

## **Council delivers a further US\$7.6 million for field action in tropical forests**

**I**TTTO'S transboundary conservation program received a boost with the financing of a project that will link the Pulong Tau National Park in Sarawak, Malaysia with the Kayan Mentarang National Park in Indonesia.

The project was one of more than 36 projects, pre-projects and other activities financed to the amount of US\$7.6 million in grants by the International Tropical Timber Council at its 35th Session, held 3–8 November 2003.

Under the new transboundary conservation project, the Sarawak Government

will extend the 65 000-hectare Pulong Tau National Park to cover an area of about 165 000 hectares, including some ecologically important forests and Sarawak's highest mountain, Mt Murad. The extension will also join the park to the 1.3 million-hectare Kayan Mentarang National Park (the management of which is also supported by ITTO) on the Indonesian side of the border. The new project will be implemented by the Sarawak Forestry Department in collaboration with local communities.

The establishment of the new transboundary park will improve protection for several endangered species including Bulwer's pheasant, the clouded leopard and the Sumatran rhinoceros, while also working with local communities to manage the wider rural landscape and increasing trans-border cooperation on issues such as illegal trade and immigration. ITTO's transboundary conservation program is providing protection to more than 10 million hectares of tropical forest in Africa, Asia and Latin America.

Another project approved and financed by Council this week will test an innovative approach to plantations in Ghana in which native and exotic species are grown in mixes to provide a range of forest products and services. Another project, in Colombia, will work with rural communities to increase the benefits accruing to them from sustainable forest management. And another, in Venezuela, will upgrade and strengthen the national forest statistics information system there.

Also at the Session the Council approved a work program setting out the Organization's activities for 2004–2005. Besides managing its large program of field projects, in the next two years the Organization will, among other things, conduct ten national workshops to promote the



**New chum:** the delegate for Nigeria, which recently became a member of ITTO, makes a point during the 35th Session of the Council. *Photo: L. Mead, Earth Negotiations Bulletin*

implementation of its *Guidelines for the restoration, management and rehabilitation of degraded and secondary tropical forests*, convene a workshop to strengthen the capacity in Bolivia, Brazil and Peru to implement the recent listing of mahogany on the CITES Appendix II (see also page 23), co-sponsor an international symposium on the impacts of forest certification on developing countries, organise forums to promote private investment in forest management and forest industry, and cooperate with FAO on the development and dissemination of guidelines for improving law compliance in the forest sector.

The majority of funds for the work program, as well as for projects and pre-projects, were provided at this session by the governments of Japan, the United States and Switzerland, while the governments of Norway, the Republic of Korea, Finland, Australia and Sweden also made contributions. Funds were also mobilised from the Organization's Bali Partnership Fund and Special Account.

*Details of the approved and financed projects, pre-projects and activities are available on the ITTO website ([www.itto.or.jp](http://www.itto.or.jp)).*

## **Civil society group wants greater role for communities**

Forest communities should no longer be considered passive participants but rather leading decision-makers in the fate of tropical forests, according to a civil-society group participating in the 35th Session of the International Tropical Timber Council.

The Civil Society Advisory Group (CSAG), which was formed in 2002 to provide advice to the Council, comprises representatives of a range of non-governmental organisations with interests in tropical forests. Its expressed

aim is to provide an opportunity for local voices and experiences to be heard in the Council, particularly on the equity dimensions of the tropical timber trade.

Yati Bun, a spokesperson for CSAG, said that indigenous and other communities now legally own as private property or officially administer at least 22% of all tropical forests, and this percentage is expected to increase greatly.

“Indigenous and other communities currently own as private property approximately three times as much forest as do private individuals and firms, and communities actively manage approximately two times the amount of tropical forest as in public protected areas globally,” he said.

The policy environment, however, was not yet accommodating this change in ownership, he said.

“ITTO and most governments are not yet organised to reflect this new reality and are not playing the supportive role that these forest owners merit and need to continue conserving the world’s tropical forests.”

Mr Bun pointed to the continuing decline in the international trade of primary tropical timber products and the implications of this for the management of tropical forests.

“The only major, and growing, sources of investment for the sustainable use of tropical natural forests are communities themselves and payments for ecosystem services,” he said.

“Unfortunately, producer governments and ITTO are not yet best equipped to orient and encourage this new trade and finance so that they serve the interests of people and the sustainable management of the resource.”

On behalf of CSAG, Mr Bun urged ITTO to recognise the role of indigenous and other forest communities as tropical forest owners and managers and to “further strengthen its role in helping forest trade contribute to the livelihoods of these local people”.

He also called on ITTO to carry out pilot projects to help assess the dynamism and economic efficiency of community producers and the obstacles they face in fully integrating with domestic and international markets and trade of tropical forest products and services.

Drawing attention to preparations under way for the negotiation of the successor agreement to the International Tropical Timber Agreement, 1994 (see page 19), Mr Bun urged a revision of the proposed objectives of the new agreement to “demonstrate and show an understanding of the role of indigenous and other communities as critical, yet under-supported, actors”.

Mr Bun announced that CSAG had elected a new co-chair, representing producer countries. He is Mr Alberto Chincilla, Executive Director of the Central American Indigenous and Peasant Coordinator of Communal Agroforestry (facilitado

r@acicafo.org). Mr Bun himself would act as alternate co-chair for producer countries, and Mr Andy White, of Forest Trends (awhite@forest-trends.org), would continue to serve as co-chair representing consumer countries.

## **Tropical timber trade speaks on downturn, illegal activities**

The tropical timber trade has not yet turned the economic corner and continues to suffer from low prices, according to a spokesperson for the trade.

In a statement made at the 35th Session of the International Tropical Timber Council, the spokesperson for the Trade Advisory Group (TAG), Mr Barney Chan, said 2003 has been a difficult year for the trade.

“Demand for tropical timber has been severely affected in many of the major markets as the world economies struggled to shake off economic recession,” he said.

“SARS and the Middle East conflicts have all had a serious impact on consumer confidence and this has affected the timber trade. Currency fluctuations have also made trading difficult and currency hedging has become an even more important skill in the timber business.

“While we have seen encouraging signs of improvement in the prices for logs and sawnwood in some producing regions, the tropical plywood sector is still reeling from desperately low prices. At these price levels mills are either cutting back on production or even being forced to close. The consequences of this have been serious job losses in the sector.”

Mr Chan condemned those loggers and traders who engage in illegal activities, and said a relatively small number of rogue traders were having a damaging effect on the majority of traders who operated within the law.

“It concerns us that discussions on illegal logging are becoming increasingly politicised,” he said. “There appears to be a rush to judgment, to indict all of industry for the illegal activities of a few. This is wrong. If we continue down this path, the future of the tropical timber trade is at risk.”

Mr Chan urged Council members to involve the private sector as they pursue ways of combating illegal activities.

“Industry must be an equal partner in this pursuit. Industry has been remiss in answering some of the absurd allegations that surround the very real problem of illegal logging. We have left unanswered charges of gross negligence. We do so no longer.”

Mr Chan pointed out that producing and consuming countries have systems in place that account for the purchasing and inventory of raw materials and products. Domestic industry and the international trade operate on a system of permits, certificates and receipts, he said. The TAG proposed that ITTO consider a review and audit of such

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existing industry systems to identify areas for improvement. This idea was subsequently included in ITTO's biennial work program, although it awaits funding and further discussion within Council.

In a related initiative, the Council also approved and provided funding to support the participation of and contribution of the TAG and its sister body, CSAG, in Council sessions, including the organisation of a panel at the 36th Session (in July 2004) to debate illegal logging and trade.

In noting that preparations are under way for the negotiation of the successor agreement to the International Tropical Timber Agreement, 1994, Mr Chan said that TAG members thought the present agreement had served the Organization well.

"The Council has, over the years, proved that it can be flexible and move with the times as new issues arise," he said.

"The process of negotiation and consensus-building that has developed in the Organization is unique in the international community and ITTO has a well-deserved reputation for being an action-oriented body. Our view is that if it is not broken, do not fix it."

*The TAG is an informal grouping established to provide input to ITTO's policy and project work. It is open to anyone with an interest in the tropical timber trade, including representatives of tropical forest industries, timber exporters and importers, timber trade and industry consultants, and trade and industry associations. For more information contact Mr Barney Chan, sta@sta.org.my*

## **Indian timber market emerges as prospect for tropical timber sector**

India is emerging as a major importer of tropical timber, according to an ITTO survey presented at the 35th Session of the International Tropical Timber Council.

The survey, which was commissioned by ITTO and carried out by the Roman Forum (a consultancy firm), examines the current supply and demand status of the Indian timber market and the market opportunities in India for the tropical timber sectors of other ITTO member countries.

India's annual industrial roundwood imports, mostly of tropical hardwoods, have tripled in the last five years and now exceed 2 million m<sup>3</sup> per year, according to the report. Demand for imported tropical timber is expected to continue to grow and could approach 10 million m<sup>3</sup> by the end of the decade.

The survey team carried out in-depth reviews of wood usage in 15 major urban centres in India, as well as an appraisal of timber consumption in rural areas. It estimated that total industrial roundwood consumption in the country would exceed 70 million m<sup>3</sup> per year by the end of

the decade, while domestic supply would fall short of this figure by an estimated 14 million m<sup>3</sup>. This shortfall could be met in large part by the tropical timber trade—provided it could compete successfully against a range of substitute products.

According to Dr Maharaj Muthoo, who presented the survey results to the Council on behalf of the Roman Forum, the increasing demand for timber in India is due to the resurgence of the domestic economy, which is poised to grow at over 6% per annum, and the rapid expansion of middle and upper income groups. Moreover, intensive construction activity is being spurred by lucrative housing schemes and rapid urbanisation, with the urban population expected to grow to 345 million in the next decade.

Timber supply, on the other hand, is constrained by the massive consumption of wood for fuel and other rural needs, the degradation of natural forests, and restrictions on timber harvesting in order to conserve remaining forests for environmental services.

Nevertheless, Dr Muthoo warned that tropical timber producers must meet a range of challenges if they are to penetrate this rapidly growing market.

"Unlike most other commodities, the Indian timber market is disorganised and dispersed," he said. "This weakness is already allowing inroads by plastics, aluminium and steel in construction and furniture, which could amount to around 25% of wood volumes".

In addition, said Dr Muthoo, knowledge of the timber sector is poor due to weaknesses in the national forest sector and its statistical system, threatening the success of timber marketing efforts in the country.

"The system is so outdated that the timber traders, constructors and consumers have no source of reliable and timely timber market intelligence and economic information to turn to," he said.

"However, these challenge can be converted into opportunities by modernising the statistical system and by further reducing the tariff and non-tariff barriers for facilitating imports and market diversification."

*'Review of the Indian Timber Market' (PPD 49/02 (M)) is part of ITTO's ongoing program to bring more transparency to the tropical timber trade and to report on trends, prospects, constraints and opportunities for the trade. It is currently available in draft form from Mr. Amha bin Buang, Assistant Director of Economic Information and Market Intelligence; eimi@itto.or.jp. The TFU will publish an article based on the final report (available in January 2004) in 2004.*