



INTERNATIONAL TROPICAL TIMBER COUNCIL

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13-18 December 2010
Yokohama, Japan

ENTRY INTO FORCE OF THE INTERNATIONAL TROPICAL TIMBER AGREEMENT, 2006 [Item 12 of the Provisional Agenda]

Review of the Status of Deposits of Instruments of Ratification, Acceptance, Approval or Accession to the ITTA, 2006

1. At its Forty-fifth Session convened in November 2009, through its Decision 3(XLV), the Council requested the Executive Director to prepare a report on the status of signature and ratification of the ITTA, 2006, with the total votes of producer members to the Agreement as set out in Annex A to the Agreement and the total import volume of tropical timber of consumer members to the Agreement in the reference year 2005, and to circulate the report to all Governments no later than the end of September 2010. The Council also decided to review, at the Forty-sixth Session of the Council, the status of deposits of instruments of ratification, acceptance, approval or accession to the ITTA, 2006 and to consider whether to maintain the extension of the ITTA, 1994 beyond 2010, and what further steps to be taken towards the entry into force of the ITTA, 2006.

2. As at 10 December 2010, there were Fifty-seven (57) Signatories and Fifty-three (53) Parties to the ITTA, 2006. The following is the status of deposits of instruments of ratification, acceptance, approval or accession to the ITTA, 2006:

Countries	Signature	Provisional Application (n)	Ratification, Accession (a), Acceptance (A), Approval (AA), Definitive Signature (s)
Australia	30 Jun. 2008		24 Sep. 2008
Austria	23 Oct. 2009		03 Feb. 2010
Belgium	25 Apr. 2008	25 Apr. 2008 n	
Brazil	09 Sep. 2010		
Bulgaria	26 Nov. 2008		17 Dec. 2009
Cambodia	03 Feb. 2009		15 Jul. 2009 A
Cameroon	13 Feb. 2007		21 Aug. 2009
Canada	02 Mar. 2009		19 Nov. 2009
Central African Republic	01 May 2008		
China	28 May 2008		14 Dec. 2009 AA
Colombia	03 May 2007		
Congo	31 Jul. 2008		02 Dec. 2010 A
Côte d'Ivoire	31 Oct. 2008		31 Oct. 2008 AA
Cyprus	09 Jul. 2010		09 Jul. 2010
Czech Republic	23 Sep. 2008		17 Dec. 2009
Dem. Rep. of the Congo			21 Jul. 2010 s

Denmark		18 Nov. 2009 s
Ecuador	24 May 2007	05 Nov. 2008
Estonia	23 Sep. 2009	
European Union	02 Nov. 2007	02 Nov. 2007 n
Fiji	23 Apr. 2010	23 Apr. 2010
Finland	19 Feb. 2008	17 Dec. 2009 A
France	07 Nov. 2008	07 Apr. 2010 AA
Gabon	11 Nov. 2008	11 Nov. 2008 A
Germany	17 Dec. 2009	17 Dec. 2009 AA
Ghana		07 Oct. 2008 s
Greece	29 Oct. 2007	
Guatemala	14 Jul. 2006	
Guyana		02 Dec. 2008 s
Honduras	30 Jul. 2008	
Hungary	01 Jun. 2010	
India	23 Apr. 2008	25 Jul. 2008
Indonesia	07 Apr. 2006	31 Mar. 2009
Ireland	26 Jun. 2009	17 Dec. 2009
Italy	26 Jun. 2008	23 Sep. 2009
Japan	16 Feb. 2007	31 Aug. 2007 A
Latvia	09 Dec. 2010	
Liberia	03 Nov. 2008	03 Nov. 2008 A
Lithuania	30 Apr. 2008	17 Dec. 2009
Luxembourg	10 Sep. 2009	07 Jul. 2010
Madagascar	19 Sep. 2006	
Malaysia	28 Mar. 2007	28 Sep. 2007
Mali	24 Sep. 2009	25 Oct. 2010
Malta		18 Nov. 2010 s
Mexico	25 Jul. 2007	06 Mar. 2008
Netherlands	04 Dec. 2007	30 Sep. 2009 A
New Zealand	06 Mar. 2008	13 Oct. 2008
Norway	13 Sep. 2006	03 Sep. 2008
Panama	08 Dec. 2006	14 Feb. 2008
Paraguay	28 Sep. 2010	
Peru	30 Jan. 2008	16 Jun. 2010
Philippines	29 Sep. 2008	08 Jul. 2009
Poland	05 Nov. 2010	05 Nov. 2010
Portugal	09 Jun. 2008	17 Dec. 2009
Republic of Korea		03 Feb. 2009 s
Romania	25 Sep. 2008	17 Dec. 2009

Slovakia	06 Mar. 2009		17 Dec. 2009
Slovenia	15 Dec. 2008		17 Dec. 2009
Spain	23 Sep. 2008		17 Dec. 2009
Sweden	28 Oct. 2008		28 Oct. 2008
Switzerland	13 Dec. 2006		27 Apr. 2007
Togo	21 Apr. 2006		16 Nov. 2009 A
United Kingdom	21 Dec. 2007	21 Dec. 2007 n	05 Mar. 2009
U.S.A.			27 Apr. 2007 s

3. The 26 Consumers included in Annex B of the ITTA, 2006 who are already Parties to the new agreement account for over 70% of global imports of tropical timber in the reference year 2005. On the other hand, the 19 producers included in Annex A of the ITTA, 2006 who are currently Parties to the new Agreement hold 514 of the votes shown in Annex A of the ITTA, 2006.

4. Pursuant to Article 39 paragraph 3 of ITTA, 2006, the Secretariat circulated letters to member countries on 15 September 2010 soliciting their opinions on the convening of the United Nations Conference on the entry into force of the ITTA, 2006. Responses were received from Canada, European Union, Ghana, Panama, Peru and U.S.A. The responses are annexed to this document.

ANNEX

Canada

Natural Resources Canada	Ressources naturelles Canada
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Canadian Forest Service	Service canadien des forêts
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October 14, 2010

Mr. Emmanuel Ze Meka
Executive Director
International Tropical Timber Organization (ITTO)
International Organizations Center - 5th Floor
Pacifico-Yokohama, 1-1-1, Minato-Mirai, Nishi-ku
Yokohama, 220-0012 Japan

Subject: Canada's Response to Ref.L.10-0461: Entry into Force of the ITTA-2006

Dear Sir,

Canada would like to first thank the Office of the ITTO's Executive Director for taking proactive action on the important matter of the status of the entry into force of the ITTA-2006. By soliciting responses from members prior to the Council session in Yokohama this December, it is our position that we can hopefully avoid some of the past impasses in the recommendation of an administrative budget at the Committee on Finance & Administration (CFA) and the broader Council's adoption of the CFA's budget recommendation.

In reference to the convening of the United Nations Conference to bring into force the ITTA-2006 provisionally or definitively among members that are considered "Parties" pursuant to Article 39 paragraph 3 of the Agreement, it is the position of Canada that this proposal is consistent with a proposal made during the recent conference call of major ITTO actors to convene these parties on the day prior to the opening of ITTC session on December 13th. Canada would be supportive of such a meeting.

Regardless of whether a meeting of the Parties is convened, in reference to the entry into force of the ITTA-2006, it is Canada's view that this step is long overdue. However, while Canada recognizes the difficulties that the ITTO faces in moving forward in this era of uncertainty, and while Canada believes the entry into force is overdue, it is Canada's position that the entry-into-force of the ITTA-2006 cannot proceed at this time for the following reasons:

- 1) Canada recognizes the significant milestone of Brazil's signature of the ITTA-2006. Although it is possible to proceed in the entry-into-force of the ITTA-2006 without Brazil, it is our view that a 300% increase in assessed contributions to the remaining producer members will only serve to increase the number of member countries in arrears and risk erosion of the financial position of the Organization. With the 2009 decision of the CFA to already utilize the Account, and with replenishing funds towards the Account already having been proposed to be used to finance Council sessions outside of Headquarters, it is Canada's belief that although difficult to continue managing the Organization under the outdated ITTA-1994 mandate, a budget serving the ITTA-1994 is less constraining than the alternative of proceeding in a financially imprudent manner under an ITTA-2006 based budget.
- 2) With the budget materials currently provided it is not possible to ascertain from which specific activities the Secretariat's core administrative expenses would

Canada

increase in the delivery of an ITTA-2006 based budget versus the current ITTA-1994. Canada would kindly request that before the next Council session the Office of the ITTO's Executive Director kindly provide and circulate more detailed budget information. These supplemental budget documents would include the specific differences between Secretariat activities and expenditures under the two proposed Administrative Budget scenarios.

- 3) Under the proposed budget based on the ITTA-1994 it is projected that Canada's dues are forecast to increase by nearly 20%. Although input on the base proposal for the Administrative budget was not solicited in this correspondence from the Executive Director, the budget proposals include annotations that much of the 20% increase for this fiscal year are a result of the inclusion of Secretariat staff salaries in the Administrative budget to support the delivery of the Thematic Programmes. It is Canada's position that the inclusion of these salaries is not appropriate while the ITTA-2006 has not entered into force. Canada notes that these expenditures should remain as a voluntary contribution or the Secretariat should ask for either the CFA's or Council's recommendation to allocate a portion of the Thematic Programme pledges to these staff positions. This would be consistent with the decision and procedure of the 45th Council in 2009 to allocate up to 3% of the Thematic Programme pledges to the development & improvement of project proposals.

In closing, Canada would again like to thank the Executive Director's ongoing attention to the important matter of the entry into force of the ITTA-2006. Despite what Canada considers strong arguments against the entry into force of the ITTA-2006, under the present and proposed conditions it is Canada's hope that with additional ratification by producer members that entry into force is attainable before the 47th Council session in 2011. In the interim, Canada looks forward to a productive Council session this coming December in Yokohama.

Best regards,

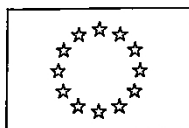


Peter Besseau
Director International Affairs
Canadian Forest Service
Natural Resources Canada

Cc: Mr. Patrick Wylie, Canadian Forest Service

Canada

European Union



EUROPEAN COMMISSION
DIRECTORATE GENERAL
DEVELOPMENT

Thematic issues
Director

15-10-2010

Brussels,
DEV.DGA.B1(2010) 772798

Dr. Emmanuel Ze Meka
Executive Director - ITTO
International Tropical Timber Organisation
International Organisations Center,
5th Fl - Pacifico Yokohama –
1-1-1 Minato Mirai Nishi-ku,
YOKOHAMA 220-0012 - Japan

Subject: International Tropical Timber Agreement of 2006- entry into force.

Dear Mr. Ze Meka,

I wish to thank you for your letter L.10-0461 of 15 September 2010 asking the opinion on the possible entry into force of the International Tropical Timber Agreement 2006 among members that are considered "parties" pursuant Article 39, paragraph 3.

The present letter reflects the position of the European Union and its Member States.

The EU considers that the International Tropical Timber Agreement of 2006 represents an important step forward the achievement of sustainable tropical forest management and sustainable timber trade. The EU, therefore, supports the ITTA 2006 entry into force at an earliest possible date and regrets that the lack of ratifications prevents today its automatic entry into force according to the provisions of Article 39, paragraph 2.

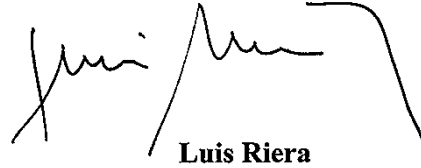
After having assessed the current situation, notably in the framework of the different scenarios on proposals for assessed contributions to Members the EU, however, believes that the lack of a major membership among the exporting countries does not make it appropriate for the agreement to enter into force at the present time.

The EU considers that it is necessary to achieve broader participation in order to allow a more balanced distribution of the burden among members. We hope that this objective will be reached in the next forthcoming months but, at present, we believe that it would be premature to convene the UN Conference to bring into force the ITTA 2006.

In the current conditions, the EU is of the opinion that a further debate will be necessary at the level of the ITTO Council in order to clarify the important question of membership, before fixing a final date for the entry into force of the 2006 Agreement.

I take this opportunity to renew, dear Mr Ze Meka, the expression of my highest consideration

Sincerely,



Luis Riera

Ghana

Cables and Telegrams: MINILANDS
Telephone: 233-21-687314
Tel / Fax: 233-21-666801

In case of reply the
number and date of this
letter should be quoted.

Our Ref. No. DB 48/240/01

Your Ref. No.

MINISTRY OF LANDS, FORESTRY AND MINES
P. O. BOX M. 212
Accra



REPUBLIC OF GHANA

14th October 2010

Dear Sir

COMMENTS ON THE PROPOSED BRINGING INTO FORCE ITTA 2006

I refer to your letter no. L.100461 of 15th September 2010 and hereby submit the comments of Ghana on the call for consideration of Article 39, paragraph 3 of the ITTA 2006.

Ghana is of the opinion that there is the need to sustain the spirit of cooperation enjoyed by ITTO member countries in the implementation of ITTA 1994 by allowing more time for the required number of parties to sign up to the ITTA 2006.

Consequently, Ghana would wish to recommend that the application of Article 39, paragraph 3 of the ITTA 2006 should be deferred and rather the International Tropical Timber Council (ITTC) should continue to encourage member countries to sign up the new Agreement.

Please accept our assurances of the highest esteem.

Yours Sincerely

Hon. Alhaji Collins Dauda (MP)
Minister

Executive Director
ITTO
Japan

Panama

EMBASSY OF PANAMA
TOKYO, JAPAN

E.P.JA-636-10
Tokyo, 15 October 2010

Dear Mr Ze Meka,

Following instructions of H.E. Jorge Kosmas Sifaki, Ambassador of the Republic of Panama to Japan, I would like to convey to you several observations in Spanish related to the ratification process of the International Tropical Timber Agreement submitted by the National Environmental Authority of Panama. The observations are as follows:

1. If the requirements for entry into force under paragraph 1 or paragraph 2 of Article 39 of the ITTA, 2006 are not met, Panama understands that the next step to bring this Agreement into force, either provisionally or definitively, should be in accordance with the provisions of paragraph 3 of the same Article, which states: *"If the requirements for entry into force under paragraph 1 or paragraph 2 of this article have not been met on 1 September 2008, the Secretary-General of the United Nations shall invite those Governments which have signed this Agreement definitively or have ratified, accepted or approved it pursuant to article 36, paragraph 2, or have notified the depositary that they will apply this Agreement provisionally, to meet at the earliest time practicable to decide whether to put this Agreement into force provisionally or definitively among themselves in whole or in part. Governments which decide to put this Agreement into force provisionally among themselves may meet from time to time to review the situation and decide whether this Agreement shall enter into force definitively among themselves"*.

In this context, it should be pointed out that the Republic of Panama was one of the first countries to ratify the new ITTA, 2006 on 14 February 2008, based on the benefits provided by the Organization towards sustainable forest management and ITTO's strength in attracting the interest of countries to become members (based on the ITTA, 1994).

2. With regard to the distribution of votes proposed for ITTO producers for 2011, Panama is concerned that out of the 13 Latin American countries that are currently parties to the ITTA, 1994, only five have to date joined the ITTA, 2006. Furthermore, we are concerned that the distribution of votes is only focused on five countries and, as a result, larger amounts are to be contributed by these countries under the ITTA, 2006. For example, Panama's contribution for 2011 would increase from US\$45,000 under the ITTA, 1994 to US\$125,860 under the ITTA, 2006, which would have an impact on the national budget. Therefore, Panama suggests the following three options to address this issue:
 - ITTO should contact the countries that are yet to become parties to the new Agreement and should look for mechanisms to ensure their commitment (e.g. visits to the relevant countries by the Executive Director or high-level officers of ITTO, distribution of notes, telephone communications and e-mails, among others).
 - ITTO should seek the support of its consumer members to contribute to a reduction in the amounts payable by producer countries for a period of at least two years for the provisional entry into force of the Agreement, while continuing efforts to attract new member countries.
 - Considering that a large number of countries are yet to become parties to the new Agreement, it would be advisable to conduct a comprehensive review of ITTO's expenditures with a view to reducing the amounts payable by tropical timber producing countries in the absence of any other immediate solution.

In view of the above, the Republic of Panama believes that the issues of the status of the ratification of the Agreement, decreased commitment of countries that were parties to the previous agreement, and changes in member countries' votes and contributions, should all be discussed before convening a United Nations Conference to bring the ITTA, 2006 into force. A good opportunity for such a discussion may be the upcoming Forty-sixth Session of the International Tropical Timber Council, to be held in Yokohama, Japan, on 13 – 18 December 2010, where efforts should be made to reach a consensus on the current situation and best action to be taken.

We would truly appreciate it if the International Tropical Timber Organization (ITTO) could take into consideration the above observations of the National Environmental Authority of Panama.

I take this opportunity to renew to you the assurances of my highest consideration.

RITTER N. DIAZ
Commercial Attaché

Peru

EMBASSY OF PERU

Note No. 5-18-OIMT/02-2010

The Embassy of Peru hereby wishes to extend its cordial greetings to the distinguished International Tropical Timber Organization and acknowledge receipt of the information contained in letter L.10-0461 dated 15 September 2010, regarding a proposal to convene a United Nations Conference for the purposes of bringing the ITTA, 2006 into force provisionally or definitively.

In this respect, the Peruvian Embassy hereby informs the Organization that the Ministry of Agriculture of Peru has stated that at the current time, it would be advisable to continue the extension of the ITTA, 1994 beyond the year 2010, as it respectfully considers that, even though the convening of a UN conference would be in compliance with the provisions of paragraph 1 of Decision 3(XLV), adopted by the International Tropical Timber Council during its 45th Session, in practice, an action of this nature would exceed the scope of paragraph 2 of the said Decision. The Ministry of Agriculture of Peru considers that this issue should be revisited within the framework of the 46th Session of the Council.

The Government of Peru believes that this would contribute to the improvement of the monitoring of the tropical timber trade and would promote public and private sector efforts towards the production of timber in accordance with the principles of sustainable development.

The Embassy of Peru takes this opportunity to renew to the International Tropical Timber Organization the assurances of its highest and most distinguished consideration.

Tokyo, 18 October 2010

To: International Tropical Timber Organization, Yokohama

U.S.A.

From: Brooks, David [mailto:David_Brooks@ustr.eop.gov]

Sent: Saturday, October 16, 2010 6:25 AM

To: Emmanuel Ze Meka; OED; HASAN Mahboob

Cc: Barber, Charles V; Shaw, Ellen M

Subject: US response re: ITTA, 2006

**Emmanuel Ze Meka, Executive Director
International Tropical Timber Organization**

Dear Emmanuel,

Thank you for your letter (15 September) in which you provided information regarding the entry into force of the ITTA, 2006 and requested our views and comments. Separately, you also invited us to comment on a document addressing the issue of financing Council sessions held outside headquarters, including the elements of an approach proposed by Brazil and Mexico. The following provides our comments on these two topics.

Regarding the entry into force of the ITTA, 2006:

Thank you for the information on ratifications as of 15 September 2010. We continue to be disappointed that the conditions for automatic entry into force have not been met, although we note that 16 producer members and 30 consumer members have completed all of the procedures. Nevertheless, it is a matter of concern that it is now nearly five years since the conclusion of the negotiation and adoption of the text by consensus, and all current members have not ratified the ITTA, 2006.

This extended and open-ended period of operation while waiting for additional ratifications is not good for the organization. The delay postpones implementation of the features of the new agreement that we all agreed would make the organization more effective and better able to attract voluntary contributions from a wider variety of donors. In addition, the delay creates uncertainty regarding the commitment of some current members to the future of the organization.

We recognize that a decision to bring the treaty into force among a smaller number of countries would have a number of consequences. The most obvious is the fact that the assessed budget would need to be shared among a smaller group of countries. However, a decision to bring the ITTA, 2006 into force would also enable that group of countries to demonstrate leadership and a commitment to the future of the ITTO. In our view, a decision to begin operations under the ITTA, 2006 would very quickly encourage others to join. We also envision the possibility of financial arrangements to allow for a smooth transition for the organization and, in the transition, a reduced financial burden on those members taking the decision to bring the agreement into force.

To summarize: it is our view that the ITTA, 2006 should be brought into force as soon as possible. Although we recognize there are challenges and risks associated with taking such a decision at a meeting in December of this year, we also see risks in further delay. Therefore, if other countries who have ratified agree, we are prepared to participate in a meeting as provided for in Article 39 paragraph 3, with the objective of bringing the ITTA, 2006 into force no later than January 1, 2011.

Regarding the financing of Council sessions held outside the headquarters:

To begin, we take note of the long history of Council debates on the frequency and duration of Council sessions and, as associated topics, the venue of Council sessions and financing for those sessions held outside headquarters. With agreement (as reflected in the first bullet point of the Brazil and Mexico proposal) that the Council meet annually with a rotation between headquarters and a producer member, the remaining issue is financing for sessions outside headquarters. In that context, we welcome the prospect of a "long-term solution" with respect to financing.

We note that the current agreement states “If on the invitation of any member the Council meets elsewhere than at the headquarters of the Organization, that member shall pay the additional cost of holding the meeting away from headquarters” (Article 9 paragraph 3). The ITTA, 2006 provides greater flexibility: “In considering the frequency and location of its sessions, the Council shall seek to ensure the availability of sufficient funds” (Article 9 paragraph 4). This provides just one example of why we see the need to bring the ITTA, 2006 into force. As a general matter, it is our view that convening the Council is a core function of the organization and any costs for Council sessions that are not covered by the headquarters agreement should be incorporated into the regular, assessed budget.

We welcome the spirit of the Brazil and Mexico proposal, including the effort to provide a predictable source of funds based on contributions by all members. However, we have a number of questions and concerns about specific elements of the proposal. These include:

- Why is this approach (in effect, a “special assessment”) better than simply incorporating these additional costs in the regular assessed budget?
- Would the approach and the suggested assessment (\$3,000 per member) generate sufficient funds?
- With the current membership, and assuming all members made this payment, the proposal would generate approximately \$200,000; this amount is considerably less than the external funding provided for Council sessions held in producer countries over the past decade. Is the proposal intended to provide no more than a fixed amount to any prospective host country?
- Taking into account the fact that some members are in arrears in their payments of assessed contributions, what mechanism would ensure that payments of this special assessment would be made?

In general, it is not our policy to support special assessments outside of the regular assessed budget, except under exceptional circumstances.

Please let us know if we need to clarify any of these comments.

With very best wishes,

David

David J. Brooks
Director for Natural Resources Policy and Environmental Reviews
Office of the U.S. Trade Representative
Ph: 202 395 9579
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