

**INTERNATIONAL TROPICAL TIMBER COUNCIL
Ninth Session
Yokohama, 16-23 November 1990**

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**DRAFT REPORT
OF THE
INTERNATIONAL TROPICAL TIMBER COUNCIL
AT ITS NINTH SESSION**

Yokohama, Japan

16 - 23 November 1990

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Introduction

1. The Ninth Session of the International Tropical Timber Council took place at the Headquarters of the ITTO in Yokohama (Japan) from 16 to 23 November 1990. The Session was attended by 38 Members and by Observers representing Governments, several organs and agencies of the United Nations, inter-governmental organizations, various conservation non-governmental organizations and timber trade and industry associations. The list of participants is reproduced as Annex I to this Report.

2. During the period of the Ninth Session of the Council, its three Permanent Committees convened for their Seventh Sessions. On Saturday, 17 November 1990 a one-day Satellite Seminar was organised in Kamakura, on the theme "Status and Potential of Non-Timber Products in the Sustainable Development of Tropical Forests". The Report on the proceedings of the Seminar will be published separately in due course.

Opening Session {Item 1}

3. The Opening Session of the Council was honoured by the presence of Dr. Hidenobu Takahide, the Mayor of Yokohama who addressed the Council.

4. The Ninth Session was opened by the Chairman of the Council, Dr. Markku Simula (Finland). He acknowledged the presence of the Mayor of Yokohama who had agreed to address the Council. His presence was further testimony of the high regard in which the City of Yokohama held the Organization.

5. The Chairman welcomed delegations to a Session which was taking place at a time of heightened international consciousness of the global environmental crisis and the accelerated pace of international initiatives on the global environment and forestry issues. Two of such initiatives were of relevance to forestry: the current discussions aimed at formulating international conventions on biodiversity and on climate change. There were the Preparatory Sessions to the 1992 United Nations Conference on Environment and Development which had set in motion the UNCED process dealing with issues with forestry implications such as sustainable land use and needs for agricultural expansion. The agenda on global forestry appeared to be crowded; some members of the international community might not be able to participate in all the fora. There were also initiatives and consultations taking place on the question of elaborating a possible international convention on conservation and

development of forests. It was most significant that forestry was being given the importance it deserved in political decision-making. It was necessary in all discussions to coordinate all the various initiatives. Forestry issues were highly complex and, particularly in the tropics, they were compounded by other factors. The elaboration of any international instruments on the conservation and development of forests would necessarily take time if the outcome were to make a real impact on the problems. In relation to these new developments, therefore, the Council should begin to give thought to the changes which must be made by 1994 when the time came to renegotiate the International Tropical Timber Agreement (ITTA).

6. The Chairman referred to the changing developments in the tropical timber trade. The trade was necessarily faced with mounting pressures on consumers to impose trade restrictions and voluntary boycotts. There was need for the ITTO to embark on a publicity campaign of public education and a vigorous dissemination, through the mass media, of its efforts in achieving sustainable utilization of forest resources and the conservation of tropical forests. The ITTO would have to show faster progress in making sustainability an operational concept in individual countries. Producer countries should make the ITTO Guidelines on Sustainable Management of Natural Tropical Forests a practical tool of forest management if they desired to remain in international trade of forest products. In this connection the "ITTO Strategy for Trade in Tropical Timber from Sustainably Managed Forests by the Year 2000" should be further examined and given effect. It should be taken into account in elaborating any possible international legal instrument on forests.

7. The Chairman reviewed in summary some of the salient matters on the agenda of the Session, such as the Council's decision on an ITTO Action Plan and the respective Work Programmes for the Permanent Committees, the appraisal of Pre-Project and Project Proposals and the approval of the Administrative Budget Estimates for 1991. With the Organization's increased programmes of activities, providing additional financial resources and personnel requirements appeared inevitable. There would also have to be improvements in the efficiency and effectiveness of the Organization. This could be achieved partly through better cooperation and coordination with other international organizations such as the FAO at the operational level.

8. The Chairman then invited the Mayor of Yokohama to address the Council.

9. The Mayor of Yokohama City, Dr. Hidenobu Takahide, thanked the Council for the opportunity to welcome all delegations to Yokohama. In the four years since the ITTO Headquarters came to be established, there had been a dramatic awareness of the threat posed by the deteriorating tropical forest situation to the global environment and human survival. The recent Houston Economic Summit Declaration had highlighted these problems and had called for, among other things, the formulation of a Global Forest Convention to regulate the conservation and development of the world's forests. It was the hope of the international community that the ITTO would put its weight behind the endeavours to attain conservation and sustainable utilization of tropical forest resources.

10. The Mayor expressed the firm conviction that the seedling of the ITTO which was planted in Yokohama some four years ago would grow into a sturdy and gigantic tree with luxuriant green leaves. He pledged to the Council the continued support and assistance of the City of Yokohama in cooperation with the Government of Japan. He wished the Council a successful Session.

11. On behalf of H.E. Mr. Luis Marchand Stens, Chancellor of Peru, H.E. Mr. Luis Macchiavello, the Ambassador of Peru to Japan read a message sent to the Council. The Government of Peru thanked the Council for the honour of inviting the President of the Republic of Peru, H.E. Ing. Alberto Fujimori, to deliver an Opening Address to the Council. Unfortunately, for reasons of State the President was unable to accept the invitation. He had delegated him, as his personal representative to the enthronement ceremony of the Emperor of Japan, to discharge that obligation. However, he had had to return home due to urgent official obligations.

12. He commended the ITTO for formulating Guidelines for the Sustainable Management of Natural Tropical Forests and the Integrated ITTO Action Plan which would contribute to giving proper focus to the socio-economic problems of the peoples living in the tropical forests. Encouraged by these efforts the Government of Peru had promulgated a New Basic Law to protect its Amazon forests. The objective was to develop the productive capacity of the forests on the basis of models of sustainable forest management, integrated with modern forest industries in order to promote Peru's effective participation in the international market. Peru's strategy of forestry development was designed to strike a balance between deriving socio-economic benefits

for the peoples of the Amazon forests and the conservation of tropical forests and safeguarding the forest ecosystems of the region.

13. In this connection Peru was pleased with ITTO's Strategy for Trade in Tropical Timber from Sustainably Managed Forests by the Year 2000. The goals of the Strategy posed a challenge to all members. The Government of Peru had made the commitment to exert every effort to install efficient forestry policies by giving priority to projects of sustainable forest management in the development of the Amazon forests. Given the vast reserves of natural forests (some 66% of its land mass) Peru was in a position to play a vital role in the design and implementation of policies which would conduce to conservation of moist tropical forests and the rational utilization of their resources. Very recently the Government of Peru had announced internationally a proposal to establish a programme of eradicating the cultivation of coca through projects designed to promote sustainable forest management. This would lead to the improvement of forest industries, the expansion of trade and altogether generate alternative economic benefits for the thousands of people living in the Andean-Amazon region as well as maintain the ecological balance in that vast region of great potential.

14. The Message appealed to the international community to redouble its efforts in the search for a common and effective policy which would promote sustainable development of tropical forests, provide better living standards for the forest populations and for humanity at large - thus preventing the destruction of our natural environment endangered by the onslaught of climatic change, desertification and pollution.

Ascertainment of Quorum {Item 2}

15. There was a quorum for the opening of the Session as required under Article 13 (paragraph 1) of the ITTA.

Adoption of the Agenda and Organization of Work {Item 3}

16. The Council adopted the Agenda of its Ninth Session as contained in document ITTC(IX)/1 and reproduced as Annex II to this Report.

17. On the Organization of Work, the Chairman proposed, and it was agreed, to constitute two informal Consultative Groups (with open-ended membership) under his chairmanship: a Consultative Group on Financial and Administrative Matters to

undertake preliminary consideration of Items 12, 13, 14(a) and 14(b); and a Consultative Group on Project Financing to consider Items 9(b), 9(c) and 14. The Council also decided to consider Items 12, 13, 14(a), 14(b) and 16 in Closed Session.

Report on Membership of the Council {Item 4}

18. The Council took note of reports by the Executive Director that the Kingdom of Nepal and the Republic of Zaire had become members of the Organization on 3 July 1990 and 20 November 1990 respectively. The current membership of the Organization now stood at 48.

19. The Council was also informed that following the accession of the German Democratic Republic to the Federal Republic of Germany on 3 October 1990, the two States had united to form one sovereign State which would be represented as a single member of ITTO under the designation of "Germany".

Distribution of Votes {Item 5}

20. The Executive Director, in two separate reports, presented the proposed revised slate of votes for 1991 and assessed contributions for the consumer members as a result of the membership of Nepal and the unified single state of Germany; and for the producer members as a result of the membership of Zaire. The list of current membership and of their respective votes is reproduced as Annex III to this Report.

Admission of Observers {Item 6}

21. The Council admitted to its Ninth Session as Observers the representatives of five States: Argentina, Guyana, Madagascar, New Zealand and Venezuela; seven U.N. organs and Specialized Agencies; one inter-governmental organization, and thirty six non-governmental organizations. The list of Observers is contained in the List of Participants (Annex I to this Report).

Statement by the Executive Director {Item 7}

22. The Executive Director, Dr. B.C.Y. Freezailah, delivered a statement on developments in the work of the Organization. He paid tribute to the continuing commitment of Japan to the growth and development of the Organization. The presence of the new Mayor of Yokohama at the Opening Session of the Council

testified amply to this commitment which was concretely reflected in the hospitality and support which the Organization received at the hands of the Yokohama City Government.

23. The current spate of activities which were taking place, especially under the aegis of the U.N. in the area of global environment and development, were of tremendous significance in bringing together all international agencies to define their role and improve their respective machineries for action to address the global issues. The ITTO was participating in the preparatory sessions leading to the U.N. Conference on Environment and Development (UNCED) in Brazil, in 1992. Already there had been a growing recognition of the role of the ITTO in the "UNCED process", thanks to the support of its members who had sought ITTO's recognition as an equal partner with other organizations in the search for solutions to the degradation of the tropical forests in the context of the wider issues of environmental conservation and economic and social development. The ITTO Secretariat was working closely with the UNCED Secretariat in response to the contributions which had been requested from it by decision of the First Preparatory Session held in Nairobi (6-31 August 1990). The Executive Director referred to a Report [ITTC(IX)/9] which he had submitted for the consideration of the Council on the nature and scope of preparations and possible contributions which could be made by the ITTO towards two world conferences: The U.N. Conference on Environment and Development (Brazil, 1-12 June 1992) and the Tenth World Forestry Congress (Paris, 17-26 September 1991). He drew the Council's attention to specific proposals with financial implications which were designed to ensure effective participation of the ITTO in these world Conferences.

24. The increasing involvement of the Organization in current world developments underscored the greater need to continually forge consensus, reappraise the internal working methods and mandate of the Organization, its capacity to grapple with these emerging challenges and its needs for additional financial resources. The delicate challenge which the ITTO accepted in sending a Mission to Sarawak pointed up its confidence in developing a normative approach to its work through policy dialogue, collective policy formulation, and mobilising the collective political will of its members to secure the necessary resources to accomplish the task of sustainable forest management. In these efforts the Organization was encouraged by the collective support of its constituent members - the developing producer members, the donor

community of consumers, the conservation NGOs and the trade and industry associations.

25. The need for additional resources could not be over-emphasized. It should, on the one hand, be recognized especially by all sections of the donor community which together represented the largest consumers of tropical forest resources. On the other hand, those members who persistently default in the payment of their assessed contributions to the Administrative Budget should demonstrate a sense of greater commitment and financial responsibility to the Organization. Furthermore, the Executive Director pointed out, an additional source of financial resources had been sought through the operations of the Common Fund for Commodities, based in Amsterdam. The ITTO had been duly designated as an International Commodity Body and its members were now entitled to have access to the resources of the Second Account of the Fund's Agreement and under the provisions of Article 26 of the ITTA.

26. The ITTO was exerting every effort to reinforce its relations of cooperation and coordination with various relevant international institutions including the Common Fund, FAO, UNCTAD, ITC, UNIDO, UNEP, the World Bank, and recently the WMO. Cooperation with FAO had featured prominently in ITTO's activities, in particular coordinating activities with those under the Tropical Forestry Action Plan (TFAP). Consultations among the officials of both ITTO and FAO would be enhanced in order to achieve identity of views and institutional cooperation to the mutual benefit of both organisations.

27. The Executive Director invited the Council to approve the proposals in the draft Administrative Budget Estimates for 1991 in order to alleviate the financial constraints which hampered the administration of the Organization. He called for approval of the text of the draft ITTO Action Plan which had been submitted following the work of the Panel of Experts comprising the Chairmen and Vice-Chairmen of the Permanent Committees, assisted by Prof. Nils-Erik Nilsson as a Consultant. The Action Plan would provide the bench-mark for assessing the role of the ITTO amongst the many agencies involved in the world strategy to secure global environment and development.

28. In conclusion, the Executive Director invited the Council to share in his vision of the new world order of global environment and economic security. He referred to the recent U.N. Children Summit which had aroused the conscience of all

mankind by invoking the plight of the world's children in the current environmental degradation and decay. From this had emerged a sharpened consciousness of a moral obligation inspired by a world vision to prevent the degradation of the forest resources and of the global environment in order to secure the necessities of human survival and development.

Criteria and Priority Areas for Programme Development and Project Work {Item 8}

(A) ITTO Action Plan

29. The Council had before it for consideration the "Report of the Panel of Experts to Prepare an Integrated ITTO Action Plan" [document ITTC(IX)/6]. This document was based on a Report prepared by a Panel of Experts, established pursuant to Council Decision 1(VIII), to integrate the three separate Action Plans of the three Permanent Committees and consolidate them into a comprehensive ITTO Action Plan. The Report was considered at a Joint Session of the Permanent Committees where suggestions were made for revisions to the draft Plan. A small informal Drafting Group, presided over by Mr. David Boulter (Canada), had worked to review and refine the text of the draft Action Plan.

30. The Chairman of the Panel of Experts, Mr. David Boulter presented the final revised text formally to the Council. He explained the methodology and the intense debate by which the work of integrating the three Action Plans had been carried out. The draft text represented the extent of integrating the contents of the three separate Action Plans. Efforts had been made to reduce to a minimum the overlapping of certain programmes of activities between the Permanent Committees. However, by the very nature of such tasks it was impossible to eliminate all elements of overlapping.

31. The final text of the ITTO Action Plan, as approved by the Council, is reproduced as Annex IV to this Report.

32. The Council requested the Executive Director to arrange for the publication of the Action Plan and to ensure its widest possible dissemination world-wide, especially in member States and potential member States. The document should henceforth serve as a basis for cooperation activities with other relevant international organizations.

33. Under this item the Council also took two other sets of Decisions following recommendations made by the Permanent Committee on Reforestation and Forest Management.

(B) Working Group on Guidelines for Management of Tropical Forest Plantations

34. On a proposal by Germany, the Permanent Committee on Reforestation and Forest Management decided to establish a Working Group composed of an equal number of representatives of Producer and Consumer Members and with one representative each from a U.N. Agency, environmental NGOs, and timber trade Associations. Germany offered to finance a consultant to prepare the initial draft of such guidelines for the Working Group. The Committee requested the Council to make available the sum of US\$50,000 to meet the costs of convening the Working Group.

35. After due consultations, the Council endorsed the recommendation of the Committee. It authorized the Executive Director to allocate necessary funds from the Administrative Budget to cover the meeting of the Working Group. The Group would formulate recommendations and principles for "Guidelines for Management of Tropical Forest Plantations". The text of this Council Decision 2(IX) together with the text of the Terms of Reference of the Working Group is part of Annex V to this Report.

(C) Expert Panel for Technical Appraisal of Project Proposals and Independent Consultants to Review Project Cycle

36. At its Sixth Session the Committee on Reforestation and Forest Management recommended to the Council "to evaluate all aspects of the Project Cycle and the mandate of the Secretariat with respect to the different stages of the Cycle and to adjust the Project Cycle, wherever desirable, in order to improve the quality and relevance of project proposals and to streamline the procedure for approval". At its Seventh Session the Committee further considered the question of the delay in the implementation of approved projects on the basis of a Secretariat document ITTC(IX)/11 "Time Limits for Commencing Project and Pre-Project Implementation". The document set out several proposals on the issue which served as the basis for their recommendations to the Council.

37. Following consultations within the Council, it was agreed to (a) appoint two independent consultants, one from a producer country and the other from a consumer country, to review existing procedures under the ITTO Project Cycle and to prepare a report for the consideration of the Council at its Tenth Session; and (b) establish, as an interim arrangement, an Expert Panel of 12 persons to assist the Secretariat in the technical appraisal of project proposals prior to their presentation to the Permanent Committees. The Panel might make recommendations for revising the project proposals

in order to ensure their technical soundness while taking into account the ITTO Action Plan and Work Programmes. The functioning of the Expert Panel would be evaluated after Council's consideration of the Report of the Independent Consultants on the review of the procedures under the Project Cycle. The text of this Council Decision 6(IX) together with the attached Terms of Reference for the Independent Consultants and the Expert Panel is reproduced as part of Annex V to this Report.

Report of the Seventh Sessions of the Permanent Committees {Item 9(a)}

38. The Chairmen of the Permanent Committees formally presented the Reports of their respective Committees to the Council. The Reports included in particular the Work Programmes for 1991 to implement the Action Plans of the Committees in response to Council Decision 1(VIII). The Council approved these Work Programmes for 1991 and took note of the general commentary that for the implementation of all activities under the Work Programmes the Council needed to approve funds for the additional manpower requirements of the Secretariat and for the necessary consultancy services. The Council also took note of the recommendations in the Reports concerning Project, Pre-Project and Non-Project activities. The Report of the Committees are contained in documents PCM(VII)/8, PCF(VII)/15 and PCI(VII)/16 which are attached to this Report as Annex VI.

Consideration of Project Proposals and Prioritization of Projects {Item 9(b)}

39. In the consideration of this sub-item the Council took into account the recommendations of the Permanent Committees and the outcome of the consultations within the Consultative Group on Project Financing. The decision of the Council also took into account the status of available funds in the Special Account and pledges of funds by donors. The Council decided to approve the following Projects:

PD 118/90 (M)	Training Workshops on Tropical Forestry and Timber Trade Statistics
PD 95/90 (F)	Forest Management in the Alexander Von Humboldt National Forest - Phases I, II, III
PD 97/90 Rev.1 (F)	Multi-Stage Survey of Tapajos National Forest
PD 98/90 Rev.1 (F)	Establishment of the Tefé's National Forest

PD 99/90 Rev.1 (F)	Establishment of the Rio Preto's National Forest
PD 100/90 Rev.1 (F)	Establishment of the Ibirama's National Forest
PD 101/90 Rev.1 (F)	Case Studies on Sustainable Forest Management
PD 103/90 Rev.1 (F)	Training and Manpower Development in Community Forestry Management
PD 104/90 Rev.2 (F)	Studies on the Management Standards of Hill Dipterocarp Forest in Sarawak from a Watershed Management Point of View
PD 105/90 Rev.1 (F)	Model Forest Management Area
PD 106/90 Rev.1 (F)	Development of the Lanjak-Entimau Wildlife Sanctuary as a Totally Protected Area
PD 110/90 Rev.1 (F)	Forest Increment and Yield Studies for Sustainable Management - Phases I and II
PD 111/90 Rev.1 (F)	Assessment of the Biological Potential for Timber Growth; Increment and Yield in the Forests in the State of Sarawak
PD 112/90 Rev.1 (F)	System Analysis, Modelling and Hierarchic Geographic Information System (GIS) for Research, Management and Development in Sarawak
PD 114/90 (F)	Workshops on Conservation and Sustainable Utilization of Mangrove Forests in the Latin America and Africa Regions
PD 115/90 Rev.1 (F)	Rehabilitation of Natural Forest
PD 116/90 (F)	Appropriate Forest Technologies
PD 92/90 Rev.1 (I)	Study of Costs and Yield Levels in the Bolivian Sawmilling Industry
PD 93/90 (I)	Introduction of Lesser Known Species in the Amazon Plywood Industry
PD 102/90 (I)	Development of Waferboard Products from Potential Tropical Wood Species for Building Pre-Fabricated Houses
PD 107/90 (I)	Strategies for Sustainable Wood Industries in Sarawak

PD 108/90 (I)	Forest Industry Development Studies
PD 117/90 Rev.2 (M,F,I)	Conference of Senior Foresters and Related Experts to Promote the Application of Sustainable Management of Tropical Forests

40. The Council authorized financing for immediate implementation of the following Projects:

PD 118/90 (M)	Training Workshops on Tropical Forestry and Timber Trade Statistics (US\$598,652)
PD 2/87 (F)	Rehabilitation of Logged-Over Forests in Asia/Pacific Region (US\$430,000) [sub-Project 2]
PD 77/90 (F)	Establishment of a Pilot Area for Silviculture in Closed Forests in Congo (US\$529,000)
PD 95/90 (F) Phase I	Forest Management in the Alexander Von Humboldt National Forest (US\$506,000)
PD 97/90 Rev.1 (F)	Multi-Stage Survey of Tapajos National Forest (US\$102,400)
PD 99/90 Rev.1 (F)	Establishment of Rio Preto's National Forest (US\$469,000)
PD 103/90 Rev.1 (F)	Training and Manpower Development in Community Forestry Management (US\$1,203,000)
PD 104/90 Rev.2 (F)	Studies on the Management Standard of Hill Dipterocarp Forest in Sarawak from a Watershed Management Point of View (US\$412,900)
PD 105/90 Rev.1 (F)	Model Forest Management Area (US\$1,760,176)
PD 106/90 Rev.1 (F)	Development of the Lanjak-Entimau Wildlife Sanctuary as a Totally Protected Area (US\$1,750,837)
PD 115/90 Rev.1 (F)	Rehabilitation of Natural Forest (US\$550,797)
PD 116/90 (F)	Appropriate Forest Technologies (US\$318,000)
PD 37/88 Rev.3 (I) Phase II	Industrial Use of New Forest Species in Peru (US\$461,250)
PD 93/90 (I)	Introduction of Lesser-Known Species in the Amazon Plywood Industry (US\$254,540)

- PD 102/90 (I) Development of Waferboard Products from Potential Tropical Wood Industries for Building Pre-Fabricated Houses (US\$71,480)
- PD 108/90 (I) Forest Industry Development Studies (US\$475,000)
- PD 117/90 Rev.2 (M,F,I) Conference of Senior Foresters and Related Experts to Promote the Application of Sustainable Management of Tropical Forests (US\$210,000)

41. The Council authorized financing for immediate implementation of the following Projects, approved at this Session, as soon as earmarked funds were available in the Special Account:

- PD 98/90 Rev.1 (F) Establishment of Tefe's National Forest
- PD 100/90 Rev.1 (F) Establishment of the Ibirama's National Forest
- PD 101/90 Rev.1 (F) Case Studies on the Sustainable Forest Management
- PD 111/90 Rev.1 (F) Assessment of the Biological Potential for Timber Growth; Increment and Yield in the Forests in the State of Sarawak
- PD 112/90 Rev.1 (F) System Analysis, Modelling and Hierarchic Geographic Information System (GIS) for Research, Management and Development in Sarawak
- PD 114/90 (F) Workshops on Conservation and Sustainable Utilization of Mangrove Forests in the Latin America and Africa Regions
- PD 92/90 Rev.1 (I) Study of Costs and Yield Levels in the Bolivian Sawmilling Industry
- PD 107/90 (I) Strategies for Sustainable Wood Industries in Sarawak

42. The Council authorized financing for immediate implementation of the following Projects, approved at earlier Sessions, as soon as earmarked funds were available in the Special Account:

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

PD 66/89 (M)	Study of the Trade and Markets for Tropical Hardwoods and Derived Manufactures in North America
PD 7a/87 Rev.1 (M) Phase II	Statistical Information and Market Indicators: (a) Development of the Monthly Bulletin, Tropical Forest Products in World Timber Trade
PD 2/87 (F)	Rehabilitation of Logged-Over Forests in Asia/Pacific Region [sub-Project 2 for continued implementation]
PD 55/89 (F)	Research and Development Activities in the Framework of Forest Management Operations in Côte d'Ivoire's Closed Forests: Establishment of a Typological Classification of Forests on the Basis of Silvicultural Operations
PD 81/90 (F)	Investigation and Application of Forest Management Systems in Tropical and Sub-Tropical Rain Forests in the Chore and Bajo Paragua Forest Production Reserves
PD 83/90 (F,I)	Research and Development in Logging
PD 85/90 (F)	Technical Assistance for the Master Plan for Forest Plantation
PD 88/90 (F)	Sustainable Selective Harvesting of Mahogany in Bolivia
PD 43/88 Rev.2 (I)	Study for the Marketing of Tropical Timber and Promotion of the Consumption of Less Well Known Species on International Markets: Phase 1 - Promotion for the Japanese Market
PD 48/88 Rev.1 (I)	Drying Mixtures of Tropical Hardwoods
PD 49/89 (I)	Creation of International Promotion Center for Lesser-Known Species in Europe [Preparatory Phase]
PD 65/89 (I)	Promotion of Imports of Tropical Sawnwood in China
PD 67/89 (I)	Training Program on Mechanical Processing Operations in the South American Sawmilling and Plywood Industries
PD 80/90 (I)	Proposal for UNIDO-ITTO Joint Convening a Second Consultation on the Wood and Wood Products Industry

43. The Council approved the extension, for a specified period, of two Projects and authorized additional funds for their implementation as follows:

PD 60/89 (M,F,I) Fellowships and Small Grants Program
[FLS.200,000.00]

PD 73/89 (M,F,I) Assistance for Project Identification and Formulation [US\$260,000.00]

44. The Council authorized the sum of US\$430,000 for the continued partial implementation of Project PD 2/87 (F).

45. The Council took note of the decision of the Permanent Committees to implement the following activities and Pre-Project Studies and authorized financing for them:

- (a) Sustainable Multiple Use [PCF(VII)/7] (US\$276,958.00)
- (b) Development Work to Phase Out Trade of Unsustainably Produced Timber: I - Assessment of Future Mahogany Supply and Alternative Industrial Operations for Sustainable Production [PCI(VII)/5] (US\$337,400.00)
- (c) Technical Workshop to Explore the Feasibility of Forest Options [PCF(VII)/10 Rev.1] (US\$100,000.00)
- (d) Institutional Strengthening of IBAMA's Forest Products Laboratory [PCI(VII)/6] (US\$56,000.00)
- (e) Manpower Development of the Sarawak Forest Sector [PCI(VII)/7] (US\$151,184.00)
- (f) Working Group to Prepare a draft for an ITTO document on Incentives for Tropical Forest Management (US\$50,000.00).
- (g) Consultancy services to implement selected activities in the Work Programme for 1991 to implement the Action Plan of the Committee on Forest Industry (US\$50,000.00)

46. The Executive Director was requested to exert every effort to obtain funds for the priority implementation of Project PD 55/89 (F): "Research and Development Activities in the Framework of Forest Management Operations in Côte d'Ivoire's Closed Forests: Establishment of a Typological Classification of Forests on the Basis of Silvicultural Operations" (US\$1,464,000).

47. The Council urged members to consider financing those approved Projects for which funds were not immediately available; appealed to members to consider making unearmarked contributions to the Special Account and decided that such contributions should not be allocated for any approved Projects without the prior authorization of the Council.

48. The Council finally urged both the Consumer and Producer member countries to take necessary action to redress the current imbalance in the contributions and distribution of funds for project financing. The text of the Council Decision 1(IX) is reproduced as part of Annex V to this Report.

Report of ITTO Mission to Sarawak, Malaysia {Item 10}

49. In introducing the Council's debate on the Report of the Mission [document ITTC(VIII)/7], the Chairman of the Council reminded participants that it was necessary for all to look closely at the Terms of Reference of the Mission in order to place their reactions in their proper perspective. On behalf of the Council he expressed gratitude to the State Government of Sarawak for its courage in creating the opportunity both for a new role for the ITTO and for seeking assistance for its forest management. He also thanked the Government of Malaysia for its assistance and cooperation in facilitating the work of the Mission in every way possible.

50. The Chairman emphasized that in approaching the issues it should be duly recognized that the Mission was the first initiative of its kind in the ITTO. Lessons would be learnt from it; the experience from it would be used to improve ITTO's work in future. The present initiative had brought various parties together to seek joint solutions and the Council members should capitalize on this experience at various levels of activities. The Chairman considered that the specific task of the Council was to deliberate carefully on the report and its findings and, decide on its reactions and possible follow-up action.

51. The Earl of Cranbrook, Leader of the ITTO Mission to Sarawak was invited to make some opening remarks on the Report. His remarks dwelt on five considerations. Firstly, general public reactions to the report had been influenced to some extent by the fact that most opinions had been formed without in many cases prior reading of the Report. This was partly because the Report, although made public, had not been given mass circulation to the maximum extent possible.

Secondly, it should be recognized by members of ITTO from experience that in the very nature of such assignments recommendations of reports were necessarily brief and selective, highlighting only a selection of the issues raised and discussed in the body of the Report. It was important, therefore, that the Report should be discussed as a whole.

Thirdly, the definition of "sustainability" set out in the Report should be seen as just one of many currently circulating in the world-wide debate engendered over this concept. The Mission recognized, however, that there were several aspects of sustainability which they needed to examine separately before coming out with a more universal definition. They were equally aware that the issue of sustainability was of great importance in determining the future utilization of natural resources. The definition of "sustainability" which appeared in the Report served as a working definition. It was examined in its four aspects: (a) for timber production in the medium and long-term for domestic consumption and export; (b) for catchment management; (c) for maintenance and conservation of biological diversity; and (d) for continuing the economic viability of forests and forest industries. In relation to each of these the social aspects which were judged to affect the prospects for sustainable management were taken into account.

Fourthly, it was the overall assessment of the Mission that sustainable forestry in Sarawak could be achieved, was being achieved in some respects but failed in others. However, the failures to meet the criteria for sustainability were remediable; hence the recommendations made to remedy the present situation. These recommendations had been formulated and agreed unanimously by the Mission members.

Fifthly, the despatch of the Mission constituted a unique event and initiative, given the risks of political sensitivities by governments. It was imperative to capitalize on this experience and build on this track record of performance.

Statement by the State Government of Sarawak

52. Speaking on behalf of the State Government of Sarawak, Mr. Mohamed Tazuddin bin Junaidi set out the position of the authorities of Sarawak on the Mission's Report. He thanked the ITTO for its cooperation, understanding and support. It was such support which had given the authorities the confidence to pursue their work in promoting sustainable forest management. The State Government of Sarawak accepted the Report as fair and very constructive. They accepted the recommendations in principle and were taking measures to overcome the inadequacies and weaknesses in its forest management as laid bare in the Report.

53. Mr. Tazuddin gave a background description of the development strategy of the State of Sarawak of which the timber industry was a major part. The timber industry and the forest sector provided not only substantial sources of employment to the people of Sarawak but also the major portion of the Government's revenues. The rural populations were benefitting from these revenues; and this was a matter of importance and priority to the Government of Sarawak.

54. The Statement took up several major issues discussed in the Report. The questions of traditional rights and claims of the native communities to and in forested lands were matters for determination in the courts of Malaysia. Any aggrieved person could seek redress from the Courts of Law. As it happened, when a group of natives from the Baram District claiming native customary rights over forests filed a civil suit against the State and the timber companies involved, the High Court dismissed the case in June 1990. The Sarawak Land Code did not recognize claims of native customary rights on lands under forests. This fact and generally the land laws of the State were often misunderstood, hence the baseless and false claims which would lead to tribal conflicts, were they to be upheld.

55. The Government of Sarawak accepted the goal of sustainable timber yield as a corner-stone of its forestry policy. However, deciding the rate of harvest of mature and over-mature stands of forests was a management dilemma world-wide. The Government had accepted the recommendation to phase down the rate of harvest in the primary hill forests to a sustainable level. A drastic reduction in logging rate, however, would result in job losses with consequences for the increasing incidence of shifting cultivation. In cooperation with the Sarawak Timber Association, representing the private sector, the Government was working on details to phase down the annual allowable cut. In addition, the authorities were taking steps to:

- a) Create more Permanent Forest Estates (from 4.5 million to 6 million ha.)
- b) Create more Totally Protected Areas (from 0.25 million to 1 million ha.)
- c) Minimize the adverse impact on employment and loss of revenue when phasing down logging through its industrial and other programmes.

To address some of these problems project proposals had been submitted to the ITTO for international assistance and funding. These related to:

- (i) Forest Increment and Yield Studies for Sustainable Management;
- (ii) Assessment of the Biological Potential for Timber Growth; Increments and Yield in the Forests of the State of Sarawak;
- (iii) System Analysis, Modelling and Hierarchic Geographic Information (GIS) for Research, Management and Development in Sarawak; and
- (iv) Strategies for Sustainable Wood Industries in Sarawak.

Two other project proposals had been submitted to ITTO to help develop more trained manpower to cope with the problems of damage to forests in certain cases, often caused by the existing untrained labour force.

56. The Statement took issue with some of the Report's findings and conclusions regarding the current rate of harvesting and the future of primary forests. It was the Government's view that the forecasts were based on excessive estimates of the consequences of harvesting.

57. The Government had further taken note of the findings of the Mission on sustainable catchment management. It agreed that a well-planned and properly constructed logging road system would reduce the incidence of soil erosion. However, inadequate manpower could still hamper close supervision; and the lack of skills in the private sector was a contributory factor in the weaknesses in catchment management. The two Project Proposals on manpower development submitted to the ITTO would go some way to remedying these shortcomings. In any event due to the nature of harvesting concentrated in patches that hardly broke the forest canopy, the roads and skid trails were re-covered relatively quickly by vegetation when they were abandoned. The tropical forest ecosystem in Sarawak was robust and had remarkable capacity to recover.

58. On the conservation of biological diversity, the Government had noted the findings of the Mission that the current Totally Protected Areas were inadequate to preserve the full range of biological diversity in Sarawak until all the areas proposed by the Forest Department had been gazetted. The Mission had expressed concern over the delays in gazettelement. The Government was of the view that these delays were

unavoidable in view of the nature of the administrative processes for gazettelement instituted among scattered communities. However, steps were being taken to accelerate this process wherever feasible. Furthermore, encroachment on National Parks and Wildlife Sanctuaries in the coastal zone was caused by illicit loggers and village communities in some of the areas. Steps were being taken to prosecute these illegal loggers and evict the settlers. A project proposal had also been submitted to the ITTO which will provide assistance for the "Development of the Lanjak-Entimau Wildlife Sanctuary as a Totally Protected Area".

59. In conclusion, Mr. Tazzudin expressed the determination of the Government of the State of Sarawak to seek needed assistance and cooperation to achieve sustainable forest management and conservation, undeterred by negative criticisms from certain quarters.

60. On the proposal of the Chairman of the Council, two Representatives of the natives of Sarawak were invited to address the Council. The Chairman underscored the importance of hearing as many of the interested parties as possible. To that end he announced that a special open forum would be organized after the formal debate to air as many views as possible on the Report of the Mission. The two Representatives who addressed the Council were Mr. Juwin Lehan, Chairman of the Sarawak Penan Association, and Mr. Jok Jau Evong, Chairman of the Uma Bawang Residents' Association.

Statements by Representatives of the Penans

61. Mr. Juwin Lehan (Sarawak Penan Association) (speaking in Penan and interpreted into English) thanked the Council for the opportunity to bring before it the problems facing the Penan people of Sarawak. The livelihood of the Penans was derived from the forests. Unlike in the past, the benefits of the forests were increasingly being damaged. It had now proved difficult to obtain meat from wildlife. The animals had disappeared because the forests had been over-logged and exported as timber. Over-logging had led to barren lands, deforestation, and erosion. Siltation and pollution of water resources had caused depletion of fish stocks. Logging had caused damage generally to these and other vital resources of the once virgin forests of Sarawak. The dwellers of the forests had risen in protest against the logging activities of the logging enterprises. The customary rights to ancestral land of the Penans had been violated.

In response, the Government had proceeded to arrests in certain cases, and in others had given certain assurances of redress or financial compensation. No concrete results had come out of these assurances; the Penan people remained aggrieved with their rights consistently violated.

62. Mr. Juwin Lehan complained that the affected natives had been unable to meet the ITTO Mission during its visit to Sarawak. The Mission's itinerary had been deliberately diverted by the State authorities to a place near the Mulu National Park which had been prepared as a "show-piece" for the Mission. Logging had intensified since the departure of the ITTO Mission and the official reaction of the State authorities to the findings of the Report did not reflect the realities of the situation in the forest areas. The ITTO was called upon to show concern for the fate of the Penans.

63. Mr. Jok Jau Evong (Uma Bawang Residents' Association) testified that he had personally had the opportunity to meet the Mission in Sarawak. However, the Mission had been so organized by the government officials as to meet in a small place outside the communities whose population comprised the most affected forest natives. The latter were totally unaware of the presence of the Mission. It had been arranged for the Mission to meet mainly a selected number of leaders of the native communities who were known to support the activities of the logging companies. These leaders were, therefore, not representative of their people whose genuine needs they could not accurately reflect. The realities of the forestry situation were that the forest dwellers were suffering from the effects of logging and were thus deprived of their resources and livelihood. They had waged a struggle to seek recognition of their rights to their ancestral lands. The loggers operating on their customary lands were violating, by their harvesting practices, the rights, customs, traditions and general culture of the native population. The natives of Sarawak were demanding that the Government act to uphold their rights and secure appropriate compensation from the logging enterprises. The Government had not heeded their call. They would therefore plead with ITTO to show concern for their predicament, protect their rights and help find just solutions to their problems.

Statement by the EC and Member States

64. The Representative of the European Community, Mr. Enzo Barattini, welcomed the statement of the Government of Sarawak as responding to the

Community's concerns over sustainable forest management in Sarawak. He also welcomed the Report of the Mission which had given a better focus to the grave forestry situation in that region. The significance of the findings of the Mission lay in the opportunity it offered for policy dialogue between consumer and producer countries on ways of achieving the common objective of rational utilization of the tropical forest resources.

65. The European Community had manifested great concern over the forestry situation in Sarawak and such a dialogue would open the way for finding a constructive solution within the ITTO. The EC Commissioner for the Environment, Mr. Ripa di Meana, had declared, in October 1990 before the European Parliament in Strasbourg, that the Community was of the view that the best way of tackling the Sarawak issue was to take into full account the outcome of the deliberations within the ITTO in adopting concrete measures for the protection of the forests in Sarawak. It was evident that this position would be vindicated by the measures which had been announced by the State authorities of Sarawak and which, it was hoped, would be implemented without delay.

66. The Member States of the European Community were aware that the search for solutions would not be easy. The Malaysian Government deserved commendation for having invited the Mission and thus enabling the international community to appreciate all the necessary information on sustainable forest management in Sarawak. The measures announced by the Sarawak authorities as a follow-up of the Mission's findings should also be highly commended. These related to the reduction of annual allowable cut, securing more land for the affected forest inhabitants, thus enabling them also to make a better contribution to sustainable forest management, and strengthening the administrative institutions. The member States of the EC would wish to assure the responsible Malaysian authorities of their support in the search for the most appropriate means to achieve their goals.

Statement by Nordic Countries

67. Speaking on behalf of the Nordic Countries, Mr. Eskil Lundberg, (Sweden), placed on record the appreciation of the Nordic Countries for the cooperation and assistance which the authorities of Malaysia and Sarawak had lent to the Mission. They welcomed the constructive response of these authorities to the Report and their promptness in presenting pertinent project proposals. It was vital that the discussions

should focus broadly on the totality of the Report, taking into account all the relevant factors and considerations which underlay its findings and recommendations. The Nordic Countries, for their part, supported the Report as a whole with its recommendations. The essence of these recommendations related to the need for human resource development - for the strengthening of forest administration, for the improvement of long-term resource planning and development - and for improved standards of forest operations.

68. The Statement underscored a number of major issues raised in the Report. The impact of logging operations on the life of local communities called for improvement in the consultative procedures and increased local participation in forestry operations. It was imperative that the concerns and welfare of the local populations should be duly taken into account in the future sustainable forest management in Sarawak.

69. Overcutting in the hill forests called for a major reduction of the annual cut. In addition to such reduction it was worth exploring further the basis for the cutting intensity with a view to more precisely establishing sustainable annual production limits. A sizeable reduction of the annual cut under sustained management would in turn raise important questions of how to restore lost production capacity and strengthen existing capacity to the level of sustainability. Furthermore, new plantations were likely to be required. It would, therefore, be necessary to undertake feasibility studies on possible strategies for man-made forests and improved logging standards. Research work would also be required in promoting more efficient methods of silviculture which would have a beneficial impact on forestry production and environmental conditions.

70. Given the limitations on establishing new forest industries on a sustainable basis in Sarawak, it was important to promote appropriate local processing in order to generate more value-added products as an incentive for the promotion of sustainable forest management practices. This would also provide employment opportunities for the local population.

71. The task facing the Malaysian and Sarawak authorities and the people was a challenging one and required the assistance of the international community. It was the view of the Nordic Countries that such assistance from the Council for the

implementation of the Mission's recommendations would serve as an example for future international cooperation.

72. The Representative of Japan, Mr. Motokatsu Watanabe, commended the Government of Malaysia and the State of Sarawak for their encouraging, cooperative and constructive responses to the work and findings of the Mission. Japan had taken due note of the viewpoints expressed by the representatives of the local communities. Japan would invite the attention of the Council to the two constituencies on whom the Mission's findings and recommendations had placed an obligation for action: the Governments of Malaysia and the State of Sarawak on the one hand, and the international community, on the other. The Council had a duty to encourage the Governments of Malaysia and the State of Sarawak to undertake the measures required and to support them on those measures for which international assistance was being sought.

73. The Government of Japan considered the findings of the Mission a fair and balanced assessment of the forestry situation of Sarawak and would support the recommendations of the Report. Consequently, the response of Japan would be translated into constructive and concrete support of the requests for assistance which the Government of Malaysia had placed before the Council in the form of Project Proposals. Japan would appeal to all donors to assist in the implementation of these project proposals.

74. The Representative of Switzerland, Mr. Hans-Rudolf Hodel, expressed Switzerland's satisfaction with the official reaction of the Malaysian Government to the Report of the Mission. Whilst the primary responsibility for action to implement remedial measures lay with the authorities of Malaysia and Sarawak, it was also the obligation of the ITTO to support their efforts. Switzerland desired to see action in implementing the project proposals submitted to the Council. Switzerland would participate in the financing of some of these projects.

75. The Representative of U.S.A., Mr. Milton Drucker, stated, in summary, the views of the U.S. Government. The Report of the Mission constituted a positive first step in developing solutions to the problems caused by the depleting forests in Sarawak. It should be recognized that although the Report fulfilled its terms of reference it was

still incomplete, in the sense that much research remained to be done. The implementation of the recommendations would be difficult and expensive.

76. In considering the issues of overcutting in the hill forests of Sarawak, the Mission had recommended a certain level of reduction. It was the view of the U.S. that the limit set to this reduction could be much greater. The "ITTO Guidelines on the Sustainable Management of Natural Tropical Forests" had recommended a conservative approach at establishing the level of annual allowable cut to achieve sustainability. Until research on this matter was completed in Sarawak the standards set in the Guidelines should be applied to Sarawak.

77. The ITTO should take into account the interests and the elemental human rights of all the people of Sarawak when addressing sustainable forest management in Sarawak.

78. The U.S. would expect the follow-up Decision of the Council to include provisions which would note that: (i) the current rate of timber production in Sarawak was not sustainable; (ii) with appropriate improvement in forest management practices, sustainable timber yield could rise to a limit of over 9 million cubic meters annually; and (iii) the situation should be reviewed by examining progress in developments at future Sessions of the Council.

79. Mr. Drucker noted the responsiveness of the Malaysian Government and the authorities of the State of Sarawak and expressed the appreciation of the U.S. for their willingness to address the issues raised in the Mission's Report.

80. The Representative of Brazil, Ms. Annamaria Mosella Portella, placed on record the position of Brazil not to participate in the debate on the work of the Mission to Sarawak. She reiterated the reservations of her Government expressed at previous Sessions of the Council on this matter.

81. The Representative of Australia, Mr. Paul Sutton, expressed appreciation for the preparedness of the Malaysian authorities to support the recommendations of the ITTO Mission and to address the issues. The measures announced by the authorities and placed before the Council needed to be considered carefully in all their details and implications. Australia recognized the importance of the timber industry to the economies of Peninsular Malaysia and the State of Sarawak and to the region generally. Nonetheless the situation regarding the interests of the local communities

was equally a matter of concern. The Australian delegation would participate in the discussions as appropriate in order to find solutions to the problems of sustainable forest management in Sarawak.

82. The Spokesman for the NGOs, Mr. Gordon Shepherd (WWF) underscored the challenge facing the ITTO at this crucial Session. In the view of the NGOs the way the Council responded to the Report constituted a test of the Organization's commitment to an environmentally prudent, humane and just development process. Failure to properly interpret its terms of reference had led the Mission to inadequately address such issues as the rights and role of the native peoples, other forest products and services and their substantial economic values. The issue of the rights of the local communities, the conflict between the loggers and the protesting native peoples was central to the forestry problem in Sarawak. This situation still persisted because of the response of the authorities.

83. The NGOs were disappointed with the work of the Mission, not to mention its restricted membership, and the lack of attention given in the Report to economic, social and non-timber issues. The central issues had not been addressed. The excessive emphasis laid on timber issues had led the Mission even to make recommendations which, in effect, ran counter to the State Government's own forestry policy which placed priority of native rights over the timber export trade. These recommendations did not meet the criteria of sustainability which needed to be given a broader interpretation in the Report as had been done in the Brundtland Report. The ITTO should apply to Sarawak the standards of sustainability which were contained in its "Guidelines".

84. The NGO community made the following proposals:

- (i) Participatory mechanisms should be established to secure native control of customary lands across the entire State. Until this was secured logging should be halted in all contested areas. These mechanisms should be established in the proposed new areas announced by the authorities;
- (ii) Strict standards for catchment protection should be established and legally enforced;
- (iii) Existing networks of protected areas should be substantially expanded for conservation of biological diversity in full consultation with the local communities;

- (iv) The annual cut should be immediately reduced by between sixty and ninety percent. The Mission's recommendation on this was totally inadequate.
- (v) Until these measures were taken it was premature for the Council to consider the project proposals submitted by the Government of Malaysia;
- (vi) Council should establish a mechanism which would ensure reports on progress.

85. In other general remarks, the Spokesman of the NGOs called upon the Consumer countries to assume the responsibility to pay compensation to the workers who would be laid off as a result of the limitations on logging and the operations of forest industries in Sarawak. Furthermore, Consumers should put an end to the wasteful consumption of timber. No attempts should be made by them to increase their imports of timber from other sources in order to make up for the reduction in timber supplies from Sarawak.

86. The Representative of the UCBT, Mr. Morten Bjørner, and a Member of the Mission, invited the Council to view the work of the Mission as a unique opportunity for Consumer and Producer countries to tackle concretely the problems of forestry and forest products. There should be brought to bear on this task the recognition of the need for constructive and practical dialogue in a spirit of international cooperation. The members of the Mission had been assisted in every way by the host authorities who had invited them to examine their forests within their sovereign territory. The Mission had consequently made appropriate recommendations. For their part, the authorities of Malaysia and Sarawak had responded positively and submitted relevant project proposals to the Council for consideration. The findings and recommendations of the Mission should offer a challenging opportunity for immediate action on the part of the international community.

87. The ITTO was vested with a mandate (the ITTA) and had recently also set itself the target of the "Strategy for Trade in Tropical Timber from Sustainably Managed Forests by the Year 2000". These objectives should inspire visions which should be infused into the approach of the ITTO to the problems facing Sarawak. The European Tropical Timber Trade Federation (UCBT) supported the Sarawak initiative and, with

the backing of its national Governments, would work to assist Malaysia and Sarawak in their efforts towards sustainable forest management.

88. In concluding remarks at the close of the formal debate in the Council, the Representative of Malaysia spoke to acknowledge the many statements made in support of his Government's response. Malaysia was acutely aware of the risk it took in inviting the Mission and thus exposing itself to international criticism. It was equally aware that despite the findings of the Mission and despite its positive and constructive response to them there would still be negative criticisms. Nonetheless, the Malaysian Government had stood its ground, determined to act, undeterred by these negative criticisms. The negative reactions of certain interest groups which sought to invoke sanctions against the timber trade, especially in Sarawak, should cease.

89. The Representative of Malaysia thanked the Council, the ITTO, the Members of the Mission and all those who had made statements on the Report, including the Representatives of the Penans. All the views expressed would be communicated to the Government of Malaysia. He called finally for constructive action on the part of the Council to put the weight of its support behind the Governments of Malaysia and of the State of Sarawak.

90. Following further discussions in the Open Forum specially organized on the Report and following consultations among the Groups, the Council resumed its consideration of the Report. The Chairman of the Council then presented to Council the text of a Draft Decision which was finally adopted. By this Decision, the Council accepted the findings of the Mission Report; recalled the commitment of Members to sustainable forest development; recognized that producer countries with substantial forest resources, in order to achieve sustainable development, would need to utilize such resources and to convert part of the land for agriculture and other uses; recognized that if selective harvesting of timber from natural forests was sustained, it would not lead to deforestation or loss of forest cover; recognized the principle of respect for the sovereignty of all countries; noted the findings of the Mission concerning remedial measures needed to ensure sustainable forest management practices in Sarawak and to secure the socio-economic benefits therefrom in particular through research, human resource development, reduction in current rate of harvesting, improvement in catchment management, and expansion of areas for bio-diversity conservation; and

welcomed the measures announced by the Malaysian authorities to address the problems in response to the findings. The Council finally expressed support for the efforts of the Governments of Malaysia and the State of Sarawak and called for international assistance to support their efforts.

The text of this Decision 3(IX) is reproduced as part of Annex V to this Report.

91. After the adoption of the Decision by the Council, the Representative of Brazil, on instructions from her Government, made a declaration to reiterate Brazil's reservations on the Mission and requested Brazil's reservation to be recorded. The Government of Brazil believed that it was a matter within the sovereign discretion of any member State to request or welcome a mission to examine or evaluate its forest resources and formulate recommendations on forest management. Similarly it was a matter within the sovereign discretion of the requesting country to consider the findings and reports of such a mission. The ITTA made provision for the necessary means and procedures to enable States to receive cooperation from the ITTO as they so decided. Brazil considered the decision to establish the Mission to Sarawak as "sui generis", a unique and exceptional initiative outside the competence of the ITTO, a commodity organization. It did not, therefore, recognize the competence of the ITTO to take a decision to send a mission to a member State or to establish investigatory procedures on national matters. Consistent with this view, Brazil would reserve its position on the follow-up decision by the ITTO.

92. The Representative of Malaysia, Mr. Yusof Salleh, made a statement in response to the Decision taken by the Council. He thanked the Council for its cooperation as reflected in the terms of the Decision. Malaysia was always mindful of its obligations within the meaning of the ITTA and in consonance with the objective set by the "Strategy for Sustainability 2000" and with the principles embodied in the "ITTO Guidelines". By this decision of the Council ITTO had gained prominence as providing a unique forum for policy dialogue in order to secure sustainability in forest management and tropical timber trade.

93. Malaysia fully recognized the need to manage its tropical forest resources, particularly its natural rainforest, on a sustainable basis. It recognized the full implications of such management, involving, as it did, securing biodiversity within forest eco-systems, the provision of ecological services, economic, social and non-timber

resources. These matters constituted a corner-stone of Malaysia's national development policies. All over the world the task of forest management presented a difficult and complex challenge to all engaged in it. Malaysia had garnered considerable experience in forestry research and development. Nonetheless, it was in recognition of the complexity of the task that the ITTO Mission was invited in order to solicit international support and assistance.

94. Malaysia had submitted project proposals to demonstrate its intention to implement the recommendations of the Mission. It was a source of great satisfaction that most of these projects and pre-projects had been approved by the Council for financing and implementation. Malaysia was grateful for this true demonstration of international cooperation. Furthermore, in response to views expressed during the debate indicating the interest of Members to follow progress on this question, Malaysia would provide relevant reports on approved projects and, as required under the provisions of Article 27 of the ITTA, statistical and other information on its timber trade would also be provided to the ITTO. The Government of Malaysia would share its experiences with other Members of the Organization and thus make its contribution to international cooperation.

95. The Chairman of the Council referred to the momentous decision taken by the Council and expressed hopes for the pursuit of the objectives of the Organization's mandate in the world strategy for sustainable development of tropical forests.

Preparations for the Tenth World Forestry Congress (Paris, 17-25 September 1991) and United National Conference on Environment and Development (UNCED) (Brazil, 1-12 June 1992) {Item 11}

96. For its consideration of this item the Council had before it a Report [document ITTC(IX)/9] submitted by the Executive Director in response to a previous Council Resolution 2(VIII). By this Resolution the Council requested the Executive Director:

"To prepare, for submission to the Ninth Session of the Council, a document consolidating background information on the two Conferences, the interests of other relevant organizations and their relationship to ITTO's work. The document shall also include options for ITTO's proposed participation in

and contribution towards these Conferences. These options may include the possibility of a seminar, a workshop or a round table."

97. The Executive Director presented the Report to the Council. He invited the Council to examine the two Parts of the Report: one on the Tenth World Forestry Congress, the other on the UNCED. Under each Part as much information as possible had been provided, followed by sets of proposals on ITTO's preparations together with statements on their financial implications.

98. For the World Forestry Congress three sets of proposals on ITTO's preparations and contributions had been submitted:

- (i) attendance by the Executive Director and some of the Secretariat staff and their effective participation;
- (ii) provision of some ITTO documentation and published reports to the Congress Secretariat; and
- (iii) organizing a Satellite Meeting on ITTO on Wednesday, 25 September 1991; presentations to be made on the activities of the ITTO, and on subjects related to sustainable forest management and timber trade.

99. For the UNCED the following proposals had been submitted:

- (i) effective participation of the Secretariat in the preparatory sessions and in the Conference in 1992;
- (ii) participation of the Secretariat in some of the meetings concerning proposed Conventions on biological diversity, on climate change and a possible international instrument on forests;
- (iii) preparation of reports as a contribution to the deliberations in the "UNCED process" on matters related to tropical forestry;
- (iv) organization of a Round Table on a major theme covering sustainable management and utilization of tropical forest resources; the report of the Round Table to be submitted as part of ITTO's contribution to the UNCED process, in particular its "Agenda Action 21"; and
- (v) providing a financial facility through a Voluntary Fund to assist developing Member States of ITTO to attend the preparatory sessions and the final UNCED in Brazil in 1992.

100. Speaking on behalf of the FAO, Mr. Stanley Johnson, reiterated the importance of the UNCED and its significance as a forum for identifying a number of

national, regional and international initiatives in the world strategy to find solutions to the global problematique of the environment and development. The FAO, like the ITTO, was involved in the UNCED process. He drew the attention of the Council specifically to current initiatives being undertaken to formulate Conventions on biological diversity and on climate change. Other initiatives were being proposed to begin work on formulating a possible international instrument on forests. These had been matters on which international forums, in recent times the Houston Summit, had made pronouncements. These called for consultations and coordination of efforts. The FAO was already participating in the deliberations on the formulation of the proposed Conventions on biological diversity and climate change - Conventions which, it was hoped, might be laid before UNCED in 1992 for signature.

101. It was especially on the consultations for a possible international legal instrument on forests that FAO and ITTO should cooperate very closely. A number of proposals were being currently canvassed, including a proposal made by Japan for a Charter on the World's Forests. The FAO was pursuing consultations through the Committee on Forestry, its Governing Council and the Preparatory Sessions of UNCED in order to make its contribution to preparing the technical and other elements which could assist in formulating a possible international instrument. The FAO hoped that certain consultations could take place early in 1991 specifically on this question so that it might be pursued further during the Second Preparatory Session of UNCED scheduled for March, 1991 in Geneva. In view of the importance of this question to the mandates of both the FAO and ITTO, thought should be given by both organizations on how best to coordinate their efforts and pull all initiatives together using the UNCED process. That way a target could be set for some form of an international instrument - whether a Charter, Agreement or Convention - to be formulated in time for possible signature at the 1992 UNCED in Brazil.

102. The Representative of UNEP, Mr. Haruo Miyata, commended the ITTO for the increasing recognition it had gained in providing a unique forum for consultations between producer and consumer countries on the important issues of tropical forests and the global environment. ITTO was playing a role at the national, regional and international levels. He welcomed the Report of the Executive Director on preparations for UNCED including ITTO's participation in the current discussions

on the proposed conventions on biological diversity and climate change. UNEP, like the FAO, supported all efforts to coordinate the work of the relevant international organizations on these matters. Such cooperation and coordination should, however, not be limited to the UNCED agenda but should permeate other areas of activity of international organizations.

103. UNEP had been assigned the role to stimulate and coordinate environmental programmes within the U.N. system. Its mandate covered also the impact of forests on global environment. In that regard a number of initiatives undertaken by UNEP were noteworthy. Together with the IUCN, and WWF, UNEP had produced the First World Conservation Strategy. A second Strategy was currently being prepared. UNEP was coordinating the negotiations on the Convention on Biological Diversity and was joint sponsor with the WMO in the discussions leading to the formulation of the Framework Convention on Climate Change. Both Conventions would include elements related to forests. UNEP looked forward to the strengthening of cooperation and coordination with the ITTO.

104. The Representative of UNCTAD, Dr. David Elliott, referred to UNCTAD's involvement with the work of the Preparatory Committee for the UNCED. Both UNCTAD and ITTO, like all other international institutions, were at the crossroads of what to do to face up to the critical challenges of responding to the major global issues and the needs of the world community. Perhaps some inspired guidance might be gained from a closer reflection on the connotations in the Chinese ideographs of the word "crisis" which are "danger and opportunity". In this context one should assess both the dangers and opportunities involved in taking either a conventional role or an active role in issues involving world forestry, the environment and development. A clear perspective of the role of ITTO on these issues was needed.

105. The Representative of Malaysia, Mr. Yusof Salleh, made a statement to underscore the importance of the Tenth World Forestry Congress and the UNCED for the world forestry sector and for the role of the ITTO. The focus of these world conferences on sustainable management and utilization of tropical forests, with their implications for global environment and development, called for the effective involvement of the ITTO. The world debate on the global environment and development should be placed in its proper perspective.

106. A balanced view of the environmental problem would indicate, more justifiably, the causes of the present environmental decay. The global environment had been degraded by decades of industrial and other forms of pollution including unsafe disposal of toxic and hazardous wastes, nuclear tests, unwholesome practices in agriculture, fisheries and forests, excessive consumption of fossil fuels and unacceptable consumption patterns of life in industrial countries. In the forestry sector it should be recognized that, by scientific estimates, deforestation only contributed about 9% of the total CO² emitted into the atmosphere as compared to 75% of the CO² emitted by other users and applications in the industrial countries. There should be no attempt to resort to selective judgement by shifting the blame on to developing countries and thereby seek to impose a ban on the use of tropical timber or impose restrictions through all sorts of proposals. In the area of forests, efforts should be deployed to establish a minimum level of forest cover which would be equally applicable to forests in industrial and developing countries. Any form of sanctions on tropical timber would be counter-productive. What were needed are incentive measures and a supportive international economic environment which would promote the economic growth and the development of developing countries.

107. The current call for a global forest convention by some developed countries should be examined with circumspection. There should be no attempt at prejudging the outcome of the consensus reached on this question during the First Preparatory Session of UNCED in Nairobi in August, 1990. There was need to study all relevant information on forests, their economic value and to establish the proper linkages between the various initiatives on climate change, conservation of biological diversity and forests.

108. The ITTO should, as requested, contribute the relevant reports to the UNCED Secretariat which had been mandated to prepare a comprehensive report on all these matters. The ITTO should be enabled to take prominent initiatives on these relevant issues. It could be further strengthened with more financial resources and expertise to cope with its enhanced role. It provided the most effective forum for its member countries to resolve all tropical forestry issues within the framework of the ITTA. In cooperation with other relevant bodies the ITTO could make a contribution

to the debate by relating the role of the tropical forests to environmental needs, taking into account the role of other forests and tree crops.

109. Following discussions in the Groups and within a drafting Contact Group, the Chairman of the Council introduced two draft Decisions for the consideration of the Council. By Decision 4(IX) on the Tenth World Forestry Congress, the Council decided that the ITTO should be represented at the Congress by the Executive Director and three Assistant Directors, and that, in preparation for this meeting, ITTO should give further consideration to the papers it should present at the Congress and submit a report to the Council at its Tenth Session. The Secretariat should prepare appropriately for a technical Satellite Meeting on ITTO during the Congress. By its Decision 5(IX) on the U.N. Conference on Environment and Development, the Council decided that the ITTO Reports to be submitted to UNCED should include also the ITTO Guidelines and reports on ITTO's past and current activities; a Round Table should be organized during the Tenth Session of the Council in Quito (Ecuador) on the theme "The Agenda for Trade in Tropical Timber from Sustainably Managed Forests by the Year 2000" the outcome of which might form a contribution to UNCED; and ITTO should be represented at the Preparatory Committee Sessions and at the UNCED itself by the Executive Director and three Assistant Directors. The texts of the two Decisions are reproduced as part of Annex V to this Report.

Review of Contributions to the Administrative Budget {Item 12}

110. The Council considered this item in Closed Session. In presenting his report on this item (document ITTC(IX)/2 Rev.1) the Executive Director expressed regret over the persistent shortfalls in the receipt of assessed contributions due to delays and default in payment on the part of certain Members. However, the situation in the course of fiscal year 1990 had showed signs of some improvements. He was optimistic that by continuing to appeal strongly to defaulting Members through personal contacts he might succeed in reducing the level of arrears.

111. Both the Chairman of the Council and the spokesman for the Consumer Group, Mr. Terence Veness (U.K.) expressed concern for this unsatisfactory situation. They urged the Executive Director to continue in his efforts to prevail on defaulting

Members to regularize their financial obligations under the Administrative Budget. The Council took note of the Secretariat document on this item.

Administrative Budget Proposals for 1991 {Item 13}

112. This item was taken up in Closed Session. It had been remitted to the Consultative Group on Administrative and Financial Matters which met under the Chairman of the Council. The Chairman reported on the work of the Consultative Group which had examined in detail the estimates and proposals presented by the Executive Director. Due to the persistent default in the payment of assessed contributions the Budget proposals had to be reviewed in the light of cash limits.

113. In Council the Executive Director informed Members of the necessity to authorize the much needed but modest increase in the establishment complement of the Secretariat. With the adoption of the ITTO Action Plan and the Work Programmes there would be a marked increase in the activities of the Organization with its corresponding increase in the responsibilities and work-load of the Secretariat. However, with the cash limits set after intense negotiations within the Consultative Group, the Secretariat would necessarily have to establish priorities in its activities as a consequence. The Spokesman for the Consumers alluded to the default in payment of contributions in explaining why approval could not be given for the needed increases in budgetary allocation, as originally requested by the Executive Director. It was the hope of all that the financial situation could improve if there were positive cooperation on the part of defaulting Members.

114. The Council finally approved the revised Administrative Budget Proposals for 1991 as contained in document ITTC(IX)/2 Rev.1. The Representative of the U.S. placed on record his delegation's reservations. The U.S. dissociated itself from the Council's consensus on the adoption of the Budget. In the view of the U.S. the Budget should have followed the principles of zero-base budgeting.

Financial Resources of the Special Account {Item 14}

(A) Review of the Pre-Project and Project Sub-Accounts {Items 14(a & b)}

115. The Council considered these two sub-items on the basis of the Statement of Accounts prepared by the Secretariat in document ITTC(IX)/CRP/1. The Council took note of the document.

(B) New Contributions to the Special Account

116. The Council heard statements from some delegations on the Special Account. The following pledges of contributions were announced:

U.S.A.	US\$ 1 million
Japan	Yen 774.483 million (approx. US\$ 6 million)
Norway	US\$ 220,000
Netherlands	DFL 600,000 (approx. US\$ 350,000) (previously pledged)
Sweden	(exact contribution to be notified later)
Japan Lumber Importers' Association	Yen 10 million (approx. US\$ 80,000)

117. The Representative of U.S.A., Mr. Milton Drucker, mentioned that the voluntary contribution of US\$ 1 million was the outcome of substantial initiatives taken to secure this appropriation from the U.S. Congress. It was a recognition of the importance which the U.S. attached to the ITTO in the fulfillment of the crucial issues within its mandate. Although the contribution was un earmarked at this time, it was principally to be used for projects in the area of reforestation and forest management.

118. The Representative of Japan, Mr. Motokatsu Watanabe, in pledging the sum of ¥774.483 million to the Special Account reiterated the continued commitment of Japan to support the ITTO and, in particular, its operational activities through projects. He took the opportunity to welcome the pledge by the U.S. of one million dollars and expressed the hope that more donors would follow the example of the U.S.

119. The Representative of Norway, Mr. Erik Bjørnebye, pledged on behalf of Norway the sum of US\$ 200,000 to the Special Account. He referred to the increased contribution of Norway to ITTO's Special Account. Norway's total contribution this year was twice that made previously.

120. The Representative of Netherlands, (Ms. Josine Boissevin) referred to the Netherlands' substantial contributions since the inception of the ITTO. These included its most recent contribution of DFL 600,000 allocated to finance two projects: PD 63/89 Rev.1 (I) in the Philippines, and PD 60/89 (F,M,I), the ITTO Fellowship Programme.

121. The Representative of Sweden, Mr. Eskil Lundberg, announced the decision of Sweden to co-finance project PD 83/90 (F,I). In addition, it intended providing additional resources for financing the identification and formulation of projects, particularly those related to the development of the forest resource base.

122. The Representative of the Japan Lumber Importers' Association (JLIA), Mr. Kanemi Matsuki, referred to the excellent achievements of the ITTO in the area of forestry development within the space of four years. The JLIA was proud of its association and continued cooperation with the ITTO. He reaffirmed the commitment of the Association to offer assistance, within the limits of its modest resources, to support the ITTO. Following the recommendations of its Environment Committee, the JLIA had decided to make another tranche of contribution of 10 million yen to be disbursed after due consultations to assist the ITTO in undertaking activities related to the sustainable development of tropical forests in consonance with its mandate.

123. In remarks to conclude the pledging session, the Chairman of the Council expressed the gratitude of the ITTO for all the contributions pledged. These new contributions would increase the Organization's level of activities and thereby increase its credibility as an effective agency for development assistance. Seeking funds for projects would lead to an assessment of the ability and efficiency of the Organization to respond to the increasing demands for project financing. Of cardinal importance to the donor community was the question of the quality of projects. It was, therefore, in the interest of developing Member States to have recourse to the facilities available in the ITTO to assist them in identifying and formulating technically sound projects.

124. The Chairman of the Council invited Members to look at other sources of support for ITTO's operational activities. One such source was among the NGO community. In spite of their generally scarce financial resources, the NGOs could be mobilized to great advantage symbolically if their assistance were sought in pursuing the goals of the Organization. Finally the Chairman drew attention to the example of the

U.S. in pledging unearmarked funds. Such a gesture should be emulated in future by other donors and thereby afford the Organization the flexibility to disburse project funds as appropriate.

Report of the Credentials Committee {Item 15}

125. The Chairman of the Credentials Committee, Mr. Yusof Salleh (Malaysia), presented the Committee's Report to the Council. The Committee had examined the credentials of all delegations except one, and had found them all issued in due and proper form. The letter of credentials of one delegation was yet to be received. The Council took note of and adopted the Report of the Committee.

Appointment of Auditors for 1990 {Item 16}

126. On a proposal by the Executive Director the Council decided to appoint, on an exceptional basis, for a fourth time the firm Price Waterhouse as Auditors for 1990. As was explained by the Executive Director, the continued services of this firm of Auditors which had served the limit of the stipulated three annual terms, were needed to enable them to complete the installation and development of computerized accounting in the ITTO Secretariat. It was agreed that the Council's decision was not to constitute a precedent.

Election of Chairman and Vice-Chairman of the Council for 1991 {Item 17}

127. Following the usual consultations among the Consumer and Producer Groups, Mr. Ernesto Sanvictores (Philippines) was elected Chairman of the Council for 1991 and Mr. David K. Boulter (Canada) was elected Vice-Chairman. The Chairman of the Council, Dr. Markku Simula, offered warm congratulations to them on their election.

128. The incoming Chairman, Mr. Ernesto Sanvictores, thanked the members of the Council for the honour done to him and, through him, to his Government and country. It was for him a privilege to assume the responsibilities of Chairmanship. His responsibilities would not be only to his country but to all who worked within the ITTO - the international community. He was keenly aware that he was assuming the duties of his office at a crucial juncture in world affairs when there was an acute concern

for the tropical forests and global environment. It is important to situate the problems in their proper perspective. From his personal experience of some thirty-seven years in forestry and the timber industry he hoped to contribute, through the ITTO, to an understanding of the issues. The root cause of the degradation of the tropical forests lay with inadequate attention to the needs of the poor. It was essential for all interested parties - foresters, conservationists, the timber traders and industrialists to engage in dialogue, share experiences and together provide assistance to eliminate poverty and secure human survival. This was the task facing the ITTO as it took greater prominence in the search for sustainable development of tropical forests.

Dates and Venues of Sessions {Item 18}

129. The Council confirmed its decision to hold the Tenth Session of the Council and the Eighth Sessions of its Permanent Committees in Quito (Ecuador) from 29 May to 6 June 1991. The Council also decided to convene its Eleventh Session and the Ninth Sessions of the Permanent Committees in Yokohama (Japan) from 28 November to 5 December 1991.

Other Business {Item 19}

(A) General Statements

(i) Statement by Zaire

130. The Council heard a statement on the occasion of the admission of Zaire from H.E. Professor Kanza Kanza Lobo, the Secretary of State in the Ministry of Environment, Nature Conservation and Tourism of Zaire. He expressed gratitude for the efforts made to associate Zaire as a full member of the Organization. He expressed appreciation for the work of the Organization and in particular its forum for consultation and dialogue between the producer and consumer countries. Recognition should be given to the competent approach to work which all Members demonstrated in helping to achieve the objectives of the Organization. It was these objectives which stimulated Zaire to accede to the ITTA. The forest policies of Zaire were fully reflected in the objectives of the Organization.

131. Professor Kanza Kanza Lobo gave a description of the forests and forestry policy of Zaire. Zaire possessed an estimated 47% of Africa's tropical forests

representing 10% of the world's forest potential. The area of forests in Zaire covered some 55% of the geographical size of the country. The national forestry policy was designed to ensure conservation, agriculture, game and wildlife, timber production, fuelwood and charcoal. In spite of the size of its forests and the immense variety of its resources the greatest portion of these remained untapped. Some 88% of the forest lands remained in their original virgin state. The Government of Zaire had embarked on a firm strategy to plan the conservation and rational utilization of its forest resources. Through the TFAP process a National Forestry Master Plan had been completed. A Round Table under the auspices of the TFAP was to be held towards the end of November 1990 where the donor community would be invited to provide assistance to implement the various projects in the forestry sector. In this context the Government of Zaire looked forward to placing appropriate requests for support before the ITTO.

(ii) Statement by Nepal

132. The Representative of Nepal, Dr. Ishwar Chadra Dutra, expressed appreciation for Nepal's membership of the ITTO. He described briefly the forest situation in the country which was characterized by serious deforestation, sedimentation and floods, and desertification. These conditions had reduced productivity with tragic consequences for the national economy. Conservation of natural resources had, therefore, become an issue of grave national concern. The Government of Nepal had sought international assistance by inviting experts to assist in drawing up a Master Plan for the Forest sector. This Plan and the new government policy had placed priority on developing community-based forestry, sustainable management of the forest, its proper utilization and environmental conservation.

133. Dr. Dutra expressed gratitude to the Council for approving Project PD 103/90 Rev.1 (F) on the development of the National Institute of Forestry of Nepal. He was confident that with the development of the Institute it would make a significant contribution to national development.

(iii) Statement by the FAO

134. The Representative of the FAO, Dr. I.J. Bourke, made a statement on behalf of the FAO. He emphasized the imperative need for cooperation and coordination of activities between the FAO and the ITTO. Attendance at each other's meetings afforded the means of sustaining and developing cooperation at several levels

of activities. It also afforded the opportunity for both organizations to maintain a close awareness of each other's activities. He noted with satisfaction the increasing pace of ITTO's involvement in FAO's activities, as witness ITTO's participation in TFAP exercises and in the work of the TFAP Advisors Group. Recently, in September 1990, this had been exemplified by the attendance of the Executive Director of the ITTO at the meeting of the FAO Committee on Forestry where he delivered an Address.

135. He referred to an area of activity which called for closer cooperation between the two organizations. This involved consultations and discussions on a possible international instrument on forests. The FAO would like to see coordination of efforts with ITTO in the preparations for the formulation of the legal and technical scope and content of such an instrument. Being an instrument which would be designed to cover the conservation and development of the world's forests, it would benefit from the contribution of the ITTO in defining and developing such an instrument. On other matters of general cooperation, the FAO and ITTO should work to identify areas of common action to their mutual benefit.

(iv) Statement by the Conservation NGOs

136. Speaking on behalf of the conservation NGOs, Dr. Julio César Centeno (Universidad de los Andes), deplored the lack of determination on the part of the Organization to tackle issues central to its mandate. He cited, as a case in point, the Council's decision on the report of the Mission to Sarawak. The Council's decision had failed to address several key issues raised in the Mission's Report and which had been the subject of the proposals submitted to the Council earlier by the Spokesman of the NGOs. The Council's decision on Sarawak demonstrated that it had set aside the principles and standards enunciated in the "ITTO Guidelines for the Sustainable Management of Natural Tropical Forests". What the Council had done instead, was to approve a disparate package of projects, thus showing up the inadequacies in the internal mechanisms for project appraisal and funding. The attitude shown by the Organization over the question of Sarawak had cast doubts on the commitment of the members to make an effective response to the problems caused by logging.

(v) Statement by UNEP

137. In brief remarks, the Representative of UNEP referred again to his earlier statement calling for cooperation between international organizations. He asserted that

continuing cooperation at the operational level was vital for attaining the objective of sustainable global environmental protection. UNEP and ITTO should maintain channels of information exchange. Both organizations should be involved in each other's activities such as seminars, workshops and conferences. As a case in point, UNEP hoped that it would be invited to participate in meetings organized by the ITTO such as the proposed Seminars on Mangrove Forests and the Conference of Senior Foresters. In reciprocity UNEP would also invite the ITTO to relevant meetings organised by UNEP.

Decisions and Report of the Session {Item 20}

138. The texts of the Decisions and Resolutions which had been circulated to delegations and adopted were taken as read. The Chairman requested the Secretariat to communicate the texts formally to Members, in accordance with the provisions of Rule 33, paragraph 1 of the Council's Rules of Procedure.

139. The Chairman also requested the Secretariat to prepare the Report of the Session and to have it circulated to Members as soon as possible, in accordance with the provisions of Rule 33, paragraph 2 of the Rules of Procedure.

Closing Session

(i) Statement by the Executive Director

140. In his Closing Statement, the Executive Director dwelt on the significance of the Council's decision on Sarawak. It marked a historic milestone in the track record of the ITTO. It had shown that the concern over the situation in Sarawak had brought members of the Council together in solidarity through the process of consultations, policy dialogue, understanding and cooperation. The ITTO had shown its readiness to come to the aid of its Member States. It was now important to stand together on the high ground of these measures and move ahead to further action.

141. The Executive Director highlighted some of the other significant matters which were the outcome of the Session. The decisions of the Council in adopting the Action Plan and Work Programmes, establishing the Expert Panel to assist in appraising projects and the appointment of independent Consultants to review the Project Cycle - all were promising signs in improving and reforming the operational mechanisms of the

Organization. Furthermore, the Session had pointed up the desire of Members to make the ITTO relevant to global issues. The Executive Director pledged to exert all efforts to make ITTO play its role in the UNCED process. In this he hoped for the release of additional financial resources and the support of members. The Executive Director expressed satisfaction and pride in witnessing increases in the membership of the Organization. With the latest membership of Zaire the ITTO could be symbolically viewed as a structure placed on a tripod with each of its three legs firmly planted geographically in the three vast tropical forest resources of Zaire (in Africa), Indonesia (in Asia/Pacific) and Brazil (in Latin America/Caribbean).

142. The Executive Director acknowledged the help and cooperation he had received from all at the Session. He paid particular tribute to the role of Dr. Markku Simula, the current Chairman, who had borne the responsibilities of his office with competence and distinction. He had succeeded in carrying along with him the other officers of the Council and Permanent Committees. The Executive Director renewed his gratitude to the Mayor and the City of Yokohama whose hospitality was a constant ingredient of their support to the ITTO.

(ii) Statement by the Spokesman of the Consumer Group

143. Mr. Terence Veness (U.K.), on behalf of the Consumer Group, outlined some of the significant decisions taken during the Session. Whatever progress had been made were actions to consolidate the work done at previous Sessions of the Council such as the adoption of the ITTO Guidelines and the "Strategy for Sustainability 2000". The ITTO Action Plan together with the Work Programmes should be implemented to move the Organization forward.

144. Mr. Veness agreed with the assessment by the Executive Director that the decision on Sarawak was a historic achievement. It recognized the validity and importance of the principles of the ITTO Guidelines and of the objectives of the Strategy for Sustainability 2000. It had focused attention on the need to see the Guidelines applied and implemented at the forest stand. It was equally significant that the ITTO had decided to move forward by starting work to formulate the Guidelines on the Management of Plantation Forests. The decisions taken to review the Project Cycle and to authorize ITTO's preparations for and participation in UNCED showed

the determination to address vital issues of concern to the workings and role of the Organization.

145. In conclusion, Mr. Veness acknowledged the assistance of all for the successful outcome of the Session. He reserved special tribute to the Chairman of the Council, Dr. Markku Simula, who had demonstrated his competence in office by his natural disposition of tact, diplomacy and quiet assiduity.

(iii) Statement by the Spokesman of the Producer Group

146. Speaking on behalf of the Producer Group, Mr. Gustavo Suárez de Freitas associated himself with the assessment made of the outcome of the Session. He alluded to conditions and factors which would conduce to achieving consensus, and fostering cooperation within the Organization. Increasingly members were eager to submit projects to give an added dimension to the potential of multilateral cooperation. It was important, therefore, to endeavour to the maximum extent possible to establish a balance of interests between producers and consumers. There had emerged a keen desire to review the Project Cycle so as to ensure the formulation and approval of technically sound projects. That way it would be possible, through projects which were socially and environmentally appropriate, to achieve the goal of sustainability for present and future generations. He extended a general acknowledgment of thanks to all and, in particular, to the Chairman of the Council and the other members of the Bureau, the Secretariat and the Conference Staff.

Closing Statement by the Chairman of the Council

147. Dr. Markku Simula, the Chairman of the Council, in his Closing Statement focused on what he considered to be the "key assets" which constituted the potential of the Organization for the future. Firstly, the mandate of the ITTO was expanding daily with increasing global awareness of environmental degradation. It was time to work towards ITTO's greater expansion beyond a commodity organization. Secondly, Members should redouble their efforts to strengthen the procedures of consultation and decision-making in the Organization including ensuring their transparency. In this it was equally important to sustain the involvement and cooperation of the conservation NGOs and the timber trade and industry Associations. Thirdly, the Project Cycle had given the Organization a good start in its operational activities and the current initiatives to review

the Cycle marked a welcome move to improve the Organization's methods of work. Fourthly, the ITTO could be proud of the excellent quality of its work, as evidenced through its reports, studies and the ITTO Guidelines. However, this quality of excellence must be infused into the implementation of field projects which in future would be subject to evaluation. It was of the essence that all involved in implementing ITTO projects should show an interest in and commitment to safeguarding this asset of the Organization. Fifthly, in the area of market transparency the ITTO had a unique role to play. With the foundation thus laid there should be further action to improve on this activity. Sixthly, a major asset of the Organization was the increasing level of financial resources. Efforts must be made to ensure that the level was sustained. This would mean, for instance, that there should be innovative approaches to tap all possible sources of funding to keep the inevitable growth of the budget within tolerable limits. In that connection, it might be useful to institute the practice of levying a service charge as a component of Project management in the Secretariat. In another area, it might be necessary to take firm decisions to rationalize activities in the Organization in terms of linking the use of funds with established priorities in the programmes of work. This, in turn, would imply that the elements of the Action Plan and Work Programmes should be under continuing review to reflect new developments and changing needs of members. Seventhly, the active and constructive role of members in the Organization should be canalised into greater involvement in the future activities of the ITTO, whose enhanced role would be defined in the evolving developments of the 1990s. Eighthly, the cardinal asset which the Organization possessed was in the calibre of its Secretariat staff who, led by their competent Executive Director, had worked creditably to make the ITTO take its rightful place in international fora. Every encouragement had to be given to enable the human resources of the Organization rise to the challenges of their tasks.

148. Dr. Simula finally extended his gratitude to all for their cooperation. It was his considered view, shared by many, that any failures of the Organization should be balanced against its successes. By any standard of merit, Dr. Simula affirmed, the ITTO could be judged as having passed the test of success.

149. The Chairman then declared the Ninth Session of the Council closed.

Annex I

LIST OF PARTICIPANTS

{Document: ITTC(IX)/Info.1 Rev.2}

LIST OF PARTICIPANTS

NINTH SESSION OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL

Yokohama, 16-23 November 1990

MEMBERS ATTENDING

Australia, Bolivia, Brazil, Cameroon, Canada, China, Colombia, Congo, Ecuador, European Economic Community (Commission, Belgium/Luxembourg, Denmark, France, Germany, Italy, Netherlands, Spain, United Kingdom of Great Britain & Northern Ireland), Finland, Gabon, Ghana, India, Indonesia, Japan, Malaysia, Nepal, Norway, Panama, Papua New Guinea, Peru, Philippines, Republic of Korea, Sweden, Switzerland, Thailand, Union of Soviet Socialist Republics, United States of America, Zaire

MEMBERS

AUSTRALIA

- | | |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| * Mr. Paul Sutton | Assistant Secretary, Forestry
Branch, Department of Primary
Industries and Energy, Barton |
| ** Mr. Daryl King | Director, Natural Resources
Planning Section, Department of
the Arts, Sport, the Environment,
Tourism and Territories, Canberra |
| *** Mr. Peter McColl | Second Secretary, Australian High
Commission, Kuala Lumpur |

BOLIVIA

- | | |
|--------------------------------|----------------------------------------------------------------|
| * Ing. Jaime Cardozo Sainz | Director General, Centro de
Desarrollo Forestal, La Paz |
| ** Sr. Edgar Landivar Landivar | Presidente, Cámara Nacional
Forestal, Santa Cruz |
| Lic. Wigberto Rivero | Director Ejecutivo, Instituto
Indigenista Boliviano, La Paz |

BRAZIL

- | | |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| * Ms. Annamaria Mosella Portella | Counsellor, Ministry of Foreign
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| ** Mr. Paulo Joppert Crissiuma | First Secretary, Embassy of the
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| Dra. Ana Luiza Fagundes Salomão | Deputy Head of Renewable Natural
Resources Department of IBAMA |
| Dr. Ecio Rodrigues da Silva | Director of Project PD 24/88,
OIMT/FUNTAC/ABC |
| Dr. Edilson Simões Cadaxo
Sobrinho | Head of Civil Cabinet of State
of Acre |
| *** Dr. Amantino Ramos
de Freitas | Coordinator, Division of Forest
Products, Textiles and Leather,
IPT S/A (President, Brazilian
Silviculture Society, SBS) São
Paulo |

CAMEROON

- | | |
|------------------------|--------------------------------------------------|
| * M. Engelbert Temgoua | Directeur Général, ONADEF, Yaoundé |
| ** M. Hubert Simo | Ingenieur des Eaux et Forêts,
ONADEF, Yaoundé |

-
- * Representative/Représentant/Representante
** Alternate representatives/Représentants suppléants/Representantes
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- Mr. P.E. Robertson First Secretary (Economic),
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- ** M. Jean Ngatsiebe Directeur Commercial, Office
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- * S.E. Marcelo Avila Ambassador of Ecuador to Japan,
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- Ing. Marco Vinueza Undersecretary of Forestry of the
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- ** Sr. Cristian Espinosa Third Secretary of the Embassy of
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Annex II

AGENDA

{Document: ITTC(IX)/1 Rev.1}

INTERNATIONAL TROPICAL TIMBER COUNCIL
Ninth Session
Yokohama, 16-23 November 1990

Dist. GEN.
ITTC(IX)/1 Rev.1
14 September 1990
Original: ENGLISH

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. Distribution of Votes
6. Admission of Observers
7. Statement by the Executive Director
8. Criteria and Priority Areas for Programme Development and Project Work
9. Projects:
 - a) Report of the Seventh Sessions of the Permanent Committees
 - b) Consideration of Project Proposals
 - c) Priorization of Projects
10. Non-Project Work:
 - Report of ITTO Mission to Sarawak under Resolution 1(VI):
The Promotion of Sustainable Forest Development: A Case Study
in Sarawak, Malaysia
11. Preparations for the Tenth World Forestry Congress (Paris, 17-26 September 1991) and United Nations Conference on Environment and Development (Brazil, 1-12 June 1992).
12. Review of Contributions to the Administrative Budgets
13. Administrative Budget Proposals for 1991
14. Financial Resources of the Special Account:
 - a) Review of the Pre-Project Sub-Account
 - b) Review of the Project Sub-Account
 - c) New Contributions to the Special Account
15. Report of the Credentials Committee

16. Appointment of Auditors for 1990
17. Election of Chairman and Vice-Chairman of the Council for 1991
18. Dates and Venues of Sessions:
 - a) Confirmation of the Dates of Tenth Session of the Council and Eighth Sessions of the Permanent Committees
 - b) Dates and Venue of the Eleventh Session of the Council and the Ninth Sessions of the Permanent Committees
19. Other Business
20. Decisions and Report of the Session.

Annex III

MEMBERSHIP OF COUNCIL AND PROPOSED DISTRIBUTION OF VOTES
FOR MEMBER STATES FOR 1991

(as at the close of the Ninth Session of the Council)

{Document: ITTC(IX)/12 Rev.1}

MEMBERSHIP AND DISTRIBUTION OF VOTES FOR 1991
(as of Ninth Session of Council)

	No. of Votes	
	1990	1991
<u>Producers</u>		
<u>Africa</u>		
Cameroon	33	28
Congo	33	28
Côte d'Ivoire	33	29
Gabon	33	29
Ghana	33	28
Liberia	32	28
Togo	-	28
Zaire	-	29
<u>Asia and Pacific</u>		
India	41	38
Indonesia	172	166
Malaysia	149	147
Papua New Guinea	34	33
Philippines	38	37
Thailand	24	24
<u>Latin America</u>		
Bolivia	35	30
Brazil	184	156
Colombia	-	33
Ecuador	25	22
Honduras	20	17
Panama	21	18
Peru	41	35
Trinidad and Tobago	19	17
Total:	1,000	1,000
<u>Consumers</u>		
Australia	19	19
Austria	11	11
Canada	16	16
China	37	29
Egypt	14	14
<u>European Economic Community</u>		
Belgium/Luxembourg	28	28
Denmark	12	12
France	52	52
Germany	48	47
Greece	13	13
Ireland	12	12
Italy	38	38
Netherlands	46	46
Portugal	18	18
Spain	26	26
United Kingdom of Great Britain & Northern Ireland ..	65	64
Finland	10	10
Japan	305	305
Nepal	-	10
Norway	10	10
Republic of Korea	84	84
Sweden	11	11
Switzerland	11	11
Union of Soviet Socialist Republics	13	13
United States of America	101	101
Total:	1,000	1,000

Annex IV

TEXT OF ITTO ACTION PLAN

{Document: ITTC(IX)/6 Rev.1}

1. INTRODUCTION.

This Action Plan aims at defining the role of the International Tropical Timber Organization (ITTO) and the consequent actions to be taken. ITTO was created to administer the provisions and supervise the operation of the International Tropical Timber Agreement (ITTA) of 1983. The ITTA has its primary focus on the sustainable utilization and conservation of tropical forest resources in a broad sense as well as the expansion and diversification of trade and wood-based processing industries.

Its actions fall within the scope of the three spheres of work namely reforestation and forest management, forest industry and economic information and market intelligence and which are covered by its three Permanent Committees.

Economy and ecology are becoming ever more interwoven - locally, nationally, regionally and globally. The existence of forests and of potential forest land in a country represents a potential vehicle for development. In addition to planning and implementing measures which are urgently needed for environmental reasons, we need to plan and implement measures for an increased future consumption of forest products. Conservation of forests and establishment of a permanent forest base are prerequisites of the future wood supply.

ITTO should not only try to strike a balance between conservation and utilization of tropical forests but should also encourage and support efforts to achieve an integrated and balanced development of the production chain reflected in the scope of work of its three Permanent Committees on forest, industry and market. The sustainable management and development of tropical forest resources must be a common goal not only for the tropical countries that own them but also for the world community.

2. ROLE OF ITTO IN THE INTERNATIONAL COMMUNITY.

ITTO is an inter-governmental organization including all major producers and consumers of tropical timber. It is the only organization established by an international treaty focussing solely on tropical forests, and constitutes a **UNIQUE FORUM FOR COOPERATION AND CONSULTATION** between Member Governments and Non-Governmental Organizations, Industry and Trade.

Unique features of the ITTO as an organization are:

Combined objective of utilization and conservation.

Equal partnership between producing and consuming countries.

Promoting and facilitating inputs of NGO's, Industry and Trade.

The characteristics of ITTO's objectives, structure and working procedures create specific opportunities which do not exist elsewhere. Among them are a forum for consultation and exchange of market information and a forum for the development of policies.

ITTO AS FORUM FOR MARKET INFORMATION

The long term prospects of the tropical timber market provide essential elements for long term policy planning. Improved information on production, consumption, export, import, prices, processed products and end-uses achieved through collective efforts and in collaboration with FAO and other relevant international agencies is a core feature of the output of activity within the

ITTO. Non-governmental timber trade and industry associations and conservation NGOs are active and valuable participants in these discussions.

ITTO AS A FORUM FOR THE DEVELOPMENT OF COMMON POLICY ELEMENTS

Standard guidelines of practices for the development of sustainable forest management systems and stimulation of the establishment of national permanent forest areas are necessary to secure future wood supply and trade. Recognizing and respecting the importance of forest uses other than for wood production, such as conservation of biodiversity, protection of soils, habitat functions and the necessity to reach a balance between these uses and the production of wood, ITTO should stimulate long-term wood production plans as an indispensable element of overall forest policies.

ITTO'S SPECIFIC ROLE IN THE INTERNATIONAL ARENA

On the international arena the encouragement and promotion of long term wood production plans and related sustainable and economically viable management systems will be the major thrust of the efforts of ITTO. It should make appropriate arrangements for harmonizing its activities with other activities such as the Tropical Forestry Action Plan (TFAP) and for consultation and cooperation with the United Nations and its organs, such as UNCTAD, UNIDO, UNEP, ITC and FAO, and with other appropriate intergovernmental, governmental and non-governmental organizations. To the maximum extent possible, it will utilize facilities, services and experts of these organizations in order to avoid duplication of efforts and to enhance efficiency. ITTO itself is not an executing agency.

3. BASIC PRINCIPLES

The work of ITTO consists basically of continuous work (Committees/Secretariat) and non-continuous work (projects and pre-projects). The continuous non-project activities of the Committees and the Secretariat are inter-linked with the operational activities under projects and should be mutually supporting.

ITTO Member countries will propose to the Organization projects or other operational activities to implement the Actions under the Action Plan. Some of the actions should be implemented directly by ITTO and others can be most efficiently accomplished by influencing the work and priorities of other organizations.

Further prioritization will be set by the Member Countries themselves, when selecting problems to be addressed and covered in their project proposals, and at a final level by Council when approving and authorizing implementation and financing of projects.

In consideration of the availability of funds, it is necessary to focus ITTO's action and resources on areas of highest priority, and especially those in which the organization has exceptional or unique competence. In this connection there is a need to take into consideration the activities and competence of other international and bilateral organizations involved in tropical forestry and to complement their efforts.

Duplication of work and overlapping can be easily avoided at project preparation and appraisal stages as mandated in the ITTA and in accordance with procedures set out in the ITTO Project Cycle. Consultations with relevant agencies should also be undertaken to avoid duplication and maximize benefits.

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CRITERIA AND PRIORITY AREAS FOR PROGRAMME DEVELOPMENT
AND PROJECT WORK

ITTO ACTION PLAN

ITTO appreciates the importance of social, economic and political constraints as well as technological constraints.

The thrust of ITTO's activities should support national strategies or efforts, but should take place in full conformity with the collective policies defined and agreed upon and with the criteria established for projects.

ITTO should essentially work with Governments; by encouraging, stimulating, convincing them and facilitating and coordinating work with them.

Project programmes should be given focus and priority in areas where ITTO can make effective contributions, thus creating a role for the Organization through producing meaningful results in carefully selected areas of activity.

4. STRATEGIES AND ACTION PLANS

The main problems and corresponding opportunities as they have been defined in the relevant sections in the Action Plans of the Committees are summarized in a comparative format in Appendix 1.

ITTO objectives are to provide a forum for cooperation and consultation between producing and consuming members and other interested parties with regard to all aspects of the tropical timber economy, especially the sustainable utilization and management of tropical forests and their genetic resources, while maintaining the ecological balance of the regions concerned.

A priority objective is to arrest the decline and degradation of tropical forests; bringing all productive forest estates as soon as possible under sustainable management, so that, by the year 2000, the total exports of tropical timber products should come from sustainably managed resources.

Reforestation and Forest Management

Main objectives are to encourage the development of national policies and to support the development and implementation of sustainable forest management systems.

The following basic strategies have been identified:

- a) Provide a forum for discussion on matters related to tropical forest management.
- b) Encourage the development of national and international policies towards sustainable management of tropical forests and strengthen the national institutions responsible therefor.
- c) Instill a sense of urgency amongst consumer and producer nations to maintain tropical timber supply through sustainable forest management.
- d) Demonstrate the economic viability and promote long term investments in sustainable forest management.
- e) Assist producer countries in the development of legislation and national land use policies for permanent forest estates and help in accelerating their establishment.

- f) Assist in creating a scientific basis for sound forest management.
- g) Develop and promote the intellectual, economic, and technological basis for integrated forest management systems and optimal use of the tropical forests, taking in consideration multiple benefits that can be derived from them.
- h) Promote and assist in the development of adequate skills for research and for implementation of forest management operations.
- i) Encourage the development of sustainable timber production from tree plantations to rehabilitate and manage non-forest and degraded lands and to reduce the dependency of natural forests for timber supply.
- j) Assist in the formulation and publication of criteria, standards and guidelines for sustainable utilization and conservation of tropical forests.
- k) Facilitate the establishment of demonstration areas that reflect different models of management to enhance the transfer of technology and scientific knowledge.
- l) Encourage the full participation of local institutions in the development and implementation of projects.
- m) Promote the exchange of information and experience through the establishment of networks.

This Committee has organized its proposed actions in such a way as will contribute towards the widest possible extension of effective forest management practices. These actions are classified as:

1. Promotion - those actions aimed at persuading all those engaged in natural tropical forest management or affected by it.
2. Diagnosis - concerned with further examination of critical issues to determine exactly where action is most needed and what action should be taken.
3. Demonstration - to publicize examples of successful modes of operation which can be used elsewhere and to develop new models where necessary.
4. Facilitation - to provide assistance for more rapid and more effective expansion of successful management practices on a large scale.

Forest Industry

The objectives are to promote the expansion and diversification of international trade in tropical timber and the improvement of structural conditions; encouraging increased and further processing in producing member countries. It is a priority to increase the relevant knowledge and competence in this field which includes many managerial, logistical, technical, economic, biological, conservation, social and legal aspects.

The following key elements of the strategy have been identified:

- a) Promotion of development of high value-added products in producing countries.
- b) Improving the marketing and distribution of processed tropical timber products.
- c) Promotion of new species and products and the use of tropical timber in construction.
- d) Promotion of more efficient processing and use of tropical timber including waste reduction and recovery and utilization of logging residues.
- e) Introduction and demonstration of innovative methods of production and application.
- f) Promotion of human resources development on all levels.
- g) Enhancing the role of the private sector.
- h) Encouragement of appropriate policies and strengthening of institutions.
- i) Monitoring the development of further processing.

The Action Plan has been divided into five programme areas as follows:

1. Marketing of tropical timber products and enhancing marketing skills.
2. Investment and joint ventures promotion as a means of expanding further processing and modernizing existing industries.
3. Research and extension services in tropical timber processing and utilization to improve and optimize the use of resources and enhance industrial performance.
4. Human resources development at all levels, as a means of improving industrial efficiency, product performance and quality, and strengthening management skills.
5. Policy and institutional strengthening, as a means of improving sustainable raw material availability, market access, industrial profitability and investment attraction.

Economic information and market intelligence

The objectives are improving the economic information on tropical timber for the benefit of Members and the international community and at improving market intelligence with a view to ensuring greater transparency of the tropical timber market.

The following strategy elements have been identified:

- a) make ITTO a recognized forum for achieving consensus on the range of policy issues which would guide the overall strategy of sustainable development of tropical forests.

- b) provide information on the socio-economic aspects of forestry and the importance of integrating local people's own perceptions and priorities into policy-making and project planning.
- c) on the basis of studies, mobilize opinion world-wide to promote trade policies and create market transparency which will bring about the maximum sustainable benefits to both consumers and producers.
- d) ensure effective coordination of the work of the ITTO, national and international organizations by taking measures to fill gaps in data collection, market information and policy analysis.
- e) provide and strengthen the national statistical and analytical capability of the developing member countries.
- f) develop manpower from the producing countries equipped with the skills of project identification and formulation.

The Action Plan has been divided into five programme areas as follows:

1. Information Collection, Analysis and Dissemination.
2. Technical Assistance in Establishment and Improvement of Statistical and analytical Services.
3. Consultative Forum for producers, consumers, trade and environmental organizations and other parties in the tropical timber market.
4. Situation, Trends and Prospect Studies to improve knowledge of trade conditions and prospects for tropical timber.
5. Policy - Oriented Studies aimed at strengthening the role of ITTO in collective policy formulation and coordination.

5. IMPLEMENTATION, MONITORING AND EVALUATION

The work and role of the ITTO should reflect a judicious balance between project and non-project work. ITTO Member countries will propose to the Organization operational activities to implement the activities in the Action Plan and Work Programme. The implementation of this Action Plan and its programme activities should place emphasis on efficient standards of monitoring, evaluation and review. The procedures set out under the ITTO Project Cycle should be under constant review in order to assist in achieving this goal: sound project formulation and efficient technical appraisal, prompt approval and allocation of funds for implementation. Progress reports on the implementation of activities should be prepared regularly by the Secretariat and submitted to the Committees and Council to facilitate the monitoring and evaluation of approved and implemented operational activities, as well as co-ordination with relevant programmes carried out by other organizations which contribute to attaining the objectives of this Action Plan. The Committee and Council will, by these and other processes, identify possible corrections or modifications in order to optimize the plan implementation and take action for review and corrective measures as needed. These processes must be followed scrupulously and with consistency in order to assess the impact of the activities of the ITTO and their relationship to the overall strategy for sustainable development of tropical forests.

6. CONCLUSIONS

The opportunities to conserve and utilize the tropical forests of the globe will, remain elusive if both the level and balanced allocation of human and financial resources are not committed to this Action Plan.

There are a great many problems in the protection of the tropical forests that must be addressed on several fronts. ITTO can address only those few that fall within its mandate and competence. A more coordinated and balanced approach is needed by all those national and international organizations concerned with the multi-faceted character of this unique resource.

While our common knowledge of this resource may be limited, there can be no reason for lack of action to arrest the destruction of these forests and realize the multiple benefits they offer in a sustainable manner.

This Action Plan is predicated on a balance of remedial measures - promotion, diagnosis, demonstration and facilitation - in the areas of reforestation and forest management, industry development and market intelligence. Its implementation will depend on the goodwill and commitment of Members.

Appendix 1: Summary of Problems and Opportunities

Problems

A. The tropical forests and its multiple use.

1. The tropical forest base and its resources are in the process of accelerating depletion and degradation.

This causes a number of immediate threats:

- There is a threat towards the forest itself, its flora and fauna, its biological diversity and towards the population which lives in the forest and of the forest.
- The tropical forest industry cannot develop unless there is a sustainable supply of wood raw material at competitive prices.
- The international tropical timber market will not survive unless there is an adequate, permanent and continuous supply of tropical timber products. There will always be a competition between tropical and temperate timber and there will be a competition between timber and other non-wood raw materials which are less desirable from environmental point of view.
- International action aiming at restricting the utilization of tropical timber with the view of saving tropical forests may actually lead to a depreciation of its economical potential, thereby rather lessening the prospects of a sustainable utilization and conservation of the tropical forests. So far the actions just have instilled a widespread sense of urgency which might facilitate and stimulate adequate national and international action.

Opportunities

A. The tropical forests and its multiple use.

1. Integrated national and international actions aimed at arresting the decline and degradation of the tropical forests.

These include the following measures:

- Integrated land use planning, and development of sustainable agriculture systems.
- Development of legal frameworks for permanent forest estates.
- Planning in advance for sustainable and socially acceptable multiple use management of previously unexploited forests.
- Policy decisions and incentives for control of logged and unlogged areas.
- Measures for rehabilitation of degraded forest lands.
- Policies and incentives for creation of "protection" and "conservation" forests.
- Measures and incentives for establishing of adequate forest plantations and tree crops on non-forest land for production of wood and/or environmental benefits based on long term wood production plans.

The collective decision by ITTO to fix a target date, namely the year 2000, within which time all tropical timber export should come from sustainably managed forests indicates the preparedness by producer countries to overcome, as best they can, political, social, economical and technical factors which are obstacles for sustainable management and utilization of their forests. Similarly it indicates the preparedness by consumer countries to encourage and support such efforts.

2. The prospects for sustainability differ.

Tropical developing countries face many problems and challenges which affect the prospects for sustainability. The potential for sustainable development of the tropical forests varies greatly between countries and regions, although the physical resource base is deteriorating in all three producing regions. The production chain from the forests via industries to the market is mostly not well developed nor well balanced and does not offer satisfactory profitability in its various stages.

3. Long-term land-use and forest policies are mostly non-existing or not adequately applied.

There are many political, social and economic factors which hamper the development of such policies. Nevertheless it is a fact that sustainable forest management, be it of natural or man-made forests, requires a long term and stable planning horizon. Adequate investments in future production require prospects of reasonable profitability and a safe legal environment. Provision of short-term and/or uncontrolled forestry concessions at nominal stumpage are counterproductive to any long term forest policy and are also counterproductive to any efforts aiming at improving logging standards and increasing environmental concern in forest operations.

2. Each country must determine its own strategy.

Forestry as a means of sustainable development will have to be developed differently in different countries and regions. Forestry for subsistence and environment protection may follow similar lines in most countries. Forestry for export of wood and other forest products must vary greatly depending on actual productivity, efficiency and competitiveness. There is a large scope for improvement, achieved by transfer of technology, by development of human resources and by means of increased regional and international cooperation. There is also a big scope for better utilization of the capacity and competence already existing in the producer countries although hampered by political, social and economical factors.

3. Coordinating ITTO activities in land use and forest planning activities.

The Tropical Forestry Action Plan provides a framework for development of national forest policies. This activity should be an integral part of an overall land use activity, assuring the full acceptance and support for a permanent forest area. ITTO should stimulate that the role of forests as a sustainable source of timber and economic development is taken into account in the process of planning the permanent forest area and the forest uses.

Actions in this field include:

- Strengthen policy initiatives embracing the forest sector.
- Development of models of legal frameworks related to land-use, permanent forest estates, long term leasing of land or concessions.
- Development of models for demonstrating the economic viability of natural forest management including systems for integrated forest management.

4. Lack of knowledge hampers sustainable forest development.

Technical constraints such as lack of knowledge within forest biology, technology and economy, lack of competence, insufficient staffing as well as public ignorance and negligence of public interests are factors that severely restrict sustainable forest development. Both basic and applied forestry research is costly, difficult and takes time. Past experience shows that it is difficult to bring about an efficient international and regional cooperation, coordination and documentation within forestry R&D, although this is necessary. R&D programmes and projects thus need to be much better formulated, prepared, coordinated and documented in the future. The mechanisms for transfer of existing knowledge and for human resources management and development need to be made more efficient.

- Consider incentives to encourage sustainable development.

4. Organization of existing knowledge and development of human resources in the field of sustainable forest management can be initiated by immediate actions. R&D programmes and projects can be initiated after thorough problem formulation and preparation.

ITTO provides a forum for cooperation and consultation between members within ITTO's sphere of competence. ITTO also offers a potential for collective R&D actions within tropical forestry and tropical timber utilization. Measures aiming at the organization of existing knowledge include:

- Development of guidelines of 'best practices' for sustainable forest management.
- Development of guidelines addressing environmental and social issues related to forest management.
- Development of approaches to regional cooperation.
- Development of global networks of demonstration areas and projects and of information that are coordinated towards improving current technology of forest management in producer countries.
- Strengthen R&D in strategic areas such as responses to silvicultural treatment and site/species relationships.
- Specification of needs and means to upgrade the technology and expertise in producer countries including means for strengthening of its institutions.
- Specification of needs and means for provision of basic information for the development of national forest policies such as long term production and consumption studies.

B. The forest industry.

1. Sustainable supply of wood raw material at competitive prices is the most critical challenge facing the tropical timber industry.

Raising the production of tropical hardwood timber products and even maintaining present production levels is problematic because of log supply constraints due to wood shortage and problems related to logging and transportation. Insufficient log supply can often be traced back to past and present over-exploitation of more accessible forests without adequate regeneration. Concessionaires and independent loggers very often have little concern to forest areas once harvesting has been carried out. In what is almost a standard practice, the best logs of a few commercial species are "creamed" in logging operations which in turn carry relative high costs because of the low timber volume extracted.

The problem of sustainable supply of wood to existing and new forest industries within producer countries thus adds a number of new aspects to the problem of sustainable forest development:

- What are the production alternatives with respect to products and markets?
- What species, dimensions, qualities and volumes are required? In the short term - in the long term?
- What are the costs and means of harvesting and transportation at alternative industrial sites? At different choices of raw material mix?
- What are the prospects for increased utilization of lesser known and lesser used species? From forest conservation and management point of view? From processing point of view? From market acceptance point of view?
- What are the long term prospects of industrial

B. The forest industry

1. Scope for improved or sustained supply.

A general improvement of gross supply is subject to long term and short term measures within the forestry sector as discussed above. In many producer countries there is also scope for improved industrial and fiscal policies which may hamper an integrated long term development of forestry and forest based industries. In most individual cases there is also a big scope for improvement of supply by improvement of the different stages in the production chain:

- Adaption of the industry to smaller dimensions and a wider use of species by widening the product mix and/or by substitution. A corresponding adaption of forest management in order to integrate forest management with industrial needs. Subject to acceptance from multiple use point of view this might lead to a higher harvested volume per hectare under selective cutting systems.
- A recent study carried out on ITTO's behalf by Forest Operations Institute (Sweden) has indicated that harvesting systems and equipment commercially available to logging operations in the tropics - some 2 million hectares are harvested annually in ITTO member countries - are satisfactory, though some work on technical improvement need to be done to adapt them to varying work conditions. The technically appropriate equipment, components and systems are however not extensively used. Where they are used, they are frequently operated in non-optimal manner and with inadequate skill. The report indicates a potential average cost saving of US \$ 8 per harvested m³ and a potential reduced damage of the

- plantation forests from the same points of view?
- What are the prospects for improved logging and wood handling? At alternative solutions for wood sales, harvesting and transportation?

2. Exports of logs are still dominating - the industry is weak.

As the industry evolves from its current transition stage to a situation of a sustainable use of resources, enterprises need to be better planned and they must have better trained manpower at management and technical levels. In most producing member countries the industry is generally characterized by small production units and low level of technology and mostly the industry is dependant solely on higher grades and larger diameter logs of a few prime species which will undoubtedly become more and more costly. Quality of production and equipment must be improved, incentives for improved conversion and increased recovery rates need to be created. Incentives for improvement of the industry must come from the market of its products. Unless there is a vital market demand also for products of lower grades such as construction timber and a demand for industrial residues it is very difficult to achieve a long term profitable industry.

3. Lack of finance is also a problem.

Modernization, expansion and new forest industries are required to enable tropical producing countries to increase further processing in order to optimize benefits from forest resources. These require large investments which are mostly not readily available. Lack of financing is essentially a sign of poor profitability and of an inadequate investment climate.

remaining stand corresponding towards an increased future value production in the order of 30%.

2. Scope for improvement of the forest industry.

Increased and further processing in producer member countries is a prime objective of ITTO as well as the expansion and diversification of the international trade with tropical timber products. In the present critical situation even the survival of the tropical timber economy is at stake. There is no key factor solution to forest industry development besides the necessity to create a good economic climate and a market competition which gives incentives for modernization and increased efficiency and productivity. Organization and transfer of existing knowledge and human resources development are measures for direct action where ITTO can make contributions.

3. Financing depends on the prospects.

Technical assistance and foreign investment in tropical hardwood-based industries are often suggested as means for solving the financing problem. Unless there are basic prerequisites for long term profitability and an adequate and stable investment climate, which mostly means a free, secure and competitive market, such investments are however not likely to materialize. Major ITTO contributions may be along the lines indicated

C. The tropical timber market.

1. The tropical timber market lacks transparency.

The tropical timber economy is characterized by instability not only due to resource destruction and depletion (partly as a result of short-sighted pricing policies) but also due to large currency fluctuations and non-uniform trade policies, to cite but a few. Under these circumstances there is a need for best possible market information and an increased market transparency.

Forest industries in producing countries rarely have access to adequate market information to make rational decisions on production and marketing strategies. Governments, although usually responsible for the major part of the forest resources, have insufficient data to assess trends in demand and prices for making rational choices of production and development strategies.

Consuming countries also need appropriate market information on the supply of tropical forest products and they are disadvantaged by inadequate transfer of market signals especially in case of rapid changes in demand pattern arising from external causes.

The international public also needs information on the tropical timber market and its various aspects not least when addressing the issue of a reasonable balance between forest utilization and conservation.

above and on actions to improve market information at different stages of the production chain.

C. The tropical timber market.

1. Scope for improvement of the tropical timber economy.

Improvement in market information and intelligence alone will neither improve the tropical timber economy nor reverse the deforestation trends. Long-term supply and demand forecasting (or rather production and consumption studies) based on good information on the resource, technological change, consumption and market trends is a sound way of improving the decisions and planning in tropical forest management and utilization. An efficient system of market information will provide a vital ingredient in the dialogue within the forum of the ITTO. The process should seek answers to pivotal questions such as:

- How prices at various stages for tropical timber products are formed in international markets.
- How increased market transparency and efficiency can affect product prices and costs at different stages.
- How the long term supply/demand balance is likely to affect both suppliers and consumers of tropical timber products.

2. Market information - a problem of cooperation, coordination and documentation - a problem of willingness and capability to provide information that is reliable and timely on a regular basis.

The short concept "market information" must be interpreted in a very wide sense. It includes the mass of information which is needed for the operation and long term planning of the forestry and forest industry sectors and markets. Some of the vital information needed is difficult to obtain due to its complexity and due to the fact that there are many sources of information. Basic national data are difficult to obtain for the reason that enterprises are small and widespread or for reasons of confidentiality. A good number of UN agencies such as FAO, ECE Timber Committee, UNCTAD and UNIDO contributes to the mass of data needed and so does national agencies, NGO's and research organizations. The capability of ITTO to provide market information services and to provide a forum for market discussions depends, however, basically on the cooperation and the solidarity of Member Governments.

2. Increased ITTO in-house capability is a key to market information services to the ITTO members.

The ITTO Secretariat is now in the process of building up its capability within this field in order to provide services to its members. The process is mutual from the point of view that successful ITTO work will increase the competence and capability of its members. Similarly it is a scope for member countries to make (on request) voluntary contributions to the mass of knowledge which has to be built up within the ITTO Secretariat. One way of doing this would be to provide experts to a proposed consultative group of experts on market information. A first step to achieve a better cooperation between ITTO and its members would be the nomination of permanent country correspondents to assist the secretariat in the collection of relevant statistics and other information.

Appendix 2: Elements of Programme of Work

This appendix contains a list of the elements of Programme of Work which are contained in the three Action Plans and Work Programmes of the three Committees. The list which refers to the Forest Committee contains both the elements of the original Work Programme, (PCF (IV)/2, from 1988 and these of the Work Plan for the year 1990 as adopted by the Council at the autumn session of 1989, PCF(V)/3-4 Rev 1.

REFORESTATION AND FOREST MANAGEMENT

Promotion

- Policy reviews embracing the forestry sector.

Action: Encourage and promote reviews of the forestry sector which pay full attention to natural forest management, to the influence of other economic sectors and to environmental concerns.

- ITTO sponsored meetings.

Action:

- a) Arrange three regional meetings to mobilize support for natural forest management.
- b) The Committee should urge the Permanent Committee on Economic Information and Market Intelligence to organize meetings to examine the supply and demand situation in the three regions.

- How much tropical forest does the world need?

Action: ITTO should urge FAO to conduct a study on the requirement of tropical forests support and actively participate in the study.

- Political representations

Action: Participate actively in conferences and meetings to ensure that sustainable management and conservation are given the attention. (See action 1.)

Diagnosis

- Tropical forest resource assessments

Action: Request Fao to include quality and stand development information in the new resource assessment study and provide FAO with any information made available to ITTO by Members.

- The development of the economic case for natural forest management.

Action: Commission studies on economic and financial costs and benefits of forest management in the form of projects.

- Tropical timbers: financial aspects of harvesting, management and trade.

Action: Conduct an assessment of the financial implication of forest operations, timber processing and trade in all Producing Member countries.

- Identification of situations where technical constraints are limiting.
Action: Undertake, in cooperation with IUFRO and FAO, a review on research needs for tropical forest management.
- Identification of field projects where sustainable production of timber and non-timber products may be combined.
Action: Commission a study to identify potential demonstration projects for the joint harvesting of timber and non-timber products.
- Feasibility of measures to encourage sustainable management.
Action: Conduct a study into possible financial incentives by the consuming countries to encourage sustainable tropical forest management.
- Determination of responses to silvicultural treatments.
Action: Commission an assessment of permanent sample plots and provide guidelines for their establishment, maintenance, analysis and interpretation.
- Effect of logging intensity on sustainability of forests.
Action: Study the effect of different levels of timber harvesting on the sustainability of forest.
- Local timber processing, a key to stronger national forest policies.
Action: Collaborate with the Committee on Forest Industry in a study of the potential for expanded and further processing in producing countries.
- Human resources development
Action: Regional studies to assess the current situation and to project the minimal manpower requirements needed for sustainable forest management.

Demonstrations

- Demonstration models of management.
Action: Promote and finance demonstration projects for different management models and promote regional and sub-regional networks of such projects.

Facilitation

- Guidelines of 'best practice'.
Action: ITTO should, in consultation with FAO, commission manuals setting out 'best practices' in relation to most activities involved in the sustainable management of natural forest for timber production.
- Guidelines for sustainability

Action: Commission one or more manuals setting out the steps that need to be taken in order to manage forests for sustained timber yields with minimum intervention and to assess financial and economic aspects. These manuals should cover the technical environment, financial, economic and manpower aspects.

- Appropriate education and training.

Action: Collaborate with FAO to specify training requirements for forest management and administration

- Tropical forest management information network.

Action: Stimulate, promote and provide seed finance for establishing information networks (at least in English, French and Spanish) as a means of disseminating information, especially up to date and unpublished information, about tropical forest management among those who are concerned with the subject in the field.

- Research networking

Action: Stimulate and support, in close cooperation with IUFRO and FAO, networking between tropical forest research institutes in the fields of reforestation, forest management and conservation, and forest products.

- Exchange visits, workshop and seminars for technical personnel.

Action: Establish a fund for financing of exchange visits and participation in workshops and seminars for technical personnel.

In addition to these elements of action contained in the original work plan the list below contains activities for priority implementation that are contained in the Programme of work for ITTO in the field of reforestation and forest management for the year 1990, PCF(V)/3-4, Rev.1:

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

FOREST INDUSTRY

1) MARKETING

- a) Launch a public information campaign to stress the importance of sustainable management and utilization to the conservation of tropical forests.
- b) Investigate and, if feasible, establish promotional means of facilitating the production and marketing of new tropical timber products.
- c) Monitor the need for revision and for harmonization of nomenclature and grading rules of tropical timber.
- d) Organize seminars to encourage increased and further processing of tropical timber in producing member countries with a view to promoting their industrialization and thereby increasing their export earnings.
- e) Promote delivery of trial volumes of new species and products and other approaches to facilitate acceptance in selected external markets.
- f) Implement studies and support tours and seminars for supplier/client identification and establishment of business contacts.
- g) Publish promotional materials such as catalogues on new species, technical sheets etc.

2) INVESTMENT AND JOINT VENTURES

- a) Implement studies on the economics of further processing, including, inter alia, case studies.
- b) Promote the integrated development of sustainable forest management and industrial utilization through implementation of field projects in selected strategic locations.
- c) Assist in the identification of financial mechanisms and sources of funds for pioneer industrial projects and where appropriate assist in the financing.
- d) Support dissemination of information for investment promotion, through conferences, seminars and contacts with financing institutions and potential investors.

3) RESEARCH AND EXTENSION

- a) Establishing an International Network of Research Institutes of Tropical Timber.
- b) Further developing the ITTO Data Bank of technical information.
- c) Support laboratory research on new species and products.
- d) Support industrial trials, pilot production and marketing of new species and products.

- e) Support specific research and extension programs on:
 - Sawing difficult species;
 - Innovative drying, particularly drying of mixed species;
 - Wider production of preservatives, resins, etc.;
 - Processing and utilization of small-sized logs;
 - Waste utilization;
 - Other aspects of appropriate processing.
 - f) Support research and development on utilization of tropical timber in construction, with particular reference to programs on:
 - Research, testing and demonstration of new species and wood products and construction systems;
 - Improving the durability of timber products;
 - Innovative design;
 - Product performance in use;
 - Appropriate product standards and building codes.
- 4) HUMAN RESOURCES DEVELOPMENT
- a) Evaluate training needs and formulate training strategies.
 - b) Support training in planning and management of appropriate forest industries in producing countries.
 - c) Support training in marketing of forest products.
 - d) Implement regional technical level training programs on sawmilling and veneer & plywood manufacturing.
 - e) Support short term technical courses for the secondary processing industries.
 - f) Support establishment of regional centers for technical and vocational training for wood industries.
 - g) Finance study tours and on-the-job training for upgrading skills.
 - h) Support regional training workshops to improve capability to prepare and appraise appropriate forest industry projects.
 - i) Support conducted group study tours to appropriate machinery shows and trade fairs.
 - j) Prepare and disseminate appropriate technical training materials.
 - k) Improve the curricula of existing training institutes and provision of other support to them.
- 5) POLICY AND INSTITUTIONAL STRENGTHENING
- a) Assist government efforts to develop appropriate policies for sustainable management and utilization of forest resources and enhance forest industry development for long-term benefits to society.
 - b) Encourage and assist in the formulation of appropriate policies for forest industry development to improve investment environment.

- c) Assist government efforts to develop and implement measures to improve industrial efficiency and discourage wasteful and environmentally harmful practices.
- d) Support development of industrial infrastructure, industrial information and research services, and adoption of appropriate standards.
- e) Support efforts to remove barriers to tropical timber trade and use.
- f) Assist with the creation and strengthening of industry and trade organizations and encourage their cooperation with the government.
- g) Support and assist in the design and preparation of sectoral reviews, plans, and investment programs.

ECONOMIC INFORMATION AND MARKET INTELLIGENCE

ELEMENTS OF THE WORK PROGRAMME

Details of the Programme of Work for each of the Programme Areas indicated above are as follows:

Programme Area 1: INFORMATION COLLECTION, ANALYSIS AND DISSEMINATION

Element 1.1 ITTO In-House Capability

Activities

- Develop, as a continuing task, the computer systems and equipment infrastructure in the ITTO Secretariat;
- Collect statistical data and other economic information on tropical timber
- Develop and if required, modify the form of this information to meet the interests and needs of member countries and disseminate it;
- Develop sub-sets of information on tropical timber from the information developed by others;
- Identify and fill existing gaps in information e.g. on stocks, prices, end-uses and further processed products;
- Secure the cooperation of member countries, to provide timely, comprehensive, regular, reliable and qualitative responses to enquiries for statistical and market information;
- Promote sound statistical methods : generate compatible statistical information at places where they are easily available and can be cross-checked;
- Develop common standards of measurement and classification.

Element 1.2 : Publication of Joint ITTO/FAO Bulletin and other Publications

Activity

Proposals are under consideration to develop and publish an improved version of the existing FAO Monthly Bulletin on Tropical Forest Products in World Timber Trade and a periodic Analytical Supplement.

Other publications may be decided as resources and needs permit.

Element 1.3 : Coordinating machinery for activities in the economic, statistical and marketing areas

Activities

- To obtain in a standard pattern existing information and act as a clearing house for information on forest resources, industries and international trade relevant to the work of ITTO;
- Encourage member countries to carry out joint activities to generate useful information for themselves and for ITTO;
- Establish a data bank on suppliers and buyers of tropical timber products in cooperation with the ITC.

Element 1.4 : Establishment of Consultative Group of Experts on Economic Information and Market Information

Activities

Establish an ITTO Consultative Group of Experts, as an Advisory body on all matters concerning economic information and market intelligence.

Programme Area 2 : TECHNICAL ASSISTANCE IN ESTABLISHMENT AND IMPROVEMENT OF STATISTICAL SERVICES

Activities

- Assist in the development of the statistical services in the producing member countries.
- Provide technical assistance to developing member countries to improve their statistical gathering, reporting and disseminating systems compatible with ITTO requirements, in accordance with their indicated needs and capabilities;
- Through ITTO's Fellowship Programme, develop manpower skills in statistical services;
- Organize, in collaboration with FAO and other interested donors, seminars/workshops at the sub regional or regional level;
- Prepare manuals, in collaboration with the FAO, containing description of standard practices in forestry statistics;
- Organize periodic conferences of Forestry Statisticians and Economists under ITTO sponsorship;

- By collaboration with FAO, ECE, and donor agencies, formulate a programme of assistance to enable forest economists and statisticians of developing countries to participate in Conferences of professional interest to them.

Programme Area 3 : CONSULTATIVE FORUM - MARKET REVIEW AND OUTLOOK

Activities

- Plan and organize the annual Market Discussions;
- prepare the Annual Review in accordance with Article 28 of the ITTA;
- urge member countries to submit country market statements;
- secure the active and full participation of experts involved in the timber trade and industry in the discussions, including some on special subjects of relevance to an assessment of the tropical timber economy;
- prepare an authoritative ITTO Statement on the Market developments and short-term prospects and with time develop ITTO as a "Spokesman" on issues of importance to the tropical timber economy.

Programme Area 4 : SITUATION, TRENDS AND PROSPECTS STUDIES

Element 4.1: Situation and Outlook Studies

Activities

- Undertake studies of the present supply and demand and performance of tropical timber markets in the major regions;
- Undertake end-use studies and update these in order to monitor changes in the market on a regular periodic cycle;
- Other subjects will include:
 - (i) The availability and market acceptance of lesser known species;
 - (ii) Image or Profile Studies covering an analysis of perceptions of tropical hardwood products vis-à-vis other wood products.

Element 4.2: Medium to Long-Term Trends and Prospects

Activities

- Prepare a study on the long-term supply and demand of tropical timber in the world as a guide to sectoral planning by producing countries;
- Identify potential markets and provide information relating to the structure, market relationships, product requirements, competition and the prospects for specific products;
- Conduct regular market studies in order to provide a more open and comprehensive understanding of markets for tropical timbers;
- Investigate topics of interest e.g. production and trade of added-value goods;

- Encourage production and consumption studies:
 - a) identify for a particular area products and services needed from the forest, considering such factors as population density, topography, climate etc.;
 - b) find out what resources the forest can provide sustainably;
 - c) identify necessary measures to counteract shortages and barriers as well as potentials for export of wood or other goods to other districts/countries;
 - d) determine the relationship between population growth, demand, trade, economic development and deforestation.

Programme Area 5: **POLICY-ORIENTED STUDIES**

Activities

- Carry out and encourage studies to satisfy information needs and to guide planning and the formulation of policies of importance to the tropical timber economy;
- Evaluate the implications to trade in forest products derived from legitimate land conversion activities, natural disasters, etc. of policies which limit trade to products from only sustainably managed forests;
- Determine the economic comparative advantage held by tropical producing countries in further processing tropical timbers;
- Assess trade restrictions affecting tropical timbers and their impact;
- Evaluate the relative economics of natural and plantation forest management and the corresponding environmental impact assessment;
- Assess transport difficulties facing producer countries.

Annex V

TEXT OF MAIN DECISIONS AND RESOLUTIONS

ADOPTED BY THE COUNCIL AT ITS NINTH SESSION

{Documents: ITTC(IX)/15 Rev.2
ITTC(IX)/16
ITTC(IX)/17
ITTC(IX)/18
ITTC(IX)/19
ITTC(IX)/20}

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DECISION 1(IX)

PROJECTS AND PRE-PROJECTS

The International Tropical Timber Council,

Having considered, at its Ninth Session, the recommendations of the three Permanent Committees on Projects as contained in documents PCM(VII)/D.1 Rev.1, PCF(VII)/15 and PCI(VII)/16,

1. Decides

(i) To approve the following Projects:

PD 118/90 (M)	Training Workshops on Tropical Forestry and Timber Trade Statistics
PD 95/90 (F)	Forest Management in the Alexander Von Humboldt National Forest - Phases I, II, III
PD 97/90 Rev.1 (F)	Multi Stage Survey of Tapajos National Forest
PD 98/90 Rev.1 (F)	Establishment of the Tefé's National Forest
PD 99/90 Rev.1 (F)	Establishment of the Rio Preto's National Forest
PD 100/90 Rev.1 (F)	Establishment of the Ibirama's National Forest
PD 101/90 Rev.1 (F)	Case Studies on the Sustainable Forest Management
PD 103/90 Rev.1 (F)	Training and Manpower Development in Community Forestry Management
PD 104/90 Rev.2 (F)	Studies on the Management Standards of Hill Dipterocarp Forest in Sarawak from a Watershed Management Point of View
PD 105/90 Rev.1 (F)	Model Forest Management Area
PD 106/90 Rev.1 (F)	Development of the Lanjak-Entimau Wildlife Sanctuary as a Totally Protected Area
PD 110/90 Rev.1 (F)	Forest Increment and Yield Studies for Sustainable Management - Phases I and II
PD 111/90 Rev.1 (F)	Assessment of the Biological Potential for Timber Growth; Increment and Yield in the Forests in the State of Sarawak

- PD 112/90 Rev.1 (F) System Analysis, Modelling and Hierarchic Geographic Information System (GIS) for Research, Management and Development in Sarawak
- PD 114/90 (F) Workshops on Conservation and Sustainable Utilization of Mangrove Forests in the Latin America and Africa Regions
- PD 115/90 Rev.1 (F) Rehabilitation of Natural Forest
- PD 116/90 (F) Appropriate Forest Technologies
- PD 92/90 Rev.1 (I) Study of Costs and Yield Levels in the Bolivian Sawmilling Industry
- PD 93/90 (I) Introduction of Lesser Known Species in the Amazon Plywood Industry
- PD 102/90 (I) Development of Waferboard Products from Potential Tropical Wood Species for Building Pre-Fabricated Houses
- PD 107/90 (I) Strategies for Sustainable Wood Industries in Sarawak
- PD 108/90 (I) Forest Industry Development Studies
- PD 117/90 Rev.2 (M,F,I) Conference of Senior Foresters and Related Experts to Promote the Application of Sustainable Management of Tropical Forests

(ii) To authorize financing for immediate implementation of the following Projects:

- PD 118/90 (M)
PD 2/87 (F) [partly financed]
PD 77/90 (F)
PD 95/90 (F) Phase I
PD 97/90 Rev.1 (F)
PD 99/90 Rev.1 (F)
PD 103/90 Rev.1 (F)
PD 104/90 Rev.2 (F)
PD 105/90 Rev.1 (F)
PD 106/90 Rev.1 (F)
PD 115/90 Rev.1 (F)
PD 116/90 (F)
PD 37/88 Rev.3 (I) Phase II
PD 93/90 (I)
PD 102/90 (I)
PD 108/90 (I)
PD 117/90 Rev.2 (M,F,I)

(iii) 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 98/90 Rev.1 (F)
PD 100/90 Rev.1 (F)

PD 101/90 Rev.1 (F)
PD 110/90 Rev.1 (F)
PD 111/90 Rev.1 (F)
PD 112/90 Rev.1 (F)
PD 114/90 (F)
PD 92/90 Rev.1 (I)
PD 107/90 (I)

- (iv) To authorize financing for immediate implementation as soon as earmarked funds are available in the Special Account, of the following Projects approved at earlier Sessions:

PD 1/87 (M)
PD 66/89 (M)
PD 7a/87 Rev.1 (M) Phase II
PD 2/87 (F)
PD 55/89 (F)
PD 81/90 (F)
PD 83/90 (F,I)
PD 85/90 (F)
PD 88/90 (F)
PD 43/88 Rev.2 (I)
PD 49/89 (I)
PD 48/88 Rev.1 (I)
PD 65/89 (I)
PD 67/89 (I)
PD 80/90 (I)

- (v) To authorize additional funding and extension for the implementation of the following projects:

PD 60/89 (M,F,I) [FLS.200,000.00]
PD 73/89 (M,F,I) [US\$260,000.00]

- (vi) To authorize funding of project PD 2/87 (F) to enable its continued partial implementation (US\$430,000.00)

2. Notes the decision of the Permanent Committees to implement the following activities and Pre-Projects:

- (a) Sustainable Multiple Use [PCF(VII)/7] (US\$276,958.00)
- (b) Development Work to Phase Out Trade of Unsustainably Produced Timber: I - Assessment of Future Mahogany Supply and Alternative Industrial Operations for Sustainable Production [PCI(VII)/5] (US\$337,400.00)
- (c) Technical Workshop to Explore the Feasibility of Forest Option [PCF(VII)/10 Rev.1] (US\$100,000.00)
- (d) Institutional Strengthening of IBAMA's Forest Products Laboratory [PCI(VII)/6] (US\$56,000.00)
- (e) Manpower Development of the Sarawak Forest Sector [PCI(VII)/7] (US\$151,184.00)
- (f) Working Group to Prepare a draft for an ITTO document on Incentives for Tropical Forest Management (US\$50,000.00).

(g) Consultancy services to implement selected activities in the Work Programme for 1991 to implement the Action Plan of the Committee on Forest Industry (US\$50,000.00)

3. Authorizes financing of the above activities and Pre-Projects for immediate implementation.

4. Requests the Executive Director to exert very effort to obtain funds for the priority implementation of Project PD 55/89 (F) "Research and Development Activities in the Framework of Forest Management Operations in Côte d'Ivoire Closed Forest: Establishment of a Typological Classification of Forests on the Basis of Silvicultural Operations", and to report to the Council at its Tenth Session.

5. Urges Members to consider financing those approved Projects for which funds are not immediately available.

6. Appeals to Members to consider making unearmarked contributions to the Special Account and decides that such contributions shall not be allocated for any approved Projects without the prior authorization of the Council.

7. Being aware of the current imbalance of contributions and distribution of funds for project financing, urges both the Consumer and Producer Member Countries to take the necessary action to improve this aspect in the medium term.

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DECISION 2(IX)

CRITERIA AND PRIORITY AREAS FOR
PROGRAMME DEVELOPMENT AND PROJECT WORK

The International Tropical Timber Council,

Taking note of the Report of the Permanent Committee on Reforestation and Forest Management at its Seventh Session as contained in document PCF(VII)/15,

Endorses the recommendation to establish and finance the work of a Working Group to formulate recommendations and principles for preparing "Guidelines for Management of Tropical Forest Plantations";

Requests the Executive Director to arrange for the Working Group to meet before the end of March 1991;

Authorizes the Executive Director to allocate necessary funds from the Administrative Budget to cover the expenses of representatives of Member Governments participating in the Working Group.

TERMS OF REFERENCE FOR A WORKING GROUP ON
"GUIDELINES FOR MANAGEMENT OF TROPICAL FOREST PLANTATIONS"

The Working Group will prepare a draft guideline proposal.

The guideline should describe the principles of establishment of sustainable management of Man-Made Tropical Forests and define criteria by which sustainability may be assessed, with particular attention to environmental and social as well as economic considerations.

Man-Made Tropical Forests in this context include:

- pure plantations and mono-cultures
- multi-species forests
- agrosilvicultural forests (including dispersed planting in and between farmlands)
- afforestations on degraded land (recultivation and protection).

The format of the guidelines should follow as closely as possible that adopted in the guidelines for natural tropical forest, particularly in establishing basic principles as a guide to subsequent preparation of national guidelines in each member country.

The Working Group will consist of representatives of Producer (3) and Consumer (3) Members and of environmental NGOs and International Timber Trade and UN organizations. The Working Group will meet once to consider a documentation and outline prepared in advance by Germany and to draft a guideline proposal for submission to the ITTO Secretariat in time for inclusion in the agenda of the Quito meeting in 1991.

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DECISION 3(IX)

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

The International Tropical Timber Council (ITTC),

Recalling its Resolution 1(VI) and Decision 3(VIII),

Bearing in mind the commitment of Members to sustainable forest development within the framework of the International Tropical Timber Agreement, 1983 (ITTA), the Year 2000 target for sustainable forest management and the principles embodied in the ITTO guidelines for sustainable management of natural tropical forests,

1. Reiterates its commitment to promote sustainable management of tropical forests and the sustainable production of and trade in tropical timbers;
2. Recognizes that producer countries with substantial forest resources, in order to achieve sustainable development, will need to utilize such resources and to convert part of the land for agriculture and other uses;
3. Recognizes that if selective harvesting of timber from natural forests is sustained, it will not lead to deforestation or loss of forest cover;
4. Respects the sovereignty of all ITTO Member Countries;
5. Notes the main findings of the ITTO Mission Report as contained in document ITTC(VIII)/7, inter alia:
 - (a) that sustainable forestry in Sarawak can be achieved and is being partly achieved,
 - (b) that whereas forest management in Sarawak, is without doubt, of a higher standard than it is in most tropical timber producing countries and in some developed countries, the present rate of cutting is not fully sustainable,
 - (c) that in order to sustain the socio-economic and other benefits to be derived from natural forests in Sarawak, the report recommended that there will be the need to:
 - i) increase the staff and upgrade skills of the Forest Department and the timber industry,
 - ii) reduce the current rate of harvesting,
 - iii) improve the management of watersheds,
 - iv) increase the areas for bio-diversity conservation,

- v) upgrade the standards of logging, and
- vi) support research in forest management;

6. Fully appreciates the commitment by Malaysia to sustainable forest management and conservation, and welcomes the action plans and proposals to so manage the forest resources in Sarawak, which include:

- (a) a reduction of the annual cutting rate to achieve the sustainable yield,
- (b) the continuing commitment of the Sarawak State Government to seriously consider the interests of all communities in its planning and implementation of development programmes and to enhance local participation in the forest industries,
- (c) reserving two areas of natural forests for the Penan community,
- (d) the expansion of the Permanent Forest Estate (PFE) by about 1.5 million ha. and acceleration of the process for its establishment,
- (e) the increase in the extent of Totally Protected Areas (TPA) by about 0.75 million ha. to effectively conserve bio-diversity,
- (f) plans to improve watershed management,
- (g) the strengthening of the Forest Department of Sarawak, and
- (h) the submission of projects to ITTO for assistance to strengthen sustainable forest management and conservation, including the establishment of a model forest management area;

7. Decides to:

- (a) accept the findings of the Sarawak Report,
- (b) support the Government of Malaysia and the State of Sarawak to continue to develop and implement comprehensive planning processes based on sustainable forest management, conservation and socio-economic development; including, among others, the management of a Permanent Forest Estate comprising both production and protection forests, a network of Totally Protected Areas for conservation of bio-diversity and plantation development on deforested and degraded lands,
- (c) support the Government of Malaysia in the continued development of national forest policies and guidelines for sustainable forest management,
- (d) call for international co-operation to fully support and assist the Government of Malaysia's and the State of Sarawak's commitment to implement the recommendations of the Sarawak Report, and
- (e) appeal to all Members and all relevant international and non-governmental organizations to use their best endeavours to co-operate with and support the Government of Malaysia and the State of Sarawak in their efforts to achieve sustainable management and conservation of their forest resources.

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DECISION 4(IX)

TENTH WORLD FORESTRY CONGRESS
PARIS, 17-26 SEPTEMBER 1991

The International Tropical Timber Council,

Recognizing the importance of the Tenth World Forestry Congress in Paris, 17-26 September 1991,

Taking note of the Executive Director's report ITTC(IX)/9,

Decides that within the approved budget ITTO should be represented at the Tenth World Forestry Congress by the Executive Director accompanied by three Assistant Directors and that, in preparation for this meeting, ITTO should give further consideration to the papers it should present in accordance with the Congress invitation, report to the Council at its Tenth Session and prepare appropriately for a technical Satellite Meeting on ITTO at the Congress.

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DECISION 5(IX)

UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT
BRAZIL, 1-12 JUNE 1992

The International Tropical Timber Council,

Taking note of the Executive Director's report ITTC(IX)/9,

Recognizing the importance of the United Nations Conference on Environment and Development (UNCED) in Brazil, 1-12 June 1992,

Referring to the Resolution "Land Resources: Deforestation" (A/CONF.151/PC/WG.I/L.4.Rev.2) of the First Session of the UNCED Preparatory Committee in Nairobi in August 1990,

Recognizing the importance of tropical forests in the context of the UNCED preparatory process and various proposals for international instrument which are being made in international fora on global forestry issues,

Decides that the ITTO should contribute on an equal basis to the international debate on global forestry issues with other interested agencies such as FAO, UNEP, and WMO, and in response to the requests for assistance from international conferences such as UNCED;

Further decides that:

- (a) The Executive Director should submit to UNCED by the end of January 1991 a report on ITTO's past and current activities and capabilities, including the ITTO Guidelines for Sustainable Management of Natural Tropical Forests, having consulted the Chairmen and Vice-Chairmen of the Council and its Permanent Committees;
- (b) The Tenth Session of the ITTC in Quito, Ecuador, should include a Round Table on "The Agenda for Trade in Tropical Timber from Sustainably Managed Forests by the Year 2000", the outcome of which, once approved by the ITTC, might form a contribution to UNCED, including UNCED Agenda 21. The Round Table should be convened at expert level and should be in addition to the Annual ITTO Market Discussion. Preparation for the Round Table may, within the approved budget, include the cost of consultants' reports on the attainment of ITTO's target of trade from sustainably managed forests by the year 2000;
- (c) ITTO should be represented at the Preparatory Committee sessions of UNCED and at UNCED itself by the Executive Director and three Assistant Directors within the approved budget.

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DECISION 6(IX)

ESTABLISHMENT OF EXPERT PANEL FOR
TECHNICAL APPRAISAL OF PROJECT PROPOSALS AND REVIEW OF PROJECT CYCLE

The International Tropical Timber Council,

Affirming the importance of project activities as outlined in Article 23 of the ITTA,

Having considered the recommendation to the Council of the Committee on Reforestation and Forest Management, at its Sixth Session in May 1990, "... to evaluate all aspects of the Project Cycle and the mandate of the Secretariat with respect to the different stages of the Cycle and to adjust the Project Cycle wherever desirable, in order to improve the quality and relevance of the project proposals and to streamline the procedure for approval",

Reiterating the wish of Member Countries to strengthen the capacity of the Secretariat to coordinate and assist in the effective implementation of the Project Cycle,

Decides to establish an Expert Panel to assist the Secretariat in the technical appraisal of project proposals prior to their presentation to the Permanent Committees. The experts on the Panel will be appointed by the Council in accordance with the attached Terms of Reference (Appendix 1). The Project Cycle will be revised, with immediate effect, in accordance with the "New Cycle for Submission and Approval of Project Proposals" (Appendix 2);

Decides to appoint two independent consultants, one from a producer country and one from a consumer country, in accordance with the Terms of Reference attached hereto (Appendix 3), for the review of existing procedures under the ITTO Project Cycle, and to prepare a report for the consideration of the Council at its Tenth Session;

Appreciates that this Decision will receive adequate financial support from Member Countries;

Understands that the Expert Panel will be of an interim nature. Its functioning will be evaluated after consideration by the Council of the above consultant's report on the review of existing procedures under the ITTO Project Cycle.

TERMS OF REFERENCE FOR EXPERT PANEL FOR
THE TECHNICAL APPRAISAL OF ITTO PROJECT PROPOSALS

1. Objectives

The Expert Panel shall appraise new project proposals. It may make recommendations for adjustments to these proposals in order to ensure their technical soundness. The Panel shall also screen the project proposals, taking particularly into account the ITTO Action Plans and Work Programmes, but it shall not prioritize them.

2. Background

The Council has expressed a growing concern about the increasing number of projects which have been approved, but have not yet received an appropriate financial allocation or which have encountered serious impediments in their implementation. These project proposals may require relevant adjustments to enable their eventual implementation.

Moreover, it is expected that the substantial increase of funds in the Special Account will lead to a growing number of ITTO projects being proposed to the ITTO Council. An added burden on the appraisal process can be expected. Therefore, the Council may require additional technical advice.

3. Activities

The Expert Panel will convene at ITTO Headquarters for intensive sessions. These meetings will be held as soon as possible but not later than fourteen weeks in advance of the next committee Session. The participants should be appointed by the Council on the basis of their technical expertise. The Expert Panel should be regionally balanced. The number of experts will be limited to twelve persons.

The Chairman of the Panel will be elected for a period of one year. At the end of each one-year period, for as long as the ITTO Council decides to convene the Expert Panel, all members of the Panel would resign, with the understanding that the Council may reappoint these members or appoint twelve new members for the following term.

4. Output

A brief technical report on each project proposal will be submitted by the Secretariat to the proposing Government immediately after the meeting of the Expert Panel. This will enable the submitting Government to amend the project proposal, if it so desires, before consideration by the Permanent Committees. The Panel may further express technical viewpoints on improving ITTO's procedures for the development of technically sound projects and the relevance of projects to the ITTO Action Plans.

5. Work Plan

The Expert Panel will be established during the Ninth Session of the Council. The first Expert Panel meeting shall take place at least fourteen weeks in advance of the Tenth Session of the Council.

NEW CYCLE FOR SUBMISSION AND APPROVAL OF PROJECT PROPOSALS

	WEEKS				
	-16	-12	-8	-4	0
Latest date of submission to ITTO Secretariat	X				
Distribution of project proposals to Panel Members	X				
Panel meeting for technical appraisal of project proposals				X	
Distribution of Panel report to submitting countries wishing reformulation of their project proposals		X			
Reformulation and redrafting of project proposals by submitting country (6 week period)			XXXXXXXX		
Submission of revised proposals to the Secretariat				X	
Preparation of project brief and translations				XXX	
Distribution of project proposal to all Member Countries (5 weeks in advance of Council Session)				X	
Review by Member Countries					XXXXX
Appraisal and decision by Committees and Council					X

/ . . .

TERMS OF REFERENCE FOR INDEPENDENT CONSULTANTS TO REVIEW
POSSIBLE MECHANISMS FOR THE IMPROVEMENT OF THE ITTO PROJECT CYCLE

1. Objectives and Terms of Reference

The review has the following objectives and Terms of Reference:

- produce a report which reviews existing procedures of the ITTO Project Cycle from identification through design, appraisal, approval, implementation, monitoring and evaluation, and provide costed options for the improvement of ITTO's Project Cycle;
- assess ITTO's unique responsibilities, with particular reference to the ITTA and the Action Plans and Work Programmes that were adopted by the Council during its Eighth Session;
- review current and future projected volumes of projects, their timing and period of project approval, as well as funding arrangements;
- provide a report to the Tenth Session of the Council.

2. Background

Members of the Council have variously expressed concern about the delay in the preparation, technical assessment, approval, financing, implementation, monitoring and evaluation of ITTO projects. Recommendations made by the Permanent Committees during their Sixth and Seventh Sessions should be taken into account. The review is aimed at providing a comprehensive study to improve the quality and timely consideration and execution of ITTO projects by setting out a series of costed options for the Council to consider.

3. Activities

The independent consultants will need to consult Members in writing and to consult directly a representative sample of Members as well as organizations experienced in the project cycle such as the UNDP, World Bank, and Regional Development Banks. The consultants may invite comments from other institutions and the NGO community.

The independent consultants should be selected on the basis of their experience and knowledge of the ITTO project cycle and organizational matters and other organizations experienced in the project cycle. The consultants should be representative of both producer and consumer countries.

4. Output

A review report of the ITTO Project Cycle with costed options for the improvement of the Cycle to be discussed no later than the Tenth Session of ITTO's Council.

5. Work Plan

At this Session, the Council will nominate a lead Producer and a lead Consumer Country. The lead Countries will each designate one candidate and inform the Secretariat by 31 December 1990 of their respective nominees. Subsequently, the Executive Director, in consultation with and with the consent of the Chairmen of the Council and the Permanent Committees, will appoint the independent consultants not later than 15 January 1991. The consultants should produce their final report by the end of March 1991. This report should be distributed to Members at least one month before the Tenth Session of the ITTO Council.

REPORTS OF THE SEVENTH SESSION OF THE

THREE PERMANENT COMMITTEES

{Documents: PCM(VII)/D.1/Rev.1
PCF(VII)/15
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REPORT TO THE INTERNATIONAL TROPICAL

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SEVENTH SESSION OF THE PERMANENT COMMITTEE ON
ECONOMIC INFORMATION AND MARKET INTELLIGENCE

16-23 November 1990

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REPORT

1. Opening of the Session

The Seventh Session of the Committee was opened on 16 November 1990 at a Joint Session of all three Permanent Committees under the chairmanship of Mr. David Boulter (Canada). The List of Participants is reproduced in document PCM,PCF,PCI(VII)/Info.1/Rev.2.

2. Adoption of Agenda and Organization of Work

The Committee adopted the Agenda of its Seventh Session as contained in document PCM(VII)/1.

3. Admission of Observers

The List of Observers admitted by the Committee is reproduced in document ITTC(IX)/Info. 2.

4. Criteria and Priority Areas for Programme Development and Project Work

(a) Under this item, a Joint Session of the Permanent Committees was requested to undertake an initial consideration of the Report of the Expert Panel to Integrate ITTO's Action Plan. After an initial presentation of the Report by the Panel's Chairman, Mr. David Boulter, it was decided to request an Informal Drafting Group to finalize editing of the draft Action Plan (as contained in document ITTC(IX)/6) taking into consideration various suggestions for revision of the text. The text as revised was submitted to the Council for its consideration.

(b) The Committee also considered the Work Programme for 1991 {document ITTC(IX)/3} prepared by the Secretariat. The Committee generally approved the document on the understanding that the elements of the Work Programme were of an on-going nature and would constitute activities which would be carried out beyond 1991. It was also agreed that the Secretariat should be strengthened to cope with the increasing tasks which were involved especially in the building up of in-house capability in economic information and market intelligence for which additional manpower resources had been requested by the Secretariat.

The text of the Work Programme is reproduced as Appendix A to this Report.

5. Report on Project Work in Progress

The Committee considered a Progress Report {document PCM(VII)/3} prepared by the Secretariat and further clarifications given on the progress in the status of implementation of the following approved Projects:

- (i) PD 61/89 (M) STATISTICAL INFORMATION AND MARKET INDICATORS:
STUDY ON THE TRADE AND MARKET FOR TROPICAL
HARDWOODS IN JAPAN

The Committee heard a presentation on the Study by Mr. John Ward, the Head of the Consultancy Firm, J.V. Ward Associates. The author of the Study was commended for his prompt execution. The Study was welcomed as

providing substantial insight into the structure of the Japanese market for tropical hardwoods. The recommendations which were made to the ITTO were considered as of additional value to assist in any follow-up work which might be initiated by the ITTO in throwing further light on the Japanese market.

The Representative of Japan served notice that full comments on the Study would be submitted in writing to the author through the Secretariat. In concluding the lengthy exchange of views in the Committee, the Chairman suggested that any further comments should be sent in writing to reach the Secretariat by the end of December 1990. These comments would be discussed with the author and would be taken into account in any possible revision which would be required before the Study is finally published by the ITTO early next year.

- (ii) PD 14/87 (M) MARKET INTELLIGENCE ANALYSIS OF THE WOOD FLOW AS A BASIS FOR AN EARLY WARNING SYSTEM FOR THE TROPICAL TIMBER MARKET

The Committee took note of the progress in the work on the Study. It expressed the hope that the SBH would complete and submit the Report to enable follow-up action to be considered by the Committee.

- (iii) PD 7.c/87 Rev.1 (M) STATISTICAL INFORMATION AND MARKET INDICATORS: MARKET NEWS SERVICE FOR TROPICAL TIMBER AND TIMBER PRODUCTS

Some reservations were reiterated by a Representative of the Trade on the usefulness of the MNS which was considered to be an expensive undertaking; its coverage of prices, the quality of the prices disseminated bore the attendant risk of destabilizing the market.

Representatives of the producers, however, considered that the publication of prices should be continued because it was a crucial element in the work of the ITTO in introducing market transparency into the tropical timber trade. The Representative of the ITC assured the Committee that as had been indicated in the progress report, the prices which were quoted in the MNS were scrupulously cross-checked to ensure as much reliability as was possible in any such exercise. The Committee urged that the MNS should continue to ensure its access to reliable sources of information in order to enhance its value in the context of ITTO's mandate.

- (iv) PD 42/88 Rev.1 (M) THE STRUCTURE OF CHINA'S TROPICAL TIMBER MARKET, THE CURRENT SITUATION OF INTERNATIONAL COOPERATION OF P.R.C., AND PROSPECTS TO THE YEAR 2000

The Committee was informed by the Representative of France of the French Government's decision to provide funds, by the end of December 1990, for the implementation of the Project. The Committee welcomed the announcement on funding for the Project.

- (v) PD 66/89 (M) STUDY OF THE TRADE AND MARKETS FOR TROPICAL HARDWOODS AND DERIVED MANUFACTURES IN NORTH AMERICA

The Chairman, in his capacity as Representative of Canada, promised to start up consultations between Forestry Canada and the U.S. Department

of Agriculture Forest Service (USDA) with a view to exploring possibilities of the two agencies jointly undertaking the Study for the ITTO. He referred to a similar initiative which had been taken jointly by Canada and U.S. in the case of a Study undertaken for the ECE Timber Committee on "Timber Trends and Prospects for North America" and which had been published this year. The Committee welcomed this initiative.

(vi) PD 7.a/87 (M) Phase II Rev.1 (M)

STATISTICAL INFORMATION AND MARKET INDICATORS:
A. DEVELOPMENT OF THE MONTHLY BULLETIN, TROPICAL
FOREST PRODUCTS IN WORLD TIMBER TRADE - PHASE II

The Committee took note of the fact that no pledge of funds had been made to enable the implementation of this Project. The Representative of the FAO informed the Committee that FAO funds for continuing the publication of the current Bulletin would be diverted to other programmes of higher priority in the next biennial budget of the FAO (1992-3) unless ITTO was able to indicate its support for the continuation of this publication through providing funds for this Project. It would, therefore, be necessary in the near future to secure funds to continue the publication if interested Member Governments saw the need for it.

The Committee decided to recommend again the allocation of necessary funds by the Council for this Project.

(vii) PD 82/90 (M) WORKSHOP ON ISSUES RELATED TO INCENTIVES TO
PROMOTE SUSTAINABLE DEVELOPMENT OF TROPICAL
FORESTS

The Committee was informed that funds for implementing this Project had been made available by the Government of Japan. It was envisaged that the Workshop would be organized after the completion of the Pre-Project Study on "Incentives in Producer and Consumer Countries to Promote Sustainable Development of Tropical Forests" being undertaken by the Oxford Forestry Institute.

(viii) PD 1/87 (M) STRUCTURE OF TROPICAL TIMBER MARKETS IN
BELGIUM-LUXEMBOURG, FEDERAL REPUBLIC OF
GERMANY, NETHERLANDS AND UNITED KINGDOM
AND METHODS TO STUDY THE MAIN END-USE
SEGMENTS

The Committee took note of the report on the status of this Project. It reiterated its intention to determine the status of the Project after (a) receiving the report of the FAO consultant concerning the methodological survey undertaken as part of the intended output of this Project; and (b) considering the final Study by the SBH under PD 14/87 (M). The Representative of the FAO further informed the Committee that the Consultant's report was ready and would be transmitted to the ITTO within one month.

6. Consideration of Project Proposals

The Committee considered one project proposal PD 118/90 (M) "Training Workshops on Tropical Forestry and Timber Trade Statistics". The Committee was assisted in its consideration by a Project Brief {document PCM (VII)/2} and further clarifications provided by the Secretariat and by the Representative of the FAO. The Committee decided to recommend to

Council the approval of the Project for immediate implementation. The tabular outline of the technical appraisal of the Project is attached to this report as Appendix B.

PD 118/90 (M) TRAINING WORKSHOPS ON TROPICAL FORESTRY AND TIMBER
TRADE STATISTICS

The Committee was of the view that the output of the Project was basic to the implementation of ITTO's Action Plan in the area of statistical and economic information, building up ITTO's in-house statistical capability, and assisting Member Countries in improving the quality of their statistical services. At the request of China, it was agreed that China should be included among the target countries to benefit from the training workshops. The Committee noted that some items of the estimated budget for the workshops were indicative only since the actual expenditures might depend on local contributions by the host Government. The Committee noted that the cost of the Budget is US\$598,652 and not as indicated, by typographical error, US\$ 595,652. Necessary corrections were to be made accordingly to the appropriate budget lines at page 8 and on the cover page of the Project Document. The Committee agreed that care should be taken to avoid overlap with similar training workshops organized by the FAO for some developing countries. The group of trainees under this Project should not be the same as those under similar Projects by the FAO; that way the benefits of such training workshops would be extended more widely.

7. Pre-Project Work in Progress

The Committee took note of the progress report reviewing the stage of work proceeding on the following two Pre-Project Studies:

- i) "The Conservation Status of Tropical Timbers in Trade" which is being undertaken by the World Conservation Monitoring Centre in Cambridge, U.K. and which is due to be completed by February 1991; and
- ii) "Incentives in Producer and Consumer Countries to Promote Sustainable Development of Tropical Forests" which is being undertaken by the Oxford Forestry Institute and which is due to be completed by February 1991.

8. Decision on Pre-Project Work

The Committee had before it a Project Idea proposed by Japan {document PCM(VII)/7} entitled "Tropical Timber Supply/Demand Forecasting System Development". The Objective of the Idea was to design a Project which would, on the one hand, examine the varying structures of tropical timber production and how these variations affected the future levels of supplies; and, on the other, examine the demand structure for tropical wood, and determine data requirements for quantifying this demand and the potential for substitution by other species or materials over a long-term period. The projection model will focus on the main producing and consuming countries in the Far East region, including Papua New Guinea. The methodology developed would be applicable to any region.

On the basis of the knowledge of similar exercises attempted elsewhere, the Committee was of the view that the scope of the Project Idea would be too wide and ambitious. The cost would be excessive. It might be necessary to scale down the scope of the proposed project and, as a first stage, ascertain the extent of securing the full co-operation of the

target countries especially the producing countries and their capabilities in providing the necessary data and market information.

In view of the foregoing considerations, the Committee requested Japan to consult further with the Secretariat to prepare an appropriate pre-project proposal which could be submitted to the Committee at its next Session in order to test the feasibility of the proposed project.

9. Decision on Fellowship Applications under Project PD 60/89 (F.M.I)

A selection Panel, comprising the Vice-Chairman of the Council, the Chairmen and Vice-Chairmen of the Permanent Committees, reviewed applications so far received for fellowships. The selection Panel's recommendations appear under the appropriate section of the Report of the Permanent Committee on Forest Industry.

10. Non-Project Work

A. Revisions to the Annual Forecasting Enquiry

The Committee considered under this item, proposals for revising the ITTO Annual Forecasting Enquiry, as contained in document PCM (VIII)/5. The Committee decided to recommend to Council that the revised Enquiry be approved for circulation to Members in 1991 on the understanding that:

- i) The classifications of forest area used in the Enquiry should be clarified and simplified;
- ii) More work was required to improve the Harmonized System of Trade Classification for tropical forest products which is used to identify products in the Enquiry. Individual countries should make their views on necessary revisions known to the ECE/FAO Working Party on Forest Statistics and Economics which is currently formulating proposals for the revisions;
- iii) The views of those who will complete the Enquiry should be sought wherever possible to ensure feed-back, optimum understanding and co-operation.

B. Project Idea

The Committee also considered a Project Idea proposed by The Netherlands as a follow-up to the Project PD 14/87. The Project Idea contained in document PCM(VII)/6 is entitled "Testing the Early Warning Tropical Timber Market Information System of PD 14/87 (M).

The main objective of PD 14/87 was to develop a market intelligence system which would provide information on:

- i) the development of markets for different tropical timber products/species (including end-use);
- ii) the market position of tropical timber in comparison with that of non-tropical timber species or non-timber materials in the European Community.

The proposed follow-up project would have as output: (1) an operational market information system which would be put into practice in a test run and, if necessary, improved to meet user requirements;

(2) Actual and detailed information concerning the trade and the end-uses of tropical timber in the E.C. Depending on the Project's starting date, the test data will refer to that current year. Information about the competitive position of tropical timber will be included for each E.C. country.

During the consideration by the Committee reservations were expressed on the high estimated costs of the project as indicated in the document. It was felt that for an Early Warning System to be useful it ought to be developed with some expeditiousness and that the outputs of PD 14/87 and its recommended follow-up action would appear to be taking a protracted period of time for their realization. Attention was also drawn to the difficulties of collecting information on various species in view of the state of the current revised Customs Co-operation Council classification.

The Committee took note of the Project Idea and decided to recommend to The Netherlands to prepare and submit a Project proposal based on this Project Idea for its consideration at its next Session

C. 1991 Market Discussion

Following proposals made in response to Council Decision 2(VIII) requesting proposals on ITTO's contributions to the United Nations Conference on Environment and Development (Brazil, 1-12 June 1992) it was decided to hold the 1991 Market Discussions (30 May 1991) to be followed by a proposed Round Table which will constitute part of ITTO's contribution to UNCED.

The Committee agreed on the following subjects to be considered at the 1991 Market Discussions:

(a) Trends in the Trade of Tropical Timber Products in the Latin American/Caribbean Region:

- The Brazilian Perspective,
- North American Perspective,
- European Perspective.

(b) Host Country Presentation: "Developments in the Timber Trade and Industry of Ecuador".

The Round Table which will follow the Market Discussion will focus on "The Agenda for Trade in Tropical Timber from Sustainably Managed Forests by the Year 2000". The details of these proposals will be found under the appropriate item of the Council Report.

11. Other Business

No matters were raised under this item.

12. Election of Chairman and Vice-Chairman for 1991

The Committee elected Dr. Gary Lindell (U.S.A.) as Chairman for 1991 and Mr. S.K. Appiah (Ghana) as Vice-Chairman.

13. Dates and Venues of the Eighth and Ninth Sessions of the Committee

The decisions on this item were to be taken by the Council.

14. Recommendations to the Council (ITTC)

The Committee made the following recommendations:

- i) That the Work programme for 1991 to Implement the Action Plan in the field of Economic Information and Market Intelligence be approved;
- ii) That PD 118/90 (M) be approved for immediate implementation;
- iii) That funds be allocated also for the implementation of PD 7.a/87 Phase II Rev.1 (M);
- iv) That funds be allocated to implement PD 42/88 Rev.1 (M);
- v) That the intention of Canada and U.S. to explore the possibilities of implementing PD 66/89 (M) be welcomed;
- vi) That the status of PD 1/87 (M) should be reviewed in the light of the relevant reports still awaited;

15. Report of the Session

The Committee adopted this Report for submission to the Council.

Appendix A

INTERNATIONAL TROPICAL TIMBER COUNCIL
Ninth Session
Yokohama, 16-23 November 1990

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WORK PROGRAMME FOR 1991
TO IMPLEMENT THE ACTION PLAN IN THE FIELD OF
ECONOMIC INFORMATION AND MARKET INTELLIGENCE

I. INTRODUCTION AND PROGRAMME STATEMENT

This Work Programme has been prepared in response to Council Decision 1(VIII) which requested the Executive Director to prepare a Work Programme for 1991 to implement the Action Plans of the three Permanent Committees.

Following the Programme Statement in this Introduction, this Work Programme is presented for the most part in summary tables. It sets out by sections the various levels and mechanisms by which the activities are to be carried out, namely:

- (I) Introduction;
- (II) The Permanent Committee;
- (III) Implementing specific Projects and Pre-Projects;
- (IV) The Secretariat and/or collaborating international organizations;
- (V) Consultancy services; and
- (VI) Summary indication of needs for manpower resources at established posts within the Secretariat and an approximate estimate of inputs in man-weeks necessary for the Secretariat's functions.

The programme activities fall within the five Programme Areas identified in the Action Plan in the field of Economic Information and Market Intelligence. They are:

- 1. Information Collection, Analysis and Dissemination;
- 2. Technical Assistance in the Establishment and Improvement of Statistical and Analytical Services;
- 3. Consultative Forum; Market Review and Outlook;
- 4. Situation, Trends and Prospects Studies;
- 5. Policy-Oriented Studies.

These programme areas and their corresponding activities as approved by the Committee, are reproduced as Annex I to this document. References to them are made numerically to correspond to the way they are listed and enumerated in Annex I.

By its very nature, the work in the field of economic information and market intelligence is for the most part on a continuing basis. Thus although the Work Programme is ostensibly for 1991 the time span is only notional; some of the activities have already begun and many will extend beyond 1991.

The priority activities in the Work Programme for 1991 are basically designed to strengthen the information collection, analysis and dissemination functions. The greatest obstacle to implementing any activities in data and information collection is the weakness of the statistical infrastructure - that interacting complex of services and facilities of all types from the distant forest post to the district and national capital, logistic and communication systems, and above all the capability of the people operating them to plan, organize and deliver the statistical data. The strengthening of this infrastructure will make it possible to deliver some of the essential elements of statistical data collection and dissemination. This requires a considerable release of capital, technical cooperation and assistance to establish a sound statistical infrastructure. Coupled with this is the development of personnel and measures to build up capacities for statistical management, involving planning, networking, financing, administering, monitoring,

evaluating, cross-checking, replanning, as appropriate, and ensuring a network of information support for all these mechanisms as well as the application of such research effort as will be required. A series of workshops are proposed as a beginning of the concrete measures to achieve this goal.

This 1991 Work Programme will concentrate the resources of the Organization on this range of activities. The Permanent Committee, under the overall direction of the Council, will play its role of coordinator and will focus technical cooperation on activities that support the development and implementation of programmes which will improve national capacities to provide statistical and market information. This role will be undertaken through the Committee's appraisal of project and pre-project activities. On non-project work this takes the form of policy reviews at the Annual Market Discussions in assisting the Council in its annual review of the tropical timber economy.

The Secretariat will continue its routine functions of working to support the work of the Permanent Committee and Council. The Secretariat's support services will involve planning and supervising the execution of programme activities. It involves also the Secretariat's planning and preparations for the Annual Market Discussion.

The development of the computer infrastructure and the statistical operations in the Secretariat will continue, with both hardware and software upgrades planned to allow communication with, manipulation and analysis of large statistical data bases. Access will be sought to a wider network of statistical data bases within existing collaborating agencies. The mechanism of collecting information from sources will be improved and members' statistical capabilities will be enhanced through technical cooperation and a proposed network of correspondents.

The Secretariat will embark on establishing personal contacts with a network of correspondents to assist in statistical data collection. Governments of developing members will be contacted to participate in the training workshops on statistics. This is a priority to improve and strengthen national statistical units on the forestry and timber trade sectors, or to assist in creating them where none exist. The target of the activities is focused on appropriate local operational units instead of ad hoc administrative units. The workshops will enable a follow-up scheme of technical assistance which will involve a survey of individual national statistical capabilities, human resources and institutional needs. Organizing these activities will involve the preparation of appropriate training material, such as manuals and other methods of instruction. It is envisaged that such training will produce a multiplier effect.

The Secretariat is the channel for facilitating and maintaining communication with governments, international organizations and NGOs. Increasing time will be spent on representing the interests of the Organization and publicising its activities in the international community. The Secretariat will maintain contacts with consultancy services for studies which are needed to promote policy formulation and improve market transparency.

II. WORK PROGRAMME FOR PERMANENT COMMITTEE

1. Under the overall direction of the Council, the Committee provides general guidelines and technical direction for the work in its area

of competence and coordination of the work with other areas and other international organizations.

2. Appraisal of projects.
3. Appraisal of and decision on pre-project activities and non-project work.
4. Review of progress on projects and pre-projects and follow-up action as appropriate through the process of monitoring and evaluation.
5. Assisting Council in the Annual Market Review and outlook and contributing to policy reviews of the tropical timber economy.
6. Assessment of Work Programme and recommending targets and resources for the Secretariat.

(III) WORK PROGRAMME TO BE IMPLEMENTED THROUGH SPECIFIC PROJECTS AND PRE-PROJECTS

PROJECTS	RELATION TO GENERAL PROGRAMME AREA/ELEMENT/ACTIVITY (see Annex I)	REMARKS
PD 14/87 (M)	MARKET INTELLIGENCE ANALYSIS OF THE WOOD FLOW AS A BASIS FOR AN EARLY WARNING SYSTEM FOR THE TROPICAL TIMBER MARKET	4.1.1 4.1.2 4.2.1 Under implementation.
PD 7c/87 Rev.1 (M)	STATISTICAL INFORMATION AND MARKET INDICATORS: MARKET NEWS SERVICES FOR TROPICAL TIMBER AND TIMBER PRODUCTS	1.1.2 1.1.3 1.3.1 Under implementation.
PD 61/89 (M)	STATISTICAL INFORMATION AND MARKET INDICATORS: STUDY ON THE TRADE AND MARKET FOR TROPICAL HARDWOODS IN JAPAN	4.1.1 4.2.2 4.2.3 Under implementation and near completion.
PD 7a/87 Phase II Rev.1 (M)	STATISTICAL INFORMATION AND MARKET INDICATORS: DEVELOPMENT OF THE MONTHLY BULLETIN, TROPICAL FORESTS PRODUCTS IN WORLD TIMBER TRADE PHASE II	1.1.2 1.1.3 1.1.4 1.1.5 1.1.6 1.2.1 Awaiting funding. An earlier first phase of this project study had identified areas of improvement and updating of the Bulletin.
PD 60/89 (M,F,I)	FELLOWSHIP AND RELATED ASSISTANCE PROGRAMME TO PROMOTE TROPICAL FOREST SECTOR DEVELOPMENT	2.1 2.5 Under implementation.
PD 82/90 (M)	WORKSHOP ON ISSUES RELATED TO PROMOTE SUSTAINABLE DEVELOPMENT OF TROPICAL FORESTS	3.5 5.1 5.2 Preparations under way for implementation.
PD 118/90 (M)	TRAINING WORKSHOPS ON TROPICAL FORESTRY AND TIMBER TRADE STATISTICS	1.1.5 1.1.6 1.1.7 Awaiting approval, financing and implementation.

Programme Area 2

PROJECTS		RELATION TO GENERAL PROGRAMME AREA/ELEMENT/ACTIVITY (see Annex I)	REMARKS
PD 42/88 Rev.1 (M)	THE STRUCTURE OF CHINA'S TROPICAL TIMBER MARKET, THE CURRENT SITUATION OF INTERNATIONAL CO-OPERATION OF PRC, AND PROSPECTS TO THE YEAR 2000	4.1.1 4.2.2 4.2.3	Awaiting funding.
PD 66/89 (M)	STUDY OF THE TRADE AND MARKETS FOR TROPICAL HARDWOODS AND DERIVED MANUFACTURES IN NORTH AMERICA	4.1.1 4.2.2 4.2.3	Awaiting funding.
PD 1/87 (M)	STRUCTURE OF TROPICAL TIMBER MARKETS IN BELGIUM- LUXEMBOURG, FEDERAL REPUBLIC OF GERMANY, NETHERLANDS AND UNITED KINGDOM AND METHODS TO STUDY THE MAIN END-USE SEGMENTS	4.1.1 4.1.2 4.2.2	Awaiting funding.

PRE-PROJECTS		RELATION TO GENERAL PROGRAMME AREA/ELEMENT/ACTIVITY (see Annex I)	REMARKS
THE CONSERVATION STATUS OF TROPICAL TIMBERS IN TRADE		4.2.1	Under implementation.
INCENTIVES IN PRODUCER AND CONSUMER COUNTRIES TO PROMOTE SUSTAINABLE DEVELOPMENT OF TROPICAL FORESTS		4.1.1 3.5	Under implementation. This study will be followed by a workshop to discuss the policy issues involved.

(IV) WORK PROGRAMME FOR THE SECRETARIAT

ACTIVITY	RELATION TO GENERAL PROGRAMME AREA/ELEMENT/ACTIVITY (see Annex I)	REMARKS	WORK LOAD IN WORK-WEEKS
<u>Pre-Project and Project Work</u>			
(i) Processing, assessment and assistance in preparing projects and pre-projects for submission and consideration	All programme areas	Routine activity associated with processing project documents etc. in accordance with ITTO Project Cycle	5
(ii) Secretariat administrative back-stopping, project monitoring, evaluation and review	All programme areas	In 1991 this activity will involve three approved projects and four others which are expected to be funded or approved for implementation.	15
(iii) Direct participation in the implementation of certain approved projects	All programme areas	For 1991 this activity will involve work on PD 60/89 (F,M,I), PD 7c Rev.1 (M) and the possibility of implementing PD 42/88 Rev.1 (M), PD 7a/87 Phase II Rev.1 (M), PD 82/90 (M) and the proposed PD 118/90 (M)	8
(iv) Preparatory work to organize, in collaboration with FAO and relevant co-operating agencies, a series of three proposed training workshops in forestry and timber trade statistics [PD 118/90 (M)]	1.1.5 1.1.6 1.1.7 Programme Area 2	This will involve visits to some of the target countries, consultations with FAO and other collaborating agencies and other logistic arrangements for the workshops.	18

ACTIVITY	RELATION TO GENERAL PROGRAMME AREA/ELEMENT/ACTIVITY (see Annex I)	REMARKS	WORK LOAD IN WORK-WEEKS
(v) Organize workshop to discuss the policy question of incentives in Producer and Consumer countries to promote sustainable development of tropical forests	Programme Area 5 5.2 5.4	This activity is designed to encourage consultations and dialogue on an important policy, issue affecting sustainable tropical forest management, utilization and trade	5
(vi) Preparatory work in organizing Annual Market Review and Outlook, including collecting Annual Forecasting Enquiry, Annual Review Worksheets	1.3 Programme Area 3	Annual activity	25
(vii) Preparatory work to organize consultations on the establishment of Consultative Group of Experts	1.4	This depends on the decision of Council to authorize the establishment of such a Group after due consultations have been undertaken by the Executive Director	4
(viii) Routine work in building up in-house computing and statistical capacity	Programme Area 1	On-going activity	20
(ix) Support service to Council and Permanent Committee including reports, administrative work, etc.	All Programme Areas	On-going activity	15
(x) Liaison with governments, NGOs, and representation and participation in conferences	All Programme Areas	On-going activity	18

(V) WORK PROGRAMME TO BE UNDERTAKEN THROUGH CONSULTANCIES

ACTIVITY	RELATION TO GENERAL PROGRAMME AREA/ELEMENT/ACTIVITY (see Annex I)	REMARKS	WORK LOAD IN WORK-WEEKS
(i) Preparations leading to commissioning studies through private sector consultancies or through consultancies contracts with international organizations	Programme Areas 4 & 5	On authorization and financing by Council, on recommendation of the Committee	15
(ii) Joint projects with international organizations or with other NGOs, FAO, ITC, FAO/ECE Timber Committee, ATO, ATTO.	Programme Area 2 1.3.2 1.3.3 Programme Areas 4 & 5	Ongoing activity in part and to be extended when funds are made available	10

VI. SUMMARY OF RESOURCE REQUIREMENTS

The funds for consultancies will be a charge partly on the project work budgets, especially for the training workshops [PD 118/90 (M)]. Some will, however, be a charge on the Administrative Budget.

The items tabulated in section IV above necessitate 3 full-time professional staff members in the Secretariat. The Secretariat will have 2 1/2 professional staff allocated to the EIMI division in 1991 (one professional will leave mid-year), each with an input of 45 work-weeks/year. This means that one professional must be recruited mid-year, as detailed in the Administrative Budget.

Also, because of the on-going nature of the Division's work, and in order to offset the increasing workload associated with the foreseen improvements in in-house statistical and computing capability, one further professional appointment is foreseen by early 1992.

ANNEX I

Programme Elements and Activities Drawn from Action Plan and
General Programme or Work Approved by Council
in the Field of Economic Information and Market Intelligence

PROGRAMME AREA 1: INFORMATION COLLECTION, ANALYSIS AND DISSEMINATION

Element 1.1 ITTO In-House Capability

- Activities 1.1.1 Develop as a continuing task, the computer systems and systems infrastructure in the ITTO Secretariat;
- 1.1.2 Collect statistical data and other economic information on tropical timber - both that prepared by others and those gathered by ITTO and develop needed information such as the on-going ITTO/ITC Market News Service; if required, modify the form of this information to meet the interests and needs member countries and disseminate it;
- 1.1.3 Develop sub-sets of information on tropical timber from the information developed by others;
- 1.1.4 Identify and fill existing gaps in information gathered and, where necessary, assist in the improvement by others where these gaps exist;
- 1.1.5 Secure the co-operation of member countries, in fulfillment of their obligation under the Agreement to provide timely, comprehensive regular, reliable and qualitative responses to enquiries for statistical and market information; in this regard establish contacts with national correspondents or agencies selected and assigned the responsibility for ensuring returns on questionnaires with a view to improving, where necessary, the punctuality and completeness of replies;
- 1.1.6 Promote sound statistical methods, generate compatible statistical information at places where they are easily available and can be cross-checked;
- 1.1.7 Develop common standards of measurement and classification with priority to the most traded assortments including further processed products.

Element 1.2 Publication of Joint ITTO/FAO Bulletin on Tropical Forest Products in World Timber Trade

- Activities 1.2.1 By co-operation between ITTO and FAO, develop and publish an improved version of the existing FAO Monthly Bulletin on Tropical Forest Products in World

Timber Trade and a periodic Analytical Supplement to improve information on trade volume and prices including details on species and trade analysis.

Element 1.3 Co-ordination of Activities in the Economic, Statistical and Marketing Areas

- Activities 1.3.1 Obtain in a standard pattern information already held by member countries and collaborating organizations and use its data bank as a clearing house for information on forest resources, industries and international trade relevant to the work of the ITTO;
- 1.3.2 Encourage member countries or groupings of member countries to carry out joint activities such as establishing in-market trade information centres to generate useful information for themselves and for ITTO;
- 1.3.3 Establish a data bank on suppliers and buyers of tropical timber products in co-operation with the ITC.

Element 1.4 Establishment of Consultative Group of Experts on Economic Information and Market Intelligence

- 1.4.1 Establish an ITTO Consultative Group of Experts on Economic Information and Market Intelligence to serve as an advisory body in ITTO on all matters concerning economic information and market intelligence.

PROGRAMME AREA 2: TECHNICAL ASSISTANCE IN ESTABLISHMENT AND IMPROVEMENT OF STATISTICAL SERVICES

- Activities 2.1 Assist in the development of the statistical services in the developing member countries through the transfer of technical know-how, economic and statistical methods and experience in statistical skills....
- 2.2 With the assistance of member countries and other competent organizations, provide technical assistance to developing member countries to improve their statistical gathering, reporting and disseminating systems compatible with ITTO requirements;
- 2.3 Invite producing member countries to indicate their needs in statistical services development;
- 2.4 Urge member countries to furnish information on their technical assistance programmes designed to assist developing countries in this area;
- 2.5 Through ITTO's Fellowship Programme, develop manpower skills in statistical services;

- 2.6 Organize in collaboration with the FAO, containing description of standard practices in forestry statistics to guide the work of forestry economists and statisticians.

PROGRAMME AREA 3: CONSULTATIVE FORUM - MARKET REVIEW AND OUTLOOK

- Activities 3.1 Plan and organize the annual Market Discussions on the production, supply, trade and consumption of forest products, market developments and short-term prospects;
- 3.2 Prepare the Annual Review in accordance with Article 38 of the ITTA;
- 3.3 Urge member countries to submit on a priority basis country market statements to facilitate analysis of the international market situation;
- 3.4 Secure the active and full participation of experts involved in the timber trade and industry in the discussions;
- 3.5 Arrange the discussion of any special subjects of relevance to an assessment of the tropical timber economy;
- 3.6 Prepare an authoritative ITTO Statement on the market developments and short-term prospects... (of) the tropical timber economy.

PROGRAMME AREA 4: SITUATION, TRENDS AND PROSPECTS STUDIES

Element 4.1 Situation and Outlook Studies

- Activities 4.1.1 Undertake studies of the present supply and demand and performance of tropical timber markets in the major regions;
- 4.1.2 Undertake end-use studies and update these in order to monitor changes in the market on a regular periodic cycle.

Element 4.2 Medium to Long-Term Trends and Prospects

- Activities 4.2.1 Prepare a study in the long-term supply and demand of tropical timber in the world as a guide to sectoral planning by producing and consuming countries;
- 4.2.2 Identify potential markets and provide information relating to the structure, market relationships, product requirements, competition and the prospects for specific products;

- 4.2.3 Conduct regular market studies in order to provide a more open and comprehensive understanding of markets for tropical timbers.

PROGRAMME AREA 5: POLICY-ORIENTED STUDIES

- Activities
- 5.1 Carry out and encourage sound studies aimed at providing knowledge to satisfy information needs and to guide planning and the formulation of policies on issues of importance to the tropical timber economy;
 - 5.2 Evaluate the implications to trade in forest products derived from legitimate land conversion activities, etc. of policies which limit trade to products from only sustainably managed forests;
 - 5.3 Assess trade restrictions affecting tropical timbers and their impact.

Appendix B

TECHNICAL EVALUATION OF PROJECTS IN THE AREA OF ECONOMIC INFORMATION AND MARKET INTELLIGENCE

PROJECT DOCUMENT	ITTA OBJECTIVES ARTICLE 1	AREA OF ACTIVITY Art.23 Para.2 Art.23 Para.5		CRITERIA Art.23 Para.6	ITTO BUDGET (US\$)	DURATION	GEOGRAPHICAL COVERAGE	RECOMMENDATION*
PD 118/90 (M)	b,d,e,f,g	a,b,c,d,e		a,b,c,d,e	598,652	13 months	Developing Countries of Asia-Pacific (including China), Africa, Latin America/ Caribbean	4

-
- * 1: Recommend to the ITTO Council that the proposal should not be further considered by ITTO.
 - 2: Recommend to the ITTO Council that the proposal be revised.
 - 3: Decide on pre-project activities including Executing Agency and estimated budget.
 - 4: Recommend to the ITTO Council to approve the (amended) proposal for implementation by ITTO.
 - 5: Recommend to the ITTO Council that ITTO should sponsor the proposal in accordance with Article 20.
 - 6: Recommend to the ITTO Council that ITTO should approve the proposal for ITTO sponsorship without funding and refer it to other relevant financial institutions.

COMMITTEE ON REFORESTATION AND
FOREST MANAGEMENT
Seventh Session
Yokohama, 16 - 23 November 1990

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REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL
SEVENTH SESSION OF THE PERMANENT COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT
16 - 23 NOVEMBER 1990

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Sustainable Management of Man-Made Tropical Forests"

REPORT

1. Introduction

The Seventh Session of the Committee was opened, on 16 November, 1990 in a joint session of the three Permanent Committees, by the Chairman of the Permanent Committee on Economic Information and Market Intelligence in a meeting which addressed Agenda Items 1 - 4 , 4 (i), 11 and 14. The deliberations of the Committee on the rest of the Agenda Items were led by the Chairman, Mr. Enrique Toledo, Peru. A list of participants is provided in document PCM,PCF,PCI(VII)/Info 1/Rev.2.

2. Adoption of the Agenda and Organization of Work

At the first meeting on 16 November, the Committee adopted the Agenda of its Seventh Session as contained in document PCF(VII)/1.

3. Admission of Observers

A list of Observers admitted by the Committee to attend its Seventh Session is contained documents ITTC(IX)/Info 2.

4. Criteria and Priority Areas for Programme Development and Project Work

- a) The Secretariat reported on the implementation of "Programme of Work for ITTO in the Field of Reforestation and Forest Management", contained in document PCF(V)/3-4 Rev. 2. The Committee took note that action is in progress in all eight action areas of the Work Programme.
- b) Document ITTC(IX)/6, "Criteria and Priority Areas for Programme Development and Project Work, Report of Panel of Experts to Prepare an Integrated ITTO Action Plan", prepared in accordance with Council Decision 1(VIII) was considered in a joint session of the three Permanent Committees. The Joint Session revised the document and decided to submit it to the Council with the recommendation that it be adopted as ITTO's Integrated Action Plan. The revised Plan is contained in document ITTC(IX)/6 Rev.1.

The Work Programme as recommended for Council approval can be implemented only if the additional necessary manpower requirements at the Secretariat and consultancy services specified in document ITTC(IX)/4 are approved and funded by the Council.

- c) The Committee considered document ITTC(IX)/4, "Work Programme for 1991 to Implement the Action Plan in the Field of Reforestation and Forest Management". The Committee decided to adopt the Work Programme as outlined in the document and to request the Council to make available the required budgetary resources.
- d) The Secretariat and a representative from the Forest Research Institute of Malaysia (FRIM) reported on the progress in implementation of the Committee Activity entitled "The Economic Case for Natural Forest Management".

- e) The Secretariat reported on the progress in publishing and promoting "ITTO Guidelines for the Sustainable Management of Natural Tropical Forests".
- f) The Committee considered PCF(VI)/12, "Human Resources Development and Training Needs". The Committee had decided at its Sixth Session to defer consideration of this document to the Seventh Session.

The Committee adopted the recommendations contained in the document and it was recommended that the Secretariat coordinates the implementation of these recommendations with other international agencies, in first hand FAO and ILO.

- g) The Committee considered document PCF(VII)/3, "Incentives for Tropical Forest Management". The Document is based on document PCF(VI)/5, which was submitted to the Sixth Session. The new document takes into consideration, as requested by the Sixth Session, the proceedings of the Seminar held on May 19, 1990 (ITTO Project PD 72/89 (F)), reported on in document PCF(VII)/4.

The Committee decided to establish a working group for preparing an ITTO document on incentives for tropical forest management, based on document PCF(VII)/4 and the report on the Pre-project "Incentives in Producer and Consumer Countries to Promote Sustainable Development of Tropical Forests" which is expected to be available in draft in January 1991, and on other relevant documents.

The Working Group should be made up of equal number of representatives of Producer and Consumer Members and should include one representative each from the group of environmental NGO's, the timber trade, and a UN agency.

The Delegation of the Netherlands informed the Committee that its Government is prepared to finance preparation of a first draft of the document to be considered by the Working Group. The Committee gratefully accepted this offer of the Government of the Netherlands.

The Committee decided to request the Council to make available US \$ 50 000 to meet the costs of convening the Working Group.

- h) The Committee considered a proposal by the Delegation of Germany to develop guidelines for the management of tropical forest plantations. The German proposal also contained an offer to finance a consultant for preparing a first draft of such guidelines.

The Committee decided to establish a working group made up of equal number of representatives of Producer and Consumer Members and with one representative from an environmental NGO, the timber trade, and one from a UN agency. The Committee further decided to request the Council to make available US \$ 50 000 to meet the costs of convening the Working Group.

The Terms of Reference of the Working Group is contained in Appendix II of this Report.

The Committee gratefully accepted the offer of Germany to finance a consultant for preparing a first draft of the Guidelines.

- i) The Committee recognized the objective of bringing forests under sustainable management to meet the target that all tropical timber entering international trade should come from sustainably managed forests by the year 2000, and the importance of measures by Member countries in accordance with Council Decision 4(VIII), and requested the Secretariat to undertake ongoing assessments to be drawn to the attention of Member Countries as an item in the Annual Report.

5. Report on Completed Projects

One Project has been completed since the Sixth Session of the Committee.

The Committee took note of document PCF(VII)/4, Report on Project PD 72/89 (F), Seminar on Sustainable Development of Tropical Forests, and recommends that it be accepted as report on the Project and released for general distribution.

6. Report on Completed Pre-Projects

One Pre-project has been completed since the Sixth Session: "The National Biological Conference of Thailand".

The Secretariat and the Delegation from Thailand reported on the Conference. A formal Project Report will be submitted to the Eighth Session of the Committee.

7. Review of Project Work in Progress

The Committee took note of a status report by the Secretariat on the twenty-three Projects, in the field of Reforestation and Forest Management, which have been approved by the Council but still not completed, contained in document PCF(VII)/5 Rev. 1.

The Committee expressed concern about the relatively high proportion of the projects that has not reached implementation.

1) PD 2/87 Rehabilitation of Logged-over Forests in Asia/Pacific Region

The Project was approved by the council at its Third Session in November 1987.

The Forest Agency of Japan made available partial financing, amounting to US \$ 240 000, for this Project from its 1988/1989 budget.

The Council at its Fourth Session in June/July, 1988 authorized the Executive Director to start execution of the Project, provided that a viable, fully financed sub-project could be identified and executed without increasing the total cost of the full Project. Such a sub-project was identified and the Japan Overseas Forest Consultants Association (JOFCA) was contracted to execute it.

The Sub-project became operational on 10 March, 1989, when the budget resources were made available by the Forest Agency of Japan, and was completed in March 1990. A report on the completed Sub-project, contained in document PCF(VI)/9, was submitted to the Sixth Session of the Committee.

At the Seventh Session of the Council, in November 1989, the Forest Agency of Japan pledged a further contribution of US \$ 195 000 for the continued implementation of the Project.

The Forest Agency pledged at the Ninth Session additional financing amounting to US\$ 240 000 for Project PD 2/87 (F) "Rehabilitation of Logged-over Forests in Asia/Pacific Region" and indicated that it would favourably consider full financing from future budgets of the Agency. The Delegation of Japan therefore requested that the implementation of the Project be resumed immediately.

The Committee decided to recommend to the Council that the implementation of Project PD 2/87 (F) be resumed, provided that a sub-project can be identified, which in itself is meaningful and can be implemented without increasing the cost of the total Project. The Committee further recommends that US\$ 430 000 be allocated for financing of such a sub-project.

2) PD 10/87 Forest Management of Natural Forests in Malaysia

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

The Project was slightly amended by the Council at its Fourth Session in Rio de Janeiro in June 1988 to extend the period of ITTO monitoring and review, from the originally approved three years of the establishment phase to the full project period of ten years. This also required allocation of additional budget resources of US \$ 15 000 to bring the total ITTO budget contribution to US \$ 272 350. The financial support to Project work remains limited to the first three years.

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

Four Progress Reports covering the period August 1988 - June 1990 have been submitted by the Executing Agency. A first review of the progress of Project implementation was made by the Secretariat on 3 to 6 April 1989 and a second on 2 to 6 April 1990.

A special committee, "The Technical Working Group on Forest Management of Natural Forests in Malaysia", has been formed to provide advice with regard to the selection and establishment of the study areas, design of experiments, data collection and data analysis. The Working Group consists of representatives from the Forestry Department HQ's, Peninsular Malaysia, the Forest Research Institute of Malaysia, the Forestry Faculty of the University of Agriculture and the four State Forestry Departments involved in the study.

The four study areas are established, the initial surveys and the demarcation of sub-plots have been completed and experiments have been established in two of the areas and are well advanced in the other two.

The general progress is good and on schedule.

3) PD 15/87 The Biology of Okoume in Gabon

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

The execution of this Project requires that a Memorandum of Understanding between the Governments of the Netherlands and Gabon is drafted and approved by both Governments. This Memorandum is still being discussed and implementation work has therefore not started.

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

This Project was approved by the ITTC at its Fourth Session in June 1988.

The Agreement between the Government of Brazil and ITTO, governing the implementation of the Project, was signed by the Brazilian Agency for Cooperation (ABC) on behalf of the Government of Brazil on May 10, 1989 and by ITTO on May 22, 1989.

The Technology Foundation of the State of Acre (FUNTAC) is designated Executing Agency. The Brazilian Institute for Renewable Natural Resources and the Environment (IBAMA), the Superintendency for the Development of the Amazon (SUDAM), the National Institute for Amazon Research (INPA) and the Secretary of Environment and Urban Development of the State of Acre (SEDUMA) have established agreements with FUNTAC regarding their participation in the execution of the Project.

A Steering Committee has been established with representatives of the agencies which will cooperate with FUNTAC in executing the Project and of ABC and ITTO. This Committee has had four meetings to discuss and decide upon the programme and methodology for the implementation of the Project.

A Consultative Committee has been created with representatives of groups and organizations which have direct economic interest in the development of the Project area or are interested in the area from ecological/environmental points of view. The Consultative Committee met for the first time in October, 1989.

The Steering Committee decided at its meeting in March, 1990, that the Consultative Committee should be represented at future Steering Committee meetings.

The first progress review was conducted jointly by ITTO and ABC on 5-7 March, 1990.

The Project activities are progressing according to plans.

Proposal for a Phase II Project has been submitted to the Ninth Session of the Council.

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

The Project was approved by the Council at its Fifth Session in November 1988 and full financing was secured in May 1989. An Agreement regulating the implementation of the Project was concluded in April, 1990.

The Committee requested at its Sixth Session the Secretariat to clarify, with the Bolivian authorities, the plans for the implementation of the Project.

The Government of Bolivia has encountered problems in settling a compensation claim for land rights surrendered by the indigenous people, which previously used the land allocated for the Project. Steps are taken to resolve this conflict.

The Committee took note of a report by the Secretariat on the Project, contained in document PCF(VII)/8 "Review of Development in PD 34/88 Rev. 1".

The Delegation of Bolivia reviewed action taken by the Government to resolve the problems which have been encountered and to provide for the continued implementation of the Project.

The Committee decided to recommend to the Council that the Secretariat be requested to closely monitor the development of the Project, make at least one review mission to the Project before next Committee Session and prepare a special report on the progress in implementing the Project to be considered by the Eighth Session of the Committee.

The Committee also requested that the Government of Bolivia report to the Eighth Session on progress on this Project.

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

The Project was approved by the Council at its Sixth Session in May 1989, but financing for immediate implementation was not made available at that time.

At the Eighth Session of the Council full financing of the Project was secured. An Agreement regulating the implementation of the Project, between the Ministry of Agriculture of Cameroon and ITTO was concluded in September 1990, and the first transfer of funds from the Special Account was made the same month.

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

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

Unearmarked funds for full financing of the Project have still not become available in the Special Account.

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

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

implementation as soon as earmarked funds are available in the Special Account.

In April 1990 the US Forest Service made available funds for ITTO's contribution to the Project budget.

Invitation to apply for internships have been circulated and the selection of candidates have been initiated.

9) PD 68/89 (F) Rev.1 Management of the Tapajò National Forest for Sustainable Production of Industrial Timber

The Council approved the Project at its Seventh Session in November 1989. Financing was at that time not made available, but the Council authorized the Executive Director to start implementation of the Project as soon as financing is secured through earmarked contributions to the Special Account.

The Government of the United Kingdom, through the Overseas Development Administration, provided full financing for the Project through an earmarked contribution to the Special Account, in February 1990.

A draft Agreement for the implementation of the Project was sent to the Government of Brazil for consideration in June, 1990.

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

The Project was approved by the Council at its Seventh Session and financing was allocated to allow immediate implementation.

An Agreement for the execution of the Project was concluded between the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA) and ITTO in July 1990.

Preparations for the Workshop, which is scheduled to be held in March 1991, are well under way.

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

The Project was approved by the Council at its Seventh Session in November 1989, but financing was not made available at that time.

At its Eighth Session in May 1990 the Council allocated full financing for the Project.

A draft Agreement regulating the execution of the Project was sent to the Japan International Association for Mangroves in June 1990.

12) PD 74/90 (F,I) Better Utilization of Tropical Timber Resources in Order to Improve Sustainability and Reduce Negative Ecological Impacts

The Council approved the Project and allocated funds for its immediate implementation at the Eighth Session in May 1990.

A draft Agreement for the execution of the Project has been prepared by the Government of the Federal Republic of Germany and submitted to the Secretariat in late October 1990.

- 13) PD 75/90 (F) Development of Genetic Resistance in the Tropical Hardwood Iroko to the Damaging Insect Pest: *Phytolyra lata*

The Council approved The Project at its Eighth Session in May 1990 and allocated funds for immediate implementation.

Draft for an Agreement for the implementation of the Project was sent to the Ministry of Lands and Natural Resources, Ghana on June 5, 1990.

- 14) PD 76/90 (F) Project Formulation Workshop for Establishing a Network of Genetic Resources Centres for Adapting to Sea Level Rise

The Project was approved by the Council at its Eighth Session in May 1990 and funds were made available for its immediate implementation.

An Agreement has been concluded between ITTO and the Centre for Research on Sustainable Agricultural and Rural Development, Madras, India for the implementation of the Project.

The workshop will be held in Madras on January 15 - 19, 1991. Selection of participants and other preparations are in progress.

- 15) PD 77/90 (F) Establishment of A Pilot Area for Silviculture in Closed Forests in Congo

The Project was approved by the Council at its Eighth Session in May 1990, but financing was not made available at that time. The Council authorized the Executive Director to start implementation as soon as earmarked funds covering the total ITTO contribution are available in the Special Account. Such funds are still not available.

- 16) PD 78/90 (F) Panel Discussion/Seminar on Promotion of A Positive Image of Sustainable Utilization of Tropical Forests

The Council approved the Project at its Eighth Session in May 1990 and allocated funds for its immediate implementation.

The Workshop/Seminar was held on 17 November 1990 in conjunction with the Ninth Session of the Council under the title: "Status and Potential of Non-timber Products in the Sustainable Development of Tropical Forests".

Report on the Project will be submitted to the Eighth Session of the Committee.

- 17) PD 81/90 (F) Investigation and Application of Forest Management Systems in Tropical and Sub-tropical Rain Forests in the Choré and Bajo Paragua Forest Production Reserves

The Project was approved by the Council at its Eighth Session in May 1990, but funds for its implementation were not made available at that

time. The Council authorized the Executive Director to start implementation of the Project as soon as earmarked funds covering the total ITTO contribution are available in the Special Account. Such funds have still not become available.

The Committee, at its Sixth Session, recommended that the start of the implementation be conditioned by Bolivia presenting a plan for the Project execution and engaging a reputable consultant that can report to ITTO secretariat on the arrangements for the Project and that that report is positive.

18) PD 83/90 (F,I) Research and Development in Logging

The Project was approved by the Council at its Eighth Session in May 1990, but full financing was not made available at that time. The Council authorized the Executive Director to start implementing the Project as soon as full financing in the form of earmarked funds is available in the Special Account. Full financing has still not become available.

19) PD 84/90 (F) The Establishment of A Demonstration Plot for Rehabilitation of Forests Affected by Fire in East Kalimantan [Phase II of PD 17/87 (F)]

The Council approved the Project and made funds available for immediate implementation at its Eighth Session in May 1990.

An Agreement for the execution of the Project has been drafted and was, on June 5, 1990, submitted to the Ministry of Forestry, Indonesia for consideration.

20) PD 85/90 (F) Technical Assistance for the Master Plan for Forest Plantations

The Project was approved by the Council at its Eighth Session but funding was not made available at that time. The Council has authorized the Executive Director to start implementation as soon as earmarked funds covering ITTO's contribution are available in the Special Account. Full funding has still not been secured.

21) PD 86/90 (F) International Network for Developing Human Resources in Tropical Forest Management (Phase I)

The Council approved the Project at its Eighth Session in May 1990 and made funds available for immediate implementation.

One research institution in each tropical region is to be assigned as coordinator of information collection and dissemination. Inquiries for the selection of coordinating institutions are in progress.

The Committee considered document PCF(VII)/9 "Proposal for implementing Project PD 86/90 (F) International Network for Developing Human Resources in Tropical Forest Management (Phase I) in the Asia Pacific Region". The proposal had been developed by ANUTECH Pty Ltd. and the Department of Forestry, Australian National University.

The Committee decided to recommend that the Council requests the Executive Director to explore with ANUTECH the possibilities of reducing the costs of the services of ANUTECH to not exceed US\$ 200 000.

22) PD 88/90 (F) Sustainable Selective Harvesting of Mahogany in Bolivia

The Project was approved by the Council at its Eighth Session but funding was not made available at that time. The Council authorized the Executive Director to start implementation as soon as earmarked funds covering the total ITTO contribution are available in the Special Account. Such funds have still not become available.

23) PD 89/90 (F) Sustainable Forest Management and Human Resources Development in Indonesia (Phase I)

The Project was approved by the Council at its Eighth Session in May 1990 and funds were made available for immediate implementation.

A draft for Agreement between ITTO and the Government of Indonesia has been prepared and was, on June 5, 1990, sent to the Ministry of Forestry, Indonesia for consideration.

8. Consideration of Project Proposals

Seventeen Project Proposals were submitted to the Committee for consideration. They are:

- 1) PD 95/90 (F) Forest Management in the Alexander von Humboldt National Forest, Phases I, II, III
- 2) PD 96/90 (F) Virola spp. (Cumala) Plantations in the Departments of Loreto and Ucayali
- 3) PD 97/90 (F) Multi Stage Survey of Tapajós National Forest
- 4) PD 98/90 (F) Establishment of the Tefé National Forest (Amazonas State)
- 5) PD 99/90 (F) Establishment of the Rio Preto National Forest (Espirito Santo State)
- 6) PD 100/90 (F) Establishment of the Ibirama National Forest (Santa Catarina State)
- 7) PD 101/90 (F) Rev. 1 Case Studies on the Sustainable Forest Management
- 8) PD 103/90 (F) Training and Manpower Development in Community Forest Management
- 9) PD 104/90 (F) Rev. 2 Studies of the Management Standards of Hill Dipterocarp Forests in Sarawak from Watershed Management Points of View
- 10) PD 105/90 (F) Model Forest Management Areas
- 11) PD 106/90 (F) Development of the Lanjak-Entimau Wildlife Sanctuary as A Totally Protected Area, Phase I
- 12) PD 110/90 (F) Forest Increment and Yield Studies for Sustainable Management - Phases I and II

- 13) PD 111/90 (F) Assessment of the Biological Potential for Timber Growth, Increment and Yield in the Forests in the State of Sarawak
- 14) PD 112/90 (F) System Analysis, Modeling and Hierarchic Geographic Information System (GIS) for Research, Management and Development in Sarawak
- 15) PD 114/90 (F) Workshop on Conservation and Sustainable Utilization of Mangrove Forests in the Latin American/Caribbean and African Regions
- 16) PD 115/90 (F) Rehabilitation of Natural Forest
- 17) PD 116/90 (F) Appropriate Forest Technologies

The Committee decided, after lengthy discussion, to recommend sixteen projects for approval.

Details of the technical evaluation of the Projects are given in Appendix I of this Report.

The Committee considered a proposed ITTO Activity submitted by Thailand. The Proposal is contained in document PCF(VII)/10 Rev.1 and has the title **Technical Workshop to Explore the Feasibility of Forest Option.**

The Committee recommended that Thailand should explore the possibilities of obtaining support from other organizations than ITTO.

The Committee decided to recommend to the council that Thailand should implement the proposed activity in cooperation with other international organizations and agencies and that ITTO should offer co-financing of up to US\$ 100 000.

The Committee considered five Project Ideas:

- (i) **The Network for Mangrove Ecosystem Rehabilitation in Asia and Pacific Region** submitted by the Government of Thailand and contained in document PCF(VII)/11.

The Project outlined in the document is within ITTO's priorities and the Committee encouraged the Government of Thailand to develop the Idea into a project proposal. The Committee advised the Government that financing of infrastructure development should not be included in the ITTO component of the budget and proposed that the title of the project should be changed, from that used in the Idea, to more correctly represent the proposed activities.

- (ii) **Establishment of An Asian Institute for Tropical Change Monitoring** submitted by the Government of Thailand and contained in document PCF(VII)/12.

The Committee regarded the idea as interesting and having potential to become a valuable project, and recommended that the Government of Thailand should develop it into a project proposal but seek support from organizations which are more closely working with environmental issues than ITTO.

- (iii) Three project ideas submitted by the Government of Ecuador, contained in document PCF(VII)/13 with the following titles:
- a) Rehabilitation of Arid Areas in the Province of Pichincha,
 - b) Implementation of Natural Forest Management Plans in Ecuador and
 - c) Wildlife Conservation and Management in Ecuador.

The Committee recognized merits in the three Ideas but expressed doubts with regard to their compliance with ITTO's priorities.

In the context of considering the Project Ideas submitted by the Government of Ecuador, the Committee recommended that ITTO should participate in the TFAP round-table in Quito, Ecuador in January 1991 and assist the Government to select projects, contained in the National TFAP, suitable for submission to ITTO.

The Committee was concerned over the great variation in costs of international consultants contained in the various project proposals and recommended that the Secretariat establish standard costs for consultants to be used in project budget estimates.

The Committee also expressed concern over the sometimes inadequate technical information contained in the project proposals. Such shortcomings make it difficult for the Committee to carry out the required technical assessment of the proposals. The lack of information is specifically apparent with regard to the environmental and social impacts and benefits of the projects. In order to rectify this situation, the Committee decided to request the Secretariat to provide advice and assistance to Member Countries for their preparation of project proposals.

9. Review of Pre-project Work in Progress

The Committee took note of Document PCF(VII)/6 Rev. 1, containing brief progress reports for the following Pre-projects in progress:

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

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

Coordinated Natural Forest Management and Sustainable Rural Development in Areas Adjoining Sapu National Park, Liberia,

Study of Conservation Concerns Relating to the Diversification of Species Extracted for Timber,

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

Sustainable Development in the Amazon Region,

The National Biological Conference of Thailand and

Realistic Strategies for the Conservation of Biological Diversity in Tropical Moist Forest.

The implementation of the Pre-project in Liberia, "Coordinated Natural Forest Management and Sustainable Rural Development in Areas Adjoining Sapo National Park, Liberia", is temporarily suspended because of the political unrest in the country.

10. Decisions on Pre-project Work

The Committee considered Pre-project Proposal "Sustainable Multiple Use", submitted by the Government of Malaysia and contained in document PCF(VII)/7.

The Committee decided to implement the proposed Pre-project and request the Council to make available the necessary budget resources.

11. Decision on Fellowship Applications under Project PD 60/89 (F,M,I)

A Selection Committee chaired by the Vice-chairman of the Council and with the Committee Chairmen and Vice-chairman as members evaluated the fellowship applications and selected the successful candidates. The applicants awarded fellowships are listed in Appendix II of the Report of the Seventh Session of the Permanent Committee on Forest Industry.

12. Non-project Work

No issues were considered by the Committee under this Agenda Item.

13. Dates and Venue of the Eighth Session

The Committee decided that the dates and venue of its next Session will be agreed upon by ITTC in its Ninth Session.

14. Other Business

The Committee considered document ITTC(IX)/11, "Time Limits for Commencing Project and Pre-project Implementation", and discussed the analysis and proposals made by the Secretariat in the document.

It was felt that among the reasons for delay must be mentioned that the preparatory phase of a project is not fully completed by the time the project is submitted.

Furthermore the Committee suggested that there should be an automatic termination date which would come into force unless the Council would take a positive decision on an advice from the relevant committee to extend the period.

In that respect the Committee decided to add to (iv) of the procedure as outlined on page 6 of document ITTC(IX)/11 the following sentence:

"Unless the Council has decided otherwise the funds for the project will be withdrawn automatically at the third Council meeting (approximately one and a half year) after the Session in which funds have been made available."

15. Recommendations to the ITTC

The Committee made the following recommendations.

- 1) To adopt the plan contained in document ITTC(IX)/6 Rev.1 as the Integrated ITTO Action Plan.
- 2) To endorse the Work Programme for 1991 in the field of Reforestation and Forest Management as contained in document ITTC(IX)/4 and make available the required budgetary resources.
- 3) To endorse the decision by the Committee to establish a Working Group for preparing an ITTO document on incentives for tropical forest management and make available US \$ 50 000 to cover the costs of convening the Working Group.
- 4) To endorse the decision by the Committee to establish a Working Group for developing guidelines for the management of tropical forest plantations and make available US \$ 50 000 to cover the costs of convening the Working Group.
- 5) To request the Executive Director to closely monitor the implementation of Project PD 34/88 Rev.1 (F,I) and carry out one Progress Review before the Eighth Session of the Committee and report to that session on the result of that Review.
- 6) To authorize the Executive Director to continue the implementation of PD 2/87 (F) and allocate US\$ 430 000 for financing the first year of this work.
- 7) To approve Phase I of project PD 95/90 (F) and allocate US \$ 506 000 for its financing.
- 8) To approve project PD 97/90 Rev. 1 and allocate US \$ 102 400 for its financing.
- 9) To approve project PD 98/90 Rev. 1 and allocate US \$ 1 222 000 for its financing.
- 10) To approve project PD 99/90 Rev. 1 and allocate US \$ 469 000 for its financing.
- 11) To approve project PD 100/90 Rev. 1 and allocate US \$ 451 000 for its financing.
- 12) To approve project 101/90 Rev. 1 and allocate US \$ 300 000 for its financing.
- 13) To approve project PD 103/90 Rev. 1 and allocate US \$ 1 203 000 for its financing.
- 14) To approve project PD 104/90 Rev. 2 and allocate US \$ 412 900 for its financing.
- 15) To approve project PD 105/90 Rev. 1 and allocate US \$ 1 760 176 for its financing.
- 16) To approve project PD 106/90 Rev. 1 and allocate US \$ 1 750 837 for its financing.

- 17) To approve project PD 110/90 Rev. 1 and allocate US \$ 1 547 500 for its financing.
- 18) To approve project PD 111/90 Rev. 1 and allocate US \$ 825 000 for its financing.
- 19) To approve project PD 112/90 Rev. 1 and allocate US \$ 2 855 000 for its financing.
- 20) To approve project PD 114/90 and allocate US \$ 480 000 for its financing.
- 21) To approve project PD 115/90 Rev. 1 and allocate US \$ 550 797 for its financing.
- 22) To approve project PD 116/90 and allocate US \$ 318 000 for its financing.
- 23) To request the Secretariat to provide further advice and assistance to Member Countries in respect of their project proposals, to ensure that all necessary technical information is made available to the Committee to secure rapid and favourable consideration, particularly regarding their environmental and social impacts and benefits.
- 24) To request the Secretariat to develop, in consultation with other international organization, standard costs for international consultants.
- 25) To allocate US \$ 276 958 for financing of Pre-project "Sustainable Multiple Use".
- 26) To request the Secretariat to attend the TFAP round-table on Ecuador, to be held in Quito in January 1991 and assist the Government of Ecuador to select project suitable for submission to ITTO.
- 27) To request the Executive Director to explore the possibilities of implementing the proposed ITTO activity "Technical Workshop to Explore the Feasibility of Forest Option" in cooperation with other international organizations and agencies and make available US\$ 100 000 for co-financing.
- 28) To request the Executive Director to take up negotiations with ANUTECH Pty Ltd. and the Department of Forestry, Australian National University with the aim of obtaining their services for implementing Project PD 86/90 (F) in the Asia/Pacific region at a cost not exceeding US\$ 200 000.
- 29) To adopt the procedure as outlined on pages 6 and 7 of document ITTC(IX)/11, including the proposed addition.

16. Election of Chairman and vice-Chairman for 1991

The Committee elected Mr. Erik Lammerts van Bueren (the Netherlands) as Chairman and Dr. Amantino Ramos de Freitas (Brazil) as Vice-chairman for 1991.

17. Report of the Session

The Committee accepted this Report for submission to the Council.

Appendix 1

TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

1. PD 95/90 (F) Forest Management in the Alexander von Humboldt National Forest, Phase I, II, III

The Project will develop a management plan for the Alexander von Humboldt National Forest (105 000 ha), which is to be used as a research area and demonstration model for management of Peru's forest resources. The Plan will aim at achieving a sustained flow of raw material to the wood industries, preservation of genetic resources, better utilization of the forest resources and support to the socio-economic development of the rural, native communities in the area. A programme for permanent applied research is an important feature of the Project.

The Project is planned to be implemented in three successive phases. Phase I is dominated by over all planning of forest utilization and infrastructure development and detailed planning of a first felling area. In Phase II the utilization will be initiated and a research plan will be developed. In Phase III the full scale implementation of management and research plans will start.

Each Phase is estimated to last one year and the costs of each Phase is approximately the same.

From the fourth year the utilization, research and management of the Alexander von Humboldt National Forest is expected to be fully financed from income of timber sales.

The project activities will start after the conclusion of an implementation agreement between the Directorate General of Forests and Wildlife and two private organizations: the National Chamber of Forestry and the Peruvian Foundation for the Conservation of Nature.

The objectives of the Project corresponds to priorities of ITTO and it can serve as a model for other areas in Latin America and also in the other tropical regions.

The budget need to be increased by \$ 30 000 to provide financing for ITTO Monitoring, Review and Evaluation.

It is recommended that the Project be approved and that funds are allocated for immediate implementation of Phase I.

2. PD 96/90 (F) Virola spp. (Cumala) Plantations in the Departments of Loreto and Ucayali

The Project will restore degraded, moderately flood-prone areas and assist in their development and management. It will contribute to the generation of new employment opportunities and the social and economic improvement of the rural communities in the Departments of Loreto and Ucayali, Peru. Plantation trials and research on regeneration and stand development are included in the Project.

The Project has four components which will be pursued simultaneously:

- Seed supply and seedling production
- Plantation establishment and maintenance
- Extension services and training
- Research.

The duration of the ITTO supported part of the Project is two years.

Detailed plans which specify inputs, outputs, activities and budget requirements per six year period need to be prepared before the Project becomes operational.

A budget allocation of \$ 15 000 for ITTO Monitoring, Review and Evaluation need to be made and the total budget and ITTO's contribution should be increased with the same amount.

The objectives of the Project are good, but the Project document needs to be more detailed. It is therefore suggested that the document be expanded and re-introduced at the Eighth Session of the Committee.

3. PD 97/90 Rev.1 (F) Multi Stage Survey of Tapajós National Forest

The Project will develop a forest survey methodology which will combine data collected by remote sensing and field sampling in a manner which will minimize cost at given requirements of information and accuracy of estimates, and test the reliability of the methodology and verify projected costs in actual field applications.

The development work will be based, as far as possible, on experiences and models developed in and outside Brazil. It is anticipated that the survey work will be carried out in three stages, in the first of which, primary sampling is based on satellite imagery and the sampling units are analyzed, using remote sensing data, and transferred to areal photographs on which, in the second stage, selection of secondary sampling units is made. The third stage involves field sampling.

The potential usefulness of the Project, for the region as a whole, is very great.

The additions and amendments presented by the Delegation of Brazil at the Committee Session should be incorporated into the Project Document.

The duration of the Project is ten months.

The Committee recommends that an allocation of US\$ 10 000 is added to the budget to cover cost for publication and wide distribution of Project findings.

The Committee recommends that the Project be approved for immediate implementation.

4. PD 98/90 Rev.1 (F) Establishment of Tefé's National Forest

The long term objectives of the Project are to develop a management model for sustainable production of timber and other forest products, and to eliminate harmful exploitation of the forest and adverse effects of

forest utilization on water soil and fauna. It also aims at introducing new technologies for forest exploitation and at diversifying the availability of wood and other forest products in the national and international markets.

The Project will apply a sustainable production system in the Tefé National Forest, promote forest regeneration and enrichment, promote the utilization of lesser used species and conduct silvicultural studies. An important additional aim is to develop the socio-economic role of the forest compatible with its sustainable development objectives.

Main activities in the proposed ITTO supported initial phase of the Project, which will be implemented over a period of five years, are forest inventory and mapping, soil surveys, management plan development and infrastructure development.

The original Project Proposal contains a large component, to be contributed by ITTO for infrastructure development, an activity which has not been given priority by the Council.

The Delegation of Brazil revised the Project budget to include more consultancy inputs and to move part of the infrastructure development costs from the ITTO budget contribution to that of IBAMA.

The Committee recommends that the revised Project be approved for immediate implementation.

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

The long term objectives of the Project are to develop a management model for sustainable multiple use management, and to eliminate harmful exploitation of the forest and adverse effects of forest utilization on water soil and fauna. It also aims at introducing new technologies for forest exploitation and at diversifying the availability of wood and other forest products in the national and international markets.

The Project will apply a sustainable production system in the Rio Preto National Forest, promote forest regeneration and enrichment, promote the utilization of lesser used species and conduct silvicultural studies. An important additional aim is to develop the socio-economic role of the forest compatible with its sustainable development objectives.

Main activities in the proposed ITTO supported initial phase of the Project, which will be implemented over a period of five years, are forest inventory and mapping, soil surveys, management plan development and infrastructure development.

A large portion of the original budget, to be contributed by ITTO, was allocated for infrastructure development, an activity which has not been awarded priority by the Council.

The Delegation of Brazil provided additional information on the project and it is recommended that this information is incorporated in the revised Project Document.

The Delegation of Brazil revises the Project Document and made amendments to the budget so that the major portion of infrastructure development costs appear in IBAMA's budget contribution.

The Committee recommends that the revised Project be approved for immediate implementation.

6. PD 100/90 Rev.1 (F) Establishment of Ibirama's National Forest

The long term objectives of the Project are to develop a management model for sustainable multiple use management, and to eliminate harmful exploitation of the forest and adverse effects of forest utilization on water soil and fauna. It also aims at introducing new technologies for forest exploitation and at diversifying the availability of wood and other forest products in the national and international markets. Special attention is to be given to production of Euterpe edulis, a palm with edible heart.

The Project will apply a sustainable production system in the Ibirama National Forest, promote forest regeneration and enrichment, promote the utilization of lesser used species and conduct silvicultural studies. An important additional aim is to develop the socio-economic role of the forest compatible with its sustainable development objectives.

Main activities in the proposed ITTO supported initial phase of the Project, which will be implemented over a period of five years, are forest inventory and mapping, soil surveys, management plan development and infrastructure development.

A large portion of the original budget, to be contributed by ITTO, was allocated for infrastructure development, an activity which has not been given priority by the Council.

The Delegation of Brazil revises the Project Document and among other changes moved the infrastructure costs from ITTO's budget contribution to that of IBAMA.

The Delegation of Brazil also provided additional information on the project and it is recommended that this information is incorporated in the revised Project Document.

The Committee recommends that the Project be approved for immediate implementation.

7. PD 101/90 Rev.1 (F) Case Studies on Sustainable Forest Management

The Project will identify forests which are under sustained yield management and in which both production and conservation aspects are given full consideration. It will determine the technical and managerial factor which makes the management of these forests successful and apply them in demonstration models which will be included in a network of such models.

The Project will contribute to ITTO's efforts of establishing a network of demonstration projects for sustained yield management of tropical forests.

Since objective criteria for sustainability have not yet been developed, it is proposed that a main mandate of the Committee on Sustainable Yield Management of the Project should be to define this concept and develop practical means of assessment and apply these in the survey.

The Project will be implemented over a two year period.

The Project contains activities which have been given high priority by ITTO and the Committee recommends that it be approved for immediate implementation.

8. PD 103/90 Rev. 1 (F) Training and Manpower Development in
Community Forestry Management

The Project aims at developing teaching and research skills in the field of community forestry and sustainable natural resource management at the Institute of Forestry, the main forestry training center in Nepal and part of the decentralized University campus system. Besides upgrading the capacity and competency of the Institute for meeting national objectives, set forth in the recently adopted Forestry Sector Plan, the Project will provide technical support and incentives to develop the Institute into an international, regional center of excellence in community forestry education and research.

The objectives will be reached through a Visiting Scholar Programme consisting of 8 man-years of internationally recruited experts in relevant fields. Their tasks and duties comprise the following:

- a) Creation of teaching modules,
- b) Initiating and conducting field research projects,
- c) Analyze, prepare and present research findings for publication,
- d) Conduct seminars and workshops, and
- e) Convene an international conference near the end the term.

All these activities will be conducted in close liaison with resident Institute faculty members, with the overriding objective of training the local counterpart staff to continue the program at the completion of the project.

It has an important regional potential by developing manpower expertise and facilities for international workshops and demonstration modules. The project is well designed and the budget is realistic taken into consideration the existing local conditions and infra-structure in the country.

The original Project Document was revised to more clearly address issues of high priority for ITTO's work.

The Committee recommends that the Project be approved for immediate implementation.

9. PD 104/90 Rev.2 (F) Studies on the Management Standards of Hill
Dipterocarp Forests in Sarawak from Watershed
Management Points of View

The Project will identify catchment areas in which Hill Dipterocarp forests are produced in a sustainable manner and in which the water conservation properties of the forests are well maintained. It will further identify and analyze the technical and managerial parameters which are involved in the development of the areas, and determine which parameters are the main contributors to making the areas successful in timber production and watershed protection.

The results of the analysis will be applied to other catchments in order to bring them under rational management and to restore those which have been disturbed.

The Project, if successful, will be of value to other countries in the Dipterocarp Region.

The Project should consider development of guidelines for watershed management.

The Project has features in common with the projects proposed by the Government of Malaysia and is designed to cover aspects which are included also in, for instance, PD 105/90 Rev.1 (F). If this Project and the projects proposed by Malaysia are approved, a plan for coordination and cooperation should be developed and agreed upon before implementation work is started.

The Committee recommends that the Project be approved for immediate implementation.

10. PD 105/90 Rev.1 (F) Model Forest Management Areas

The Project will select and develop a sizable area of the permanent forest estate of Sarawak into a Model Forest Management Area (MFMA) to be used for training, demonstration and research in the sustainable utilization of Mixed Hill Dipterocarp Forests. Special emphasis will be given to watershed management and protection of water catchment values.

The training aspect of the Project aims at providing Forest Department staff practical training in planning, management and control of forest operations.

The research component will focus on three broad subject areas:

- forest harvesting methods and forest transportation technologies,
- regeneration of harvested, hilly areas and determination of appropriate silvicultural techniques to facilitate forest recovery after harvesting, and
- sociological studies of the impact of harvesting on nearby communities.

The demonstration aspects of the Project aim at providing opportunities for various interested parties to observe the realities of sustainable forest management.

The overall aim is to set up a center of excellence for tropical forest management and harvesting for sustainable development of tropical forests.

The Project has the potential of contributing substantially to the development of sustainable forest management and protection of environmental value in Sarawak and throughout the Dipterocarp Region.

The Delegation of Malaysia revised the Project Document so that the budget is reduced compared to the original Document.

The Committee recommends that the Project be approved for immediate implementation. The Committee requests the Government of Malaysia to report to the Secretariat, within three months after project implementation has started, on the criteria established for selection of demonstration site and the geographic location of the selected site.

11. PD 106/90 Rev.1 (F) Development of the Lanjak-Entimau Wildlife Sanctuary as a Totally Protected Area, Phase I

The objective of the Project is to develop the Lanjak-Entimau Wildlife Sanctuary as a Totally Protected Area (TPA) for nature conservation and as a site for biological research. The Sanctuary has at present an area of 168 758 ha. An extension with 18 414 has been proposed. It has common border with a larger sanctuary in Indonesia and the development of the Malaysian TPA will be carried out in cooperation with the relevant agencies of the Government of Indonesia.

The proposed Project is a First Phase of the envisaged development of Lanjak-Entimau Sanctuary and involves development of a management plan and the drafting of a project Proposal for the Second Phase, in which the plan will be implemented.

The Totally Protected Area (TPA) may develop into a seed source for improving the forest productivity in Sarawak and throughout the Dipterocarp Region.

The Project provides a detailed and realistic work plan, including inputs and outputs. The importance of wildlife resources, also for surrounding communities, calls for including a wildlife biologist on the project staff.

The Delegation of Malaysia made a revision of the Product Document, resulting in a reduction in budget.

The Project is highly relevant for ITTO and the Committee recommends that it be approved for immediate implementation.

12. PD 110/90 Rev.1 (F) Forest Increment and Yield Studies for Sustainable Management - Phases I, II

Phase I of the Project will provide further detailed analysis and evaluation of growth and yield data from the permanent silvicultural and increment research plots in natural forests and plantations. It will:

- check and supplement data from existing research plots,
- analyze growth on a single tree and species group basis,
- determine growth performance on different sites and develop site-class indices,
- provide basic data for growth models,
- provide tentative guidance for annual allowable cut decisions,
- design a programme for complimentary increment and yield research and
- provide the basis for Phase II of the Project.

Phase II will:

- establish and enumerate permanent research plots,

- update computer software in accordance with the requirements for analysis of existing and new research data,
- develop a fast and efficient method of assessing growth and yield, based on old and new data,
- develop, by computer simulation, quantitative information required to adjust the rate of timber removal to the sustained yield levels suggested by the ITTO Sarawak Mission,
- design silvicultural management systems which are cost efficient, carry low natural and economic risks and produce secure economic and social benefits.

The expected results of the Project are:

- Improved information on biological relationships between site, forest condition, forest management, utilization and sustainable timber yield,
- flexible means of forecasting stand development to be used in policy formulation and management decisions and
- a network of permanent forest research plots which can contribute to the improvement of management and long term forest development planning.

The Project is designed to meet development requirements recommended by the ITTO Mission to Sarawak.

It is basically a research and development project which is directly linked to and supported by Project PD 111/90 (F).

A more comprehensive work plan, including specified outputs, should be provided before the Project becomes operational.

The budget allocations for some items in the Project appeared high and a revision or reallocation of total costs was recommended.

The Delegation of Malaysia revised the Project Proposal so that a reduction of the budget was achieved.

The Committee recommends that the Project be approved for immediate implementation.

13. PD 111/90 Rev.1 (F) Assessment of the Biological Potential for Timber Growth, Increment and Yield in the Forests of the State of Sarawak

The Project will:

- provide the methodological basis for a comprehensive diagnostic and prognostic assessment of increment and biological yield potential,
- use the data outputs of Project PD 110/90 (F), Phase I, to produce a preliminary tentative yield estimate for forest policy development,
- test quantitatively the consequences of various levels of sustainable yield by a fast analysis method,
- develop criteria for sustainable yield management in compliance with the ITTO Guidelines,
- train Sarawak staff in advanced methods of resource assessment and forecasting.

The expected results are:

- an improved assessment of sustainable timber yield,
- a method for yield assessment, forecasting and monitoring, and
- a well qualified unit for yield assessment and resource monitoring.

The Project is directly linked to and dependent on Phase I of Project PD 110/90 (F).

The Project should be started in 1993.

The Delegation of Malaysia revised the Project Proposal so that a reduction of total budget was achieved.

The Committee recommends that the Project be approved and that it be implemented as soon as the results of Phase I of Project PD 110/90 (F) are available.

14. PD 112/90 Rev.1 (F) System Analysis, Modelling and Hierarchic Geographic Information System (GIS) for Research, Management and Development in Sarawak

The main objective of the Project is to provide the State Government of Sarawak with a system for easily accessible and continuously updated information, to be used in monitoring, planning and research in forestry and related fields. The system will contain links for exchange of data and other information between management and research and between all land using sectors of the economy, and will be designed to work at forest management unit, regional and State levels.

Further objectives are to provide guidance on how to verify satellite image interpretations, to provide means to compare the consequences of alternative policies at various administrative levels and to assess the effects of logging, forest management, deforestation and afforestation on the environment. These facilities will also enable Sarawak to supply data on the effects of forest and land use in the State, on the atmosphere and on the local and global climate, for eco-system research.

The Project will provide expertise, equipment and technology to meet these objectives and provide training for department staff.

The main expected outputs are:

- a fully operational, hierarchic GIS,
- system simulation models for eco-system, management unit and regional levels,
- a qualified work unit in research, management and development with capability to utilize and further improve the GIS and the simulation models, and
- an integrated information, planning and monitoring system which can serve as a model for other tropical countries.

Detailed schedules for Activities, Inputs, Outputs and budget requirements need to be prepared before implementation starts. These schedules should give estimates for each six month period of Project duration.

The Delegation of Malaysia revised the Project Proposal so that a reduction of the budget was achieved.

The Committee recommends that the Project be approved for immediate implementation.

The Committee requests the Government of Malaysia to use, as far as feasible, locally available expertise instead of expatriate consultants in order to reduce budget requirements.

15. PD 114/90 (F) Workshop on Conservation and Sustainable Utilization of Mangrove Forests in the Latin American/Caribbean and African Regions.

The main aims of the Project are to complement and support activities related to utilization, conservation and management of mangrove forests in ITTO member countries in Latin America/Caribbean and Africa through, among other things, documentation and dissemination of current knowledge on the mangrove eco-systems and best practices for their management and conservation, and by providing an information base for the creation of regional programmes for management, conservation and research.

The Project will collect information on the extent of the mangrove resources and trends in their development, the ecological process that occur in pristine and disturbed mangrove forests, and review the socio-economic benefits derived from these forests. It will assess the relevance of various mangrove management systems to sustaining ecological balance and assess the extent to which current knowledge is applied in management. It will further identify research requirements and review ways in which networks for cooperation, in management, research and administration, can be established and strengthened.

The Project should be regarded as a contribution to the activities concerning mangrove forests and mangrove eco-systems which have been so rapidly expanding lately, culminating in the establishment of the International Society for Mangrove Ecosystems (ISME).

The importance of mangrove for the protection against adverse effects of climate change will increase. The Committee therefore recommends that the Project be approved for immediate implementation.

The Project should be coordinated with activities in this field carried out by other organizations.

16. PD 115/90 Rev.1 (F) Rehabilitation of Natural Forest

The Project will develop silvicultural measures for rehabilitating degraded forests and restoring their productive capacity and at the same time safeguarding environmental quality and ecological balance.

The proposed Project constitute the establishment phase of a long term research and development effort.

The expected results of the Project are:

- an information base concerning response of degraded forests to various silvicultural treatments under different site conditions,
- silvicultural systems for rehabilitation of degraded forests,
- increased capacity and expertise of local forestry staff in silvicultural treatment of degraded forests and in natural forest management in general,
- assessments of cost effectiveness of various treatments, and
- a permanent study area of approximately 400 ha, with sample plots, which can serve as a research, demonstration and training area for Malaysia and the Southeast Asia Region.

It is also envisaged that the efforts to rehabilitate degraded and disturbed forests in Malaysia, and the experiences gained from it, will contribute to the improvement of the world's forest resources and the environment.

The allocation in the Budget for ITTO Contribution for Silviculturist need to be increased to US\$ 60 000 per six months period to cover, besides salary, also travel and installation and repatriation costs and insurance. This will add US\$ 60 000 to the total budget.

The allocation for ITTO Monitoring, Review and Evaluation should be increased to US\$ 6 000 per year in the first four years and US\$ 18 000 for the six year period thereafter. This will increase the total budget with US\$ 20 000.

The presentation of the Project is very good and could be seen as a model for project documents.

The Committee recommends that the Project be approved for immediate implementation.

17. PD 116/90 (F) Appropriate Forest Technologies

Based on literature reviews and investigations carried out by the World Bank, supplemented by reviews of new research, the Project will identify and describe appropriate technologies for:

- regeneration of mixed tropical hardwood forests,
- selection and handling of high quality seeds and seedlings,
- improved site preparation and establishment techniques, and
- environmentally sound logging practices.

The Project will also identify available data bases, networks and rosters and develop a system for identifying research results relevant to the Asian region and for identifying sources of expertise.

This review and synthesis project covers a wide range of relevant topics for the forestry sector in the Asian region. Conservation of biological resources is mentioned under justification, but is limited to consideration of soil and moisture conservation techniques during plantation forestry and "environmentally sound logging practices" under project outputs. Similarly, economic assessments for investments are mentioned under project justification, but not specified under objectives and outputs. The project is expected to yield valuable information for priority actions in the forestry sector in Asia, besides providing a network of relevant institutions and technical expertise.

The proposed cooperation with the World Bank was welcomed by the Committee.

The Project is within the area of high priority of ITTO and the Committee recommends that the Project be approved for immediate implementation.

* * * * *

The Committee also considered Project PD 109/90 (F,I), PD 113/90 (M,F,I) and PD 117/90 (M,F,I) which had been presented in the Permanent Committee on Forest Industry, and took note of the recommendations, with regard to these Projects, by that Committee.

TECHNICAL EVALUATION OF PROJECT PROPOSALS
IN THE FIELD OF REFORESTATION AND FOREST MANAGEMENT

PROJECT DOCUMENT	ITTA OBJECTIVES ARTICLE 1	AREA OF ACTIVITY		CRITERIA Art. 23 Para. 6	BUDGET ITTO Contrib. (US\$)	DURATION Years	GEOGRAPHICAL COVERAGE	RECOMMENDATION*
		Art. 23 Para. 2	Art. 23 Para. 5					
95/90 Phase I	b,c,e,f and h	Planning	a,b,c,d and e	a,b,c,d and e	506,000	1	Peru	4
96/90	c,f and h	Rehabilit./ R & D	b,c, and e	a,b,c,d and e	500,000	2	Peru	2
97/90 Rev.1	c and h	R & D	a,b,c,d and e	a,b,c,d and e	102,400	10 mo.	Brazil	4
98/90 Rev.1	c,e,f and h	R & D	a,b,c,d and e	a,b,c,d and e	1,222,000	5	Brazil	4
99/90 Rev.1	c,e,f and h	R & D	a,b,c,d and e	a,b,c,d and e	469,000	5	Brazil	4
100/90 Rev.1	c,e,f and h	R & D	a,b,c,d and e	a,b,c,d and e	451,000	5	Brazil	4
101/90 Rev.1	a,c,f and h	R & D	a,b,c,d and e	a,b,c,d and e	300,000	2	Indonesia	4
103/90 Rev.1	c,f and h	Training/ R & D	b,c,d and e	a,b,e	1,203,000	4	Nepal	4
104/90 Rev.2	c,f and h	R & D	a,b,c,d and e	a,b,c,d and e	412,900	2	Global	4
105/90 Rev.1	c,f and h	R & D/ training	b,c,d and e	a,b,c,d and e	1,760,176	2	Sarawak, Malaysia	4

PROJECT DOCUMENT	ITTA OBJECTIVES ARTICLE 1	AREA OF ACTIVITY		CRITERIA Art. 23 Para. 6	BUDGET ITTO Contrib. (US\$)	DURATION Years	GEOGRAPHICAL COVERAGE	RECOMMENDATION*
		Art. 23 Para. 2	Art. 23 Para. 5					
106/90 Rev.1	c and h	R & D	b,c,d and e	b,d and e	1,750,837	2	Sarawak, Malaysia	4
110/90 Rev.1	c,f and h	R & D	a,b,c,d and e	a,b,c,d and e	389,000	2	Sarawak, Malaysia	4
					1,158,500 (Phase II)	3		
111/90 Rev.1	c,f and h	R & D	b,c,d and e	a,b,c,d and e	825,000	2	Sarawak, Malaysia	4
112/90 Rev.1	c,f and h	R & D	b,c,d and e	a,b,c,d and e	2,855,000	3	Sarawak, Malaysia	4
114/90	c and h	R & D	a,b,c,d and e	a,b,c,d and e	480,000	20 mo.	Latin American/ Caribbean and African Regions	4
115/90 Rev.1	c,f and h	R & D	a,b,c,d and e	a,b,c,d and e	550,797	4	Malaysia	4
116/90	c,f and h	R & D	a,b,c,d and e	a,b,c,d and e	318,000	1	Asian Region	4

- * 1: Recommend to the ITTO Council that the proposal should not be further considered by ITTO.
2: Recommend to the ITTO Council that the proposal be revised.
3: Decide on pre-project activities including Executing Agency and estimated budget.
4: Recommend to the ITTO Council to approve the (amended) proposal for implementation by ITTO.
5: Recommend to the ITTO Council that ITTO should sponsor the proposal in accordance with Article 20.
6: Recommend to the ITTO Council that ITTO should approve the proposal for ITTO sponsorship without funding and refer it to other relevant financial institutions.

Appendix II

TERMS OF REFERENCE FOR A WORKING GROUP ON
"GUIDELINES FOR MANAGEMENT OF TROPICAL FOREST PLANTATIONS"

The Working Group will prepare a draft guideline proposal.

The guideline should describe the principles of establishment of sustainable management of Man-Made Tropical Forests and define criteria by which sustainability may be assessed, with particular attention to environmental and social as well as economic considerations.

Man-Made Tropical Forests in this context include:

- pure plantations and mono-cultures
- multi-species forests
- agrosilvicultural forests (including dispersed planting in and between farmlands)
- afforestations on degraded land (recultivation and protection).

The format of the guidelines should follow as closely as possible that adopted in the guidelines for natural tropical forest, particularly in establishing basic principles as a guide to subsequent preparation of national guidelines in each member country.

The Working Group will consist of representatives of Producer (3) and Consumer (3) Members and of environmental NGOs and International Timber Trade and UN organizations. The Working Group will meet once to consider a documentation and outline prepared in advance by Germany and to draft a guideline proposal for submission to the ITTO Secretariat in time for inclusion in the agenda of the Quito meeting in 1991.

PERMANENT COMMITTEE ON FOREST INDUSTRY
Seventh Session
Yokohama, 16 - 23 November 1990

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REPORT TO THE INTERNATIONAL TROPICAL
TIMBER COUNCIL

SEVENTH SESSION OF THE PERMANENT COMMITTEE ON
FOREST INDUSTRY

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REPORT

1. Introduction

The Seventh Session was opened on 16 November 1990 by Dr. Gary R. Lindell (U.S.A.), the Chairman of the Committee. The list of Participants is reproduced in Document PCM,PCF,PCI/(VII)/Info.1 Rev.2.

2. Adoption of Agenda and Organization of Work

At its first meeting on 16 November 1990 the Committee adopted the agenda of its Seventh Session as contained in Document PCI(VII)/1.

3. Admission of Observers

The list of Observers admitted by the Committee is contained in Document ITTC(IX)/Info.2.

4. Criteria and Priority Areas for Program Development and Project Work

(a) Under this item, a Joint Session of the Permanent Committees was requested to undertake an initial consideration of the Report of the Expert Panel to Integrate ITTO's Action Plan. After an initial presentation of the Report by the Panel's Chairman, Mr. David Boulter, it was decided to request an Informal Drafting Group to finalize editing of the draft Action Plan (as contained in document ITTC(IX)/6) taking into consideration various suggestions for revision of the text. The text as revised was submitted to the Council for its consideration.

(b) The Committee considered the Work Program for 1991 to implement the Action Plan in the field of Forest Industry as contained in Document ITTC(IX)/5 prepared by the Secretariat at the request of the Council. Following a comprehensive appraisal of the Document, the Committee agreed to recommend to Council the approval and implementation of the Work Program. The Work Program as recommended for Council approval can be implemented only if the additional necessary Secretariat's manpower requirements and consultancy services specified in document ITTC(IX)/5 are approved and funded by the Council.

The text of the Work Program is reproduced as Appendix A to this Report.

5. Report on Completed Projects

The Committee took notice of the work accomplished in the two projects completed since its last Session (PD 3.d/87 "Proposal for Actions in Favour of the Lesser Known Species: d. Measures in Support of the Lesser Known Species of Africa and Latin America/Caribbean" and PD 20/87 "Publication of Technical Documents and Relevant Information to the Forest Products Industry"). The report on these projects is reproduced in document PCI(VII)/4.

The Committee expressed the view that the process of evaluation of completed projects must be strengthened and shall include a more detailed assessment of the project implementation, results and benefits.

6. Report on Project Work in Progress

The Committee reviewed the work underway in twenty ITTO approved projects in the field of Forest Industry, fourteen of which are already funded. The full report on project work in progress is reproduced in document PCI(VII)/3.

Further information on project implementation progress was given by the delegations of Cameroon (PD 3.e/87), Finland (PD 4/87 Rev.1), Peru (PD 16/87 Rev.1 and PD 37/88 Rev.3) and the Netherlands (PD 18/87 Rev.1).

On the basis of a proposal submitted by the Brazilian Government, the Committee agreed and decided to recommend to the Council that project PD 67/89 be implemented in two phases as per the proposal presented in Document PCI(VII)/3.

Noticing the willingness of the Japanese Government to fulfill its original pledge of US\$ 300,000 to finance the project PD 60/89 and the additional contribution of the Netherlands of 200,000 Dutch Guilders, the Committee recommended to the Council to accept these contributions.

The Committee took note of the outcome of the ITTO Secretariat further consultations with the World Bank on the implementation of project PD 73/89 (M,F,I) ASSISTANCE FOR PROJECT IDENTIFICATION AND FORMULATION. In view of the need for additional funds to organize the first two training workshops as estimated in the final budgets presented by the World Bank, the Committee decided to recommend to Council the allocation of an additional sum amounting to US\$ 60,000 to fund the project implementation.

The Committee reviewed on an Ad Hoc basis the Document "Planning Forest Industries in Developing Countries", prepared under ITTO approved project PD 4/87 Rev.1. The Committee invited Members to submit any additional comments on the paper in writing to the Secretariat before the end of 1990.

The Committee took notice of the progress in the implementation of project PD 16/87 Rev.1. On the basis of a proposal from the Project Coordinator and Delegation of Peru, the Committee agreed with an extension of two months in the work of consultants engaged in the project, provided that the additional costs can be met with the funds of the original project budget.

On the basis of a proposal by the Government of Denmark, the Committee decided to recommend to the Council the acceptance of the contribution of US\$ 200,000 from DANIDA to strengthen activities under PD 73/89 (M,F,I) and in particular for purposes of assisting producing Member countries to identify and formulate appropriate project proposals through Danish consultancy services.

The Committee expressed the view that the process and operations related to evaluation and monitoring of projects under implementation must be improved and strengthened.

7. Consideration of Project Proposals

The Committee appraised and evaluated nine project proposals:

Serial Number	Project Title	Submitted by
PD 90/90 (I):	SEASONING OF MIXED SPECIES OF TROPICAL TIMBER	GOVERNMENT OF INDIA
PD 91/90 (I):	GRADING OF LESSER KNOWN SPECIES	GOVERNMENT OF INDIA
PD 92/90 Rev.1 (I):	STUDY OF COSTS AND YIELD LEVELS IN THE BOLIVIAN SAWMILLING INDUSTRY	GOVERNMENT OF BOLIVIA
PD 93/90 (I):	INTRODUCTION OF LESSER-KNOWN SPECIES IN THE AMAZON PLYWOOD INDUSTRY	GOVERNMENT OF BRAZIL
PD 102/90 (I):	DEVELOPMENT OF WAFERBOARD PRODUCTS FROM POTENTIAL TROPICAL WOOD SPECIES FOR BUILDING PRE-FABRICATED HOUSES	GOVERNMENT OF BRAZIL
PD 107/90 (I):	STRATEGIES FOR SUSTAINABLE WOOD INDUSTRIES IN SARAWAK	GOVERNMENT OF MALAYSIA
PD 108/90 (I):	FOREST INDUSTRY DEVELOPMENT STUDIES	GOVERNMENT OF PAPUA NEW GUINEA
PD 109/90 (I):	ASSISTANCE TO MODERNIZATION, RESTRUCTURING AND DEVELOPMENT OF WOOD-BASED INDUSTRIES IN IVORY COAST	GOVERNMENT OF COTE D'IVOIRE
PD 117/90 Rev.2 (M,F,I):	CONFERENCE OF SENIOR FORESTERS AND RELATED EXPERTS TO PROMOTE THE APPLICATION OF SUSTAINABLE MANAGEMENT OF TROPICAL FORESTS	GOVERNMENT OF JAPAN

The project proposal PD 113/90 (M,I) was withdrawn by the submitting Government of Germany and was not considered by the Committee.

The Committee decided to reschedule consideration of the project proposal PD 94/90 (I) "Integration of Forest-Based Development in the Western Amazon - Phase II - Technology for Sustainable Utilization of Raw Forest Materials" to the next Committee Session when Members will have available the results of the implementation of Phase I of this project.

The Committee expressed the general view that several of the project proposals considered were not appropriately prepared and did not contain all needed information to allow proper consideration and technical appraisal. The Committee particularly stressed that project proposals should include more information concerning projects environmental impact and social issues. The Committee decided to recommend to the Council the study of mechanisms to assist improving the quality of project proposals.

The Committee also considered five project ideas:

- PCI(VII)/9 INTERNATIONAL WORKSHOP ON IMPROVED UTILIZATION OF TIMBER RESOURCES IN SOUTHEAST ASIA (Submitted by: Forest Research Institute of Malaysia and Forestry and Forest Products Research Institute - Japan)
- PCI(VII)/11 TECHNICAL ASSISTANCE IN: (A) MARKETING INFORMATION SET-UP AND TECHNO-ECONOMICS AND (B) WOOD PROCESSING TECHNOLOGY (Submitted by: Forestry Department of Sabah, Malaysia)
- PCI(VII)/12 CENTER FOR TECHNOLOGICAL INFORMATION AND MARKETING OF FORESTRY PRODUCTS (Submitted by: The Government of the Republic of Ecuador)
- PCI(VII)/13 STRENGTHENING OF SAW-MILLING & RELATED INDUSTRIES AND TIMBER YARDS (Submitted by: The Government of the Republic of Ecuador)
- PCI(VII)/14 NATURAL FOREST MANAGEMENT AND UTILIZATION PLAN FOR THE NATIONAL FOREST RESOURCES (Submitted by: The Government of the Republic of Ecuador)

The Committee decided to recommend to Members wishing to submit project ideas for its consideration to send concise and clear proposals to the Secretariat at least 1 month before the Session.

The detailed results of the Committee's evaluation and appraisal of project proposals and ideas are presented in Appendix II.

8. Decision on Fellowship Applications Under Project PD 60/89 (F.M.I)

The Committee authorized the establishment of a Selection Panel to evaluate fellowship applications submitted in time for the Seventh Session and select the successful candidates. The selection panel was composed by: Mr. Sumarsono Martosudigdo, Ir (Chairman, Indonesia), Mr. David Boulter (Canada), Mr Enrique Toledo G.P. (Peru), Mr. Eric Lammerts van Bueren (The Netherlands), Dr. Gary Lindell (U.S.A.) and Mr. Baharuddin Haji Ghazali (Malaysia). The applications approved are listed in Appendix III.

9. Report on Pre-Project Work in Progress

The Committee took note and reviewed the progress of work on the following pre-project studies:

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

The report on pre-projects under execution is contained in document PCI(VII)/8.

10. Decision on Pre-Project Work

The Committee evaluated three proposals for pre-project work submitted by Member Governments:

- (i) Development Work to Phase out Trade of Unsustainably Produced Timber: I - Assessment of Future Mahogany Supply and Alternative Industrial Operations for Sustainable Production (Submitted by Government of Brazil);
- (ii) Institutional Strengthening of IBAMA's Forest Products Laboratory (Submitted by Government of Brazil); and
- (iii) Manpower Development of the Sarawak Forest Sector (Submitted by Government of Malaysia).

The proposals are contained respectively in documents PCI(VII)/5, PCI(VII)/6 and PCI(VII)/7.

The Committee decided to implement these pre-projects. The detailed results of the Committee's evaluation and decisions on these pre-project proposals are presented in Appendix II.

10. Dates and Venue of the Eighth Session

The Committee decided that the date and venue of its Eighth Session will be agreed upon by ITTC in its Ninth Session.

11. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations:

- 1. To approve and fund the Work Program for 1991 to implement the Action Plan of the Permanent Committee of Forest Industry as amended in Document ITTC(IX)/5 contained in Appendix I to this Report.

- 2. To approve for implementation by ITTO the project proposals:

PD 92/90 Rev.1 (I):	STUDY OF COSTS AND YIELD LEVELS IN THE BOLIVIAN SAWMILLING INDUSTRY
PD 93/90 (I):	INTRODUCTION OF LESSER-KNOWN SPECIES IN THE AMAZON PLYWOOD INDUSTRY
PD 102/90 (I):	DEVELOPMENT OF WAFERBOARD PRODUCTS FROM POTENTIAL TROPICAL WOOD SPECIES FOR BUILDING PRE-FABRICATED HOUSES
PD 107/90 (I):	STRATEGIES FOR SUSTAINABLE WOOD INDUSTRIES IN SARAWAK
PD 108/90 (I):	FOREST INDUSTRY DEVELOPMENT STUDIES
PD 117/90 Rev.2 (M,F,I):	CONFERENCE OF SENIOR FORESTERS AND RELATED EXPERTS TO PROMOTE THE APPLICATION OF SUSTAINABLE MANAGEMENT OF TROPICAL FORESTS

3. To recommend that the following project proposal be revised:
 - PD 90/90 (I): SEASONING OF MIXED SPECIES OF TROPICAL
TIMBER
 - PD 109/90 (I): ASSISTANCE TO MODERNIZATION, RESTRUCTURING
AND DEVELOPMENT OF WOOD-BASED INDUSTRIES IN
COTE D'IVOIRE
4. To recommend that the following proposal should not be
considered further by ITTO:
 - PD 91/90 (I): GRADING OF LESSER KNOWN SPECIES
5. To approve a phased implementation for project PD 67/89 (I)
"Training Program on Mechanical Processing Operations in the
South American Sawmilling and Plywood Industries", as proposed
in document PCF(VII)/3.
6. To urge Member countries to contribute funds to finance forest
industry projects approved by the Council in previous sessions
and so far unfunded. These projects are:
 - PD 37/88 INDUSTRIAL UTILIZATION OF NEW TROPICAL SPECIES IN
Rev. 3 (I): PERU (Phase 2)
 - PD 43/88 STUDY FOR THE MARKETING OF TROPICAL TIMBER AND
Rev.2 (I): PROMOTION OF THE CONSUMPTION OF LESS WELL KNOWN
SPECIES ON INTERNATIONAL MARKETS: PHASE 1 -
PROMOTION FOR SELECTED ASIAN MARKETS
 - PD 48/88
Rev.1 (I): DRYING MIXTURES OF TROPICAL HARDWOODS
 - PD 49/89 (I): CREATION OF INTERNATIONAL PROMOTION CENTER FOR
LESSER KNOWN SPECIES IN EUROPE (PREPARATORY
PHASE)
 - PD 65/89 (I): PROMOTION OF IMPORTS OF TROPICAL SAWWOOD IN
CHINA (PREPARATORY PHASE)
 - PD 67/89 (I): TRAINING PROGRAM ON MECHANICAL PROCESSING
OPERATIONS IN THE SOUTH AMERICAN SAWMILLING AND
PLYWOOD INDUSTRIES
 - PD 80/90 (I): SECOND CONSULTATION ON THE WOOD AND WOOD PRODUCTS
INDUSTRY
7. Noticing the willingness of the Japanese Government to fulfill
its original pledge of US\$ 300,000 to finance the project
PD 60/89 and the additional contribution of the Netherlands of
200,000 Dutch Guilders, the Committee recommended to the Council
to accept these contributions.
8. To accept the contribution of US\$ 200,000 from DANIDA to
strengthen activities under PD 73/89 (M,F,I) and in particularly
for purposes of assisting producing Member countries to identify
and formulate appropriate project proposals through Danish
consultancy services.

12. Election of Chairman and Vice-Chairman for 1991

The Committee elected Dato Baharuddin Hj. Ghazali (Malaysia) the Chairman and Prof. Nils-Erik Nilsson (Sweden) the Vice-Chairman for 1991.

13. Report of the Session

The Committee adopted this report for submission to the Council.

APPENDIX I

WORK PROGRAM FOR 1991 TO IMPLEMENT
THE ACTION PLAN OF THE PERMANENT COMMITTEE OF FOREST INDUSTRY

{Document: ITTC(IX)/5}

INTERNATIONAL TROPICAL TIMBER COUNCIL
Ninth Session
Yokohama, 16 - 23 November 1990

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WORK PROGRAM FOR 1991 TO IMPLEMENT
THE ACTION PLAN OF THE PERMANENT COMMITTEE OF FOREST INDUSTRY

WORK PROGRAM FOR 1991 TO IMPLEMENT
THE ACTION PLAN OF THE PERMANENT COMMITTEE OF FOREST INDUSTRY

I. INTRODUCTION

This document has been prepared in response to Council Decision 1(VIII) which requested the Executive Director to prepare a Work Program for 1991 to implement the Action Plans of the three Permanent Committees.

The ITTO Action Plan and Work Program in the field of Forest Industry has been divided in five program areas as follows:

1. Marketing of tropical timber products and enhancing marketing skills.
2. Investment and joint ventures promotion as a means of expanding further processing and modernizing existing industries.
3. Research and extension services in tropical timber processing and utilization to improve and optimize use of resources and enhance the industrial performance.
4. Human resources development at all levels, as a means of improving industrial efficiency, product performance and quality, and strengthening management skills.
5. Policy and institutional strengthening, as a means of improving sustainable raw material availability, market access, industrial profitability and investment attraction.

The ITTO Action Plan and Work Program, which for reference is presented with its detailed actions in Annex I, has been designed to be implemented over a 5-year term. The specific activities proposed to be started in 1991 will meet some of the Actions detailed in the program presented in the Annex I.

The proposed Work Program for 1991 in the field of Forest Industry is presented in this document as follows:

- I. Introduction;
- II. Work Program of the Permanent Committee;
- III. Work Program to be implemented through specific projects;
- IV. Work Program of the Secretariat;
- V. Work Program to be undertaken by Consultants;
- VI. Summary of resource requirements.

II. WORK PROGRAM OF THE PERMANENT COMMITTEE

1. Technical appraisal of project proposals submitted.
2. Decision on pre-project activities.
3. Assessment of performance of projects.
4. Review on a regular basis forest industry policies and assess their appropriateness to promote sustainable forest based industry development.
5. Review and evaluate performance and impact of existing incentive systems on the promotion of sustainable development of appropriate forest industries.
6. Evaluation of effect of industrial policies on:
 - efficiency of processing;
 - resource wastage;
 - sustainability;
 - promotion of manufacture of high added-value products.
7. Monitoring and evaluation of the implementation of the Action Plan and Work Program.

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III. WORK PROGRAM TO BE IMPLEMENTED THROUGH SPECIFIC PROJECTS¹

PROJECT/PRE-PROJECT	RELATED PROGRAM AREA/SPECIFIC ACTION IN THE ITTO ACTION PLAN AND WORK PROGRAM (Annex I)	REMARKS
3a/87 Rev.2 (I) PROPOSALS FOR ACTIONS IN FAVOR OF THE LESSER KNOWN SPECIES: a. VALORIZATION OF THE LESSER KNOWN SPECIES IN CAMEROON	1.b	Project under implementation
4/87 Rev.1 (I) TRAINING IN PLANNING AND MANAGEMENT OF FOREST INDUSTRIES IN DEVELOPING COUNTRIES	4.a 4.b 4.j 4.k	Project under implementation
11/87 (I) MALAYSIAN TIMBER INDUSTRY BOARD AND TIMBER INDUSTRY UPGRADING	4.b 4.c	Project under implementation
12/87 (I) RESEARCH ON UTILIZATION OF TROPICAL TIMBER IN CONSTRUCTION	3.c 3.f	Project under implementation
37/88 Rev.3 (I) INDUSTRIAL UTILIZATION OF NEW TROPICAL SPECIES IN PERU [PHASE I]	1.b 1.e 3.d	Project under implementation

¹ Only projects already approved have been included in the 1991 Work Program, though it is reasonable to anticipate that a few additional projects may be approved in time for initiation in 1991.

PROJECT/PRE-PROJECT	RELATED PROGRAM AREA/SPECIFIC ACTION IN THE ITTO ACTION PLAN AND WORK PROGRAM	REMARKS
54/89 (I) STUDY ON UTILIZATION STRUCTURE OF TROPICAL TIMBER PRODUCTS IN KOREA AND PROMOTION OF PROCESSED WOOD PRODUCTS SUPPLY FROM TROPICAL TIMBER PRODUCING COUNTRIES	1.b 1.f 2.a 2.d 5.e	Project under implementation
60/89 (F,M,I) FELLOWSHIP AND RELATED ASSISTANCE PROGRAM TO PROMOTE TROPICAL FOREST SECTOR DEVELOPMENT	1.b 1.c 1.g	Project under implementation
70/89 Rev.2 (I) WORLD CONFERENCE ON TROPICAL PLYWOOD IN ASIA PACIFIC REGION	1.c 2.d 5.a 5.c 5.e	Project under implementation
73/89 (M,F,I) ASSISTANCE FOR PROJECT IDENTIFICATION AND FORMULATION	4.h	Project under implementation
37/87 Rev.3 (I) INDUSTRIAL UTILIZATION OF NEW TROPICAL SPECIES IN PERU [PHASE II]	1.b 1.e 3.d	Implementation in 1991 depends on financing [US\$ 461,250]

PROJECT/PRE-PROJECT	RELATED PROGRAM AREA/SPECIFIC ACTION IN THE ITTO ACTION PLAN AND WORK PROGRAM	REMARKS
43/88 Rev.2 (I) STUDY FOR THE MARKETING OF TROPICAL TIMBER AND PROMOTION OF THE CONSUMPTION OF LESS WELL KNOWN SPECIES ON INTERNATIONAL MARKETS: PHASE 1 - PROMOTION FOR SELECTED ASIAN MARKETS	1.b 1.c 1.d 1.e 1.f 2.d	Implementation in 1991 depends on financing [US\$ 920,000]
48/88 Rev.2 (I) DRYING MIXTURES OF TROPICAL HARDWOODS	3.c 3.e	Implementation in 1991 depends on financing [US\$ 475,737]
49/88 (I) CREATION OF AN INTERNATIONAL PROMOTION CENTER FOR LESSER KNOWN SPECIES IN EUROPE [PREPARATORY PHASE]	1.b 1.e	Implementation in 1991 depends on financing [US\$ 96,000]
63/89 Rev.1 (I) LOW-COST HOUSES FROM SMALL DIAMETER TREES, PLANTATION THINNINGS AND TREE TOPS AND BRANCHES	3.f 5.c	Implementation in 1991 depends on financing [US\$ 774,180]
65/89 (I) PROMOTION OF IMPORTS OF TROPICAL SAWNWOOD IN CHINA [PREPARATORY PHASE]	1.b 1.e	Implementation in 1991 depends on financing [US\$ 107,000]
67/89 (I) TRAINING PROGRAM ON MECHANICAL PROCESSING OPERATIONS IN THE SOUTH AMERICAN SAWMILLING AND PLYWOOD INDUSTRIES	4.d 4.f 4.j	Implementation in 1991 depends on financing [US\$ 1,953,000]

PROJECT/PRE-PROJECT	RELATED PROGRAM AREA/SPECIFIC ACTION IN THE ITTO ACTION PLAN AND WORK PROGRAM	REMARKS
80/90 (I) SECOND CONSULTATION ON THE WOOD AND WOOD PRODUCTS INDUSTRY	2.c 2.d 3.e 5.b 5.c	Implementation in 1991 depends on financing [US\$ 303,000]

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IV. WORK PROGRAM OF THE SECRETARIAT

SPECIFIC ACTIVITY	RELATED PROGRAM AREA/SPECIFIC ACTION IN THE ITTO ACTION PLAN AND WORK PROGRAM (Annex I)	REMARKS	WORK-WEEK INPUTS
1. Pre-project and Project Work			
(i) Assessment and assistance for improvement of project proposals.	All program areas.		5
(ii) Project contracting, evaluation and monitoring.	All program areas.	Presently fifteen projects are operational; a total of about 20 projects are expected to be operational in 1991.	40
(iii) Direct participation in the implementation of approved projects [PD 60/89 (F,M,I), PD 70/89 Rev.2 (I), PD 73/89 (M,F,I) etc.].	All program areas.		40
(iv) Preparation of a proposal to launch a public information campaign to stress the importance of sustainable management and utilization to the conservation of tropical forests. The proposal should reflect the interests and needs of the three ITTO fields of work.	1.a	Activity is part of the "selected actions" presented in Appendix A of the Action Plan and Work Program.	1

SPECIFIC ACTIVITY	RELATED PROGRAM AREA/SPECIFIC ACTION IN THE ITTO ACTION PLAN AND WORK PROGRAM (Annex I)	REMARKS	WORK-WEEK INPUTS
(v) Preparation of a proposal to organize seminars to encourage increased and further processing of tropical timber in producing member countries with a view to promoting their industrialization and thereby increasing their export earnings.	1.d	Activity is preparatory work needed to effect action listed in the "selected actions" presented in Appendix A of the Action Plan and Work Program.	1
(vi) Initiate consultations with IUFRO and other appropriate institutions or groups with a view to establish a network of research institutes on tropical timber.	3.a	Activity is part of the "selected actions" listed in Appendix A of the Action Plan and Work Program.	2
(vii) Review the current ITTO work on data bank of technical information and make recommendations and proposals for follow-up work.	3.b	Activity is part of the "selected actions" listed in Appendix A of the Action Plan and Work Program.	2
(viii) Continue consultations with the Forest Products Laboratory (USDA) with a view to develop research proposals on sawing difficult species.	3.e	Activity is part of the "selected actions" listed in Appendix A of the Action Plan and Work Program.	1

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SPECIFIC ACTIVITY	RELATED PROGRAM AREA/SPECIFIC ACTION IN THE ITTO ACTION PLAN AND WORK PROGRAM (Annex I)	REMARKS	WORK-WEEK INPUTS
(ix) In consultation with FAO and ITC prepare the terms of reference to carry out a pre-project study to assess training needs and existing training programs and mechanisms to upgrade marketing skills.	4.c	Activity is part of the "selected actions" listed in Appendix A of the Action Plan and Work Program.	2
(x) Prepare a proposal to implement in each producing region 2 short term technical courses for the secondary processing industries.	4.e	Activity is part of the "selected actions" listed in Appendix A of the Action Plan and Work Program.	2
2. Work to support the Permanent Committee and Council.			
(i) Guide and assist consultancy work for preparation of background material for a review of forest industry policies and for assessing their appropriateness to promote sustainable forest industry based development.	4.a 4.b	Activity is preparatory work needed to effect action listed in the "selected actions" presented in Appendix A of the Action Plan and Work Program.	2

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SPECIFIC ACTIVITY	RELATED PROGRAM AREA/SPECIFIC ACTION IN THE ITTO ACTION PLAN AND WORK PROGRAM (Annex I)	REMARKS	WORK-WEEK INPUTS
(ii) Guide and assist consultancy work for preparation of background material for a review and evaluation of performance and impact of existing incentive systems on the promotion of sustainable development of appropriate forest industries.	4.a 4.b	Activity is preparatory work needed to effect action listed in the "selected actions" presented in Appendix A of the Action Plan and Work Program.	2
(iii) Guide and assist consultancy work for preparation of background material for evaluation of effect of industrial policies on: - efficiency of processing; - resource wastage; - sustainability; - promotion of manufacture of high added-value products.	4.a 4.b 4.c	Activity is preparatory work needed to effect action listed in the "selected actions" presented in Appendix A of the Action Plan and Work Program.	2
(iv) Preparation of supporting documents for the two annual Committee sessions.	All program areas.		4
(v) Drafting forest industry elements for the Council Annual Review and Assessment of the World Tropical Timber Situation.	All program areas.		4

SPECIFIC ACTIVITY	RELATED PROGRAM AREA/SPECIFIC ACTION IN THE ITTO ACTION PLAN AND WORK PROGRAM (Annex I)	REMARKS	WORK-WEEK INPUTS
(vi) Prepare the Annual Progress Report on implementation status of the Action Plan and Work Program to facilitate the Committee's monitoring and evaluation.	All program areas.		4
(vii) Drafting of forest industry section of the Annual Report of the Organization.	All program areas.		2
3. Other activities.			
(i) Serving Committee and Council sessions.			4
(ii) Participation in conferences and meetings representing the organization.			3
(iii) Prepare terms of references for and supervise consultancy work listed in the work program of consultants.			8
(iv) Administrative work.			4
TOTAL			135

V. WORK PROGRAM TO BE UNDERTAKEN BY CONSULTANTS

	SPECIFIC ACTIVITY	RELATED PROGRAM AREA/SPECIFIC ACTION IN THE ITTO ACTION PLAN AND WORK PROGRAM (Annex I)	REMARKS	WORK-WEEK INPUTS
(i)	Identify strategic locations and prepare a proposal to carry out pre-project studies to expedite implementation of field projects in selected locations to promote the integrated development of sustainable forest management and utilization.	2.b	Activity is preparatory work needed to effect action listed in the "selected actions" presented in Appendix A of the Action Plan and Work Program.	2
(ii)	Implement a study to survey and assess the effect of technical barriers on trade and use of tropical timber.	4.e	Activity is part of the "selected actions" listed in Appendix A of the Action Plan and Work Program.	8
(iii)	Survey and review the present situation and role of major industry and trade organizations in the producing countries and prepare recommendations to enhance their contribution to forest industry-based development.	4.d 4.f	Activity is part of the "selected actions" listed in Appendix A of the Action Plan and Work Program.	8

SPECIFIC ACTIVITY	RELATED PROGRAM AREA/SPECIFIC ACTION IN THE ITTO ACTION PLAN AND WORK PROGRAM (Annex I)	REMARKS	WORK-WEEK INPUTS
(iv) Preparation of background material for a review of forest industry policies and for assessing their appropriateness to promote sustainable forest industry based development.	4.a 4.b	Activity is preparatory work needed to effect action listed in the "selected actions" presented in Appendix A of the Action Plan and Work Program.	6
(v) Preparation of background material for a review and evaluation of performance and impact of existing incentive systems on the promotion of sustainable development of appropriate forest industries.	4.a 4.b	Activity is preparatory work needed to effect action listed in the "selected actions" presented in Appendix A of the Action Plan and Work Program.	10
(vi) Preparation of background material for evaluation of effect of industrial policies on: - efficiency of processing; - resource wastage; - sustainability; - promotion of manufacture of high added-value products.	4.a 4.b 4.c	Activity is preparatory work needed to effect action listed in the "selected actions" presented in Appendix A of the Action Plan and Work Program.	10

VI. SUMMARY OF RESOURCE REQUIREMENTS

a) Administrative Budget:

(i) Secretariat input: 135 work weeks
(@ 45 work weeks/work year)
3 Professional Staff Members needed

b) Special Account Input:

(i) Consultant: 44 work weeks
(@ US\$ 3,750 per work week) = US\$ 165,000

(ii) Project Funding¹ = US\$ 5,090,167

¹ Includes only requirements of projects already approved whose implementation is pending financing; five to ten new additional projects are expected to be approved for implementation in 1991.

Annex I

PROGRAM OF WORK¹

1) MARKETING

- a) Launch a public information campaign to stress the importance of sustainable management and utilization to the conservation of tropical forests.
- b) Investigate and, if feasible, establish promotional means of facilitating the production and marketing of new tropical timber products.
- c) Monitor the need for revision and for harmonization of nomenclature and grading rules of tropical timber.
- d) Organize seminars to encourage increased and further processing of tropical timber in producing member countries with a view to promoting their industrialization and thereby increasing their export earnings.
- e) Promote delivery of trial volumes of new species and products and other approaches to facilitate acceptance in selected external markets.
- f) Implement studies and support tours and seminars for supplier/client identification and establishment of business contacts.
- g) Publish promotional materials such as catalogues on new species, technical sheets etc.

2) INVESTMENT AND JOINT VENTURES

- a) Implement studies on the economics of further processing, including, inter alia, case studies.
- b) Promote the integrated development of sustainable forest management and industrial utilization through implementation of field projects in selected strategic locations.
- c) Assist in the identification of financial mechanisms and sources of funds for pioneer industrial projects and where appropriate assist in the financing.
- d) Support dissemination of information for investment promotion, through conferences, seminars and contacts with financing institutions and potential investors.

¹ Program of work as approved in the Action Plan and Work Program in the Field of Forest Industry.

3) RESEARCH AND EXTENSION

- a) Establishing an International Network of Research Institutes of Tropical Timber.
- b) Further developing the ITTO Data Bank of technical information.
- c) Support laboratory research on new species and products.
- d) Support industrial trials, pilot production and marketing of new species and products.
- e) Support specific research and extension programs on:
 - Sawing difficult species;
 - Innovative drying, particularly drying of mixed species;
 - Wider production of preservatives, resins, etc.;
 - Processing and utilization of small-sized logs;
 - Waste utilization;
 - Other aspects of appropriate processing.
- f) Support research and development on utilization of tropical timber in construction, with particular reference to programs on:
 - Research, testing and demonstration of new species and wood products and construction systems;
 - Improving the durability of timber products;
 - Innovative design;
 - Product performance in use;
 - Appropriate product standards and building codes.

4) HUMAN RESOURCES DEVELOPMENT

- a) Evaluate training needs and formulate training strategies.
- b) Support training in planning and management of appropriate forest industries in producing countries.
- c) Support training in marketing of forest products.
- d) Implement regional technical level training programs on sawmilling and veneer & plywood manufacturing.
- e) Support short term technical courses for the secondary processing industries.
- f) Support establishment of regional centers for technical and vocational training for wood industries.

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- g) Finance study tours and on-the-job training for upgrading skills.
 - h) Support regional training workshops to improve capability to prepare and appraise appropriate forest industry projects.
 - i) Support conducted group study tours to appropriate machinery shows and trade fairs.
 - j) Prepare and disseminate appropriate technical training materials.
 - k) Improve the curricula of existing training institutes and provision of other support to them.
- 5) POLICY AND INSTITUTIONAL STRENGTHENING
- a) Assist government efforts to develop appropriate policies for sustainable management and utilization of forest resources and enhance forest industry development for long-term benefits to society.
 - b) Encourage and assist in the formulation of appropriate policies for forest industry development to improve investment environment.
 - c) Assist government efforts to develop and implement measures to improve industrial efficiency and discourage wasteful and environmentally harmful practices.
 - d) Support development of industrial infrastructure, industrial information and research services, and adoption of appropriate standards.
 - e) Support efforts to remove barriers to tropical timber trade and use.
 - f) Assist with the creation and strengthening of industry and trade organizations and encourage their cooperation with the government.
 - g) Support and assist in the design and preparation of sectoral reviews, plans, and investment programs.

APPENDIX II

TECHNICAL EVALUATION OF PROJECTS IN THE AREA OF FOREST INDUSTRY

PROJECT	ITTA OBJECTIVES	AREA OF ACTIVITY		CRITERIA Art.23 Para.6	ITTO BUDGET (US\$)	DURATION	GEOGRAPHICAL COVERAGE	RECOMMENDATION*
		Art.23 Para.2	Art.23 Para.2					
PD 90/90 (I)	e	R & D		a,b,c,d,e	43,875	5 years	India/Asia-Pacific	2
PD 91/90 (I)	e and f	R & D		a,b,c,d,e	106,250	5 years	India	1
PD 92/90 Rev.1 (I)	c and e	R & D		a,b,c,d,e	165,171	1 year	Bolivia	4
PD 93/90 (I)	c and e	R & D		a,b,c,d,e	254,540	To be decided	Brazil/Amazonian sub-region	4
PD 102/90 (I)	c	R & D		a,b,c,d,e	71,480.02	1 ½ years	Brazil	4
PD 107/90 (I)	b,e,f,g and h	R & D/processing		a,b,c,d,e	440,550	13 months	Malaysia	4
PD 108/90 (I)	b,e,f,g and h	R & D/processing		a,b,c,d,e	475,000	2 years	Papua New Guinea	4
PD 109/90 (I)	b,e,f,g and h	forest management/ processing		a,b,c,d,e	8,616,700	5 years	Cote d'Ivoire	2
PD 117/90 Rev. 2 (M,F,I)	a,b,f and h	conference		a,b,c,d,e	210,000	12 months	Global	4
<u>PRE-PROJECTS</u>								
PCI(VII)/5	b,c,d,f,h				337,400	1 ½ years	Brazil/Amazonian sub-region	3
PCI(VII)/6	c and g				56,000	1 year	Brazil	3
PCI(VII)/7	b,c,d,e,f,h,h				151,184	6 months	Malaysia	3

- 1: Recommend to the ITTO Council that the proposal should not be further considered by ITTO.
- 2: Recommend to the ITTO Council that the proposal be revised.
- 3: Decide on pre-project activities including Executing Agency and estimated budget.
- 4: Recommend to the ITTO Council to approve the (amended) proposal for implementation by ITTO.
- 5: Recommend to the ITTO Council that ITTO should sponsor the proposal in accordance with Article 20.
- 6: Recommend to the ITTO Council that ITTO should approve the proposal for ITTO sponsorship without funding and refer it to other relevant financial institutions.

APPENDIX II

TECHNICAL EVALUATION OF PROJECT PROPOSALS
COMMENTS ON FOREST INDUSTRY PROJECTS

PD 90/90 (I) SEASONING OF MIXED SPECIES OF TROPICAL TIMBER

The project proposes activities that may have some degree of overlapping with ITTO approved project PD 48/88 Rev.2 (I) "Drying Mixtures of Tropical Hardwoods". The Committee recommended that the proposal should be revised in light of this later project, while stressing that the research idea is valid and important. There is also a need to provide more information on the tropical timber species to be studied. These should as much as possible include tropical timber species available also in other countries of the region.

The proposal revision should also consider the project duration as the planned 5-year period seems too long for implementing the activities described.

PD 91/90 (I) GRADING OF LESSER KNOWN SPECIES

The Committee appraised this proposal in light of the finding of the pre-project study "Harmonization of Specifications on Tropical Timber Products" implemented by ATIBT for ITTO. The study recommended that work on grading rules should focus on harmonization and promotion of use of existing rules, rather than encouraging development of new ones. The Committee also pointed out that use and trade of tropical timber species may be appropriately promoted with the existing rules already adopted in most international transactions involving tropical timber. Considering these aspects, and also that machine stress grading may not be the most appropriate grading system for the local conditions, the Committee recommended to the Council that the proposal should not be further considered by ITTO.

PD 92/90 Rev.1 (I) STUDY OF COSTS AND YIELD LEVELS IN THE BOLIVIAN SAWMILLING INDUSTRY

The Committee recognized the importance of the proposal to the development of an overview of the Bolivian sawmilling sector. The proposed survey is important to disclose needed information of the sectoral productivity and profitability. Moreover, the results of the study will be useful in the government review of fiscal and taxation policies.

The Committee recommended that the budget be increased by US\$ 10,000 to fund ITTO project evaluation and monitoring costs.

PD 93/90 (I) INTRODUCTION OF LESSER KNOWN SPECIES IN THE AMAZON PLYWOOD INDUSTRY

The Committee regarded the project as valuable to promote the utilization of Amazonian species in plywood manufacturing. The proposed work is commendable also because it will generate knowledge and information of regional interest. The Committee recommended approval of the proposal but the following information should be detailed and made available to the Secretariat before implementation:

- (i) a review on plywood species and potential species to be considered;
- (ii) methodology and research plan.

The Committee further recommended a review of the project duration as it seems to be too short.

The Committee recommended that the budget be increased by US\$ 15,000 to fund ITTO project evaluation and monitoring costs.

PD 102/90 (I) DEVELOPMENT OF WAFERBOARD PRODUCTS FROM POTENTIAL TROPICAL WOOD SPECIES FOR BUILDING PRE-FABRICATED HOUSES

The Committee agreed that the implementation of the proposed activities can contribute to the use of tropical timber in construction, a program area included in the Action Plan. The Committee recommended that the technical data originating from the project activities should be in a form allowing easier linkage and incorporation into the ITTO data bank on lesser-known species.

The Committee recommended that the need for producing moisture and decay resistant panels be considered in the research and manufacturing of trial panels.

The Committee recommended approval of the project but requested that information on the species to be studied in the project be made available to ITTO Secretariat before contracting the project implementation.

The Committee further recommended that the budget be increased by US\$ 8,000 to fund ITTO project evaluation and monitoring costs.

PD 107/90 (I) STRATEGIES FOR SUSTAINABLE WOOD INDUSTRIES IN SARAWAK

The Committee commended the proposal for its potential contribution to planning the long term sustainable forest industry development of Sarawak. The Committee also highlighted that the project fits in with recommendations of the ITTO mission to Sarawak on measures and further action needed to promote sustainable forest management in the State.

The Committee recommended approval of the project and suggested participation of local industry association(s) in the project advisory committee.

PD 108/90 (I) FOREST INDUSTRY DEVELOPMENT STUDIES

The project proposal is recommended for approval and implementation because it will provide for studies that are essential to plan sustainable forest industry development in Papua New Guinea through promotion of downstream processing.

The Committee recommended that the project be implemented in consultation with local non governmental industry associations while taking into account the need to attract participation of potential investors.

PD 109/90 (I)

**ASSISTANCE TO MODERNIZATION, RESTRUCTURING AND
DEVELOPMENT OF WOOD-BASED INDUSTRIES IN COTE D'IVOIRE**

The Committee recognized the need to modernize and promote the long term sustainable development of wood-based industries in Cote d'Ivoire. On the other hand, the Committee found the project scope too narrow. The proposed zoning of the country into timber supply and forest management areas appears to be mostly planned on the basis of timber industry requirements, while broader socio-economic and environmental aspects should also be considered. Information of the forest areas under consideration and the multiple uses involved must be provided.

The Committee recommended that the proposal be revised taking into account these comments and also Secretariat's comments made available to Cote d'Ivoire and included in the Project Brief. The Committee further recommended that the views of the World Bank on the proposal be sought by the Secretariat.

PD 117/90 Rev. 2 (M,F,I) **CONFERENCE OF SENIOR FORESTERS AND RELATED
EXPERTS TO PROMOTE THE APPLICATION OF SUSTAINABLE
MANAGEMENT OF TROPICAL FORESTS**

This revised project proposal is recommended for approval and implementation because of its potential to improve and expand application of the ITTO Guidelines for Sustainable Forest Management. The Committee highlighted the usefulness of the proposed conference as a means of mobilizing field professional foresters to promote the wider and improved application of the ITTO Guidelines.

The Committee further recommended that the budget be increased by US\$ 10,000 to fund ITTO project evaluation and monitoring costs.

The Committee recommended that the inputs of the Secretariat in the implementation should be minimized as far as possible, with the Japanese cooperating agencies taking larger implementation responsibilities.

PRE-PROJECT PROPOSALS:

PCI(VII)/5 **DEVELOPMENT WORK TO PHASE OUT TRADE ON UNSUSTAINABLY
PRODUCED TIMBER: I - ASSESSMENT OF FUTURE MAHOGANY SUPPLY
AND ALTERNATIVE INDUSTRIAL OPERATIONS FOR SUSTAINABLE
PRODUCTION**

The Committee recommended the proposal for its innovative aspects in promoting the sustainable production of tropical timber for the external markets. The proposal appropriately combines marketing and forestry aspects in a set of comprehensive studies targeting on ITTO's highest priority areas. The study will produce valuable knowledge and information of benefit to all countries in the Amazonian sub-region.

The Committee pointed out that the proposed work will involve a comprehensive survey of the resources which is likely to be an immense task.

The Committee also commended the proposal for introducing studies in non-conventional environmentally friendly logging systems, particularly helicopter logging. The Committee recommended that the Canadian extensive experience on helicopter logging be also taken into account in the implementation of this pre-project study.

The Committee further recommended that the pre-project study should at a later stage be expanded to include Bolivia and other countries in the sub-region that have significant mahogany resources.

**PCI(VII)/6 INSTITUTIONAL STRENGTHENING OF IBAMA'S FOREST PRODUCTS
LABORATORY**

This pre-project is important to assist the planning of future research work of IBAMA's Forest Products Laboratory. The Committee recommended that the pre-project should focus on the adjustment and improvement of the research and development capability of the Laboratory. The Laboratory future work will include the following areas, which should be taken into account in the pre-project study:

- studies and technological researches, aiming at improving the knowledge of lesser-known wood species, expanding their commercialization and industrialization possibilities;
- identification and selection of lesser-known species for industrial use, aiming at the sustainable production of the forest resources (forest management);
- development and dissemination of technology to increase the utilization of woods for different uses.

PCI(VII)/7 MANPOWER DEVELOPMENT OF THE SARAWAK FOREST SECTOR

The Committee commended this pre-project study for its importance to develop and implement a human resources development program to meet the needs of the forest sector of Sarawak. The pre-project study to be implemented as follow-up work addressing the recommendations of the ITTO Sarawak Mission, which concluded that manpower development is essential if the economic potential of the forest resources of Sarawak, its forest industries and other forest values are to be maintained. The pre-project will include the study of manpower development needs of the entire Sarawak timber industry, including both the private and public sector.

PROJECT IDEA:

**PCI(VII)/9 INTERNATIONAL WORKSHOP ON IMPROVED UTILIZATION OF TIMBER
RESOURCES IN SOUTHEAST ASIA**

The Committee agreed that in principle the idea is recommendable and encouraged the consideration of similar initiatives for the Africa and Latin America/Caribbean regions as well. The preparation of work proposals based on this idea should take into account that there is already extensive knowledge available that should be used more. Also, marketability of species and products to be researched should be considered and the selected product oriented research activities should be market motivated. With reference to suggested research on other ligno-cellulosic raw materials, the Committee pointed out that the research on utilization of rattan and bamboo may not be of high priority as these raw materials have already been extensively studied.

The Committee expressed the view that the selection of the venue for the proposed workshop should take into account costs involved in the possible options. Also, in the interest of cost optimization and level of participation in the workshop, the possibility of participants partially funding their attendance should be considered.

**PCI(VII)/11 TECHNICAL ASSISTANCE IN: (A) MARKETING INFORMATION SET-UP
AND TECHNO-ECONOMICS AND (B) WOOD PROCESSING TECHNOLOGY**

The project idea needs to be presented in more precise terms. The Committee felt that the idea of developing approaches to make better use of timber resources is commendable. They further recommended that it may be worthwhile to give a regional focus to the proposed activities. When further developing the idea, the possible role and participation of agencies such as MTIB and FRIM in providing the envisaged technical assistance should be explored. The possible participation and contribution of the private sector to support the activities should also be explored. The Committee further recommended that the consultancy inputs for technical assistance be presented in detail. The Committee also expressed the view that a 3-year period may be the minimum needed duration for this type of technical assistance program.

**PCI(VII)/12 CENTER FOR TECHNOLOGICAL INFORMATION AND MARKETING OF
FORESTRY PRODUCTS**

The Committee expressed the view that the project idea is an important initiative. Noticing that a similar program to carry out planning and feasibility work to establish a regional center is being proposed under ITTO approved project PD 16/87 Rev.1 (I) "Research and Development for the Standardization of Tropical Timber at the Andean Sub-Regional Level - Phase 1: Review of the Current Situation of Timber Standardization and Development of Work Plans for Subsequent Phases", the Committee recommended that further development of the idea should consider this regional aspect and the need for consultation to avoid duplication of work and proposals.

**PCI(VII)/13 STRENGTHENING OF SAW-MILLING & RELATED INDUSTRIES AND
TIMBER YARDS**

Proposals for project work along the idea submitted should be assessed in light of information on the present situation of the Ecuadorian sawmilling sector. This sectoral information is important to assess the development needs and to plan future work to improve the situation in the local processing industry. When further developing the project idea, consideration should be given to processing capacity of the primary processing industry as a whole in relation to the resource capacity.

**PCI(VII)/14 NATURAL FOREST MANAGEMENT AND UTILIZATION PLAN FOR THE
NATIONAL FOREST RESOURCES**

The Committee considered that this project idea would be more appropriately evaluated by the Committee on Reforestation and Forest Management. The Committee also commented that the proposed activities may not be of priority to ITTO as they are to a large extent related to normal inventory work. The Committee further noticed that the cost estimates for implementation seem to be excessive.