal is presented in Appendix B.

In addition, the Committees considered the following pre-project proposal which was being resubmitted following the recommendation made at the Thirty-first Session of the Committee on Economic Information and Market Intelligence:

PPD 64/02 Rev.1 (M)

Promotion of Guatemalan Certified Timber Trade

The detailed result of the Committees' evaluation and appraisal of this pre-project proposal is presented in Appendix B.

In addition to the above projects and pre-projects, the Committees considered the following project ideas:

<u>Submitting Government</u>	<u>Proposed Title</u>	<u>Committees' Decision</u>
Bolivia	"Promotion of Certified Forest Products Exports"	Deferred
Côte d'Ivoire	"Training in Log and Sawwood Recognition Techniques in the Timber Trade"	Submit project proposal to ITTO Project Cycle
Côte d'Ivoire	"Industrial Development of Offcuts Through the Manufacture of Construction Furniture and Ornament Components"	Submit pre-project proposal to ITTO Project Cycle

The Committees recommended that the project ideas submitted and presented by Côte d'Ivoire be formulated into project or pre-project proposals as noted above and submitted to the ITTO project cycle. As the representative of Bolivia was unable to attend the current Joint Session, the Committees deferred consideration of this project idea.

9. Policy Work

Three issues under the Committee on Forest Industry and nine issues under the Committee on Economic Information and Market Intelligence were discussed by the Committees at this Session.

Committee on Forest Industry

- (i) Assessment of the Multiple Benefits of Downstream Processing of Tropical Timber in Producer Countries [PPD 35/01 (I)]

The Secretariat informed the Committees that two consultants, Dr. Lachlan Hunter (New Zealand) and, Dr. Roszehan Mohd. Idrus (Malaysia) had been engaged to carry out the study. It was expected that a preliminary report of the study would be submitted for the consideration of the Committees at the next Session.

- (ii) Work Directed at Technical and Environmental Standards and International Standards Activities

/...

The Secretariat recalled that at the previous Session, the Committees decided to include work on technical and environmental standards in the work programme for the year 2003 and approved terms of reference for a work programme relating to Goal 1, Action 4 and Goal 2, Action 8 of the ITTO Yokohama Action Plan 2002-2006 in the field of Forest Industry.

The Committees considered the information paper prepared by the Secretariat and underscored the importance of standards at this time of globalization. They also highlighted the relevance of a proposed Council decision regarding Measures to Promote the Expansion and Diversification of International Trade in Tropical Timber in connection with this issue. Members of the Committees were invited to participate fully in these discussions and to support any resulting recommendations and conclusions. The Committees requested the Secretariat to review the above Council decision once approved to identify any activities contained in the terms of reference of the information paper not covered by the decision which could form the basis for future Committee policy work under this item.

- (iii) Develop, Publish and Disseminate Information on Increasing Timber Processing and Utilization Efficiency and Reducing Waste

The Secretariat informed the Committees that a group of consultants has been hired to carry out the study. It is expected that the preliminary report of the study would be submitted for consideration of the Committees at the next Session.

Economic Information and Market Intelligence

- (i) Market Access

The Committees noted the finalized Report on Market Access of Tropical Timber as contained in document ITTC(XXXIV)/10 and considered by the Council. It was further noted that issues on market access including changes in wood-based panel regulations in the European Union and Japan were raised during the course of the Council's deliberations and the ITTO Annual Market Discussion – 2003. In view of these developments, the Committees agreed to retain market access as an item of the agenda for policy work.

The Committees further considered the presentation on the Study to Identify Measures to Bring Increased Transparency to Tropical Hardwood Plywood Trade and Analyse the Cause of Market Fluctuations and Price Instability under PPD 34/01 (M) made by the consultants, Mr. Lamon Rutten and Mr. Tan Seng Hock. In their presentation, the consultants highlighted the problems facing the tropical plywood market, the rapid change the tropical plywood sector was undergoing as well as the lack of transparency and high price volatility being the principal causes of the problems. The consultants recommended a set of actions that could be undertaken by various actors at the national and international levels, indicating that ITTO could play a major role particularly if it found ways to better incorporate the private sector. The Committees commended the consultants for their report and presentation and requested them to take due account of the comments made in the finalization of their report.

- (ii) Forest and Timber Certification

The Committees noted the consideration of the Council on item 11 of its agenda on phased approaches to certification. The Committees further noted the issue on certification as raised in the ITTO Annual Market Discussion 2003.

- (iii) Life Cycle Analysis (LCA) of Timber Products

The Committees considered the presentation on the Review of Information on Life Cycle Analysis of Tropical Timber Products under PPD 48/02 (M) made by the consultant, Dr. Richard Murphy. In his presentation, the consultant provided an overview of LCA, the perspective on timber and wood products within the context of LCA, and the issues and possibilities for LCA of tropical timbers. The presentation, *inter alia*, focused on a review of existing work on tropical timber covering specific case studies and several aspects including the pros and cons of LCA, priorities for tropical timber LCAs, requirements for successful LCAs and future prospects and direction. The Committees commended the consultant for his presentation and requested him to take due account of the comments made in the finalization of his report.

(iv) Proposed Listing of Timber Species in the Appendices of CITES

The Committees noted the decisions taken at the Twelfth Meeting of the Conference of the Parties to CITES held in Santiago, Chile on 3-15 November 2002 on the inclusion of *Swietenia macrophylla* and *Gonystylus* spp. (ramin) in Appendices II and III of CITES respectively. The Committees further noted that the Council had been informed by the Secretariat that no new proposals to include tropical timber species in the appendices of CITES had been received from member countries.

(v) Trade in Secondary Processed Wood Products (SPWP)

The Committees noted the continuing upward trend in trade of SPWP as presented by the Secretariat. This was contrasted with the declining value of trade in primary products which were mainly sourced from natural tropical forests. It was also noted that most SPWP (as well as pulp, paper and reconstituted panels, trade of which from tropical countries has also grown rapidly) were derived from plantation timber, indicating the declining role of natural tropical forests as a source of timber traded in international markets.

(vi) United Nations Forum on Forests (UNFF) – Matters on Trade and Sustainable Forest Management

The Committees were informed that the Third Session of the UNFF was scheduled to take place at the United Nations Office in Geneva from 26 May to 6 June 2003. It was noted that as a common item in the UNFF multi-year programme of work, trade and sustainable forest management would be considered at the Session. Trade would also feature prominently in the context of the economic aspects of sustainable forest management which would constitute one of the themes of the Third Session of the UNFF. The Committees further noted that ITTO would convene a side event in conjunction with the Third Session of the UNFF.

(vii) Inter-Secretariat Working Group on Forest Statistics (IWGFS)

The Secretariat informed the Committees of the latest meeting of the IWGFS in Geneva in February 2003 and of developments in the Joint Forestry Sector Questionnaire (JQ). The 2003 JQ would be sent to all ITTO member countries by early June. The Committees noted that the IWGFS and the JQ were serving as a model for inter-agency coordination on streamlining forest reporting, an activity being implemented through the Collaborative Partnership on Forests (CPF). The Committees noted that the next meeting of the IWGFS had been scheduled for late 2003 or early 2004.

(viii) Consider Activities to Fill Gaps in Data and Include Collecting and Analysing Data on Plantation Resources and Enhancing Analysis of Data on Undocumented Trade [ITTO Action Plan, Section 3.1, Goal 1]

The Committees noted the various activities being undertaken to fill data gaps and enhance analysis of data on undocumented trade by the Secretariat including on-going work on the JQ and the Annual Review, statistical workshops by ITTO/FAO, the on-going review of the Indian timber market under PPD 49/02 (M), and work being carried out under Decision 6(XXXI). It was further noted that data on plantation resources was being sought through the 2003 JQ and members were requested to provide timely responses (data provided in 2002 was generally of poor quality). Finally, the Committees noted that in addition to the comparison of trade flows carried out in the Annual Review of the World Timber Situation and under Decision 6(XXXI) to identify potential instances of undocumented trade, the Secretariat was collaborating on research with the World Resources Institute, Forest Trends and others on this issue.

(ix) ITTO Work Programme 2003

The Committees noted the progress made in the implementation of its project and strategic policy activities as contained in document ITTC(XXXIV)/16.

10. Dates and Venues of the Thirty-third, Thirty-fourth and Thirty-fifth Sessions of the Committees

The Thirty-third Session of the Committees would be held in conjunction with the Thirty-fifth Session of the International Tropical Timber Council in Yokohama, Japan, on 3-8 November 2003.

The Thirty-fourth Session of the Committees would be held in conjunction with the Thirty-sixth Session of the International Tropical Timber Council in Geneva, Switzerland on 20-23 July 2004.

The Thirty-fifth Session of the Committees would be held in conjunction with the Thirty-seventh Session of the International Tropical Timber Council in Yokohama, Japan, on 13-18 December 2004.

11. Other Business

The representative of the USA proposed that the Secretariat establish a section on their website containing WTO notifications and related country submissions relevant to timber trade, in order to facilitate the dissemination of such information to member countries.

12. Recommendations to the International Tropical Timber Council

- (i) The Committees recommended that funding be made immediately available for the following projects and pre-projects approved at this Session:

Committee on Economic Information and Market Intelligence

PD 133/02 Rev.3 (M)	Timber and Timber Products Trade Flow Study in the Philippines [US\$126,937]
PD 196/03 Rev.1 (M)	Upgrading and Strengthening of the National Forest Statistical Information System in Venezuela [US\$384,265]
PPD 64/02 Rev.1 (M)	Promotion of Guatemalan Certified Timber and Timber Products Trade [US\$50,000]
PPD 74/03 Rev.1 (M)	Development of the National Forest Information System of Guatemala [US\$30,581]

Committee on Forest Industry

PD 73/01 Rev.5 (I,M)	Promotion of Tropical Non-Wood Forest Products (NWFPs) in Guangxi Autonomous Region, China Based on Sustainable Community Development (China) [US\$286,677]
PD 103/01 Rev.4 (I)	Demonstration of Rubberwood Processing Technology and Promotion of Sustainable Development in China and other Asian Countries (China) [US\$349,641]
PD 189/03 Rev.1 (I)	Support Project for the Updating of Training in Forest Management and Forest Concession Management in Central African Forestry Schools (Gabon) [US\$149,460]
PPD 68/03 Rev.1 (I)	Study on Utilization of Plantation Teak (Myanmar) [US\$39,721]
PPD 80/03 Rev.2 (I)	Promoting the Utilization of Rubberwood from Sustainable Sources in Indonesia (Indonesia) [US\$69,340]
PPD 81/03 (I)	Training Needs Analysis for the Furniture and Lumber Industries in the Philippines (Philippines) [US\$65,733]

- (ii) The Committees recommended that Council approve the following proposal for ITTO sponsorship for funding through other relevant financial institutions in accordance with Article

20, (6) and (7), and Article 28, of the ITTA, 1994, subject to acknowledgement of (and efforts to address) the risks identified in Appendix B in a revised proposal:

PD 102/01 Rev.4 (M) Economic Database on Bamboo and Rattan (China)
[US\$346,726]

- (iii) The Committees recommended that funding be made immediately available for the following projects approved at earlier Sessions:

Committee on Economic Information and Market Intelligence

PD 52/97 Rev.3 (M) Development and Implementation of an Educational Program to
Phase II Inform the Wood Products Distribution Chain on the Value of
Using Tropical Timbers from ITTO Member Countries - Phase II
(Ghana) [US\$180,994]

PD 179/02 (M) A Strategic Plan to Develop Decision Support Tools to Support
the Forest Industry Organization of Thailand (FIO) [US\$95,082]

PPD 32/01 Rev.1 (M) Development of the Forest Information and Statistics Center
(Honduras) [US\$29,786]

PPD 45/02 Rev.2 (M) Technical Assistance for the Formulation of a Project Proposal
Aimed at Capacity Strengthening for the Sustainable
Management of Natural and Planted Forests in Panama
[US\$35,934]

PPD 61/02 Rev.1 (M) Review of the Present Situation and Development of a Strategy
and Project for Enhancing the National Forestry Statistics
Management System (Côte d'Ivoire) [US\$62,555]

PPD 62/02 Rev.1 (M) Establishing a Forest Statistics Management System in the
Democratic Republic of Congo [US\$76,373]

Committee on Forest Industry

PD 75/01 Rev.2 (I) Nomenclature of African Tropical Timber (Congo) [US\$89,835]

PD 96/01 Rev.2 (I,F) Strengthening Capacity Building of Forest and Forest Products
Research Base for Sustainable Forest Management in Cambodia
[US\$494,374]

PPD 4/00 Rev.3 (I) Feasibility of Introducing and Developing Non-Destructive
Testing Technologies and Methods for Assessment and
Monitoring for Timber/Wood Structures in Various Structural and
End-Use Applications in West Africa (Ghana) [US\$28,090]

PPD 46/02 Rev.1 (I) Support for the Formulation of a Project on the Industrial and
Commercial Development of Lesser-Known Broadleaved Timber
Species on a Sustainable Basis in Guatemala (Guatemala)
[US\$50,000]

PPD 52/02 Rev.1 (I) Development of Small-Medium Solar Timber Dryer for Social
and Productivity Improvement of Thai Villagers (Thailand)
[US\$90,768]

- (iv) The Committees recommended that a working group be established to meet at the next Session to propose an appropriate course of action in order to make full use of lessons learnt from past ex-post evaluations with a view to improving the design and implementation of ITTO projects.

13. Report of the Session

The Committees adopted this report for submission to the Council.

APPENDIX A

REPORT ON THE ITTO ANNUAL MARKET DISCUSSION - 2003 13 May 2003, Panama City, Panama

Despite the broad theme of "World Trade and Business Development" it will come as no surprise that the focus of the presentations made in the Annual Market Discussion turned on issues of market access and certification. Since the Asian financial crisis of 1997 and the ensuing global economic downturn, trade in tropical timber has been the victim of weak global demand and falling prices, ills that added to an already heavy burden of lost market share driven in part by the perception in the consumer markets that international trade in tropical timber was unsustainable and contributing to tropical forest loss.

World Trade

In providing a global perspective on world trade, the representative of the World Trade Organization (WTO) described the rationale and framework for the Doha Rounds of trade and tariff negotiations. This initiative of WTO members was launched in the wake of the September 11 terrorist attack in New York, an event that had added further uncertainty to the global economy and increased international tension. The bursting of the stock market bubble and the sluggish economic prospects in western Europe had also conspired to drive down global trade growth rates.

Against this background it was clear to the WTO that tremendous work lay ahead, particularly if developing countries were to benefit fully from the world trading system, benefits which could make a significant difference to the pace of their development. It had been estimated that abolishing trade barriers could increase global incomes by a massive US\$2.8 trillion and that removal of agricultural subsidies in OECD countries could increase incomes in developing countries by as much as 3 times of all the ODA that they receive today.

Although there have been advances in removing barriers to trade, there are many contentious issues remaining. These include the level and type of agricultural subsidies in the OECD countries and discriminatory tariffs and non tariff barriers against added value product exports from developing countries.

Initiatives of WBCSD

Also, at a global level, but from a private sector perspective, the World Business Council for Sustainable Development (WBCSD) reported its various initiatives in the forestry and timber sectors to harness market mechanisms for the benefit of SFM and the expansion of global trade in wood products.

The WBCSD is a coalition of over 165 international companies united by a shared commitment to sustainable development through economic growth, ecological balance and social progress. Members are drawn from 35 countries and are active in over 20 major industrial sectors, including forest products.

The WBCSD also benefits from a thriving regional network representing over 1,000 business leaders in developing countries and nations in transition. The Council's mission is to provide business leadership as a catalyst for change toward sustainable development and to promote the role of eco-efficiency, innovation and corporate social responsibility.

WBCSD linkages to tropical forests are indirect but associated with ecosystems and markets (a cross-cutting-theme) and the role of companies in biodiversity conservation and management. It has established a Sustainable Forest Products Industry working group (SFPI) to address global industrial SFM and sustainable development challenges.

The challenges in sustainable development, as related to forestry, involve how to sustainably manage forests to service the needs of 6 billion people now (and the 9 billion by 2050) for wood and paper products, renewable energy which is green house gases neutral, eco-system services, water and water quality, carbon sequestration, soil and land remediation, recreation and tourism. Forests must also generate employment and improve incomes and infrastructure.

The SFPI working group objectives are to: enhance sustainable development performance of its members, enhance consumer confidence in forest products, improve stakeholder confidence in the sustainable forest products industry and to provide global company leadership in these areas.

Market Access

Problems of market access were also a major feature of presentations of the trade speakers from Brazil, Ghana, and Malaysia. High on the list of potential trade barriers mentioned were the recently announced changes in wood based panel regulations by the EU and by Japan.

In Brazil, the forestry sector contributes US\$27 billion to GDP with exports of wood products running at US\$4.5 billion or 7% of national exports. In 2002, exports of plywood alone amounted to US\$438 million. In Malaysia, plywood exports in 2002 were in the region of US\$1 billion or about 25% of the value of all wood products exports. On a smaller scale, but also significant for national exports, plywood exports by Ghana were around 75,000 cubic metres. Most of this was exported to the EU as are exports from Brazil.

It is in the EU that plywood exporters are about to face a new and serious challenge. Under a new EU directive the EU will only import plywood (and other wood products) which conform to the new CE Mark under directive EN 13986. Compliance with this will require manufacturers to apply new production technologies and independent third party testing and auditing.

It is apparent that tropical timber producers are not well equipped to comply with these new requirements and there would seem to be a real danger that plywood exports will plummet. For Brazil, Ghana and other exporters of plywood to the EU the consequences could be serious.

Adding to the woes of the plywood producers are new regulations on plywood being introduced in Japan. As a result of a safe-housing initiative in Japan, a stricter Japan Agricultural Standard for plywood has been imposed. Tropical plywood producers may now see export market opportunities fade until they have adjusted production techniques and arranged for independent product testing for plywood destined for the Japanese market. The EU is also proposing a requirement for the labeling of timber products treated with borax compounds as 'toxic'. This is creating alarm and undermining some markets for processed tropical wood products, especially rubberwood. Such labeling is designed to protect consumers but speakers suggested it should be enacted only after adequate scientific assessment to determine whether timber so treated poses health risks in normal use.

Certification and Mutual Recognition

Globally there are approximately 130 million ha of certified forests in the world, 51% in Europe, 44% in North America and the remaining 5% distributed throughout the tropical countries. The success of the Pan European Forest Certification scheme was highlighted in the presentation of the head of the Finnish Forest Certification System, which is now incorporated into the PEFC. The PEFC has 26 members, 20 within Europe and 6 others including Brazil and Malaysia. The PEFC has endorsed 13 schemes up to 2002 with others at various stages of development and endorsement.

The WBCSD is also active in the field of certification. In August 2002 a Mutual Recognition Action Team was appointed by its Global CEO Forum charged with achieving mutual recognition and respect between credible systems to enable more inclusive and effective use of certification in timber sourcing and marketing. The WBCSD strategy is to build a broad alliance of NGO, IGO, forest owners, forest industry and consumers to support this outcome.

Despite the considerable advances made in certification, tropical producers still face enormous challenges in the market place. As aptly stated by one speaker from a tropical timber producing country "even though considerable efforts have been made to see that the trade in tropical timber is economically and environmentally sustainable, not only are the efforts not being adequately recognized, the trade in tropical timber is still facing a number of threats and challenges".

APPENDIX B

TECHNICAL ASSESSMENT OF PROJECT AND PRE-PROJECT PROPOSALS IN THE AREAS OF ECONOMIC INFORMATION AND MARKET INTELLIGENCE AND FOREST INDUSTRY AND SUMMARY TABLE

Committee on Economic Information and Market Intelligence

- (i) PD 102/01 Rev.4 (M) Economic Database on Bamboo and Rattan (P.R. China)

INBAR presented the revised proposal on behalf of the Government of P.R. China. The representative of the USA expressed concern on the project risks and costs (particularly on personnel). The risk of non-cooperation by INBAR member countries remained an issue. The lack of any in-kind contribution from the four collaborating countries was also noted as a possible impediment to project success. The Committees, which noted that the Expert Panel had been unable to commend the proposal to them, decided to recommend the approval of the proposal for ITTO sponsorship for funding through other relevant financial institutions in accordance with Article 20, (6), (7) and Article 28 of the ITTA, 1994.

- (ii) PD 133/02 Rev.2 (M) Timber and Timber Products Trade Flow Study in the Philippines

The representative of the Philippines introduced the proposal and noted its importance to his country. The representative of the USA agreed that the proposal would be useful for the Philippines but noted several problems with the budget. After consultations between the representatives of the Philippines and the USA, the Committees recommended that the revised proposal PD 133/02 Rev.3 (M) with total ITTO budget of US\$126,937 be approved for immediate funding and implementation.

- (iii) PD 196/03 Rev.1 (M) Upgrading and Strengthening of the National Forest Statistical Information System in Venezuela

The representative of Venezuela introduced the proposal and noted its importance to his country. The Committees recommended that the proposal be approved for immediate funding and implementation.

- (iv) PPD 64/02 Rev.1 (M) Promotion of Guatemalan Certified Timber Trade

The representative of Guatemala introduced the pre-project proposal to the Committees. The representative of Norway supported the proposal and urged other countries to submit projects to facilitate their marketing of certified forest products. The representative of the USA noted that access to markets for certified forest products was important, but that the primary focus of the proposal would be better placed on establishing market opportunities for lesser-used species. The Committees recommended that the proposal be approved for immediate funding and implementation.

- (v) PPD 74/03 Rev.1 (M) Development of the National Forest Information System of Guatemala

The representative of Guatemala introduced the pre-project proposal to the Committees. The representative of the USA commended the proposal as a cost-effective means to address Guatemala's forest information needs. The Committees recommended that the proposal be approved for immediate funding and implementation.

Committee on Forest Industry

- (i) PD 73/01 Rev.4 (I,M) Promotion of Tropical Non-Wood Forest Products (NWFPS) in Guangxi Autonomous Region, China Based on Sustainable Community Development

The Committees noted that the 25th Expert Panel's comments and recommendations had been incorporated into the revised proposal. With regard to the project budget, the Committees noted that the duty travel and the capital items were reduced based on the recommendations of the Expert Panel while the Chinese contribution to the project has been increased from US\$176,535 to US\$285,035 to cover the project activities relating to the promotion of pine resin. However, the delegate from the USA noted that the study tour and the unit costs for the capital items of the ITTO contribution seemed still high. Following this comment, the proposal was further revised during the Session in order to reduce the ITTO contribution to US\$286,677. The Committees expressed satisfaction with the revisions made and decided

to recommend to the Council the approval and implementation of the further revised project proposal as contained in PD 73/01 Rev.5 (I.M).

- (ii) PD 103/01 Rev.4 (I) Demonstration of Rubberwood Processing Technology and Promotion of Sustainable Development in China and other Asian Countries

The Committees noted that the project PD 103/01 Rev.3 (I) "Demonstration Rubberwood Processing Technology and Promotion of Sustainable Development of Chinese Rubberwood Industry", which was approved at the Committee on Forest Industry at its last session in November 2002, was submitted to the Common Fund for Commodities (CFC) for funding. The Thirty-First Meeting of the Consultative Committee of CFC held in the end of January 2003 considered, among others, PD 103/01 Rev.3 (I) and recommended that the project be approved subject to three recommendations and subject to co-financing being available from other donors.

The three recommendations of the Consultative Committee of CFC were to (i) broaden the project scope by including the other Asian countries besides China, (ii) invite technicians from several other Asian countries to participate in the dissemination of rubberwood processing technology and (iii) publish the proposed technical manual for rubberwood processing technology in both Chinese and English. The Committees noted that the recommendations of the Consultative Committee had been incorporated into the revised proposal. With regard to the project budget, the Committees noted that the project was seeking the amount of US\$119,500 from CFC as grant while it was seeking the remaining funds amounting to US\$230,141 from ITTO's donor countries. Noting that, as a joint effort of ITTO and CFC, this project would contribute to the efficient utilization of rubberwood in ITTO member countries, the Committees expressed satisfaction with the revised proposal and decided to recommend it to the Council for approval and implementation.

- (iii) PD 189/03 Rev.1 (I) Support Project for the Updating of Training in Forest Management and Forest Concession Management in Central African Forestry Schools (Gabon)

The delegate from Gabon introduced the project which aims at updating and upgrading training in forest management in Central Africa through the formulation of a suitable forest management program for the forestry training institutions in Central Africa and the development of corresponding training curricula and adequate teaching methods. The delegate from Gabon also highlighted for the attention of the Committees the amendments that have been made to the original project proposal in order to address comments and recommendations made by the Expert Panel. The Committees expressed satisfaction with the proposal and decided to recommend to the Council the approval and implementation of the project proposal [PD 189/03 Rev.1 (I)].

- (iv) PPD 68/03 Rev.1 (I) Study on Utilization of Plantation Teak (Myanmar)

The Committees noted that the recommendations of the 25th Expert Panel had been incorporated into the revised proposal. A clarification of the main objectives of the pre-project requested by the delegate from Australia was provided by the Secretariat. The delegate from Japan expressed satisfaction with the revision of the proposal in relation to the recommendations of the Expert Panel. The Committees decided to recommend to the Council the approval and implementation of the revised pre-project proposal as contained in PPD 68/03 Rev.1 (I).

- (v) PPD 80/03 Rev.1 (I) Promoting the Utilization of Rubberwood from Sustainable Sources in Indonesia

The delegate from Indonesia introduced the pre-project that aims to assess the feasibility of using rubberwood for the production of furniture and household utensils and thereby to formulate a project proposal to promote the utilization of rubberwood in the Indonesian wood industry sector. The pre-project was intended to conduct analyses of rubberwood resources, processing, utilization and markets. The Committees noted that the proposal was formulated in line with the recommendations of the ITTO Technical Mission to Indonesia (2001) to explore the opportunity of utilizing non-forest resources in restructuring the wood-based industry in Indonesia in view of the declining supply of raw materials from natural forests. The Committees expressed satisfaction with the revised proposal and decided to recommend to the Council the approval and implementation of the further revised pre-project proposal PPD 80/03 Rev.2 (I), which incorporates a minor modification in the budget to appropriately account for the ITTO Programme Support Costs.

(vi) PPD 81/03 (I)

Training Needs Analysis for the Furniture and Lumber Industries in the Philippines

The delegate from the Philippines informed that the pre-project was formulated to determine the training needs of the furniture and lumber industries in the Philippines, in accordance with the recommendations of the Expert Panel in relation to the project proposal PD 208/03 (I) "Capacity Building for the Furniture and Lumber Industries in the Philippines", which was submitted in 2002. The Committees noted the importance of the furniture industry in the Philippines comprising mostly of micro-cottage, small and medium companies in providing employment and earning foreign exchange. The delegate from the USA supported the pre-project and suggested that the executing agency should focus its work on either the furniture industry or the lumber industry, after reviewing their potential. The Committees expressed satisfaction with the proposal and decided to recommend it to Council for approval and implementation.

SUMMARY TABLE

TECHNICAL EVALUATION OF PROJECTS AND PRE-PROJECTS

PROJECT DOCUMENT	ITTA OBJECTIVES Article 1	ITTO BUDGET US\$	DURATION (MONTHS)	GEOGRAPHIC COVERAGE	RECOMMENDATION(*)
Committee on Economic Information and Market Intelligence					
PD 102/01 Rev.4 (M)	a, c, e, h, k, n,	346,726	36	P.R. China	3
PD 133/02 Rev.3 (M)	a, c, d, h, k	126,937	24	Philippines	1
PD 196/03 Rev.1 (M)	a, c, e, f	384,265	24	Venezuela	1
PPD 64/02 Rev.1 (M)	a, d, e, f, i, l	50,000	5	Guatemala	1
PPD 74/03 Rev.1 (M)	a, c, e, f	30,581	3	Guatemala	1
Committee on Forest Industry					
PD 73/01 Rev.5 (I,M)	a, c, f, g, i	286,677	36	P.R. China	1
PD 103/01 Rev.4 (I)	c,f,i,l	349,641	36	Asia-Pacific	1
PD 189/03 Rev.1 (I)	c, d, f, g, l	149,460	12	Gabon	1
PPD 68/03 Rev.1(I)	c, d, f, j	39,721	12	Myanmar	1
PPD 80/03 Rev.2 (I)	c, d, i, k	69,340	6	Indonesia	1
PPD 81/03 (I)	c,f, i	65,733	12	Philippines	1

- (*) 1. Recommend to the ITTC to approve the (amended) proposal for implementation by ITTO and recommend it for immediate financing.
 2. Recommend to the ITTC that the proposal be revised and resubmitted: (a) directly to the relevant Committee, or (b) to the Expert Panel.
 3. Recommend to the ITTC to approve the proposal for ITTO sponsorship for funding through other relevant financial institutions, in accordance with Article 20, (6) and (7), and Article 28, of the ITTA, 1994.
 4. Recommend to the ITTC that a decision on the proposal be deferred until the next session.
 5. Recommend to the ITTC that the proposal should not be further considered by ITTO.

Distr.
GENERAL

CRF(XXXII)/7 Rev.1
17 May 2003

Original: ENGLISH

THIRTY-SECOND SESSION
12 – 17 May 2003
Panama City, Panama

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL FROM
THE THIRTY-SECOND SESSION OF THE COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT
12 – 17 May 2003**

Table of Contents

Report

Appendix I Technical Assessment of Project Proposals

**Appendix II Proposal for a Study on Encouraging Private Sector Investment in
Industrial Forest Plantations in the Tropics**

REPORT

Item 1 - Opening of the Session

The Thirty-second Session of the Committee was opened, on 12 May 2003, by the Chairperson of the Committee on Reforestation and Forest Management, Mr. Henri-Félix Maître (France). The list of participants is reproduced in document ITTC(XXXIV)/Info.2 Rev.1.

Item 2 - Adoption of Agenda and Organization of Work

At its first meeting in a joint session on 12 May 2003, the Committee formally adopted the Agenda of its Thirty-second Session as contained in document CRF(XXXII)/1.

Item 3 - Admission of Observers

A list of observers admitted by the Committee in a joint session to attend its Thirty-second Session is contained in document ITTC(XXXIV)/Info.3 Rev.1.

Item 4 - Report of the Expert Panel for Technical Appraisal of Project Proposals (Joint Session of the Committees)

The Committees noted the presentation made by Mr. Patrick Hardcastle (United Kingdom), Chairman of the Expert Panel at its Twenty-Fifth Meeting (27 January – 1 February 2003, Yokohama, Japan), on the Panel's report as contained in document CEM,CRF, CFI(XXXII)/1. Problems and issues identified by the Panel included: (i) limited attention by proponents to past general comments of the Expert Panels; (ii) poor problem analysis and translation into a logical framework for action; (iii) missing background information and unclear budget presentation; (iv) the larger than usual number of proposals - 53 projects and 15 pre-projects for a total of 68 - reviewed by the Panel; and (v) the low number of proposals (only 7 projects and 5 pre-projects) attaining Panel Category 1 (inferring a well formulated proposal that could be commended to the Committees with only minor modifications).

The Expert Panel recommended that radical changes were required to remedy the problem of the increasing number of poor quality proposals it was receiving. The Committees noted that the issue of improving project formulation would be considered under item 13 of the Council's agenda.

The Vice-Chairperson of the Committee on Finance and Administration (CFA) informed the Committees that procedures for effective project implementation would be considered by the CFA during this session, in accordance with the recommendation of the Informal Advisory Group.

The Committees also noted that a discussion on the potential of the Clean Development Mechanism (CDM) for ITTO and its members would be held during the current Session of the Committee on Reforestation and Forest Management. The Committee would also discuss a proposal for a study on encouraging private sector investment in industrial forest plantations in the tropics.

Item 5 - ITTO 2003 Market Discussion (Joint Session of the Committees)

The Committees noted the report of the ITTO Annual Market Discussion – 2003, held in a Joint Session of the three technical committees on 13 May 2003, as contained in Appendix A of the Report of the Committees on Economic Information and Market Intelligence and Forest Industry [document CEM, CFI(XXXII)/10]. The theme of the Market Discussion was "World Trade and Business Developments". Mr. Barney Chan (Sarawak Timber Association) served as the moderator of the Market Discussion. The following presentations were made during the Market Discussion:

Mr. Guillermo Villareal	"Trends and Current Issues in the Panamanian Timber Sector"
Dr. Ivan Tomaselli	"Trends and Current Issues in the Tropical Timber Sector – Brazil"
Mr. Alhassan Attah	"Ghana Country Report"
Ms. Siti Syaliza Mustapha	"Malaysia Country Report"

Ms. Wendy Baer	"United States Market Report"
Ms. Doaa Abdel Motaal	"World Trade, An Update on the Doha Development Agenda"
Mr. James Griffiths	"The Sustainable Forest Products Industry – Opportunities and Challenges: A perspective from World Business Council for Sustainable Development (WBCSD)"
Mr. Auvo Kaivola	"Pan European Forest Certification (PEFC) Council – International Perspectives on Forest Certification"

Item 6 - Report on Completed Projects and Pre-Projects

6.1 Completed Projects

The Secretariat informed the Committee that the completed projects are listed in document CRF(XXXII)/3, "Report on Completed Projects and Pre-Projects in the Field of Reforestation and Forest Management", and are divided into two groups (A) and (B).

Group (A) lists the projects where the field activities have been completed, and the final report and other technical documentation have been submitted to the Secretariat as well as the audited financial report of the project's accounts.

Group (B) lists the projects where the field activities have been completed, and the final report and other technical documentation have been submitted to the Secretariat but where the audited financial report of the project's accounts is still pending.

The Committee then proceeded to review the following completed projects:

(A) Completed Projects, Including Financial Audit

- 1) PD 30/96 Rev.3 (F) Project for a 2,500 ha Timber Production Plantation in the Reserved Forest of Haho-Baloe (Plateaux Region - Togo) (Togo)**

The Committee took note that the Secretariat had received the Completion Report as well as the Final Financial Audit Report. The Committee therefore decided to consider the project as completed.

(B) Completed Projects, Pending Financial Audit

- 1) *PD 99/90 Rev.1 (F) Establishment of Rio Preto's National Forest (Brazil)**

The Committee recalled that this project was reported as completed, pending the Final Financial Audit Report, at the XXV CRF Session. The Brazilian Delegation informed the Committee that the National Comptroller is currently finalizing the Final Financial Audit and that it will present its report to the Brazilian authorities in the near future and immediately remit it to the Secretariat. The Committee reiterated its request that the Executing Agency submit the project's Final Financial Audit Report to the Secretariat prior to the next Council Session.

- 2) PD 24/93 Rev.2 (F) Forest Management of Natural Forest in Malaysia - Phase II (Malaysia)**

The Committee took note that the Completion Report as well as a series of technical documents had been submitted by the Executing Agency. These documents are available from the Secretariat upon request. It further noted that the Final Financial Audit Report of the project's accounts has not yet been submitted to the Secretariat. The Committee decided to consider this project as completed as soon as the Secretariat receives and accepts the Final Financial Audit Report of the project.

- 3) **PD 26/96 Rev.4 (F)** **Studies on the Management Standards of Hill Dipterocarp Forests in Sarawak from a Watershed Management Point of View – Phase II** (Malaysia)

The Committee took note that the Completion Report, the Final Technical Report and the Final Financial Audit Report have been received by the Secretariat. The Committee decided to consider the project as completed.

- 4) **PD 35/96 Rev.2 (F)** **Conservation and Maintenance of Biological Diversity in Tropical Forests Managed Primarily for Timber Production, Surigao Del Sur, Philippines** (Philippines)

The Committee took note that the Completion Report, the Final Technical Report and the Final Financial Audit Report had been received by the Secretariat. The Executing Agency presented the results and lessons learnt from the project to the Committee. The Committee decided to consider the project as completed.

- 5) **PD 42/96 Rev.1 (F)** **Support for the Development of a Forestry and Wildlife Law** (Peru)

The Committee took note that the Completion Report as well as published copies of the Forestry Law and its Regulations and a series of technical documents had been submitted by the Executing Agency. These documents are available from the Secretariat upon request. It further noted that the Final Financial Audit Report of the project's accounts has not yet been submitted to the Secretariat. The Committee decided to consider this project as completed as soon as the Secretariat receives and accepts the Final Financial Audit Report of the project.

- 6) *** PD 4/97 Rev.3 (F)** **Development and Promotion of Afforestation Activities in Egypt - Phases I & II** (Egypt)

The Committee took note that the original of the Completion Report and the Final Financial Audit Report had been received by the Secretariat. The Committee therefore decided to consider the project as completed.

- 7) **PD 2/98 Rev.2 (F,I)** **Management and Utilization of Paca (*Guadua Sarcocarpa*)** (Peru)

The Committee took note that the Completion Report as well as a series of publications and technical documents had been submitted by the Executing Agency. These documents are available from the Secretariat upon request. It further noted that the Final Financial Audit Report of the project's accounts has not yet been submitted to the Secretariat. The Committee decided to consider this project as completed as soon as the Secretariat receives and accepts the Final Financial Audit Report of the project.

- 8) *** PD 36/98 Rev.1 (F)** **Establishment of Forestry Sector Draft Development Plan for Sustainable Forest Management in Cambodia** (Cambodia)

The Committee took note that this project had been reported as completed in CRF(XXXII)/3, but that the Final Financial Audit Report was still outstanding. The Committee decided to consider this project as completed as soon as the Secretariat receives and accepts the Final Financial Audit Report of the project.

- 9) **PD 2/99 Rev.2 (F)** **Preparatory Studies to Install a Continuous Monitoring System for the Sustainable Management of Thailand's Forest Resources** (Thailand)

The Committee took note that the Completion Report, the Final Technical Report and other technical reports as well as the Final Financial Audit Report have been received by the Secretariat. The Executing Agency presented the results and lessons learnt from the project to the Committee. The Committee decided to consider the project as completed.

The delegation of the USA expressed concern about the dissemination of the results of completed projects and suggested the Secretariat, jointly with the Committees on Economic Information and Market Intelligence and Forest Industry, seek ways to improve the dissemination mechanism and information exchange between projects. The Committee decided to discuss the issue of the dissemination of project results during the joint session of the Committees during the Thirty-fifth Council Session in Yokohama in

November 2003. The Committee requested the Secretariat to develop a proposal for consideration by the joint Committees.

* The project was reported under 'Completed Projects, Pending Financial Audit' during a previous Committee Session.

In addition, two projects were presented to the Committee that have either submitted completion reports after the deadline for document CRF XXXIII/3 or are nearing completion, as follows:

- PD 17/97 Rev.3 (F) "Pilot Project for the Reforestation and Rehabilitation of Degraded Forest Lands in Ecuador": The Completion Report of this project was submitted to the Secretariat after the deadline. Mr. Pablo Mateus, Executive Director of CORMADERA, made a presentation of the project's results and achievements.
- PD 54/98 Rev.1 (F) "Institutional Strengthening of the Geographic Information System (GIS) of the National Environmental Authority (ANAM) for the Monitoring and Evaluation of Panama's Forest Resources with a view to their Sustainable Management": This project is nearing completion. Ms. Neyra Herrera, Project Coordinator, made a presentation of the results achieved to date by the project.

6.2 Completed Pre-Projects

1) PPD 22/99 Rev.1 (F) Improved Living Standard of the People through Community Participation in Sustainable Forest Management (Cambodia)

The Committee noted that the Completion Report had been received by the Secretariat, but that the Final Financial Audit Report was still outstanding. The Committee decided to consider the pre-project as completed as soon as the Secretariat has received and approved the Final Financial Audit Report.

2) PPD 11/00 Rev.2 (F) Development of an Integrated Forestry Master Plan for the Eco-Floristics Area IV in order to Develop Participatory Forest Management (Togo)

The Committee took note that the Completion Report and the Final Financial Audit Report had been received by the Secretariat. The Committee therefore decided to consider the pre-project as completed.

3) PPD 47/02 (F) Promotion of Clean Development Mechanism in the Framework of Sustainable Forest Management with Local Communities Involvement (Indonesia)

The Committee took note that the Completion Report and the Final Financial Audit Report had been received by the Secretariat. The Executing Agency presented the lessons learnt in the process of developing a CDM-related project proposal to the Committee under Item 9 of the Agenda. The Committee decided to consider the pre-project as completed. The Delegation of Switzerland requested that the Government of Indonesia submit the project proposal developed through PPD 47/02 (F) to ITTO as soon as possible.

Item 7 - Ex-post Evaluation

(A) Ex-post Evaluation

Recalling the selection of 13 completed projects for ex-post evaluation (listed below) at the Thirtieth Session of the Committee, the Secretariat informed the Committee that seven consultants have been engaged to carry out the ex-post evaluations of these projects during the months of June to August 2003. Project PD 26/96 Rev.4 (F) "Studies of the Management Standards of Hill Dipterocarp Forests in Sarawak from a Watershed Management Point-of-View – Phase II (Malaysia)" has been reported as completed during the current Session of the Committee and has been added to the projects to be evaluated under Group II, as it constitutes the second phase of project PD 104/90 Rev.2 (F). The results of the ex-post evaluations will be presented to the Committee during its Thirty-third Session in Yokohama in November 2003. The Committee took note of this information.

The following projects were selected for ex-post evaluation by the Committee at its Thirtieth Session:

Group 1: Demonstration Areas/Model Forests for SFM

PD 105/90 Rev.1 (F)	Model Forest Management Area – Phase I (Malaysia)
PD 14/92 Rev.2 (F)	A Demonstration Program of Sustainable Utilization of Tropical Forests by Means of Differentiated Management in Hainan Island, China – Phases I, II, III (China)
PD 14/95 Rev.2 (F)	Model Forest Management Area – Phase II (Malaysia)
PD 16/95 Rev.2 (F)	Forest Health Monitoring to Monitor the Sustainability of Indonesian Tropical Rain Forests (Indonesia)
PD 12/97 Rev.1 (F)	Forest, Science and Sustainability: The Bulungan Model Forest (Indonesia)

Group 2: Reduced Impact Logging

PD 74/90 Rev.1 (F)	Better Utilization of Tropical Timber Resources in Order to Improve Sustainability and Reduce Negative Ecological Impacts (Global-Germany)
PD 104/90 Rev.2 (F)	Studies of the Management Standards of Hill Dipterocarp Forests in Sarawak from a Watershed Management Point-of-View (Malaysia)
PD 45/97 Rev.1 (F)	On-site Training for Tropical Foresters and Forestry Trainers (Brazil)

Group 3: Mangroves

PD 128/91 Rev.2 (F)	Management, Conservation and Development of Mangrove Forests in Panama (Panama)
PD 157/91 Rev.2 (F)	Establishment of an International Network for the Conservation and Sustainable Utilization of Mangrove Forest Genetic Resources (Global-India)
PD 171/91 Rev.2 (F)	Conservation and Management for Multiple Use and Development of Colombian Mangrove Swamps – Phase I and Phase II Stages 1 and 2 (Colombia)
PD 11/92 Rev.1(F)	Development and Dissemination of Re-Afforestation Techniques of Mangrove Forests (Thailand)
PD 6/93 Rev.2 (F)	Manual and World Natural Mangrove Atlas for Mangrove Ecosystem Restoration (Global-Japan)

(B) Selection of Projects for Ex-Post Evaluation

According to Decision 3(XXVIII), "Ex-post Evaluation of Projects", the Committees are requested to consider as candidates for ex-post evaluation all completed individual projects or group of projects. In view of the large number of ex-post evaluations still being implemented, the Committee, at its Thirty-first Session reiterated its decision that it will refrain from selecting further projects for ex-post evaluation. The Committee decided to select further projects for ex-post evaluation during the Thirty-third Session of the Committee in November 2003.

Item 8 - Consideration of Project and Pre-Project Proposals

The Categories of Recommendations on Project and Pre-Projects from the Committee to the Council as accepted by the Committee at its Twentieth Session are listed by Appendix I, Table B.

The Secretariat clarified that these categories are considered as templates and that the Committee may decide to adopt a different wording in individual cases. With this in mind, the Committee continued to review the project and pre-project proposals.

The Committee recalled its recommendation to the Council during its Eleventh Session in Yokohama in November 1992, requesting the Secretariat not to forward any revisions of proposals requiring complete reformulation until these revisions had again been technically evaluated by the Expert Panel. In compliance with this, seven project proposals were considered by the Committee; similarly three pre-project proposals were considered.

• **PROJECTS ASSESSED BY THE COMMITTEE**

Project No.	Title
PD 35/98 Rev.3 (F)	Impact of Disturbances on Phytogenic Resources of the Closed Forest of Cameroon - Action for the Protection of Endangered Species (Cameroon)
PD 5/00 Rev.3 (F)	Training and Application of ITTO Criteria and Indicators for Sustainable Forest Management at the Forest Management Unit Level in Natural Production Forests of Ecuador (Ecuador)
PD 99/01 Rev.3 (F)	Establishment and Management of the Alto Purús Reserved Zone (APRZ) and a Basis for Cooperation in Transboundary Conservation between Peru and Brazil (Peru)
PD 152/02 Rev.2 (F)	Demonstration Project for the Rehabilitation and Multipurpose Sustainable Management of Mangrove Forest Ecosystems on the Coast of Ecuador (Ecuador)
PD 156/02 Rev.2 (F)	Conservation and Reforestation of Threatened Mangrove Forest Areas along the Pacific Coast of Panama (Panama)
PD 167/02 Rev.2 (F)	Integration of Forest Management Units (FMU) into Sustainable Development Units (SDU) through Collaborative Forest Management in Surigao del Sur, The Philippines (Philippines)
PD 206/03 Rev.1 (F)	Development of Human Resources in Sustainable Forest Management and Reduced Impact Logging in the Brazilian Amazon (Brazil)

Details of the technical evaluation of these proposals are presented in Appendix I of this report. The Committee's recommendations regarding approval of these proposals are presented in Item 12 (A) below.

• **PRE-PROJECTS ASSESSED BY THE COMMITTEE**

Pre-Project No.	Title
PPD 59/02 Rev.1 (F)	Pre-project for the Conservation and Management of Genetic Resources in the Natural Tropical Forests of Ecuador (Phase I) (Ecuador)
PPD 72/03 Rev.1 (F)	Technical Assistance for the Development of a Project Proposal on Institutional Strengthening for Forest Fire Prevention, Mitigation and Management in the Natural and Planted Forests of Panama (Panama)
PPD 75/03 Rev.1 (F)	Genetic Improvement of Tropical Forest Species (Guatemala)

Details of the technical evaluation of the proposal are presented in Appendix I of this report. The Committee's recommendations regarding approval of the proposal are presented in Item 12 (B) below.

Item 9 - Policy Work

ITTC policy work instructions to Committees, pursuant to Decision 4(XXV) include:

- Use the current ITTO Action Plan, the policy-relevant aspects of the annual ITTO Work Programme, the findings of completed projects and Council Decisions as the primary basis for identifying items for policy development.
- Decide during each session of each Committee those subjects, which will be discussed under the agenda item Policy Work during its next session and agree upon the way to prepare for such a discussion in the Committee.

In accordance with its policy work programme for the year 2003, the Committee considered the following matters:

- (i) Review progress in the work to promote understanding and use of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests

[ITTC Decision 3(XXXII), ITTO Yokohama Action Plan, Section 3.2, Goal 1, Action 4 and Goal 2, Action 3]. The Secretariat reported on progress made in the planning and implementation of six sub-regional Workshops and informed the Committee on the venues and dates of the upcoming workshops. The Committee took note of this information.

- (ii) Continue to monitor progress in the application of criteria and indicators for sustainable forest management [ITTC Decisions 5(XXX) and 9 (XXX), ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 1]. The Delegate of Colombia reported on the successful completion and the outcomes of a national training workshop on the application of the ITTO criteria and indicators. Moreover, the Committee took note of the report of the International Conference on Criteria and Indicators for Sustainable Forest Management (CICI 2003), which took place in Guatemala City on 3-7 February 2003 and a brief overview by the Secretariat of the recommendations from the Conference with particular relevance for the Committee.
- (iii) In cooperation with relevant organizations, monitor the political implications for the resource base of climate change and related policy developments, and the contribution of the resource base to the mitigation of the effects of climate change [ITTO Yokohama Action Plan, Section 3.2, Goal 1, Action 3]. The Committee, during its Thirty-first Session, decided to initiate monitoring work by considering presentations of experts from relevant organizations on priority issues and recent developments related to climate change.

During this Session, the Committee considered three presentations related to the Clean Development Mechanism (CDM) developed under the Kyoto Protocol, especially as it relates to sustainable forest management in tropical countries.

- a. Dr. Carmenza Robledo from EMPA in Switzerland made an introductory presentation on recent developments regarding the CDM and particularly as it pertains to Land Use and Land Use Changes and Forestry, the potential of the application of the CDM to promote the conservation, sustainable management and restoration of tropical forests including planted forests and the issue of adaptation of tropical forests to climate change.
- b. Ms. Patricia Tobon, the Project Coordinator of ITTO project PD 54/99 Rev.2 (F) "Alternative Financing Model for Sustainable Forest Management in San Nicolas, Colombia" reported on the experiences of the project in exploring new financing mechanisms for sustainable forest management in Colombia through the CDM.
- c. Dr. Untung Iskandar, the Coordinator of ITTO pre-project PPD 47/02 Rev.1 (F) "Promotion of Clean Development Mechanism in the Framework of Sustainable Forest Management with Local Communities Involvement" in Indonesia presented the experiences and lessons learnt of this pre-project, in the development of a project proposal, which aims at promoting the CDM in the framework of sustainable forest management with the involvement of local communities.

The Committee discussed the implications of these experiences for the potential role of ITTO and ITTO projects in promoting the CDM in the framework of sustainable forest management. The Swiss Delegation stressed the importance of the issue of climate change for the work of the organization and recommended that ITTO become more involved in the UNFCCC process by contributing specific expertise to its methodological work and by assisting producer Member countries in building capacity to enhance environmental services provided by forests. The delegate of Colombia noted the development of practical guidelines for the formulation of CDM projects in forestry as a potential contribution by ITTO.

- (iv) Promote the conservation, rehabilitation and sustainable management of mangroves, in collaboration with relevant organizations [ITTO Yokohama Action Plan, Section 3.2, Goal 1, Action 4, ITTC Decision 4(XXXIII)]. The Secretariat reported on the outcome of the Regional Workshop to Facilitate the Transfer of Environmentally Sound Technologies for Mangroves, which was organized within the framework of the UNFF and took place in Nicaragua on 3-5 March 2003, including the recommendation to update the World Mangrove Atlas in cooperation with WCMC, UNESCO, ISME and FAO. After comments by the delegates from Gabon, USA and Cameroon, the Committee endorsed the recommendation to update the World Mangrove Atlas and the Delegate of the USA offered technical expertise if required.
- (v) Monitor and assess the environmental, social and economic costs and benefits of forest plantation development and utilize that information to promote new plantations

[ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 5]. As requested by the Committee in its Thirty-first Session, the Secretariat presented a proposal of a study to analyze the key factors for successful plantation development with the aim to encourage private sector investment in industrial plantations in the tropics in accordance with document CRF XXXII/4. The comments and suggestions made by Experts during the UNFF Intersessional Experts Meeting on "The Role of Planted Forests in Sustainable Forest Management", which took place in Wellington, New Zealand from 25-27 March 2003 were included in the presentation. The Delegates from the Philippines, Norway, USA, Guatemala, Switzerland, Australia, Brazil and Germany made recommendations for amendments to the proposal, which have been incorporated by the Secretariat. The revised proposal has been attached to the Committee report as Appendix II. The Committee approved the revised proposal [PPD 83/03 (F)] with a total budget of US\$ 147,630 and submitted it to Council for approval and funding.

Item 10 - Dates and Venues of the Thirty-third, Thirty-fourth and Thirty-fifth Sessions of the Committees

The Thirty-third Session of the Committee would be held in conjunction with the Thirty-fifth Session of the International Tropical Timber Council in Yokohama, Japan, on 3-8 November 2003.

The Thirty-fourth Session of the Committee would be held in conjunction with the Thirty-sixth Session of the International Tropical Timber Council in Geneva, Switzerland on 20-23 July 2004.

The Thirty-fifth Session of the Committee would be held in conjunction with the Thirty-seventh Session of the International Tropical Timber Council in Yokohama, Japan, on 13-18 December 2004.

Item 11 - Other Business

(1) Projects and Pre-Projects coming under the sunset provisions since the last Session are as follows:

a) Projects

- PD 86/01 Rev.1 (F) SAR Systems for Operational Forest Monitoring in Indonesia (Indonesia)

b) Pre-Projects

None

(2) Project Ideas

The following project ideas were presented to the Committee:

1. "Capitaliser et Diffuser les Connaissances sur les Espèces Forestières Locales Pouvant Etre Utilisées en Reboisement en Côte d'Ivoire" submitted by the Government of Côte d'Ivoire [CRF(XXXII)/5]; and
2. "Creation of the Bolivian Institute of Forest Research" submitted by the Government of Bolivia [CRF(XXXII)/6].

Item 12 - Recommendations to the International Tropical Timber Council

(A) The Committee made the following recommendations regarding Projects:

1. The Committee recommended that the Council approve PD 152/02 Rev.3 (F) and allocate US\$ 548,394 for its implementation.
2. The Committee recommended that the Council approve PD 156/02 Rev.3 (F) Phases I and II and allocate US\$ 491,257 for implementation of Phase I and US\$ 316,887 for the implementation of Phase II.

3. The Committee recommended that the Council approve PD 167/02 Rev.2 (F) and allocate US\$ 630,907 for its implementation.
4. The Committee recommended that the Council approve PD 206/03 Rev.1 (F) and allocate US\$ 599,650 for its implementation.

(B) The Committee made the following recommendations regarding Pre-Projects:

1. The Committee recommended that the Council approve PPD 72/03 Rev.1 (F) and allocate US\$ 36,623 for its implementation.
2. The Committee recommended that the Council approve PPD 75/03 Rev.1 (F) and allocate US\$ 42,400 for its implementation.
3. The Committee recommended that the Council approve PPD 83/03 (F) and allocate US\$ 147,630 for its implementation.

Item 13 - Report of the Session

The Committee accepted this Report for submission to the Council.

Appendix I

TECHNICAL ASSESSMENT OF PRE-PROJECT PROPOSALS

1. **PD 35/98 Rev.3 (F)** **Impact of Disturbances on Phytogenic Resources of the Closed Forest of Cameroon - Action for the Protection of Endangered Species (Cameroon)**

Conclusion of the Thirty-second Committee

The Committee noted that the Expert Panel had concluded that it could not commend the project proposal and had submitted it directly to the Committee for further appraisal. The Delegate of Cameroon informed the Committee that Cameroon will withdraw this proposal and will submit a new proposal for consideration by the Expert Panel. The Committee took note of the information and accepted the withdrawal of the proposal.

2. **PD 5/00 Rev.3 (F)** **Training and Application of ITTO Criteria and Indicators for Sustainable Forest Management at the Forest Management Unit Level in Natural Production Forests of Ecuador (Ecuador)**

Conclusion of the Thirty-second Committee

The Committee noted that while the Expert Panel had concluded that it could not commend the project proposal, it had made fourteen specific recommendations for necessary amendments to the project proposal before it is submitted to the Committee for further appraisal. The Committee further took note that the Government of Ecuador had not resubmitted a revised proposal incorporating the aforementioned recommendations to the Committee. The Committee decided that the proposal should be revised, taking into account the recommendations of the 25th Expert Panel, and be submitted directly to the Committee for its consideration at the next Session; otherwise, the Committee will not consider it any further.

3. **PD 99/01 Rev.3 (F)** **Establishment and Management of the Alto Purús Reserved Zone (APRZ) and a Basis for Cooperation in Transboundary Conservation between Peru and Brazil (Peru)**

Conclusion of the Thirty-second Committee

The Committee noted that while the Expert Panel had concluded that it could not commend the project proposal, it had made nine specific recommendations for necessary amendments to the project proposal before it is submitted to the Committee for further appraisal. The Committee further observed that the Government of Peru had not resubmitted a revised proposal incorporating the aforementioned recommendations to the Committee. The Committee decided that the proposal should be revised, taking into account the recommendations of the 25th Expert Panel, and be submitted directly to the Committee for its consideration at the next Session; otherwise, the Committee will not consider it any further. Moreover, the Brazilian Delegation expressed interest in this proposal and requested the Government of Peru contact them in this respect in order to conclude the discussions on the proposal.

4. **PD 152/02 Rev.3 (F)** **Demonstration Project for the Rehabilitation and Multipurpose Sustainable Management of Mangrove Forest Ecosystems on the Coast of Ecuador (Ecuador)**

Conclusion of the Thirty-second Committee

The Committee noted that the revised project proposal adequately addressed the 31st Committee's comments and recommendations. Therefore, the Committee approved the project PD 152/02 Rev.3 (F) and recommended the Council to allocate US\$ 548,394 for its immediate implementation

5. PD 156/02 Rev.3 (F) Conservation and Reforestation of Threatened Mangrove Forest Areas along the Pacific Coast of Panama (Panama)

Conclusion of the Thirty-second Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore the Committee approved the project PD 156/02 Rev.3 (F) Phases I and II and recommended the Council to allocate US\$ 491,257 for the immediate implementation of Phase I and US\$ 316,887 for the implementation of Phase II.

6. PD 167/02 Rev.2 (F) Integration of Forest Management Units (FMU) into Sustainable Development Units (SDU) through Collaborative Forest Management in Surigao del Sur, The Philippines (Philippines)

Conclusion of the Thirty-second Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 167/02 Rev.2 (F) and recommended the Council to allocate US\$ 630,907 for its immediate implementation

7. PD 206/03 Rev.1 (F) Development of Human Resources in Sustainable Forest Management and Reduced Impact Logging in the Brazilian Amazon (Brazil)

Conclusion of the Thirty-second Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 206/03 Rev.1 (F) and recommended the Council to allocate US\$ 599,650 for its immediate implementation.

TECHNICAL ASSESSMENT OF PRE-PROJECT PROPOSALS

1. **PPD 59/02 Rev.1 (F)** Pre-project for the Conservation and Management of Genetic Resources in the Natural Tropical Forests of Ecuador (Phase I) (Ecuador)

Conclusion of the Thirty-second Committee

The 25th Expert Panel recommended that with the incorporation of the amendments noted by it, the pre-project proposal be commended to the Committee for final appraisal. However, the Committee noted that the revised pre-project proposal had not been submitted to the Secretariat. Therefore, the Committee recommended that the pre-project proposal be revised in accordance with the 25th Expert Panel's comments and recommendations and that the revised proposal be submitted directly to the Committee for consideration at its next Session.

2. **PPD 72/03 Rev.1 (F)** **Technical Assistance for the Development of a Project Proposal on Institutional Strengthening for Forest Fire Prevention, Mitigation and Management in the Natural and Planted Forests of Panama** (Panama)

Conclusion of the Thirty-first Committee

The Committee noted that the revised pre-project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the pre-project PPD 72/03 Rev.1 (F) and recommended the Council to allocate US\$ 36,623 for its immediate implementation.

3. **PPD 75/03 Rev.1 (F)** **Genetic Improvement of Tropical Forest Species** (Guatemala)

Conclusion of the Thirty-first Committee

The Committee noted that the revised pre-project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the pre-project PPD 75/03 Rev.1 (F) and recommended the Council to allocate US\$ 42,400 for its immediate implementation.

TABLE A
TECHNICAL EVALUATION OF PROJECT AND PRE-PROJECT PROPOSALS
IN THE FIELD OF REFORESTATION AND FOREST MANAGEMENT
CONSIDERED DURING THE THIRTY-SECOND SESSION OF THE COMMITTEE

PROJECT DOCUMENT	BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (months)	RECOMMENDATION*	
				25th EP	32nd CRF
PD 35/98 Rev.3 (F)	1,109,608	Cameroon	36 (Ph.I) 36 (Ph.II)	5	5
PD 5/00 Rev.3 (F)	252,991	Ecuador	24	5	2a
PD 99/01 Rev.3 (F)	837,877	Peru	26	5	2a
PD 152/02 Rev.3 (F)	548,394	Ecuador	36	2a**	1
PD 156/02 Rev.3 (F)	Phase I: 491,257 Phase II: 316,887	Panama	48	1	1
PD 167/02 Rev.2 (F)	630,907	Philippines	36	1	1
PD 206/03 Rev.1 (F)	599,650	Brazil	24	1+BPF	1
PPD 59/02 Rev.1 (F)	98,400	Ecuador	9	1	2a
PPD 72/03 Rev.1 (F)	36,623	Panama	2	1	1
PPD 75/03 Rev.1 (F)	42,400	Guatemala	5	1	1

* For Categories of Recommendation see Table B.

** Thirty-first Committee's recommendation: 2a. Recommend to the ITTC that the proposal be revised and resubmitted directly to the relevant Committee.

TABLE B

Categories of Decision for 23rd Expert Panel	Categories of Recommendation from 30th CRF to the Council
<ol style="list-style-type: none"> 1. The Panel concluded that, with the incorporation of (any minor) (the) amendments noted, the (pre-) project proposal could be commended to the Committee for final appraisal. (In the view of the Panel, this (pre-) project proposal is eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8(XXV).) 2. The Panel concluded that the (pre-) project proposal requires essential modifications (which are necessary for the project to succeed) and the Panel will need to assess the modified (pre-) project proposal before it can commend it to the Committee for final appraisal. 3. The Panel concluded that a re-formulation of the (pre-) project proposal is essential and the Panel will need to assess the re-formulated proposal before it can commend it to the Committee for appraisal. 4. The Panel concluded that a pre-project (not exceeding US\$) is necessary in order to assess the situation and the viability of the proposed work and the possible formulation of a project proposal. <ol style="list-style-type: none"> a: (Such a pre-project proposal could be commended to the Committee for final appraisal.) b: (The Panel will need to assess the pre-project proposal before it can commend it to the Committee for appraisal.) 5. The Panel concluded that it could not commend the modified or revised (pre-) project proposal and submits it to the Committee for further appraisal. 6. The Panel concluded that the (pre-) project proposal (, in its present form,) is not sufficiently relevant to the mandate of ITTO. (The Panel encourages the submitting agency to seek other sources of project support.) 7. The Panel concluded that there is insufficient information to assess the (pre-) project proposal adequately. <p>(Text in Parentheses is optional.)</p>	<ol style="list-style-type: none"> 1. Recommend to the ITTC to approve the (amended) proposal for implementation by ITTO and recommend it for immediate financing. 2. Recommend to the ITTC that the proposal be revised and resubmitted: <ol style="list-style-type: none"> a) directly to the relevant Committee, or b) to the Expert Panel. 3. Recommend to the ITTC to approve the proposal for ITTO sponsorship for funding through other relevant financial institutions, in accordance with Article 20, (6) and (7), and Article 28, of the ITTA, 1994. 4. Recommend to the ITTC that a decision on the proposal be deferred until the next session. 5. Recommend to the ITTC that the proposal should not be further considered by ITTO.

APPENDIX II

PPD 83/03 (F)

Encouraging Private Sector Investment in Industrial Forest Plantations in the Tropics

Prepared by the ITTO Secretariat
Division of Reforestation and Forest Management in collaboration with
the Division of Forest Industry

1. Introduction

There is an urgent need to establish commercially sound industrial forest plantations to complement resources from the natural tropical forest for sustainable wood-based industries. Such efforts could contribute to the conservation of natural forests by reducing the increasing pressure on natural forests from wood-based industries. It could also create international opportunities for trading in carbon credits in the tropics.

Although many ITTO producer countries have comparative advantages in commercial plantation development, little progress has been achieved in expanding existing plantations and commencing new projects. This lack of progress is due to a number of factors, lack of incentives and/or inappropriate government policies and regulations; complex land tenure systems; technical issues – lack of suitable seeds and planting materials, quality information on forest production, processing, and marketing of plantation timbers and lack of cooperation between potential investors and local communities.

For private sector investment that involves a wide range of investors and participants including local communities, it is necessary that the development of commercial plantations should be supported by appropriate and sustainable policies, funding, technology and market information. The issues of how to improve community benefits and involvement in plantation establishment and management would also need to be addressed.

It is proposed that a study be commissioned to analyze and report on the key factors in the successes and failures of existing commercial plantations in selected ITTO producer and consumer countries in terms of government policies, institutional factors, land tenure systems, economics of production and return on investment, community benefits and involvement, ecological aspects and technical issues. The success of forest plantations should be assessed taking into account ecological, economic and social aspects and their overall contribution to sustainable development in line with the ITTO Guidelines for the Establishment and Sustainable Management of Planted Tropical Forests. While the study should focus on plantations established for timber production, it should also take into consideration possible secondary products such as firewood or pulp, which may contribute to the economic success of plantations. The report should synthesize lessons learned in the selected countries regarding their experiences with commercial plantation development. Strategies to assist ITTO producer countries in the development of commercial plantations should be formulated.

2. Terms of Reference of the study

The study will:

- (i) Review the status of commercial plantations in 4-5 selected ITTO producer countries and 2 consumer countries, including private sector plantations and those involving community participation;
- (ii) Analyze the key factors in the successes and failures of the existing commercial plantations in selected ITTO producer and consumer countries in terms of government policies, institutional factors, land tenure systems, economics of production and return on investment, community benefits and involvement, ecological aspects and technical issues as well as lessons that could be learned from other countries with successful commercial plantations;
- (iii) Take into account in the review the ITTO Guidelines for the Establishment and Sustainable Management of Planted Tropical Forests;

- (iv) Analyze and report on the common constraints to commercial plantation development in ITTO producer countries; and
- (v) Recommend strategies that ITTO could adopt to assist producer countries to promote private sector investment in commercial plantation development that supports sustainable forestry development.

3. Terms of Reference of the Consultant(s)

Based on the terms of reference for the study the consultant(s) will:

1. Review available information on commercial plantations in tropical member countries using existing sources such as FAO databases and publications as well as written contributions from ITTO member countries;
2. Visit 4-5 ITTO producer member countries and 2 producer Member countries with significant experience in commercial plantation establishment and management;
3. Prepare and present for the consideration of the Committee a preliminary report at its Thirty-third Session; and
4. Prepare a final report taking into consideration comments of the Committee and submit a final written report along with a print-ready CD-ROM.

4. Duration

The expected duration of the study is twelve months.

5. Budget

Budget Components	Total (US\$)
10. Project Personnel - International Consultant(s) (US\$10,000 x 6 months)	60,000
Component Total	60,000
30. Duty Travel - Daily Subsistence Allowance (US\$200 X 80 days)	16,000
- International Travel (to Yokohama and selected member countries- US\$3,000 x 9 trips)	27,000
Component Total	43,000
60. Miscellaneous - Invited contributions from member countries (10 x US\$1,000)	10,000
- Publication (2,000 copies), dissemination, etc	20,000
Component Total	30,000
Subtotal	133,000
80. ITTO Monitoring, Evaluation and Administration - Programme Support Costs (11%)	14,630
Component Total	14,630
GRAND TOTAL	147,630

Distr.
GENERAL

CFA(XIII)/7
17 May 2003

Original: ENGLISH

THIRTEENTH SESSION
12 – 17 May 2003
Panama City, Panama

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

THIRTEENTH SESSION OF THE COMMITTEE ON

FINANCE AND ADMINISTRATION

(12 – 17 May 2003, Panama City, Panama)

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL
BY THE THIRTEENTH SESSION OF THE
COMMITTEE ON FINANCE AND ADMINISTRATION**

Item 1: Opening by the Chairperson

1. Chairperson Mr. Pravit Chittachumnonk (Thailand) opened the Thirteenth Session of the Committee of Finance and Administration and welcomed all delegates to the Session.

Item 2: Adoption of Agenda and Organization of Work

2. The Committee adopted its agenda as presented in document CFA(XIII)/1. The Chairperson informed the Committee that the Informal Advisory Group (IAG) at its meeting on Sunday, 11 May 2003, requested the CFA to deliberate on the following issues: (a) Enhancing Project Funding, (b) Management of Project Implementation, and (c) Management of the Administrative Budget including the interest income generated in the Administrative Account. The Chairperson further drew the attention of the Committee to the work of the Panel on Sub-Account B of the Bali Partnership Fund (BPF) for the allocation of funds under Sub-Account B of the BPF, created under Council Decision 4(XXX), and chaired by the Chairperson of the Committee. The Panel will report directly to the Council. It would convene its first meeting on mid-day on Thursday, 15 May 2003. He informed that the selection of the members of the Panel was to be finalized with a view to commence its work.

Item 3: Admission of Observers

3. The list of Observers admitted by the Committee was contained in Document ITTC(XXXIV)/Info.3.

Item 4: Report of the Expert Panel for Technical Appraisal of Project Proposals

4. The Chairperson advised the Committee that the Report of the Twenty-fifth Meeting of the Expert Panel for Technical Appraisal of Project Proposals [Document CEM,CRF,CFI(XXXII)/1] was discussed in the joint Session of the Committees on 12 May 2003, and that the joint Session had taken note of the recommendations of the Expert Panel. The joint Session had not requested the CFA to discuss any recommendations of the Expert Panel.

Item 5: Review of Contributions to the Administrative Budgets (1986 – 2003)

5. The Secretariat introduced document CFA(XIII)/3/Rev.1, which detailed the history of Members' contributions to the Administrative Budgets for the financial years from 1986 to 2003, including assessments, receipts, interest, and arrears in contribution as at 13 May 2003. This document was an updated version of the document issued on 30 April 2003, in order to include contributions received from a number of Members in the first two weeks of May 2003.

6. The Secretariat further informed that the Council at its Thirty-third Session authorized the Executive Director [Decision 7(XXXIII)], to write off on an annual basis, one-fifth of a Member's arrears in the period 1986-1996 for any Member which has no arrears in its contributions to the Administrative Budget in respect to its obligations related to the year 2002 and beyond. As at 31 December 2002, four such Members have paid their contributions for 2002 in full. They are: Congo, Côte d'Ivoire, Gabon and Togo. Therefore, the arrearages of these Members (both in contributions and interest charges) for the period 1986-1996, are reduced by one-fifth of the total arrears owing to the Organization, in accordance with the provisions of Decision 7(XXXIII). Accordingly, a total amount of \$237,838.30 of arrears in contribution and \$30,422.35 of interest charges were written off as at 31 December 2002. The writing-off of these amounts had been recorded in the audited Administrative Account for the year 2002.

7. The delegate from the U.S.A. inquired about the procedures for continuing to carry the arrears in contributions including interest in the amount of \$24,836.72 payable by a former Member, the Russian Federation, which is no longer a member of the Organization and suggested the Committee recommend to the Council to write-off the debt because the former Member is no longer engaged in the ITTO.

8. The Secretariat responded that the Council has the authority to decide about the write-off this debt, however, should the member country concerned decide to become a member of ITTO at a later stage, the outstanding amount would need to be settled first, unless the Council were to decide otherwise.

9. The Committee took note of the report and decided to recommend to the Council to write-off the amount of US\$24,836.72 due from the Russian Federation, a former Member, subject to the full settlement should the Country decide to rejoin.

Item 6: Current Status of the Administrative Account for 2003

10. The Secretariat presented document CFA(XIII)/4/Rev.1 which showed the current status of the Administrative Budget for 2003 as of 13 May 2003, and estimated expenditures for the current year. The Secretariat advised the Committee that it was estimated that the total expenditures for 2003, after some cost saving measures, amount to \$4,366,387, which would be \$266,808 less than the approved budget of \$4,633,195. The savings would have been slightly larger, however, the anticipated expenditures for salaries and post adjustments (sub-headings A1 and A3) are expected to be higher than the amount approved in the budget which was prepared at the end of 2002. This is due to the revision by the United Nations of the salary scale for staff members at the Professional and higher categories with effect from 1 January 2003 and therefore it is anticipated that expenditures for post adjustment (sub-heading A2) would incur a deficit of around \$18,000.

11. The Secretariat advised the Committee that the changes in the salary scale by the United Nations for the Professional and higher categories would affect the preparations for the biennial budget for the financial years 2004-2005 which will be prepared for approval at the next Session of the Committee. The Secretariat anticipated that with the usual expectation of payments by Members before the end of 2003, a small deficit in the amount of \$150,459 was expected. Therefore, it might be necessary to utilize some resources from the Working Capital Account (WCA) should expected payments of contributions were not received in time. The Secretariat advised the Committee that the balance of the WCA, as at 13 May 2003, is \$3,422,876.45.

12. The delegate from the USA stated that the request from the Secretariat for the utilization of funds from the WCA have become a routine matter since such request is considered by the CFA every year. Accordingly, he suggested that the Executive Director be authorized for the utilization of funds from the WCA annually in an amount not exceeding \$300,000, as and when necessary, should payments of contributions from Members were not received in time, while maintaining a regular review procedure by the CFA. In addition, he proposed that the Executive Director be authorized to use the interest earned in the Administrative Account to hire on a temporary and intermittent basis, consultants and contractors to support the Secretariat in carrying out its duties. He also added that an appropriate draft decision would be prepared for the consideration of the Committee for recommendation to the Council.

13. The proposal regarding the utilization of the resources of the WCA as proposed by the USA was supported by the delegates of Australia, the European Community, Japan, and Switzerland, subject to reporting of such transfers/utilization by the Secretariat.

14. The Committee took note of the report and reviewed the draft decision, and decided to recommend to the Council for the adoption of the decision to authorize the Executive Director to transfer annually, if and when necessary, an amount not exceeding \$300,000 from the Working Capital Account (WCA) to the current account in the Administrative Account to meet the shortfall of funds to implement the annual work programme of the Organization.

15. The Committee also decided to recommend to the Council to authorize the Executive Director to utilize annually, the interest income earned in the Administrative Account, to hire on a temporary and intermittent basis, consultants and contractors to support the Secretariat in carrying out its duties and that unexpended interest, if any, will be carried forward for utilization in the following years.

Item 7: Resources of the Special Account and the Bali Partnership Fund

16. The Secretariat presented document CFA(XII)/5, which was a comprehensive listing of expenditures on, and contributions to, the two sub-accounts of the Special Account, namely Pre-Project and Project Sub-Accounts, and the Bali Partnership Fund (BPF). A list of completed Pre-Projects, Activities and Projects was also included in the document and showed the pro-rated refunds to relevant donors including the funds remaining under "monitoring and evaluation". In accordance with ITTC's Decision 3(XXVIII), agreement of the donors was requested at regular intervals for the transfer of their share of the remaining "monitoring and evaluation" funds, to the "Pooled Sub-Accounts" for ex-post evaluations. The funds transferred to this pooled account to date, amount to US\$1,085,223.99 and regular ex-post evaluations of projects, as approved, are being carried out.

17. With regard to the resources of the BPF Account, the Secretariat informed the Committee that as of the end of the last session, twenty-seven Activities, five Pre-Projects and five Projects had been funded from the

resources of Sub-Account B of the BPF Account. Accordingly, the current available resources of Sub-Account B amount to US\$3,231,836.71. The Secretariat further informed the Committee that the Panel on Sub-Account B of the BPF would be working during this Session of the Committee on identification of pre-projects, activities and projects that would be financed from these resources. The Panel will report directly to the Council.

18. The Secretariat also advised that since this document serves as an information and reference document, Members are invited to contact the Secretariat for further information or clarifications on the details either during the course of this Session or by correspondence at a later date.

19. The delegate of Japan proposed that in view of the substantial amount of funds that are yet to be disbursed, an Expert Panel be convened by the end of October 2003, comprising: (a) three consumer member representatives that are main contributors to the Special Account and Bali Partnership Fund Account; and (b) three producer member representatives, one from each geographic region. He also added that an appropriate draft decision has been prepared for the consideration of the Committee for recommendation to the Council. The terms of reference for the Expert Panel would include:

- Review the current status of the Projects and Pre-Projects that are being implemented by the Organization;
- Identify causes of delay in the implementation of the Projects and Pre-Projects and challenges in effective monitoring of the project work;
- Determine the remedial actions necessary; and
- Prepare a report for the consideration of the Council at its Thirty-fifth Session to be held in Yokohama in November 2003.

20. The Committee reviewed the draft decision, and decided to recommend to the Council for the adoption of the decision for the engagement of an Expert Panel on Management of Project Implementation.

21. The delegate from the USA brought to the notice of the Committee that the available funds of the Organization are invested in short-term bank deposits only and due to the persistent low interest rates, the interest income in the Special Account and in the Bali Partnership Fund (BPF) Account had reduced substantially. He suggested that the Executive Director be authorized, at his discretion, to expand the scope of investment by investing funds in such instruments as the U.S. Treasury Securities which are considered as having no "credit risk" meaning that interest and principal will be paid on time, and these debt obligations are backed by the "full faith and credit" of the Government of the USA. He further added that such investment instruments be used on a temporary basis and the period of investment should not exceed the duration of the current Agreement (ITTA, 1994).

22. The delegates of Switzerland and Japan supported the suggestion of investments of ITTO funds in the US Treasury Securities on a temporary basis.

23. The Committee after further deliberation, decided to recommend to the Council to authorize the Executive Director to expand, at his discretion, the scope of investment of ITTO funds available in the Organization's bank accounts by investing funds in such instruments as the US Treasury securities which are considered as having no "credit risk", on a temporary basis, and that the period of investment should not exceed the duration of the current Agreement (ITTA, 1994).

24. The Committee took note of the report on the Resources of the Special Account and the Bali Partnership Fund.

Item 8: Auditor's Report for the Financial Year 2002

25. The Secretariat introduced document CFA(XIII)/2 which was the report of the auditor, PriceWaterhouseCoopers, Tokyo, who was appointed by the Council under Decision 10(XXX) to audit the accounts of the Organization for the financial year 2002. In accordance with this Decision, the audit firm was appointed to audit the Accounts of the Organization for three consecutive years, subject to satisfactory performance, beginning with the accounts for the Financial Year 2001. The Secretariat informed the Committee that the audit work was carried out during February and March 2003 by the auditors and assisted by the Secretariat, and the document included a consolidated financial statements of the three accounts of the Organization – (a) the Administrative Account, (b) the Special Account, and (c) the Bali Partnership Fund

Account – that had been prepared, in addition to the usual separate account. The consolidated financial statements showed a comprehensive picture of the overall financial status of the Organization.

26. The Committee took note of the Auditor's reports and decided to recommend their approval to the Council.

Item 9. Proposed amendments to the Financial Rules needed to implement a biennial Work Programme and proposed Administrative Budget

27. The Secretariat introduced document CFA(XIII)/6 and informed the Committee that the document was prepared following the Council Decision 7(XXXIII) – “Measures to Reduce Costs and Improve the Efficiency and Effectiveness of the Organization” – adopted at its Thirty-third Session held from 4 to 9 November 2002, in Yokohama, Japan. The Annex I, Part B, paragraph 1 – “Measures to Improve Efficiency and Effectiveness – Work Programme and Budget” of the Decision states:

- a. The Council will adopt a biennial Work Programme and indicative Administrative Budget at its Thirty-fifth Session for the 2004-2005 biennium;
- b. The indicative Administrative Budget for 2005 will be reviewed and approved at the end of 2004; and
- c. The Executive Director will circulate any proposed amendments to the Financial Rules needed to implement 1.a and 1.b for the consideration by Council at the Thirty-fourth Session.

28. The Committee took note of the report and decided to recommend to the Council for the adoption of a decision for the amendments to the Financial Rules needed to implement a biennial Work Programme and proposed Administrative Budget as contained in document CFA(XIII)/6.

Item 10: Dates and Venues of the Fourteenth, Fifteenth and Sixteenth Sessions

29. The Committee agreed that the Fourteenth, Fifteenth and Sixteenth Sessions would be held on the same dates and at the same venues as the Thirty-fifth, Thirty-sixth and Thirty-seventh Sessions of the Council.

Item 11: Other Business

30. The delegate from Switzerland drew the attention of the Committee to the report of the Informal Advisory Group (IAG) – document ITTC(XXXIV)/2 – which requested the CFA among other matters to tackle the issue of “Enhancing Project Funding”. He specially referred to the essential cross-cutting project works of the Organization, namely, Tropical Forest Update (TFU) and Market Information Services (MIS), which require substantial funds on a regular basis and hence the need for additional secured sources of funding. He added that in the “questionnaire regarding the renegotiations to the successor Agreement to the ITTA, 1994” a number of innovative ideas have been put forward for incorporation in a new Agreement.

31. The delegate of European Community (EC) informed the Committee that there is great potential of ITTO projects being funded by the EC. However, he added that in order to attract financing, the project proposals need to be well drafted and be relevant to ITTO activities. For example, project proposals regarding the “forest law enforcement” have greater opportunity of attracting financing since currently that is of higher priority in the EC. In addition, he stated that the ITTO Project Cycle and approval procedures need to correspond to that of the EC financial body.

32. In response to the query by the delegate from Côte d'Ivoire, regarding the status of the approved projects and pre-projects that are not financed, the Secretariat explained these become “sunset” after 20 months of its approval in accordance with an earlier Council decision. However, until they become “sunset”, the Secretariat actively seek financing for their implementation.

33. The delegate of the USA who is also the Vice-Chairperson of the Committee observed that in addition to the essential cross-cutting project works, a substantial number of approved projects are not implemented due to the absence of donors and subsequently, become “sunset” thus resulting in a wasted effort of the Council and consequently, in the overall deficiency in the activities of the Organization. He also pointed out that in the past the CFA had been addressing this issue on a regular basis and he referred to the report of the “Working Group of the CFA on New and Increased Funding to the Organization” [Document CFA(XI)/6] which met in May 2002. He noted that the Working Group extensively deliberated on this issue and made valuable suggestions.

However, he added that the issue of "Enhancing Project Funding" still require further considerable amount of "brain-storming" among the current and potential donors including members of ITTO, institutions and other organizations. Accordingly, dialogues on this issue are to be continued regarding this matter and the renegotiation process should be fully informed and involved.

Item 12: Recommendations to the International Tropical Timber Council

34. The Committee decided to make the following recommendations to the Council:

- (1) To adopt the Report of the Independent Public Accountants on the Accounts of the Organization for the Financial Year 2002 as contained in document CFA(XIII)/2;
- (2) To authorize the Executive Director to transfer, if and when necessary, an amount not exceeding \$300,000 annually from the Working Capital Account (WCA) to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization;
- (3) To authorize the Executive Director to utilize annually, the interest income earned in the Administrative Account, to hire on a temporary and intermittent basis, consultants and contractors to support the Secretariat in carrying out its duties and that unexpended interest, if any, will be carried forward for utilization in the following years;
- (4) To convene an Expert Panel on Management of Project Implementation to review the current status of the Projects and Pre-Projects that are being implemented by ITTO, to identify causes of delay in the implementation of the Projects and Pre-Projects and challenges in effective monitoring of the project work and to determine the necessary remedial actions;
- (5) To authorize the Executive Director to expand, at his discretion, the scope of investment of ITTO funds available in the Organization's bank accounts by investing funds in such instruments as the US Treasury securities which are considered as having no "credit risk", on a temporary basis, and the period of investments should not exceed the duration of the current Agreement (ITTA, 1994);
- (6) To write-off the amount of US\$24,836.72 due from the Russian Federation, a former Member, subject to the full settlement should the Country decide to rejoin; and
- (7) To amend the Financial Rules needed to implement a biennial Work Programme and proposed Administrative Budget.

Item 13: Report of the Session

35. The Committee adopted this report as amended.

ANNEX V

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

DOCUMENT: ITTC(XXXIV)/2

Distr.
GENERAL

ITTC(XXXIV)/2
11 May 2003

Original: ENGLISH

THIRTY-FOURTH SESSION
12 – 17 May 2003
Panama City, Panama

**REPORT OF THE INFORMAL ADVISORY GROUP (IAG)
AT ITS TWELFTH MEETING**

**11 May 2003
Panama City, Panama**

**Twelfth Meeting of the Informal Advisory Group (IAG)
Panama City, Panama, 11 May 2003**

Report of the Chairman

Introduction

1. The Twelfth Meeting of the IAG was convened on Sunday, 11 May 2003 at the Park View Room, Miramar Inter-Continental Panama, Panama City at 9:00 a.m. chaired by Dr. B.C.Y. Freezailah (Malaysia), Chairperson of the Council. The meeting was attended by Ms. Jan McAlpine (USA), Vice-Chairperson of the Council, Mr. Henri-Félix Maître (France), Chairperson of the Committee on Reforestation and Forest Management, Dr. Fidel Reyes Lee (Guatemala), Chairperson of the Committee on Forest Industry, Mr. Pravit Chittachumnonk (Thailand), Chairperson of the Committee on Finance and Administration, Mr. Mitsunori Namba (Japan), Representative of the Host Government of the Headquarters, Ms. Aulikki Kauppila (Finland), Consumer Spokesperson, Mr. Christopher Ellis (USA), Vice-Chairperson of the Committee on Finance and Administration, and Dr. Manoel Sobral Filho, the Executive Director. In addition, Dr. Jürgen Blaser (Switzerland), Chairman of the PrepCom attended the meeting at the invitation of the Chairperson.
2. The IAG considered the following agenda items for discussion:
 - i. Brief background on the IAG:
 - Decision 5(XXVI);
 - Report of the IAG at its Eleventh Meeting, 3 November 2002;
 - ii. General observations by members;
 - iii. Decision 8(XXXIII) – “Preparations for Negotiating a Successor Agreement to the ITTA, 1994”. Outcome of the Working Group held in Bern, 7-11 April 2003;
 - iv. Enhancing project funding;
 - v. Draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII) – “Measures to Reduce Costs and Improve the Efficiency and Effectiveness of the Organization”;
 - vi. List of possible decisions for the Thirty-fourth Session of the ITTC and report to the Council; and
 - vii. Other matters.
3. In its deliberations, the IAG noted and made reference to Decision 5(XXVI) and the Report of the Informal Advisory Group (IAG) at its Eleventh Session held on 3 November 2002, Yokohama, Japan as contained in document ITTC(XXXIII)/2 dated 3 November 2002. The IAG also recalled the consensus regarding the extension of its mandate and the continuation of its role and existence reached by the Council at its Thirtieth Session.

General observations by members

4. The Chairperson raised three points of observation relating to the commencement of the process for the negotiation of a successor agreement to ITTA, 1994 with the convening of PrepCom I on 20-21 May 2003, the procedures for streamlining decision-making by the Council under Decision 7(XXXIII), and the need to review the criteria for the hosting of the Sessions of the Council to be held outside Japan. On his second point of observation, the Chairperson identified five categories of decisions as follows:
 - i. Non-controversial decisions such as Decision 1 on projects, pre-projects and activities;
 - ii. Routine or non-controversial matters not having financial implications, for which the Council through the Chairperson will give guidance to the Executive Director and that such guidance would be included in the Report of the Session and not reflected as decisions of the Council;
 - iii. Decisions expected to arise from issues under active discussion by the Council such as civil society/private sector partnerships, market access and certification under items 12, 16 and 11 of its agenda, respectively;
 - iv. Decisions proposed by members under the procedures of Decision 7(XXXIII); and
 - v. Other decisions such as envisaged under item 20 of the Council's agenda.

5. The IAG considered possible decisions emanating from issues currently being deliberated upon by the Council which had not been submitted by members, keeping in mind the need to conform with the spirit of Decision 7(XXXIII) and the constraint of time faced by members, particularly producing members in submitting proposals for such decisions. In view of this and considering that the procedures under Decision 7(XXXIII) would be reviewed by the Council at its current Session, the IAG recommended that the possible decisions as identified in (iii) above be listed in the category of other decisions which might evolve during the Thirty-fourth Session of the Council. It was further recommended that the IAG be reconvened during the course of the Council, if necessary, to give further consideration to this matter.
6. The IAG recommended that the Committee on Finance and Administration consider the informal Secretariat guidance to member countries wishing to host ITTC Sessions with a view to recommending a decision for the consideration of the Council at its Thirty-fifth Session.

Decision 8(XXXIII) – “Preparations for Negotiating a Successor Agreement to the ITTA, 1994”. Outcome of the Working Group held in Bern, 7-11 April 2003

7. The IAG noted that the Report of the Working Group on Preparations for Negotiating a Successor Agreement to the ITTA, 1994 as contained in document ITTC(XXXIV)/7 dated 11 April 2003 would be presented for the consideration of the Council under item 14 of its provisional agenda. In this connection, the IAG recommended that the report be noted by the Council for the consideration of PreCom I on 20-21 May 2003.
8. Within the context of the negotiation of a successor agreement to ITTA, 1994, the IAG identified and considered a number of matters requiring the decision of the Council at its Thirty-fourth Session. In order to overcome the logistical problems related to the venue of PrepCom II, the IAG recommended that the dates and venue for the Thirty-fifth Session of the Council be retained on 3-8 November 2003 at Pacifico-Yokohama. The IAG further recommended that the dates for PreCom II be retained on 10-12 November 2003 but the venue be moved to the Yokohama Symposia (Sambo Hall). Shuttle services to and from the venue would be provided to participants. The IAG was of the view that these recommendations could be included in the Report of the Session.
9. The IAG noted that the earliest availability of venue and facilities for the United Nations Negotiating Conference on the Negotiation of a Successor Agreement to ITTA, 1994, as indicated by UNCTAD would be the week beginning 26 July 2004. Consequently, the previous decision of the Council to hold its Thirty-sixth Session in May 2004 was no longer feasible. In this connection, the IAG recommended that the first meeting of the United Nations Negotiating Conference be scheduled on 26-30 July 2004 in Geneva. It further recommended that the Thirty-sixth Session of the Council be held on 20-23 July 2004, also in Geneva. The IAG noted that the United Nations Negotiating Conference would be held at the United Nations Office in Geneva and that UNCTAD was considering an offer to provide meeting facilities for the Thirty-sixth Session of the Council to be held in the same venue. In view of the offer by the Government of the Swiss Federation to provide a contribution for the convening of the Thirty-sixth Session of the Council in Switzerland and the use of the Swiss Government Environmental House or an hotel for this purpose and considering the constraint that the Thirty-sixth Session of the Council could only meet daily from 10:00 a.m. to 6:00 p.m. if held at the United Nations, the IAG recommended that the possibility be explored for the Thirty-sixth Session of the Council to be held at a venue in Switzerland other than the United Nations Office in Geneva.
10. As the Thirty-sixth Session of the ITTC was likely to be held later than usual in July 2004, the IAG considered the appropriate timing for the convening of the Thirty-seventh Session of the ITTC in 2004. Considering the availability of the Yokohama Exhibition Centre as the possible venue for the Session in the middle of December 2004, the IAG recommended that the Thirty-seventh Session of the Council be held at the Yokohama Exhibition Centre on 13-18 December 2004.
11. The IAG further identified the need for the Council to consider providing funding to facilitate the participation of selected producing members in PrepCom II, authorising inter-sessional work, if any, between PrepCom I and PrepCom II and financing of selected producing member countries to participate in the United Nations Negotiating Conference on a Successor Agreement to ITTA, 1994. In this connection, the IAG recalled the precedent of funding some producing member countries to participate in similar meetings in relation to the negotiations of ITTA, 1983 and ITTA, 1994. The IAG further felt that the first two draft proposals for decisions submitted by the Government of the Swiss Federation and the fourth draft element of decisions submitted by USA were directly relevant and should be incorporated in a comprehensive decision to be taken by the Council at its current Session.

12. On the basis of its wide-ranging consideration of the inter-related issues as above, the IAG recommended that a comprehensive decision on the preparations for negotiating a successor agreement to ITTA, 1994, incorporating its recommendations as well as the proposals for the Government of the Swiss Federation and the Government of USA, be prepared by the Secretariat for the consideration of the Council at its current Session.

Enhancing project funding

13. The Executive Director informed the IAG that the Council was continuing to approve more projects that it could fund. In view of the efforts and costs involved in the formulation of projects which were approved but not funded, he underlined the appropriateness of giving serious thought to the possibility of improving the overall financing situation of ITTO and seeking new ideas in this regard including the possible mechanisms for fund-raising.
14. The Vice-Chairperson informed the IAG of her previous attempt to initiate a meeting among donors to discuss this matter. She suggested that the issue relating to alternative funding mechanisms for projects be raised again and considered by the Committee on Finance and Administration. The efforts by the Secretariat in this regard were also acknowledged. The IAG was further informed of the forthcoming meeting of the Governing Council of the Global Environmental Facility (GEF) at which the inclusion of UNFF, CPF and particularly ITTO would be proposed for the implementation of activities under the GEF focal area of land degradation. In this connection, the support of other members including Japan, Switzerland and the European Union in their capacity as members of the GEF Governing Council for the US proposal was important. The IAG recommended that the attention of the Consumer Caucus members be drawn in this regard.
15. The IAG further considered the need for ITTO to be strategic in its long-term plan to attract further funding. For this purpose, ITTO needed to be flexible and adaptive to the procedures and requirements of donors and funding agencies. The Consumer Spokesperson informed the IAG of the current effort by the European Commission to address the technical problem of its decision-making process in relation to the existing ITTO time-frame. The representative of the Japanese Government acknowledged the contributions of the Government of the Swiss Federation and the Government of USA in addressing the funding issue in ITTO and requested other consuming members, particularly members of the EU, to make greater contributions to the Special Account and the Bali Partnership Fund. The IAG recommended that the Committee on Finance and Administration be tasked to initiate a long-term and strategic process on funding and mechanisms for ITTO and to submit a decision for the consideration of the Council.

Draft decision/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII) – “Measures to Reduce Costs and Improve the Efficiency and Effectiveness of the Organization”

16. The IAG noted that the Secretariat had received and circulated 11 draft decisions/elements of decisions comprising 2 proposals from Japan, 4 proposals from Switzerland and 5 proposals from USA. As the first and second proposals from the Government of the Swiss Federation as well as the fourth element proposed by the Government of USA had already been considered, the IAG deliberated on the remaining proposals and made the following recommendations for the consideration of the Council:

- i. Proper Management of Project Implementation (Japan)

The IAG felt that the proposal fell under the purview of the Committee on Finance and Administration and that there was a need to secure greater clarity on the nature and extent of the problems associated with the issue. The IAG recommended that the matter be considered by the Committee on Finance and Administration with a view to recommending a decision to be taken by the Council at its current Session.

- ii. Strengthen the Regional Forest Partnership in Asia (Japan)

Having considered the information provided by the representative of the Government of Japan, the IAG recommended that a decision be submitted for the consideration of the Council at its current Session.

iii. Training ITTO C&I, Reporting Format SFM and State of Tropical Forest Management Reporting (Switzerland)

The IAG recommended that the proposal be considered by the Council in conjunction with its consideration of further work on CICI proposed by the Government of USA as in (vi) below.

iv. Current decision on ITTO working with other international organizations (Switzerland)

The IAG recommended that the proposal for ITTO's participation in the UNFF Intersessional Meeting on Decentralization in May 2004 be accommodated under the existing decision of the Council on the UNFF. The IAG further recommended that the proposal for ITTO's participation in UNFCCC, COP 9 in Milano, Italy in the form of a technical input in the framework of the discussion on forestry issues in the CDM be included in the Work Programme of the Secretariat and be reflected in the Report of the Session under item 19 of the Council's Agenda.

v. Administrative Account (USA)

Having noted the information provided by the Secretariat that the financial rules provided for whatever interest earned on the Administrative Account in the current year to become resources for the Account the next year, the sources of funding for the Bali Partnership Fund had been expressly provided in the ITTA, 1994 and the actual interest earned from the Administrative Account was below US\$50,000 a year, the IAG recommended that there was no need to utilize the earned interest on the administrative account to offset the shortfalls in the Bali Partnership Fund. However, the IAG recommended that the interest thus earned be used by the Executive Director in the hiring of contractors on a temporary and intermittent basis in support of the Organization's work.

vi. Criteria and Indicators (USA)

The IAG recommended that the proposal for the convening of an international expert meeting on C&I in cooperation with FAO be undertaken within the context of item 15 of the agenda of the Council. It was stressed that the convening of the meeting would involve joint financing by participating governments and organizations, including ITTO. The IAG recommended that the Secretariat be requested to draft a decision incorporating the meeting as well as the proposal from Switzerland as in (iii) above for the consideration of the Council at its current Session.

vii. CITES decision to list Swietenia macrophylla in Appendix II

Considering that virtually all range states of the species did not yet have the capacity to deal with the implications of this CITES decision, the IAG recommended that a decision to offer technical and financial support for the work of the CITES Mahogany Working Group be submitted for the consideration of the Council at its current Session.

viii. Earth Negotiation Bulletin (ENB) Coverage of ITTC and Negotiating Conferences

In view of the cost-effective way in which the ENB coverage was contributing towards expanding the audience for ITTO, particularly within the global environmental community, and in light of the imminent commencement of the process for the negotiation of a successor agreement to ITTA, 1994, the IAG recommended that an appropriate draft decision on the proposal be formulated for the consideration of the Council at its current Session.

17. In addition to the above specific proposals, the IAG unanimously agreed to recommend that a decision for the appointment of Dr. Manoel Sobral Filho as the Executive Director of ITTO to be extended to 31 December 2006 be submitted for the consideration of the Council at its current Session under item 20 of its agenda.

List of possible decisions for the Thirty-fourth Session of the ITTC and report of the Council

18. The IAG considered the possible list of decisions to be considered and adopted by the Council at its Thirty-fourth Session as follows:

Routine and Non-Controversial Decisions

- i. Project, Pre-Projects and Activities
- ii. Transfer to the Working Capital Account
- iii. Matters relating to Article 16 of ITTA, 1994

Decisions proposed by Members

- iv. Strengthening the Regional Forest Partnership in Asia
- v. Preparations for the negotiation of a successor agreement to ITTA, 1994
- vi. Criteria and Indicators of Sustainable Forest Management
- vii. Management of the Administrative Budget in the utilization of interest earned on the account
- viii. CITES decision to list *Swietenia macrophylla* in Appendix II
- ix. ENB coverage of ITTC and negotiating conferences

Other Decisions which may evolve during the Thirty-fourth Session of the Council, including, *inter alia*:

- x. Market Access
- xi. Certification
- xii. Civil Society/Private Sector Partnerships for Sustainable Forest Management
- xiii. Measures to Improve Project Formulation and Appraisal.

19. In addition, the IAG noted that a number of recommendations might be submitted to the Council by the Committees through their respective reports to be submitted to the Council for its consideration and approval. The IAG recalled that the Council would review Decision 7(XXXIII) at its current Session and underlined the importance of doing so with a view to respecting the spirit of that decision.

Other Matters

20. No other matters were considered by the IAG.

* * *