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4 – 9 November 2002
Yokohama, Japan

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

Yokohama, Japan

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REPORT

OPENING OF THE SESSION (Agenda Item 1)

1. The Thirty-third Session of the International Tropical Timber Council was opened by the Chairperson of the Council, Dr. Jürgen Blaser (Switzerland). The Chairperson welcomed all delegates to the Thirty-third Session and on behalf of the Council expressed gratitude and appreciation to the Government of Japan and the City of Yokohama for hosting the Session.
2. The Chairperson recalled with deep sorrow the deaths of Dr. Hidenobu Takahide, the former Mayor of the City of Yokohama, and Mr. Léo Scherman, who for many years coordinated interpretation services at Council Sessions. The Council observed a minute silence in their memory. He also recalled the tragic bombing in Bali, the venue of the Thirty-second Session, and on behalf of the Council expressed sadness at the tragedy and sympathy for the countries who lost citizens in that bombing.
3. Dr. Jürgen Blaser praised the ITTO for its achievements at the global level and indicated with pride that ITTO had gained tremendous international attention and was increasingly being seen as an important guide and partner for tropical countries as they strive towards the goal of sustainable use and conservation of tropical forests. He urged the Council to work to consolidate ITTO's achievements in both policy and field-work during the Thirty-third Session. He cited some ongoing operational work that needed further discussions and guidance by the Council which included: Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests; Forest and Timber Certification; Forest Law Enforcement; and Information on status of Tropical Forest Management. He said ITTO would make a major effort to provide the international community with a comprehensive report on the status of Tropical Forest Management by the end of 2003 or the beginning of 2004.
4. Dr. Jürgen Blaser concluded his opening address by urging Members of the Council to cultivate a new relationship with the world's tropical forests and those whose livelihoods depend on the forests. He acknowledged the participation of H.E. Mr. Hiroshi Nakada, Mayor of the City of Yokohama and said that the presence of the Mayor at the Thirty-third Session was a great honour and inspiration for the Council.
5. In his address to the Council, H.E. Mr. Eisuke Hinode, Parliamentary Secretary for the Ministry of Foreign Affairs of Japan on behalf of the Government of Japan said that he was pleased to note that the activities of the ITTO were highly acknowledged during the World Summit on Sustainable Development (WSSD) held in Johannesburg. He further noted that the current ITTA would expire at the end of 2006, and called on the Council to start the renegotiation process as soon as possible, in early 2003, taking into consideration ITTO's achievements as well as new developments in international forest arena. He stressed the necessity of stricter project management and more efficient project implementation making full use of limited financial resources to achieve project objectives. He said that Japan would give high priority to projects expected to bring maximum results in a short period of time and appealed to other Member Countries to make financial contributions to support ITTO's projects and activities.
6. H.E. Mr. Hinode urged the Council to discuss ways of promoting ITTO's cooperation with Civil Society Organizations, including NGOs.
7. In his welcome address, H.E. Mr. Hiroshi Nakada, Mayor of the City of Yokohama, traced the history of ITTO's establishment in Yokohama. He said that the ITTO was established in response to the scale and speed of deforestation in tropical countries. He noted that ITTO was one of the first organizations to adopt the concept of sustainable development with the view that the balanced use and conservation of forests offered the only effective means of protecting the living standards of forest dependent communities. He noted with pride the growth of the ITTO and its achievements over the past two decades. H.E. Mr. Nakada stressed that prudent management and development of the environment required first of all freeing people from threats to life such as hunger and disease. He pledged the continuing support of the City of Yokohama to the global issues being addressed by the ITTO.

8. In his address to the Council, H.E. Mr. Oben Tanyi Mbianyor, Minister of Environment and Forests of the Cameroon, on behalf of the countries of the Congo Basin, expressed profound gratitude to friendly countries and partners, under the leadership of the USA, that had indicated their interests to provide new and additional funds for the sustainable management of the forests of the Congo Basin. He also expressed his gratitude to the ITTO for funding over twenty projects in Cameroon. He indicated that with the challenges on natural resources and the environment being constantly on the rise, he hoped that Cameroon's partners, particularly the Government of Japan and the ITTO would continue to assist Cameroon. He pledged the Government of Cameroon's determination to cooperate and collaborate with the ITTO to preserve and manage Cameroon's forests in a sustainable manner.
9. H.E. Mr. José Carlos Carvalho, Minister of Environment of Brazil briefed the Council on environmental management in Brazil. He cited the creation of a secretariat for biodiversity and forests in the Ministry of Environment as evidence of the political importance of the forestry sector in the structure of Brazilian public administration. He also mentioned a series of initiatives implemented to restructure the forestry sector. Minister Carvalho informed the Council about the ARPA Project in Brazil that would expand the protected areas of the Amazon to 50.0 million ha over the next ten years. The Government had also made significant investments in the control mechanisms in the field which had resulted in the seizure of large quantities of illegal timber. Minister Carvalho stressed that the commitment of the Government to combat illegal harvesting and trade in timber was unconditional. He called for an expansion of the mandate of the ITTO in the new Agreement to be negotiated, to include Tropical Forest Services and Non-Wood Products.
10. H. E. Mr. Henri Djombo, Minister of Forest Economy and Environment of the Republic of Congo said that through the development of sustainable management standards and the assistance in field operations provided by the ITTO, several tropical countries had realized significant progress towards the sustainable management of their forests. He noted that the ITTO was receiving increased attention across the world and was enjoying the trust of governments and international organizations. He expressed his gratitude to the ITTO and all donors who had contributed and supported efforts towards sustainable forest management in the Republic of Congo. He welcomed the announcement by the Government of the United States, the Government of South Africa and the European Union for an enhanced partnership in relation to capacity building for the preservation of the Congo Basin and commended the United States for the initiative. He appealed to other G-8 Governments and international organizations to join the initiative.
11. In his address to the Council, H. E. Mr. Salomon Banamuhere Baliene, Minister of Land Reform, Environment and Tourism of the Democratic Republic of Congo, and Chairman of the African Timber Organization (ATO) said that the presence at the Session of his colleague Ministers from Cameroon, and the Republic of Congo as well as several delegations from the Congo Basin Countries was testimony of the importance of the ITTO and its activities in the Congo Basin. He briefed the Council on a number of important changes that had taken place at the ATO, including the appointment of a new Secretary General. He also informed the Council about the Kinshasa Declaration, signed by Delegates from ATO member countries at the 20th Ministerial Conference (October 25-26), under which the said countries pledged to implement the ATO/ITTO Principles, Criteria and Indicators.

ASCERTAINMENT OF THE QUORUM (Agenda Item 2)

12. The Executive Director, Dr. Manoel Sobral Filho, reported that the Quorum for the Thirty-third Session of the ITTC had been met (Annex I of this document provides a full list of participants).

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

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

MEMBERSHIP OF THE COUNCIL (Agenda Item 4)

14. The Executive Director reported that there had been no change in the membership of the Council. The total membership remained fifty-seven (57), comprising thirty-one (31) producers and twenty-

six (26) consumers, including the European Community (membership of the Council is attached to the agenda).

REPORT OF THE CREDENTIALS COMMITTEE (Agenda Item 5)

15. The report of the Credentials Committee was presented by the Chairperson of the Committee, Mr. Christopher Ellis (USA).
16. He referred to document ITTC(XXXIII)/3 and reported that the Committee was composed of representatives from Brazil, Gabon, Germany, Netherlands, Papua New Guinea, Philippines, Switzerland and U.S.A. The Committee met on 6 November 2002 and examined and accepted the credentials of forty-six (46) countries and the European Community which participated in the Thirty-third Session of the ITTC and the Sessions of the Associated Committees.

DISTRIBUTION OF VOTES (Agenda Item 6)

17. The Chairperson referred to document ITTC(XXXIII)/1 Annex. He reminded the Council that in accordance with Article 19(4) of the ITTA, 1994, the distribution of votes would be used to assess the contribution of each Member to the Administrative Budget for 2003.
18. Mr. Zhu Guangyao (People's Republic of China) said that there was a sharp increase in the votes of China as compared to the previous year's votes. He requested the Secretariat to provide clarification for the increase. He also indicated that it was not the intention of the Chinese delegation to challenge the authority of the Secretariat and he proposed an informal consultation between the Chinese delegation and the Secretariat to address the issue.
19. The Executive Director explained that the calculation of the votes of Consumer Members was based on the value of imports for a period of three (3) years proceeding the year of assessment. He indicated that China's imports of tropical timber had been rising dramatically in the last few years and these were reflected in the increase in the votes for China. He said that details of the calculations were available at the Secretariat for reference.

ADMISSION OF OBSERVERS (Agenda Item 7)

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

STATEMENT BY THE EXECUTIVE DIRECTOR (Agenda Item 8)

21. The Executive Director welcomed delegates to the Thirty-third Session. He acknowledged and welcomed H.E. Mr. José Carlos Carvalho, Minister of the Environment of Brazil, H.E. Mr. Oben Tanyi Mbianyor, Minister of the Environment and Forests of Cameroon, H.E. Mr. Eisuke Hinode, Parliamentary Secretary for the Ministry of Foreign Affairs of Japan, H.E. Mr. Hiroshi Nakada, Mayor of the City of Yokohama, and Mr. Tetsuo Kato, Director-General of the Forestry Agency of Japan. The Executive Director was particularly thankful to the Honorable Mr. Hiroshi Nakada, Mayor of the City of Yokohama for gracing the Session with his presence. He expressed his deep appreciation for the strong support that the City of Yokohama had been providing to the ITTO.
22. Dr. Sobral mentioned that one of the great strengths of ITTO had been the fact that the Organization had always given greater weight to policies and practice by formulating groundbreaking policies and committing resources for their implementation. He cited achievements such as the increase in transboundary conservation reserves from one million ha in 2000 to just under ten million ha in 2002 and predicted that by the end of 2003 the area of transboundary conservation reserves would reach a target of 15 million ha. He was pleased to inform the Council that cooperation for the establishment of a new key conservation area in Sarawak would soon be proposed to the ITTO by the Malaysian Government. He also mentioned the establishment of twenty (20) additional areas for sustainable forest management to complement the thirty-five (35) areas already established by ITTO, as testimony of ITTO's achievements in the field.

23. Dr. Sobral mentioned that all 31 producing Member Countries of ITTO were committed to the ITTO Criteria and Indicators and several Members, including Brazil, Cameroon, Colombia, Congo, Gabon and Indonesia were receiving or had received ITTO assistance to further develop or adapt the ITTO Criteria and Indicators into national ones. He reported that the entire membership of the African Timber Organization (ATO) were ready to implement the ATO/ITTO Principles, Criteria and Indicators.
24. The Executive Director reported that national-level workshops to train forest managers in the effective use of the ITTO Reporting Formats for the Criteria and Indicators had been held in Congo, Côte d'Ivoire, Papua New Guinea, Philippines and Vanuatu. Arrangements had already been completed for similar workshops to be held in Colombia, Cameroon, Brazil, Indonesia, Ecuador, Bolivia, Myanmar, Togo and Peru. Dr. Sobral further reported that ten Member Countries had submitted reports on the status of sustainable forest management at the national level based on the ITTO reporting formats. He urged Members who had not yet submitted their first national report using the approved format to do so.
25. Dr. Sobral highlighted the development of ITTO Guidelines for the Restoration and Rehabilitation of Degraded Tropical Forests and a project program to restore a million hectares of degraded forests as one of the achievements of ITTO. He said the guidelines constituted an important addition to the Organization's suite of policy initiatives. He also indicated that ITTO had become a world leader in efforts to strengthen forest law enforcement. He recalled Council's adoption of what was termed a "ground-breaking" decision on forest law enforcement and reported that thirteen Member Countries – Bolivia, Brazil, Cameroon, China, Republic of Congo, Indonesia, Japan, Malaysia, Papua New Guinea, Peru, Thailand, UK and the USA – had confirmed in principle, their intention to participate in a case study to assess export and import data on tropical timber and tropical timber products.
26. Dr. Sobral said that ITTO was carving for itself a strategic niche in certification but recognized that ITTO's certification policy work had not been matched by efforts in the field. He proposed that the Council should adopt an initiative to promote partnerships on the ground between forest concessionaires and civil society organizations to work towards certification under schemes of their choice. He said such an initiative would be a very important way of strengthening cooperation between tropical timber producers and the civil society in bringing forests under sustainable management.
27. Dr. Sobral reported on ITTO's participation at the World Summit on Sustainable Development (WSSD). He said that significant progress was made in the promotion of forest development and conservation as a means to alleviate poverty and improve the livelihoods of rural communities. He cited the Congo Basin Forest Partnership and the Asian Forest Initiative as two important initiatives announced at the WSSD and ITTO was honored to be involved in both initiatives as an intergovernmental partner, with the capacity to make substantial contributions.
28. Dr. Sobral drew Council's attention to the continued devastation caused by forest fires in Southeast Asia and elsewhere and urged the Council to provide resources to assist Members in developing and implementing long-term fire management strategies in order for them to be better prepared for major fire events.
29. The Executive Director reported the creation of a communication unit within the Secretariat to oversee the Organization's publications, the staging of side-events and exhibitions, the management of the ITTO website, and other communication activities.

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

30. The Chairperson referred to document ITTC(XXXIII)/2. He reported that the Informal Advisory Group established under Decision 3(XXII) met for the eleventh time on Sunday, 3 November 2002. The meeting was attended by the Chairperson and Vice-chairperson of Council, the Chairpersons of the Committees, the spokespersons of the Consumer and Producer Group, representative of the Government of Japan and the Executive Director.
31. Issues considered by the IAG included: timber certification; frequency and duration of Council and Committee Sessions; outcome of the Working Group on the Organization of Work convened under ITTC Decision 8(XXXII); extension of the ITTA, 1994 and preparations for its renegotiation;

ITTO Work Programme for the year 2003; and list of possible decisions for the Thirty-third Session of the ITTC (the full report of the IAG is attached as Annex V).

CIVIL SOCIETY ADVISORY GROUP (CSAG) PANEL DISCUSSION (Agenda Item 10)

32. The theme for the Civil Society Advisory Group (CSAG) panel discussions was "Succeeding in the Certified Forest Products Marketplace". The panel was moderated by Dr. Andy White, Forest Trends, and was composed of Dr. Justin Stead, Director, WWF Global Forest and Trade Network; Mr. Pablo Alberto Antelo Gil, General Manager, Empresa La Chonta; Mr. Scott Poynton, Executive Director, Tropical Forest Trust; Mr. Tan Chin Tong, Chief Executive Officer, Perak Itc.; Mr. Antonio Carlos Uliana, Director, Industria Madeireira Uliana Ltda and Mr. Parfait Mimbimi Essono, President, National Working Group on Sustainable Forest Management and Certification, Cameroon.

Presentation by Dr. Justin Stead, Director, WWF-Global Forest and Trade Network

33. Dr. Justin Stead's presentation was on "the Global Forest and Trade Network (GFTN) and its activities based on partnerships to help save the world's forests". He said over the past 8,000 years, half of the original forest cover of the world had been either destroyed or seriously impacted upon. The mission of WWF Global Forest and Trade Network had been how to work to reverse this trend. However, the threats had been continuing. He highlighted WWF's achievements which had been based on research and analysis in partnership with different organizations. He said the GFTN's main activities involved: (i) promotion of responsible forestry; (ii) providing information about responsible forestry and procurement; (iii) creating supply and demand for certified products; (iv) lobbying and networking; and (v) conducting research. He noted that the largest industrial wood consumption in the world was in the developed world of North America, Western Europe and North-East Asia. He mentioned that there were more than 800 companies who were members of the GFTN and committed to producing, trading or purchasing certified forest products from well-managed forests. Dr. Stead noted the formation of Forest and Trade Networks in Japan and Hong Kong. He also mentioned the formation of producer's groups in Russia and Central America and indicated that there were discussions for formation of similar producer groups in Latin America, Africa, and Asia. The producer groups would work in partnerships with local environmental groups and perhaps in some cases a small number of companies which would be working in partnership through some kind of phased approach to improve the level of forest management up to a level of certification. The producer groups would be offering: (i) information and training on certification; (ii) links to markets for certified forest products; and (iii) training and capacity building in implementing responsible forest management. The GFTN would be increasingly working with companies in training and capacity building in the implementation of responsible forest management. He also spoke about transition timber and indicated that the GFTN was interested in the concept of transition timber and there would be: (i) baseline audit against certification standard; (ii) an action plan to achieve certification; (iii) an identification of necessary modules to achieve "transition status; and (iv) a regular independent third party audits against action plan.

Presentation by Mr. Pablo Alberto Antelo Gil, General Manager, Empresa La Chonta

34. Mr. Antelo Gil's presentation was on "Marketing Certified Natural Forests – trade barrier or bridge builder". He briefed the Council on his company's experiences with regard to forest management and logging in Bolivia. He stated that 1 million ha of Bolivian forests had been certified with an annual timber production of 560,000 m³ in 2001. He also spoke about the new forestry law promulgated in 1996. He indicated that the technical rules of the new forestry law were similar to the FSC principles. Mr. Gil stated that since 1997 when the new forestry law took effect, 220,000 ha of his company's forest had been certified by the FSC. He said that the certification process had not been easy for his company. The first assessment was carried out at the end of 1996 and the company had since then received four certificates. He stressed that certification entailed a commitment between producers and consumers. The company's major market had been the United States and he saw Europe as a potential market in the near future. In conclusion, Mr. Gil said that natural tropical forest management depended on a proactive attitude from producers and consumers and that certification as a market tool would help to preserve the forest.

Presentation by Mr. Scott Poynton, Executive Director, Tropical Forest Trust (TFT)

35. Mr. Scott Poynton presented the TFT approach to certification. He indicated that the TFT's approach was a combination of the producer and buyers approaches where individual companies were assisted with advice and guidance by the buyer. This meant that the system had instant market acceptability. He said that the TFT was established in response to growing market demand for FSC certified wood. It is currently made up of twenty companies and works in three areas: (i) helping members to exclude illegal wood and assist them in implementing a chain-of-custody and wood origin control and monitoring; (ii) identifying responsible forest management units, assisting its members to get certified and also helping the forest managers to get the certified wood into the TFT members' supply chain; and (iii) providing information to customers and NGOs. Essentially the TFT links business with responsible forest management. He cited the Perak Integrated Timber Complex (PITC) in Malaysia as an example of a company that had benefited from TFT assistance to obtain FSC certification.

Presentation by Mr. Tan Tong, Chief Executive of Perak ITC

36. Mr. Tan Chin Tong, shared his experiences in getting his forest certified by the FSC. He said that Perak ITC was established to address the timber certification problems faced by furniture manufacturers in Perak. Furniture manufacturers especially those who were supplying to the DIY market were pressured to deliver certified timber products. The business model of the company was built around the three pillars of FSC; namely, environmentally appropriate, socially beneficial and economically viable. The company's operation had been guided by ISO 14001. A management manual consisting of standard operating procedures and working instructions were developed through a series of stakeholders consultation. He outlined the procedures adopted by the company: pre-assessment and document review (Aug. 2001); main assessment (November 2001); and certification awarded (July 2002). Mr. Tong concluded that timber certification could be a tool for market access. However, in the commercial world any extra process would always equate to extra cost. The more complicated and longer the process, the higher the corresponding cost. He called upon the NGOs and certification scheme promoters to make timber certification accessible and affordable.

Presentation by Mr. Antonio Carlos Uliana, Director, Industria Madeireira Uliana Ltd. Brazil

37. Mr. Antonio Carlos Uliana, shared his experiences as a buyers group. He provided a brief background as to why Brazil created a buyers group and mentioned that the challenge was to increase the domestic Brazilian FSC certified timber market and thereby sustainable forest management. He indicated that the goal of his company had been to buy only FSC certified timber in the long run. He indicated that out of a total Amazon supply of 27 million m³ of timber only 300,000 m³ was FSC certified and the new challenge was to increase the FSC certified timber supply. He called for more integration among the buyers groups from other parts of the world in order to share information. He concluded that the only way to rescue the pride of his company was to go for FSC certified wood.

Presentation by Mr. Parfait Mimbimi Essono, President, National Working Group on Sustainable Forest Management and Certification, Cameroon

38. Mr. Parfait Mimbimi Essono stated that by October 2002, 44% of certified forests were in Europe, 48% in North America, 2.6% in Latin America, 2.9% in Africa and 1.9% in Asia. He said that the forest was a source of revenue for people in Africa. People depend on the forest revenue to improve their standard of living. He indicated that logging in Africa was in the hands of mainly European multi-national companies. These multi-nationals acted as both producers of the timber in Africa and consumers of the same timber in Europe, hence the complexities of the situation. He stated that the constraints to certification included: (i) the economic operators did not always respect the national laws and consequently resulting in a high degree of illegal logging; (ii) disregard for ILO conventions with regard to workers rights; and (iii) insufficient technical know-how to carryout certification. Mr. Essono thanked the Governments of Japan, Switzerland and Germany for the assistance provided in carrying out training of African experts in certification. He also commended the ITTO for carrying out similar training of African experts. He called for a change in the attitude of multi-national companies that carry out logging in Africa.
39. Mr. Barney Chan (coordinator of Trade Advisory Group – TAG) on behalf of the TAG welcomed the formation of the Civil Society Advisory Group. He indicated that the TAG was also supportive

- of timber certification. He noted that the CSAG panel discussions had been organized as a Council agenda item whilst the annual market discussion by the TAG had been organized as a side-event outside the Council. He further noted that in the opinion of TAG, the CSAG panel discussion should not by any means be perceived as an ITTO endorsement of any particular certification scheme. He recalled Council Decision 9(XXXII) and reiterated that ITTO should not be perceived to endorse any particular certification scheme.
40. The Executive Director provided clarification on the Annual Market Discussion which was organized with the assistance of TAG during the Thirty-second Session in Bali. He said that this activity was not a side-event. He indicated that the Market Discussion was organized as part of the official agenda of the Committees and the report of the Market Discussion was part of the Committee reports which were annexed to the Council report. He also stated that the scheduling of the CSAG panel discussion as part of the Council agenda was a decision of the Council. He referred to Council Decision 2(XXXII).
 41. Ms. Jan McAlpine (USA) expressed her appreciation to the CSAG for organizing the panel discussions. She noted that the CSAG panel mentioned only FSC scheme in their presentations. She also noted that the industry had for some years rightfully expressed some concerns that certain organizations would only support a particular certification scheme. She sought clarification on how the panel members would deal with the fact that there were varying standards, criteria and options in terms of certification schemes, that were available and how to address the issue of diversity in the market without sending signals to the market place about a particular certification scheme. She sought further clarification on why the panel focused on the FSC certification scheme and how the panel viewed the role of FSC relative to other certification schemes.
 42. Dr. Justin Stead (WWF-GFTN) said that in his presentation he did not draw attention to any particular certification scheme. He indicated that the entire debate about certification began about six or seven years ago and had been extremely contentious, in his opinion. He urged the Council to avoid the contentious debate on certification schemes and rather move ahead in a more progressive manner.
 43. Mr. Scott Poynton (TFT) stated that the TFT members were essentially business people who wanted to get their products to the market in a way that maximized their business opportunities and minimized their stresses and they were advised by the NGOs to obtain FSC certified wood. On the customers' side, he mentioned that there was currently a big push in the Netherlands for FSC certified wood. He highlighted that the TFT's main concerns had not been certification schemes but rather the products and whether the customers liked the products. He also indicated that the TFT was conscious of other certification schemes. He noted that the TFT funded a workshop in Malaysia that discussed broadly other certification schemes and stressed that the TFT's approach had been a business approach.
 44. Mr. Parfait Mimbimi Essono explained that in most cases, in Africa, there were problems with structure of governance in certification schemes. He explained that very often the principle that all parties were equal in the decision-making process was not respected and people refused to talk to the government. He cited the case of the Congo Basin where the governments owned the natural resources and indicated that refusal to talk to the governments about certification of the forests had resulted in governments looking for other systems, which had eventually resulted in proliferation of certification schemes.
 45. Dr. Andy White (Moderator) explained that the intent of those who constituted the panel was not to promote FSC certification scheme but rather to demonstrate that certification had been working well around the world.
 46. Mr. Germán Espinosa (Ecuador) sought clarification on the impact of certification on production cost. He also sought the opinion of the panel on the establishment of world guidelines on certification where all countries would come under that umbrella.
 47. Mr. Pablo Alberto Antelo Gil (La Chonta) said that from his company's point of view, about 1% of the production cost was represented by certification. He also explained that the FSC certification scheme was being used in Bolivia and he advocated for the global use of the FSC scheme.

48. Mr. Parfait Mimbimi Essono explained that principles and criteria might be general in nature and could be applied to all forests. However, he noted that indicators for verification must be made specific to each kind of forests. He indicated that there were over 600 timber species in Cameroon whilst in Europe the number of species was much lower and wondered how we could have the same set of indicators for all types of forests.
49. Mr. Erik Lammerts van Bueren (Netherlands) provided further clarification on the statement that consumers were advocating for FSC certified wood in the Netherlands. He said that the Government was also facilitating the restructuring of a foundation that would be established to evaluate the credibility of different certification systems in order to provide a credible hallmark for consumers in the Netherlands on each of the certification systems. Mr. Bueren sought further clarification on who would provide the authority under which timber in transition could be purchased by retailers, and whether there would be a drive to make timber in transition available to the consumers.
50. Dr. Justin Stead (WWF-GFTN) referred to the presentation by Dr. Markku Simula and explained that in the categorization by Dr. Simula, the lower level of transition timber was an individual company deciding on its own to go through such a process and offer itself as being in the process of improving its management to the level of certification. He recalled further that the presentation indicated that for much lower level there was lack of credibility or market acceptance while the other levels had a much higher level of market acceptance based on the fact that the assessment were carried out by independent third parties or accredited certifiers. Dr. Stead said that the GFTN idea of producer group concept was fulfilling the need for certified wood while still recognizing the need to continue purchasing wood from supply countries or individual companies who were not yet able to reach the level of certification. However, the ultimate aim would be to obtain certification.
51. Mr. Ricardo Umali (Philippines) commended the panel members for their presentations. He noted that the presentations focused mainly on the partnership and collaborative arrangements between civil society and producers which were driven by global forces and procedures especially as they relate to certification. He stated that there were varying stages of implementation of certification, especially in developing producer countries which could be considered as transitional approaches. He commented that there had been a failure to emphasize the need to appreciate and collaborate with governments who were in various transitional stages of certification. He said the lack of capability and access to relate to the Forest Stewardship Council or any other accreditation body, had compelled some governments to take initiative to act as the interim body for certification and these had been recognized by some markets. He mentioned the need to recognize an agency-in-transition until such a time that the final institutional mechanism could be identified and put in place. He also indicated that no certification scheme would succeed if there were no social acceptability and collaboration with indigenous people and communities who were dependent on forest resources.
52. Dr. B.C.Y. Freezailah (Malaysia) commended the panel members for their presentations. He hoped that the CSAG panel would become part of the meetings of future Council Sessions like the Annual Market Discussions organized by the Trade Advisory Group (TAG). He said that he was greatly encouraged by the many success stories presented by the panel. He mentioned that the Malaysian Timber Certification Council (MTCC) was actively collaborating with the FSC and hoped that eventually MTCC would secure FSC endorsement. He indicated that Malaysia had just adopted a revised criteria and indicators for the Malaysia certification scheme which was technically compatible with the FSC Principles and Criteria. He said that Malaysia would welcome any assistance or cooperation, particularly from the TFT. He acknowledged that Malaysia had already received some support from the TFT and hoped that the support would be sustained. He urged the Council to embark on programmes that would accelerate certification in tropical forests. He indicated that that would require some flexibility, understanding and some compromises that would enable a wider application of certification schemes.
53. Mr. Grégoire Nkeoua (Republic of Congo) commended the panel members for their presentations. He commented on the issue of progressive or phased approach to certification and the various partnerships that had been developed between producer countries or enterprises and commercial groups. He cited the buyers' group approach presented by the TFT. He sought further clarification on the cost of certification as part of the over all production cost and stated that the figure of 1% quoted by the Panel appeared to be low. He cautioned that although FSC had a lot of experience in the field there was the need to avoid any form of monopoly and

therefore urged the Council to take into account other initiatives. He reiterated the Council Decision that ITTO should not endorse any particular certification system. He also mentioned that the ATO was discussing a common Pan-African certification concept.

54. Dr. Justin Stead (WWF-GFTN) said that there was the need to distinguish between the cost of auditing from the cost of improving the quality of forest management up to a level of certification. He mentioned that the actual cost of auditing was low especially if the auditing covered a large area of forest.
55. Mr. Zhu Guangyao (People's Republic of China) mentioned that the certification of goods had become trade barriers in many sectors and in most cases those barriers had been targeted to the exports of developing countries. He sought clarification on how to exclude trade barrier factors in the timber certification processes of ITTO.
56. Dr. Andy White explained that certification was a market driven approach and therefore not a trade barrier. It would however become a trade barrier if governments insisted on a particular certification scheme.
57. Dr. Tachrir Fathoni (Indonesia) commended the panel members for their presentations. He also commended the TFT for directly assisting countries or companies in progressing towards sustainable forest management. He indicated that the process of certification could take many years and also would be costly, however, there was not much difference in the price between certified timber and non-certified timber. He sought clarification on how to obtain an incentive or premium price for certified timber in the global market.
58. Mr. Pablo Antelo Gil (La Chonta) said that he shared the same view and that there were not many buyers who would pay more for certified timber. He mentioned that in reality certification was simply an additional cost on producers.

ANNUAL REVIEW AND ASSESSMENT OF THE INTERNATIONAL TIMBER SITUATION (Agenda Item 11)

59. The elements for the annual review and assessment of the world timber situation for 2002 were presented by Dr. Steven Johnson (ITTO Secretariat). He referred to document ITTC(XXXIII)/4. He indicated that fourteen (14) Member Countries (nine Producing Countries and five Consuming Countries) did not provide responses to the Joint Questionnaire and out of forty-three countries, that provided responses, there were good responses from only ten countries. He explained that good responses meant that all major sections of the questionnaire were completed and the data provided were internally consistent and more or less consistent with trade partner reports. Dr. Johnson noted that for thirty-three countries that responded there were missing or unusable data, and most countries did not provide data on tropical timber and timber products.
60. Dr. Johnson noted the dominance of the People's Republic of China in the tropical log market, while there had been continuous decline in Japan for tropical log imports. He indicated that the plywood industry in Japan was in a transitional phase, with tropical plywood production decreasing very significantly while coniferous plywood was growing very strongly. Housing starts in Japan was as high as 1.7 million units in 1990 and had decreased to about 1.1 million in 2002. He attributed the decline to the general decline in the economy and an ageing society. Dr. Johnson highlighted the increase in plywood production in the People's Republic of China since 1995. He also noted that exports of plywood from the People's Republic of China had increased very sharply and competing with traditional plywood exporting countries.
61. Dr. Johnson pointed out some trade discrepancies and stressed the importance of the case studies to be undertaken by the ITTO to find out the reasons for such trade discrepancies.
62. Mr. Allan Grant (Australia) apologized for his country's inability to provide data for the Joint Questionnaire and pledged Australia's continued support to the ITTO in the area of data collection. He promised to follow up and provide the data to the Secretariat as soon as possible.
63. Mr. Joel Sampaio (Brazil) pledged to submit to the Secretariat additional data from Brazil as soon as possible. He commended the Secretariat for the excellent work done in the area of data collection and analysis on the world timber situation.

64. Dr. Tachrir Fathoni (Indonesia) commended Dr. Johnson and the Secretariat for the comprehensive report. He proposed that the ITTO should send a special mission to identify the causes of the trade discrepancies in Indonesia. He requested countries that import wood from Indonesia to provide information to the Government on the suppliers in Indonesia to enable the Government to monitor and combat illegal logging and illegal trade.
65. Ing. Enrique Toledo Gonzalez-Polar (Peru) commended Dr. Johnson for the presentation. He said that Peru was taking the necessary corrective measures to ensure that good data was provided to the Secretariat.
66. Mr. David Brooks (USA) commended Dr. Johnson for the concise presentation and also for establishing a worldwide recognition of ITTO's role in providing data for market transparency and understanding of trends related to tropical timber. He expressed his regret that the United States was categorized as one of the countries that did not provide good data. He indicated that the provision of good and reliable data was a matter of member's obligation under the ITTA, 1994. He proposed that during the review of the Annual Work Programme for 2003, the Council should identify the areas of work relating to the quality and timeliness of data. He also supported the proposal to organize continuous training programmes for producer countries and indicated that, consumer countries should also acknowledge their need for training to ensure the elimination of all the trade discrepancies in their statistical data.
67. Mr. Zhu Guangyao (People's Republic of China) commended the Secretariat for the comprehensive report. He regretted that China was among the list of countries that had not provided data to the Secretariat. He attributed that to the lack of a separate statistical database on tropical timbers and promised that the necessary logistics and institutional arrangements would be put in place to establish a separate statistical database on tropical timbers.
68. The Executive Director reported that the Secretariat had made major efforts to improve the statistical collection, collation and analysis of data from member countries, particularly producing member countries. He indicated that about US\$15 million had been spent to improve these statistical services both through projects designed by countries and a series of training workshops organized by the Division of Economic Information and Market Intelligence. He said that the Secretariat might have to assess the usefulness of these training workshops. He further reported that the Committee on Economic Information and Market Intelligence would carry out an ex-post evaluation of a few of the completed projects implemented to improve the statistical services of selected Member Countries.

CITES LISTING PROPOSALS BY MEMBERS – DECISION 3 (XVI) (Agenda Item 12)

69. The Executive Director recalled Decision 3(XVI) which called on Members to inform the ITTO at the earliest opportunity of any proposals by Members to list internationally traded tropical timber species in CITES appendices. He reported that the Secretariat had not been advised by any member on proposals to list any tropical timber species in CITES appendices. He however, mentioned that the Secretariat had received an information note from CITES Secretariat proposing to change the listing of mahogany from Appendix III to Appendix II. He mentioned that the Secretariat was not invited by CITES to comment on the proposal, however, the Secretariat had voluntarily submitted some comments on the proposal to CITES.
70. Ms. Fatimah Raya Nasron (Malaysia) noted that any decision to list any flora species in CITES appendices had to be based on scientific data. She indicated her disappointment that CITES did not consult the ITTO before proposing to change the listing of mahogany from Appendix III to Appendix II. She sought further clarification on what the ITTO should do in such cases. She proposed that in future, there should be prior consultation among Member Countries before submitting any proposal to CITES.
71. The Executive Director, Dr. Manoel Sobral Filho provided further clarification on the proposal to list mahogany in Appendix II of CITES. He referred to an information note from the CITES Secretariat dated 24 June 2002 which listed Nicaragua as the proponent for the listing of mahogany in Appendix II, and a subsequent notification to the Parties dated 9 August 2002 which listed Guatemala as a co-proponent. Dr. Sobral reported that the Secretariat did not receive any notification from Guatemala as called for in Decision 3(XVI).

72. Dra. Angela Andrade (Colombia) reported that Colombia received the original proposal to list mahogany in Appendix II of CITES from the Government of Nicaragua. She indicated that the issue was of great importance to Colombia and had therefore requested that mahogany be listed in Appendix III and not Appendix II of CITES. She indicated that further information on the status of present population of mahogany as well as additional information on illegal trade in mahogany was required before a decision could be taken to list mahogany in Appendix II of CITES. She reported that the mahogany range States of Central and South America were collaborating with the Mahogany Working Group to provide additional information on the status of mahogany.
73. Mr. Joel Sampaio (Brazil) reiterated the position of Brazil that discussions on the listings of species in CITES Appendices should take place in CITES, especially since the meeting of the Conference of Parties to CITES was taken place in parallel to the ITTC Session.
74. Mr. Shoji Sato (Japan) said that discussions based on scientific knowledge and data were required in order to avoid unnecessary regulation of the use of species that were not endangered.
75. Dr. Tachrir Fathoni (Indonesia) stated that Indonesia would support the proposal to list mahogany in CITES Appendix II as proposed by Nicaragua and Guatemala on the basis that between 1995-2001, majority of the range states had requested the inclusion of mahogany in Appendix III. However, the provisions applicable to Appendix III species were often not properly adhered to and therefore the listing of mahogany in Appendix II would be preferable to ensure better control of the international trade in mahogany and ensure sustainable use of the species. He also indicated that the listing should be limited to mahogany in natural forest since large plantations of the species occur in other parts of the world, particularly in Indonesia and Fiji.
76. Mr. John Bazill (European Community) reported that the European Community had expressed their support for the inclusion of mahogany in CITES Appendix II at the meeting of the Conference of Parties of CITES in Chile.
77. Mr. David Brooks (USA) supported the position of Brazil that CITES Conference of Parties should be the forum for discussing the substance of the proposal to list mahogany in Appendix II. He also expressed concern about procedural omissions in the submission of the proposal to CITES, especially with respect to the kind of consultations that would make the considerations of the Conference of Parties most effective. He expressed concern about the fact that CITES did not consult the ITTO although the ITTO had been listed as one of the organizations to be consulted by CITES on timber issues.
78. Ing. Enrique Toledo Gonzales-Polar (Peru) said that Peru was one of the mahogany range states. He indicated that CITES was an important convention for the monitoring of international trade in timber species and supported the position that the CITES was the forum for discussing the issue.
79. Dr. Fidel Reyes Lee (Guatemala) expressed regret that ITTO was not informed by the Government of Guatemala. He assured the Council that in future the proper procedures would be adhered to by his government.

**REPORT OF THE WORKING GROUP ON THE ORGANIZATION OF WORK UNDER THE ITTA, 1994 –
DECISION 8(XXXII) (Agenda Item 13)**

80. The Chairperson, Dr. Jürgen Blaser introduced this agenda item. He referred to document ITTC(XXXIII)/5 and the IAG discussions on the issue as contained in the IAG report, document ITTC(XXXIII)/2. The working group was composed of: Dr. Jürgen Blaser (Switzerland), Chairperson, Dr. B.C.Y. Freezailah (Malaysia), Mr. Joel Souza Sampaio (Brazil), Mr. Charles Philippe Sikapieki (Cameroon), Mr. Hardjono (Indonesia), Mr. Enzo Barattini (European Union), Mr. Toshiyuki Suzuki (Japan) and Ms. Stephanie Caswell (USA).
81. Dr. Blaser reported that the first part of the report summarized the major ideas relating to cost saving measures, other measures to improve efficiency and effectiveness of the ITTO and frequency and duration of Council Sessions. He reported that on the issue of frequency and duration of Council Session, the working group could not reach a full compromise. However,

- subsequent discussions in the IAG had provided a compromise solution which had been annexed to the IAG report.
82. Dr. Blaser reported that the second part of the report contained a proposal for a draft decision for the consideration of the Council. He referred the draft decision to the Consumer and Producer caucuses for their deliberation. He further reported that the Working Group discussed the cost estimates for holding Sessions of the ITTC and provided four different options.
83. Mr. Daniel Birchmeier (Switzerland) commended the working group for an excellent report. He indicated Switzerland's support for the recommendations to reduce the frequency of the Council Sessions while maintaining the efficiency of the work of the Organization. He underlined the need to discuss the report in conjunction with the process for the renegotiation of a new ITTA. He said that the Swiss delegation would welcome a Council decision on a schedule for the renegotiation process. He noted with great appreciation the proposal by the Working Group and the IAG to hold in Geneva a shortened Council Session prior to a Prep-Com for the negotiation of a new ITTA in May 2004. He however, indicated that his delegation was not in a position, at this stage, to provide a firm confirmation to the Council to host the Thirty-sixth Session of the ITTC since financial requirements had to be reviewed in detail. He said that his delegation would inform the Council in due course.
84. Mr. Shoji Sato (Japan) commended the Working Group for the comprehensive report. He reiterated the concerns of the Government of Japan on the frequency and duration of the Council Sessions. He referred to page 24, paragraph 4.3 of the report which stated inter-alia "Annual Council and Committee Session will reduce the workload of the Secretariat by 30-40% (presently, 5-6 work-weeks per Session). This allows the Secretariat to devote more time to". He said that the Government of Japan had stated time and again the need to optimize the Secretariat's time and to devote more time to project implementation. Mr. Sato also referred to the report of the IAG, document ITTC(XXXIII)/2 page 3, paragraph 6, which stated inter-alia "In this connection, the representative of the host government of the Headquarters reiterated the view of Japan that the frequency of the Council and Committee Sessions should be reduced from the current twice-a-year to an annual meeting. However, if this reduction in the frequency of the Council and Committee Sessions could not be realized, Japan hoped that this would be taken up in the context of the process for the renegotiation of a successor agreement to the ITTA, 1994 which should be initiated as soon as possible". Mr. Sato commented that the statement attributed the delegate of Japan was a mis-statement but indicated that he would not request that the statement be retracted. He emphasized clearly that the preference of the Government of Japan was an annual Council and Committee Session.
85. Dr. Jürgen Blaser, Chairperson of the Council provided further clarification on the report of the Working Group. He explained that the reference in the report that an annual Council Session would reduce the Secretariat's workload by 30-40% was referring to the Secretariat's workload related to the preparation of the Council Sessions and not the overall workload of the Secretariat.
86. Mr. Enzo Barattini (European Community) welcomed the report and the recommendations of the Working Group. He was pleased to note that the report already contained a draft decision. He indicated that the timetable for the renegotiation as proposed by the IAG was very necessary and that the process for the renegotiation should start as soon as possible with a precise timetable and with a clarification of all items. He fully supported the time table for the renegotiation as proposed in Annex 1 of the IAG report.
87. Ms. Jan McAlpine (USA) commended the Working Group and the Secretariat for a comprehensive report. She said the report provided a good starting point for the Council to address a range of issues, including the frequency and duration of Council Sessions, and interim measures that the Council could take to reduce the number of meetings to one Session per year. She said that the Council should as a matter of visibility and efficiency adopt one Council Session per year. She stated that few international organizations could afford two Council Sessions per year with representations by Ministers and senior representatives of governments. She indicated that holding one Council Session per year would require different ways of organizing the work of the Organization and commended the Working Group for making some recommendations with respect to some of those actions. She supported the draft decision to a large extent and indicated her willingness to work with other Members of the Council in order to reach a final decision.

88. Mr. Don Wijewardana (New Zealand) associated himself with the views expressed by Japan and the USA. He recalled that the issue of frequency and duration of Council Sessions had been discussed by the Council for many years without reaching a final decision. He pointed out that personal cost of participants had not been reflected in the table of costs as contained in the report. He, however, cautioned that no particular group of the Council should be disadvantaged as a result of shifting from biannual Session to an annual Session. He indicated that by an extended duration of the Session, the Council should be able to cover any works that might otherwise be lost. He reiterated his support for the time table in the report and as modified by the IAG.
89. Mr. Shoji Sato (Japan) expressed his gratitude to all delegates who had spoken in favor of an annual Council Session. He was particularly thankful to the delegate of the USA for explaining the importance of an annual Council Session. He called for the allocation of sufficient time in the renegotiation process in order to provide sufficient time for governments to complete their domestic requirements and participate in the new agreement without delay. He cited, particularly, the case of Japan where there would be a long process in the Diet or Parliament before approval.
90. Mr. Allan Grant (Australia) commended the Working Group for the report. He supported the time table proposed by the Working Group and as modified by the IAG.
91. Mr. Christian Dumon (France) commended the Working Group for the report. He highlighted the need for technical documents of general interest to be translated into all the official languages of the Organization. He proposed that page 9, part A, paragraph 3 of the French version of the proposed draft decision should be amended to read "project and pre-project proposals and technical documents which are not of general interest".
92. Mr. Zhu Guangyao (People's Republic of China) commended the Working Group for the report. He indicated that the renegotiation process should be a balanced process taking into consideration the interests of both Producer and Consumer Members. The process should be an institutional reform process and that the ITTO should be maintained as an action oriented organization and not a political forum.

MATTERS RELATING TO ARTICLE 46 (Agenda Item 14)

93. Dr. Rubén Guevara-Moncada presented the report on "New and Emerging Issues of Relevance to the International Tropical Timber Council and Future International Tropical Timber Agreement", document ITTC(XXXIII)/6. He indicated that the report was prepared by Ms. Stephanie Caswell and himself.
94. Dr. Guevara-Moncada referred to Decision 4(XXXII) and stated that the report contained a review of the work and mechanisms of relevant international organizations and treaties, including the FAO, UNFF, the World Bank, GEF, WTO, CITES, CBD, UN Framework Convention on Climate Change, UN Convention to Combat Desertification, Common Fund for Commodities, International Coffee Organization (ICO), International Cocoa Organization (ICCO), and International Rubber Study Group (IRSG).
95. The report compared the governance of ITTO with FAO, CITES and CBD. He noted that whilst the FAO and CITES had Executive Boards, the ITTO had no Executive Board and proposed that the Council could discuss the issue in more detail at a later date. The report also compared the governance of ITTO with three other commodity organizations, ICO, ICCO and IRSG and noted the similarities between the ITTO and these organizations. He pointed out that the ICO had been holding their meetings biannually. He also noted that all the three commodities organizations had an Executive Board.
96. Dr. Guevara-Moncada said the report noted the outcome of the WSSD meeting especially the Johannesburg Plan of Implementation and the Johannesburg Declaration as well as the Congo Basin Forest Partnership and the Asia Forest Partnership.
97. On new and emerging issues and developments of relevance to the International Tropical Timber Council, Dr. Guevara-Moncada said the report considered: (i) the trends in the resource base; (ii) current market trends in tropical timber; (iii) potential role of certification; (iv) increased attention

- to forest law enforcement and governance; and (v) developments recognizing environmental services and NTFPs.
98. Dr. Guevara-Moncada concluded that there was increasing: (i) worldwide demand for timber and timber products especially for more processed products; (ii) domestic processing of logs in tropical producer countries; (iii) south-south trade in tropical timber (iv) consumer interest in niche markets for certified and legally sourced timber products; (v) political attention on forest governance (vi) tendency to regulate international trade in tropical timber species through CITES; (vii) interest in managing forests as ecosystems and maintaining environmental services; (viii) interest in developing national and international markets for environmental services and NTFPs derived from tropical forests; and (ix) interest in public-private partnerships – e.g. Congo Basin Forest Partnership.
99. Dr. Guevara-Moncada made the following proposals for the consideration of the Council:
- (i) expanding the scope of the ITTA to include market and non-market tropical forest issues such as tropical forest ecological services eg. watershed protection, erosion control and carbon sequestration;
 - (ii) expanding the scope of the ITTA to include additional value-added tropical timber products and relevant environmental services and NTFPs traded internationally;
 - (iii) replacing the current list of ITTO objectives with 1-2 overarching objectives that focus on ITTO's areas of comparative advantage;
 - (iv) establishing an Executive Committee to take decisions between Council Sessions;
 - (v) consolidating the three technical Committees into single technical Committee to integrate ITTO work; and
 - (vi) examining ways to broaden ITTO project finance base through GEF, CFC, and World Bank.
100. Mr. Ricardo Umali (Philippines) commended the consultants for the report. He noted with interest the recommendation to expand the scope of a new ITTA to include forest services which would mean a broader outlook for forest management. He indicated that the Philippines had already adopted that approach. He further noted that the ITTO Guidelines on Sustainable Management of Tropical Forests had already incorporated some of these services such as biodiversity, watershed management, soil erosion, etc.
101. Mr. Duck Haeng Hur (Republic of Korea) said that newly emerging issues relevant to the future International Tropical Timber Agreement should be decided by a consensus among Member States. He noted that since the establishment of ITTO in 1987, many international bodies had been involved in tackling issues relating to tropical timber. He supported the proposal to establish an information center and to merge the three technical Committees.
102. Ms. Fatimah Raya Nasron (Malaysia) commended the consultants for a comprehensive report. She noted that a number of important and relevant issues had recently emerged which had captured the attention of the international community. She proposed that ITTO, as a commodity organization, should concentrate on core issues that were in line with ITTO's mandate as stipulated in the ITTA, 1994 rather than to divert its attention to other issues that might be better addressed by other organizations. She indicated that ITTO's resources were limited and therefore there was the need for prioritization to avoid duplication of efforts. She reiterated her continued concern on the issue of promotion of market access for the long-term sustainability of the international tropical timber trade. She noted that Members' concerns about market access had been reflected in objectives (a) & (b) of the ITTA, 1994. She further noted that objective (b) of the ITTA, 1994 was amplified in Article 36 on non-discrimination that prohibited the use of measures to restrict or ban the international trade, in particular as it concerned the imports and utilization of timber and timber products. She therefore stressed that the promotion of non-discriminatory timber trade practices was an essential task of the Council and called for the placement of market access alongside sustainable forest management. She urged Council to continue to strengthen the effectiveness of its existence and its role by ensuring the prosperity of the tropical timber economy.
103. Mr. Toshiyuki Suzuki (Japan) referred to page 38, Part C, Paragraphs 1 & 2 of document ITTC(XXXIII)/6. He noted that the report recommended: (i) establishment of an Executive Board or Committee to take decisions on selected matters as determined by the Council; and (ii) consolidating the three ITTO technical Committees into a single standing technical Committee.

- He indicated that in his opinion, these were very important issues which required the attention of the Council and he sought further clarification on the relationship between Part C and Parts A & B of pages 37 & 38 of the report.
104. Mr. Don Wijewardana (New Zealand) commended the consultants for a comprehensive report. He proposed the inclusion of the following additional issues in the new ITTA: (i) ecosystem approach to sustainable forest management. (ii) climate change, carbon sequestration and CDM; (iii) competition from other products such as plastics; and (iv) plantations.
 105. Mr. Enzo Barattini (European Community) commended the consultants for a comprehensive report. He said that the European Union agreed with many aspects of the report. He however, indicated that discussions on issues relating to a new agreement were at a very preliminary stage and indicated that issues such as poverty alleviation were very pertinent to the European Union and should be the fundamental objective of a new ITTA. On the expansion of the scope of a new ITTA to include other forms of timber, Mr. Barattini stated that, for the moment, the scope should be limited to tropical timber and that extending the agreement to include other non-tropical elements like carbon sequestration, watershed protection, erosion, etc. might sow the seed of doubt in certain fora. He proposed that the comparative advantage elements of a new agreement vis-à-vis ITTA, 1994 should be the focus of the Council.
 106. Ms. Jan McAlpine (USA) commended the consultants for a comprehensive report. She reiterated that the purpose of the paper was to focus on new and emerging issues. She called on the Council to consider what further area of work would be useful to provide the foundation for the future renegotiation of a new ITTA. She acknowledged the contributions already made by other delegations and urged the Council to go into the renegotiation with an open mind. She proposed that the consultants should be invited to the Thirty-fourth Session of the Council since the report provided a context for the renegotiation process.
 107. Mr. Daniel Birchmeier (Switzerland) commended the consultants for the comprehensive report. He said that the report covered adequately the work and mechanisms of other relevant organizations and treaties in its identification of emerging issues and developments in international trade. However, issues on compliance and enforcement in a new ITTA, as compared to other similar organizations, had not been adequately addressed in the report. He said that effective procedures and mechanisms for promoting, determining and ensuring compliance were very important for a new ITTA to be able to achieve its objectives. He cited procedures and mechanisms under CITES, the Montreal Protocol and the Kyoto Protocol as examples. He indicated that among the compliance issues that should be considered under a new ITTA were: (i) mandatory reporting procedures; and (ii) effective review of the ITTO Objective 2000.
 108. Mr. Birchmeier cautioned that there were still many debatable questions on the issue of carbon sequestration and the role of forests as sinks and that the evidence was not as straightforward as had been presented in the report.
 109. Mr. A.S.K. Boachie-Dapaah (Ghana) commended the consultants for a good report. He recognized that the report provided a concise and factual overview of the operations of other institutions, particularly commodity organizations. He said the report also provided a learning experience for ITTO to guide its future development. He proposed that the Council should give due consideration to an integrated approach in its preparations for the renegotiation of a new ITTA. He stated that the role of timber and NTFPs in poverty alleviation should be recognized. He indicated his general agreement with comments made on invasive species, but was of the opinion that the use of non-wood packaging material could favour the use of plastics whose disposal could be a problem, particularly in developing countries that import timber. He also proposed that any future expansion in the scope of the ITTA, should take into consideration the various initiatives and activities of other institutions such as UNFF, to avoid duplication of efforts. He also stated that any expansion of product scope must exclude paper and pulp. He endorsed the proposal for the establishment of an Executive Board to enhance the decision-making process within the ITTO. Mr. Boachie-Dapaah also supported the recommendation to examine ways to broaden ITTO project finance base. He said that that would go a long way in supporting programmes that were linked to the environmental services provided by forests.

110. Mr. Dike Kari (Papua New Guinea) commended the consultants for the comprehensive report. He noted that the ITTO had achieved a lot under the ITTA, 1994. He indicated that sustainable forest management should continue to be the core objective of the ITTO. He highlighted the role of NTFPs among the emerging issues and urged the Council to give due consideration to it in a new ITTA. He also urged the Council to give consideration to the role of forest dependent communities and plantations in an expanded scope of a new ITTA. Mr. Kari also noted that certification, and forest law enforcement and governance were new issues that should be given consideration in the new Agreement.
111. Mr. Joel Sampaio (Brazil) commended the consultants for the report. He noted that the consultants had raised issues there were crucial for the future of the ITTO and looked forward to working closely with the consultants in the initial stages of the renegotiation in order to launch a process that will be beneficial to everyone.
112. Mr. Grégoire Nkeoua (Republic of Congo) congratulated the consultants for a comprehensive report. He noted that the proposals were very pertinent, particularly, regarding new forest services that would take into account the ecosystem dimension of forests. He indicated that many people depend on NTFPs in the Republic of Congo. He also noted the importance of forests as carbon sinks, particularly in the framework of the convention on climate change. He sought further clarification on the rationale for proposing that the three technical Committees should be merged into one Committee.
113. Mr. Shoji Sato (Japan) reiterated the importance of the renegotiation calendar. He indicated that Japan would have to complete its domestic procedures, including Diet approval process, before the new Agreement entered into force on 1 January 2007. In that regard, he mentioned that the text of the new ITTA had to be agreed by all parties by spring 2005, at the latest. He stated that if the text of the new ITTA was not agreed upon by spring 2005 there would be the risk that Japan would not become a Member Country of the new ITTA and therefore would legally not qualify to be the host government of the ITTO Headquarters. He referred to Chapter 3, Article 3, para 4 of ITTA, 1994 which states inter alia, "The Headquarters of the Organization shall all times be located in the territory of a Member...." He supported the proposed calendar for the renegotiation.
114. Ms. Aulikki Kauppila (Finland) on behalf of the Consumer Group, supported the renegotiation calendar as proposed. She referred to a proposal for a one-day producer coordinating group meeting before the PrepCom meeting in Panama and indicated that the Consumer Group would equally like to hold a one-day parallel coordinating group meeting before the PrepCom. She further proposed that a joint Producer-Consumer Group meeting should also be scheduled on the same day, prior to the PrepCom to exchange experiences between the two caucuses. She proposed that the Thirty-fourth Session of the Council should be followed by a one-day meeting of Producers and Consumers prior to the PrepCom.
115. Mr. Joel Sampaio (Brazil) on behalf of the Producer Group supported the proposed calendar for the renegotiation.
116. Ms. Jan McAlpine (USA) expressed the need for an intervening preparatory work in advance of the PrepCom meeting in May. She indicated that the Council Decision on the process for renegotiation should invite countries to submit their views on issues to be addressed in a new ITTA, and their expectations of any new Agreement. She requested that the Secretariat should circulate the comments received in advance of the PrepCom meeting in May 2003. She stated that document ITTC(XXXIII)/6 should be revised to incorporate other new and emerging issues proposed by Members. She supported the proposal for a preparatory Producer/Consumer Group meeting prior to the PrepCom meeting in May 2003. She also requested the Executive Director to brief Council on an effective procedure for the renegotiation process.
117. Mr. Ricardo Umali (Philippines) proposed that the Council should adopt the same process used during the renegotiation of the ITTA, 1983. He said that during that process the Council formed a ten-member debating team comprising five Producer and five Consumer Members to look at all the issues that had the potential of being contentious. He indicated that this would facilitate the process and save a lot time.
118. Mr. Don Wijewardana (New Zealand) proposed that the UNCTAD legal counsel should be invited to prepare a paper and present it to Council personally on the stepwise approach needed for the renegotiation of the ITTA, 1994. He also proposed that the major differences between the

- Producer and Consumer caucuses could be narrowed through informal discussions between the caucuses. He reiterated the deadline proposed by Japan that the renegotiation process should be completed by January 2005 and proposed that the Council should indicate at each stage of the negotiation the level of achievements made in order to meet the deadline of January 2005.
119. Mr. Enzo Barattini (European Community) provided a brief historical background of the negotiation process of the ITTA, 1983 and ITTA, 1994. He indicated that there were adequate preparations before the sessions held in Geneva. He said that gone were the days when there were long Sessions in Geneva before concluding Agreements. He indicated that currently UNCTAD would welcome delegations to Geneva for negotiations only at a time when the particular Agreement was about to be concluded. He noted that a lot of preparatory work had to be done prior to the Geneva Session. He said that the Secretariat should provide Members with the old and new texts of the Agreement as well as any new proposals by Members. He reiterated the importance of meeting the spring 2005 deadline indicated by Japan. He was pleased with the proposal for a joint Producer/Consumer Session to be held in Panama prior to the PrepCom.
 120. Mr. Daniel Birchmeier (Switzerland) supported the schedule for the renegotiation but proposed that it might be necessary to incorporate some additional meeting days due to the deadline indicated by Japan and taking into consideration the task of negotiations. He noted that several countries might need sufficient time for the ratification process. He proposed a co-chairmanship, involving the Producer and Consumer caucuses to preside over the renegotiation process.
 121. The Chairperson proposed that delegates should submit written comments on the report and any other issues relating to the preparations of a new ITTA to the Secretariat by 31st January 2003.

FOREST LAW ENFORCEMENT IN THE CONTEXT OF SUSTAINABLE TIMBER PRODUCTION AND TRADE – DECISION 6(XXXI) (Agenda Item 15)

(a) Progress in the implementation of the case study on Assessing Export and Import Data on Tropical Timber and Tropical Timber Products

122. The report was presented by Dr. Jim Bourke (ITTO Secretariat). He reported that by mid-2002, thirteen Member Countries had indicated their interest to participate in the case study on assessing export and import data on tropical timber and tropical timber products. The countries were: Bolivia, Brazil, Cameroon, China, Republic of Congo, Indonesia, Japan, Malaysia, Papua New Guinea, Peru, Thailand, U.K. and the USA. He however, reported that out of the thirteen countries only few countries had nominated national consultants and accepted the terms of reference for the study. The countries were: U.K. China, Thailand and the Republic of Congo. He said that work had already started in the U.K.
123. Dr. Bourke also reported that the Secretariat had contracted the Center of International Trade in Forest Products, and the University of Washington, USA to prepare a background paper on discrepancies in forest products trade statistics. The background paper is attached as Appendix 1 to document ITTC(XXXIII)/7. He noted that progress had been slow and the response from Member Countries had been quite disappointing.
124. Dr. Steven Johnson (ITTO Secretariat) provided additional information on the progress in the implementation of the case study. He reiterated the slow response from Member Countries and said that in his opinion, the number of countries that had volunteered was not enough to make a meaningful study, especially on the part of the Consumer Countries. He said that Korea, Portugal, Italy, Spain, France, Netherlands, Belgium and Germany would be welcomed to participate in the study. On the producer side he proposed the participation of India, Cambodia, Myanmar, Gabon and Liberia.
125. Dr. Johnson noted that there was no bilateral trade between the four countries that had already nominated consultants. He also mentioned that six out of the thirteen countries had not reported any trade statistics to the ITTO for the past two years.
126. Ms. Jan McAlpine (USA) promised that the United States would nominate a consultant forthwith and regretted the delay. She reiterated the importance of the case study and sought clarification on whether the case study could not be started with the countries that had already volunteered while other countries join in the study at a later stage.

127. Mr. Enzo Barattini (European Community) sought information as to whether the Secretariat was in touch with the statistical office of the European Union (Eurostat). He said that since the integration of trade in the European Union, national statistics were no longer taken into account intra-community movements. He mentioned that export and import statistics of the European Union should therefore be compared at the global level.
128. Mr. Joel Sampaio (Brazil) reported that Brazil was in the process of nominating a local consultant for the case study and promised to expedite action on the issue.
129. Ms. Celestine Ntsame-Okwo (Gabon) promised to nominate a local consultant for the case study as soon as possible.
130. Mr. Dike Kari (Papua New Guinea) reported that PNG was in the process of identifying a local consultant to carry out the case study. He noted that obtaining information on trade was a sensitive issue and that was responsible for the delay.
131. Mr. Takehiro Osugi (Japan) commended the Secretariat for the report. He noted that it was important to standardize the timber trade data and called for cooperation between importers and exporters in order to combat illegal logging. He mentioned that there were significant differences between importing and exporting figures and reiterated the importance of the case study in identifying the causes of these discrepancies in data.
132. Mr. Hyrciente Bengono Belinga (Cameroon) reiterated Cameroon's interest in participating in the case study and promised to nominate a national consultant as soon as possible.
133. Mr. A.S.K. Boachie-Dapaah (Ghana) reported that in the early 1990s, Ghana conducted a study on timber trade data discrepancies as a way of identifying irregularities in timber exports. He indicated Ghana's intention to participate in the case study and would nominate a local consultant as soon as possible.
134. Dr. Tachrir Fathoni (Indonesia) admitted that Indonesia was facing the problem of discrepancies in exports and imports trade data and promised to nominate a local consultant to participate in the study as soon as possible.
135. Mr. Ricardo Umali (Philippines) supported the recommendations of the consultant to prioritize the sources of discrepancies in the trade statistics.

(b) Report on the Compilation and Analysis of Information on Relevant Issues Affecting Market Access for Tropical Timber

136. The report was presented by Mr. Antti Rytönen (Consultant). He referred to document ITTC(XXXIII)/8. He said that the overall objective was to assess how various initiatives and instruments influencing market access affect, or might affect in the future, the relevant market position of tropical and non-tropical timber and timber products.
137. Mr. Rytönen listed the following as instruments that impact on the timber trade:
 - import tariff and non-tariff measures;
 - export regulation and subsidies;
 - international trade regime;
 - multilateral environmental agreements;
 - forest law enforcement;
 - government procurement rules; and
 - certification
138. Mr. Rytönen said that the problem and key issues to be addressed in relation to market access impediments were international in nature, and most of them needed to be addressed in international fora. He noted that the range of potential instruments influencing market access was wide and therefore action had to be taken on several fronts. He made the following recommendations for ITTO and the international community:
 - (i) improvement of the annual statistical data and short-term market information to include more comprehensive coverage of changes influencing market access for tropical timber

- in major markets and extension of coverage of species specific data on production and trade;
- (ii) monitoring the tariff barriers and non-tariff barriers;
 - (iii) research on trade impacts on sustainable forest management and vice-versa, including species regulated under CITES;
 - (iv) address the issue of illegal harvesting and trade;
 - (v) encourage the development of national criteria and indicators in producing Member Countries as a complementary instrument to improve compatibility and consistency among various certification standards; and
 - (vi) fill the gaps in market access knowledge, e.g. substitution of tropical timber by other products and materials.
139. The report made the following recommendations for Producing Countries in order to improve the competitiveness of tropical timber exports:
- (i) review and adjust policies in order to improve cost competitiveness;
 - (ii) review and adjust in-country impediments to export trade in tropical timber products;
 - (iii) put into action the ITTO criteria and indicators for sustainable forest management as framework to demonstrate legal and sustainable supplies; and
 - (iv) reduce uncertainties and risks related to investments in sustainable forest management.
140. The report made the following recommendations for the consideration of Consuming Countries:
- (i) cooperate and provide incentives for sustainable forest management;
 - (ii) consult with producers when developing various instruments and mechanisms related to criteria and verification of "legal and sustainable origin";
 - (iii) support producers to address requirements imposed on tropical timber;
 - (iv) report trade barriers systematically to ITTO;
 - (v) coordinate, between Consumer Countries, the legislation, rules and implementation of public procurement of tropical timber.
141. Mr. Joel Sampaio (Brazil) commended the consultant for the comprehensive report. He stated that given the importance and complexities of the issues, the Council should consider revisiting the issue at the next Session of the Council in Panama.
142. Mr. David Brooks (USA) commended the consultant for the comprehensive report. He noted that the report was a useful starting point and there was the need for further discussion. He emphasized that market access was one of the critical issues for ITTO to address, especially in preparing for the renegotiation of the ITTA. He reported that the United States would provide additional detailed comments to the consultants. He stressed that many of the statistical measures in the report combined information on market access and market performance which were different issues. He said that it was important that these two issues were separated. He indicated that ensuring or guaranteeing equal access did not guarantee or ensure equal performance. He proposed that the report should narrow its focus on actions that could be taken in the next 1-2 years, especially the work that would explicate the understanding that governments might take or seek to take to support ITTO's actions.
143. Mr. Takehiro Osugi (Japan) commended the consultant for the report. He indicated that the report had adhered to the terms of reference provided by the ITTO. He noted that the study focused on developments in trade in tropical timber and the impact of certain certification systems on the market and measures taken to combat illegal logging. He further noted that the report had taken into account measures taken by importing countries and how the tropical timber market had been affected by governments, NGOs, etc. He indicated that the setting up of mechanisms in importing and exporting countries to identify the origin of timber, whether illegal or legal, was indispensable. He recalled the discussions at the WTO meeting in June 2002 and reported that Japan had already proposed at that meeting the institution of measures to combat illegal logging, and a labeling system for forest products. He called on the ITTO to utilize the report and institute measures to identify the origin of timber products.
144. Ms. Fatimah Raya Naron (Malaysia) commended the consultant for a comprehensive report. She noted that the report had provided a systematic analysis of the market access issues and recommendations. She hoped that the implementation of the recommendations in the report would be incorporated into the ITTO's work programme in the form of project proposals and supported with the necessary funding. She noted that several studies on market access had been

undertaken in the past and she hoped that the Council would revisit those earlier studies and implement the recommendations contained in those studies to ensure that the market share for tropical timber was not threatened in the future. Ms. Nasron also highlighted the issue of competition from substitute materials like PVC, steel and aluminum which had gradually encroached into the market for tropical timber products. She urged the Council to institute concrete programmes to tackle the issue.

145. Mr. Zhu Guangyao (People's Republic of China) congratulated the consultant for the excellent report. He noted that market access was an important issue to the international community and urged ITTO to liaise with WTO in addressing the issue. He drew Council's attention to the next round of multilateral trade negotiations which was underway and proposed that the ITTO should submit comprehensive recommendations on tropical timber as its contributions to the multilateral trade negotiations. He also proposed that new value-added tropical timber products such as pulp and paper should be taking into account in revising the report.
146. Mr. Enzo Barattini (European Community) commended the consultant for the comprehensive report. He urged the Council to explore ways that the ITTO could contribute to the next round of the multilateral trade negotiations where market access would be a fundamental issue.
147. Mr. Don Wijewardana (New Zealand) commended the consultant for the comprehensive report. He supported the earlier proposal by the delegate of Malaysia, that the recommendations of previous studies on market access should be revisited. He also noted that the report contained very useful information on market performance of timber products and urged the Council to explore practical ways of promoting market access for wood products. He reiterated that it was a very opportune time for ITTO to make contributions to the WTO round of negotiations. He also reiterated the competition from substitute materials and urged the Council to find ways of promoting the market for tropical timber products. He indicated that there was still more work to be done on the report and hoped that the issue would be revisited at the next ITTC Session in Panama.
148. Mr. Ricardo Umali (Philippines) said that the report contained all the key issues that ITTO would need to address, including: certification, illegal logging, forest law enforcement, and timber trade statistics. He proposed that the recommendations should be categorized into short-term, medium-term and long-term actions. He indicated that there were areas that required further studies that the Council must identify.
149. Mr. Léon Siagoue (Côte d'Ivoire) commended the consultant for the comprehensive report. He supported the proposal for the issue to be put on the agenda for the next ITTC Session in Panama. He requested that the document should be translated into French.
150. The Chairperson in his remarks requested the Secretariat to translate the report into French and Spanish and that the issue of market access should be placed on the agenda for the next Council Session.

(c) Progress in the Implementation of Case Studies to assist Producer Countries in Devising Ways to Enhance Forest Law Enforcement

151. The Executive Director reported to the Council that negotiations had been concluded with the Government of Peru for a case study on forest law enforcement on public lands. He indicated that the study would be led by the Peruvian Society for Environmental Law, an NGO. He said that the case study would focus on selected provinces of Peru with a view to obtaining more information and data on illegal logging and illegal trade in these provinces. The study will commence in January 2003. Dr. Sobral also noted with praise that, following his mission to Peru, H.E. President Toledo of Peru had established a Presidential Inter-Ministerial Commission to tackle the issue of illegal logging.
152. Ms. Jan McAlpine (USA) underlined the importance of the case studies and hoped other countries would participate in it. She recalled that the Decision provided for six case studies. She also indicated that the decision was complementary to other decisions of the Council. She cited the forest law enforcement and governance ministerial meeting in Africa to be held in April 2003 and hoped that ITTO would make a contribution to that meeting through a case study on the subject. She noted that such cases studies would undoubtedly lead to project work and indicated donors' interest in funding such project work.

153. H.E. Mr. Henri Djombo (Republic of Congo) mentioned that many countries had already studied the situation of their current forest laws, and had identified the major problems and possible solutions. He said that it was necessary for countries to cooperate and work together in order to effectively combat illegal logging. He indicated that a lot of experience and know-how had already been acquired and there was no need for another case study in the Republic of Congo.
154. Mr. Enzo Barattini (European Community) expressed the European Community's interests on the issue of forest law enforcement. He recalled that at the WSSD, the EU organized a side-event on the issue. He indicated that the European Community was considering the best approach to the issue and reported that the EU had explored the possibility of drafting bilateral agreements with exporting countries that would include measures on international trade in timber. He invited other Members to consider how best they could contribute to combat the problem of illegal logging and illegal trade.
155. The Executive Director, Dr. Sobral noted that the Council wisely anticipated that the situation was already well known in many countries and therefore made provision for only six case studies, considering the fact that there were thirty-one Producing Member Countries. He indicated that in a few countries, very good diagnostic studies had not yet been carried out. He noted that the decision called for in-depth studies in certain provinces or regions of a country where the situation had not been well studied. Dr. Sobral stated that the decision also provided for a useful collection of information on approaches and solutions that had been taken to address forest law enforcements. He recalled the implementation of a project in Indonesia, financed by Japan and USA, that was testing a strategy to address and combat illegal logging.
156. Ing. Enrique Toledo Gonzales-Polar (Peru) mentioned that the Government of Peru had for a long time been carrying out policies in the area of forest law enforcement. He indicated that Peru was interested in putting into effect and using the information and knowledge that could come out of the case study. He also thanked the Executive Director for his recent visit to Peru.
157. Mr. Dradjad Wibowo (Indonesia) drew Council's attention to the East-Asian Conference on Forest Law Enforcement and Governance held in Bali in September 2001 and the Bali Declaration. He also drew Council's attention to the Asian Forest Partnership and the UK-Indonesia memorandum of understanding on measures to control illegal logging through forest law enforcement and governance. He proposed that, in future, the ITTO should support bilateral, regional and multilateral cooperation on forest law enforcement and governance, targeting specifically, information and expertise sharing, improved identification of legal timber, operations of forest law enforcement, including; inspections, patrolling, investigations, seizure, arrest, prosecution and conviction, trade and customs, including; harmonized custom and commodity codes or pre- and post-shipment inspections, promotion of credible audit or timber tracking mechanisms and certification of sustainable forest management and chain of custody.
158. Ms. Jan McAlpine (USA) recalled that the decision taken by Council for six case studies was to be able to provide the Council with a range of experiences with countries with respect to how they had dealt with the issues in the past and their successes as a way of informing policy dialogue. She mentioned that it would be useful to have case studies in countries that had done little with respect to their forest law enforcement and those that had a great deal of experience that could be drawn upon which would provide the Council with a substantive basis in considering the next appropriate steps.
159. H.E. Mr. Salomon Banamuhere Baliene (Democratic Republic of Congo) called on the Council to address the issue of illegal trade in timber, especially from conflict areas. He noted that timber was one of the natural resources used to make illegal monies to fund conflicts in the Democratic Republic of Congo. He urged ITTO Member Countries not to trade in timber coming from conflict areas.
160. Mr. Ricardo Umali (Philippines) proposed that the six case studies should be supplemented by cases that had already been implemented in other areas. He cited the Philippines where some indicators had already been determined and lessons learnt. He proposed that a panel discussion could be organized on the subject during the next Session of ITTC in Panama.

161. Mr. Léon Siagoue (Côte d'Ivoire) noted that many initiatives had been undertaken in several countries to identify obstacles to sustainable forest management with donor assistance. He further noted that as a result of such diagnostic studies, countries had instituted programmes with specific indicators and requested ITTO to assist such countries in the implementation of the programmes.
162. Mr. Daniel Birchmeier (Switzerland) stated that ITTO Members could and should work together to find ways of maintaining the confidence in the timber trade by stepping up multilateral measures for law enforcement, in full respect of international trade rules. He indicated that ITTO should design concrete programmes to combat illegal trade and to promote transparency in tropical timber trade. He recognized the complexities of the problems but indicated that the delegation of Switzerland was encouraged by the progress so far made by the ITTO, in promoting a variety of voluntary approaches. He called for a mandatory declaration of species, their origin and the method of production of imported timber by ITTO Member Countries. Mr. Birchmeier urged the ITTO to increase its support to country programmes and projects aiming at land-use control, control of timber flow and auditing the management of timber producing forests. He supported the proposal for the issue to be placed on the agenda for the next ITTC Session in Panama.

THE POTENTIAL ROLE OF PHASED APPROACHES TO CERTIFICATION IN TROPICAL TIMBER PRODUCER COUNTRIES AS A TOOL TO PROMOTE SUSTAINABLE FOREST MANAGEMENT – DECISION 11(XXXII) (Agenda Item 16)

163. The interim report was presented by Dr. Markku Simula. He referred to document ITTC(XXXIII)/9. He said that the idea of phased approach to certification was not new. The idea however attracted attention last year when it became apparent that certification in tropical timber producing countries was badly lagging behind that of the developed countries in spite of the fact that certification was originally introduced to provide assurance to buyers of tropical timber.
164. He stated that phased approach should be based on commitment to achieve a sustainable forest management standard, and it must be acceptable to the markets. He indicated that verification of legal compliance could be the first step and certification could be the final step in the phased approach.
165. Dr. Simula said that for forest owners and managers, phased approach could be the starting point of certification where the conditions at national level do not yet exist. For buyers and trade, he indicated that phased approach could facilitate access to markets in which certification was required.
166. Dr. Simula explained the existing models and initiatives on phased approach, notably, producer approaches and the buyer's approaches. He cited home depot as an example to explain buyer approaches to certification. He said the buyers approaches were flexible but there were different requirements. He provided the following possible steps for phased approach:
- (i) commitment to achieve legality and sustainable forest management;
 - (ii) compliance with the legal requirements of the country and international rules;
 - (iii) verification of the origin of tropical timber;
 - (iv) progressive compliance with the certification requirements; and
 - (v) certification of sustainable forest management and origin.
167. Mr. Toshiyuki Suzuki (Japan) commended Dr. Simula for the presentation. He noted that certification was important both for sustainable forest management and for the protection of forest resources against illegal logging. He indicated that in order to promote certification there was the need to study the progressive implementation and the advances made with regard to each country and the mutual recognition of national and international standards of certification. He further noted that the preliminary report contained the results of analysis of activities carried out by producers, manufacturers and consumers. He hoped that the activities in the three producer regions – Africa, Latin America and Asia Pacific – would lead to concrete achievements for all parties involved.
168. Mr. Dradjad Wibowo (Indonesia) commended the consultants for a comprehensive interim report. He said that the producers approach was close to self-declaration and sought further clarification on the effect of self-declaration on the credibility of certification. He noted that in certification there was the need to separate auditing and consulting to avoid conflict of interest. He called for a

timetable, on the part of the producer, regarding the concept of a phased approach. He mentioned that Indonesia was operating a 4-year timetable with annual verification. He called for further studies on the phased approach initiative as explored by each Member Country. He indicated that the preliminary report appeared to focus more on phased approach in consuming countries. He stressed that the phased approach concept would only be successful if there was buyers' acceptance and called for a more comprehensive approach integrating the phasing on the consumer and producer sides.

169. Mr. David Brooks (USA) welcomed the interim report. He indicated that the emphasis should be on progress towards sustainable forest management. He noted that although certification was not a requirement for sustainable forest management it could be supportive of efforts to achieve sustainable forest management based on the assurances that it provided in markets. He said that it was important that markets recognized phased approaches in that regard. He indicated that developments to date with respect to certification illustrated some of the drawbacks of an emphasis on certification rather than an emphasis on progress towards sustainable forest management. He noted that the report did not cover the role of governments in phased approaches and reiterated his reservation on the role of governments in certification and the role of ITTO, as an inter-governmental organization in endorsing any particular certification scheme. He was pleased that phased approaches could be fully implemented by the private sector, as demonstrated by the CSAG Panel. He agreed that phased approaches would make aspects of certification more accessible but hoped that the final report would present a simple approach on how phased approaches had to be developed and implemented. He called for further work on the concept of phased approaches in providing incentives towards sustainable forest management.
170. Mr. Daniel Birchmeier (Switzerland) commended the consultants for the report. He noted that the document identified the options to phased approaches in a manner that would facilitate the regional workshops on certification. He agreed that phased approaches could provide an incentive for forest managers to reach the conditions of full compliance with the requirements of sustainable forest management. He however indicated that the terminology could create confusion as far as substance was concerned. He highlighted that certification was a means to verify forest management practices for market and trade purposes and therefore a way to improve trust. He noted that the underlying problems had been forest management standards were not being met. He indicated that since trust was the focus, the emphasis should not be on step-wise approach towards certification but rather a step-wise process towards sustainable forest management. He pointed out that the role of ITTO in certification had not been dealt with in the report and indicated that ITTO's role should involve assisting countries to develop their sustainable forest management standards, initiate a programme to promote partnership between the private sector and NGOs in order to achieve forest certification, and to facilitate consultations on mutual recognition of forest certification systems.
171. Mr. A.S.K. Boachie-Dapaah (Ghana) commended the consultants for the report. He noted that although forest certification had been incorporated into the ITTO Yokohama Action Plan, less than 8% of world's certified forests were found in ITTO Producer Countries. He said that that was a reflection of the difficulties faced by tropical producer countries and the enormous tasks ahead of ITTO to promote trade in tropical timber from sustainable sources, given the growing environmental concerns in the market place. He mentioned that ITTO should encourage existing certification schemes to explore the possibility of a phased approach or similar mechanisms that would recognize the efforts of countries that were making progress towards sustainable forest management. He noted that a phased approach would provide market access and incentives to producers. He urged the ITTO to encourage private sector initiatives in the Member Countries through the implementation of programmes that target the private sector. He noted that for phased approach system to succeed, the NGOs must be engaged. He called for public education and consultation among stakeholders. He said that certification schemes should address the concerns of small and community forests, particularly the cost of verification which could be minimized through the building of local capacities in producer countries. He called for a forum for preliminary discussions and consultations among stakeholders to encourage a phased approach to certification. He indicated that the FSC and the Pan European Forest Certification Schemes were key players that must be engaged. He urged the CSAG to play a facilitating role.
172. Mr. Don Wijewardana (New Zealand) commended the consultants for the report. He noted ITTO's pioneering work on criteria and indicators and said that the next step was for Member Countries to show their implementation of sustainable forest management in the market place. He

- mentioned that criteria and indicators and certification appeared to be running on parallel tracks towards sustainable forest management and sought further clarification on the linkages between criteria and indicators and certification. He reiterated the fact that ITTO would not endorse any particular certification scheme but it was however, very difficult to draw the line when it came to assisting countries in sustainable forest management and that had resulted in some difficulties by Members in formulating project proposals. He sought further clarification on the issue.
173. Mr. Parfait Mimbimi Essono (Cameroon) commended the consultants for the report. He sought clarification on obstacles that impede direct certification. He mentioned that in most cases the economic operators normally had problems adhering to the laws of the countries in which they operate.
174. Mr. Erik Lammerts van Bueren (Netherlands) congratulated the consultants for an excellent report. He noted that the report had contributed to a common understanding of the concept of phased approach to certification. He said that phased approach, according to the report, was mainly a concept that linked particular buyers to particular producers on agreed terms of performance of those producers. He indicated that the timber entering the market under those agreements were not distinguishable from other timbers, except certified timber. There was an emerging need in the market place for demonstration of the different stages of compliance with sustainable forest management. He sought further information on the pros and cons of labeling in the market place vis-à-vis the different stages of compliance with sustainable forest management.
175. Mr. Enzo Barattini (European Community) said that the report had provided an insight into phased approaches. He recalled the reservations expressed by the European Community during the Thirty-second ITTC Session in Bali, and indicated that those reservations appeared to have found an appropriate answer by the report.
176. Ms. Fatimah Raya Nasron (Malaysia) commended the consultants for the comprehensive report. She noted that the report had identified the issues that would provide the basis for further progress on certification taking into account the constraints and difficulties faced by producer countries, and the different stages of development to achieve sustainable forest management. She indicated that under the current circumstances only a phased approach to certification would be most pragmatic. She reported that forest certification in Malaysia commenced last year through the efforts of the Malaysian Timber Certification Council (MTCC). She indicated that Malaysia was implementing its certification scheme through a phased approach, using the Malaysia Criteria and Indicators (MC&I) that were based on the ITTO Criteria and Indicators. She further noted that forest certification was a dynamic and evolving process and Malaysia was working closely with FSC to revise the Malaysia Criteria and Indicators to make them more compatible with the FSC's Principles and Criteria. She reported that there were certain initiatives towards developing a Pan Asian Timber Certification Scheme. She stated that understanding and flexibility were very necessary if timber certification was to succeed. She reiterated that a phased approach was the only way forward and urged the ITTO to play a more productive role to support Producer Members. She called for a greater understanding and flexibility from the civil society groups as well as consumers in support of national initiatives with a clear understanding that these initiatives would be strengthened from time to time in accordance with agreed standards.
177. Mr. Kiyeon Ko (Republic of Korea) stated that although certification was of crucial importance, setting very high standards of criteria and indicators could be very burdensome for some tropical timber producing countries, in terms of cost. He proposed that the ITTO should assist such countries to develop their national criteria and indicators suitable and applicable to their local situations. He supported the concept of phased approaches to certification for tropical timber products.
178. Mr. Grégoire Nkeoua (Republic of Congo) commended the consultants for the report. He noted that the ITTO Objective 2000 had not been achieved because the percentage of timber on the market from sustainably managed sources was very low. He was pleased to note that certain groups of buyers were prepared to accept the concept of a phased approach to certification. He indicated that governments should be involved in the process of certification.
179. Mr. Heiko Liedeker (Forest Stewardship Council) commended Dr. Simula for the report. He stated that the FSC was encountering similar differential, and flexible approaches to certification in many countries all over the world. He indicated that a flexible approach to certification was needed to improve forest management to the point of compliance with international standards. He urged the

ITTO to assist Member Countries to improve their forest management. He said that the FSC had incorporated the concept of phased approaches into their priority activities and would establish regional offices in Latin America, Africa and Asia and hoped to provide much better support to achieve improved forest management and certification. He indicated that the real issues with phased approaches was how to put in place the mechanisms to build and improve forest management. He also stated that the verification of phased approaches was a secondary issue and reiterated that the real challenge would be how to put the resources and programmes in place to actually improve forest management.

180. Mr. Leonel Iglesias Gutiérrez (Mexico) said that there were seven hundred thousand hectares of certified forest by the FSC in the Mexico. He indicated that these forests were certified over a three-year period. He indicated that the phased approaches to certification would allow Mexico to restart its certification process which had been halted as a result of social problems.
181. Mr. David Brooks (USA) said that the United States recognized that certification was one of the valuable tools for promoting and assisting sustainable forest management. He reiterated and applauded the ITTO's efforts with regard to building the capacity in producer countries to utilize certification as an appropriate tool to promote sustainable forest management. He was pleased with Council's Decision 11(XXXII) that affirmed clearly the ITTO's policy on certification. He emphasized that ITTO's project work should therefore be consistent with the organization's policies. He noted that there were varying views among Council Members on the interpretation of the Organization policy into guidelines for decision making on projects. He was however, pleased to note that the policies of the Organization had established some boundaries within which projects were appropriately funded. He indicated that the United States would welcome further discussions on the issue.
182. Mr. Enzo Barattini (European Community) supported the statement made by the United States delegation on the issue of certification. He indicated that certification should be considered as a fundamental instrument that would lead to the achievement of sustainable forest management. He said that the fundamental issue should be non-discrimination against any of the certification processes or initiatives.
183. Mr. Don Wijewardana (New Zealand) supported the earlier statement by the United States delegation. He indicated that sustainable forest management should be promoted as a fundamental element of promoting trade in tropical timber. He noted that many countries were adopting the ITTO Criteria and Indicators with the ultimate aim of achieving certification. He reiterated the fact that both the application of criteria and indicators and certification would assist countries to achieve sustainable forest management. He noted, however, that the line of demarcation between the application of criteria and indicators and certification would be difficult to define. He cautioned that the Council should not promote the application of criteria and indicators beyond the point where it would identify with a particular certification scheme. He indicated that unless there were clear guidelines it would be difficult for countries in preparing their project proposals to know exactly where to draw the line.
184. Mr. Dradjad Wibowo (Indonesia) supported the earlier statements by the United States, European Community and New Zealand. He called for further discussions and guidelines on the issue of submission of project proposals relating to certification.
185. Mr. Enrique Toledo Gonzales-Polar (Peru) agreed with the statements by the delegation of the United States that forest certification was a marketing tool. He said that much of the success of certification depended on its credibility. He noted however, that the most serious constraint to sustainable forest management in tropical countries was the lack of financial resources. He further noted that the ITTO had been very helpful in that regard. He proposed that the concerns expressed by the delegation of the United States that by assisting producer countries in certification projects, ITTO would be perceived as endorsing a particular certification scheme could be addressed by: (i) incorporating a disclaimer statement in any certification project funded and (ii) by requesting that all documents and publications arising out of such projects do not refer to ITTO recognition or endorsement of that particular scheme.
186. Mr. Bernard McPhail (Canada) recognized that there was a growing demand in the market place for certified products and he welcomed efforts that advance discussions on mutual recognition and equivalency among certification standards as a means to maximize the efficiency of

certification as well as to serve market demands. He stated that Canada did not support the endorsement of any particular certification scheme and that the role of governments should be to offer technical and research support while ensuring that certification initiatives, (1) did not become barriers to trade, (2) were developed and implemented in a transparent and non-discriminatory manner and complement forestry-related and other environmental goals. He stated that Canada was a strong advocate of certification as a tool to demonstrate good forest practices but indicated that certification should be a complementary tool and not a substitute to inter-governmental or national actions. He said that the ITTO should facilitate consultation, sharing of information and establish harmonious relationship and would be pleased to see the ITTO playing these roles in the future.

THE ROLE OF ITTO IN INTERNATIONAL AND REGIONAL ORGANIZATIONS AND FORA – DECISION 7(XXX) (Agenda Item 17)

187. Mr. Amha bin Buang (ITTO Secretariat) presented the report. He recalled the Council Decision 7(XXX) which, inter alia, requested the Executive Director to provide progress reports to the Council on measures pursued in Annexes A and B to the decision for effective ITTO involvement in international and regional organizations and fora. Mr. Amha referred to document ITTC(XXXIII)/10 and noted that for each of the measures listed in Annexes A & B to the decision, the Secretariat had provided a narrative on its implementation status. He also noted that measures in Annex A were those which could be pursued with existing resources while measures in Annex B would require additional financial allocations. The progress report covered the period from 1 June 2001 to 31 August 2002.
188. Mr. Toshiyuki Suzuki (Japan) noted ITTO's contribution to the economies of developing Producing Member Countries through project activities in the field of reforestation and forest management, further processing of tropical timbers, etc. He encouraged the ITTO to develop cooperation, collaboration and coordination with other relevant institutions like the UNFF, FAO, GEF and UNFCCC with a view to strengthening its activities.
189. H.E. Mr. Henri Djombo (Republic of Congo) supported the earlier statement by the delegation of Japan and noted that the ITTO was a forum for mediation between producers and consumers of tropical timber. He said that the ITTO was both a technical and political forum and its role as a catalyst for the resolution of conflict should be strengthened. He cited a campaign by some organizations to set up barriers against African wood products in certain markets, and mentioned that these organizations were not familiar with legislations and activities that were under implementation in the field of sustainable forest management in those affected countries. He said that producing countries should be able to appeal to the ITTO in such cases.
190. Ms. Celestine Ntsame-Okwo (Gabon) endorsed the statement made by the delegation of the Republic of Congo. She referred to the listing of mahogany in CITES and called on the ITTO to defend the interest of Producing Countries in organizations such as CITES.

Statements by Representatives of International Organizations

United Nations Forum on Forests

191. The statement was presented by Ms. Susan Braatz. She recalled the mission of UNFF and provided information on the status of UNFF's work and also highlighted the important synergies between ITTO and UNFF. She noted the scope of the UNFF covering the management, conservation and sustainable development of all types of forests. She briefed the council on the second session of the UNFF held in March 2002 and highlighted the Ministerial Declaration and the message to the World Summit on Sustainable Development which was adopted by the Second Session. Ms. Braatz also noted that the Second Session of the UNFF reviewed the implementation of the IPF/IFF proposals for action in five substantive areas: (i) combating deforestation and forest degradation; (ii) forest conservation and protection of unique types of forests and fragile ecosystems; (iii) rehabilitation and conservation strategies for countries with low forest cover; (iv) rehabilitation and restoration of degraded lands and the promotion of natural and planted forests; and (v) forest concepts, terms and definitions.
192. Ms. Braatz stated that while the UNFF provided a framework for action on the ground, it had neither an implementing body nor a financing mechanism to support its work. She said that implementation was primarily the responsibility of countries, facilitated by international and regional organizations and instruments and various stakeholder groups. She commended the role

of the ITTO in the Collaborative Partnership on Forests (CPF), and noted that the ITTO Objective 2000, its pioneering work on criteria and indicators, and its long-standing work on trade, were central to sustainable forest management.

World Bank

193. The statement was presented by Mr. David Cassells. He briefed the Council on the revised forest strategy of the Bank and its new Operational Policy on Forest to guide the Bank's lending programmes to Member Governments. He stated that the new forest strategy focused on three equally important and inter-related goals: (i) harnessing the potential of forests to reduce poverty in a sustainable manner; (ii) integrating forests effectively into sustainable development; and (iii) protecting vital local and global environmental services and values. The major features of the new draft Forests Operational Policy are as follows:
- (i) A focus on forests, whereas the 1993 Operational Policy (OP) focused on forestry – i.e. what the Bank would and would not do in its specific sector investments;
 - (ii) The draft policy explicitly covers all forest types, instead of placing a particular emphasis on tropical moist forests;
 - (iii) The draft policy replaces the prohibition on Bank financing of commercial logging operations in primary tropical moist forests;
 - (iv) The draft policy allows for proactive investment support to improve forest management in forests outside critical forests areas; and
 - (v) An exception to the requirement for formal certification may be applied in the case of logging operations undertaken by small-scale landholder or community-based groups.
194. Mr. Cassells indicated that the Bank would encourage the development of proactive partnerships with governments, the private sector, civil society and concerned forest communities to ensure more effective programme implementation. He stated that the Bank looked forward to a constructive relationship with the ITTO both within and beyond the participation of both organizations in the Collaborative Partnership on Forests. He noted that ITTO's experience in areas as diverse as protected area establishment, reduced impact logging, forest law enforcement and the development of forest-based industries provided many lessons for the development of sound forest policies and investment programmes.

United Nations Food and Agriculture Organization (FAO)

195. Mr. Paul Vantomme presented the statement on behalf of the FAO. He briefed the Council on some of the work being carried out by the FAO in harmonizing forest-related definitions. He said that the Forest Resource Assessment as used by the FAO had a set of definitions which were not exactly the same as those used by the UNFCCC, although the UNFCCC had been using the FRA data for calculating carbon stocks. He stressed that these differences in definitions could create problems in negotiation, in the use of data as well as in reporting. He noted however, that harmonization did not imply standardization but implied adjustments for improved compatibility and consistency among agencies and conventions. He reported that the process of harmonization started with the first FAO Expert Meeting held in Rome in January 2002, which produced a draft analytical framework on the core terms in forestry and followed by a second expert meeting in September 2002. He informed the Council that the full list of options and recommendations was available on line and in hardcopy.
196. Mr. Vantomme highlighted the following recommendations to the ITTO which was made by the Second Expert Meeting:
- (i) include in future definitions a reference to an established definition of "forest" making minor adjustments to increase compatibility with the FRA and UNFCCC definitions;
 - (ii) adding a definition of natural expansion of forest in its set of definitions and making the necessary adjustments to increase compatibility with the FRA, UNFCCC/Kyoto Protocol and CBD definitions;
 - (iii) modifying the definition of secondary forest as "woody vegetation regenerated naturally on land that was totally cleared of its previous forest vegetation" since woody vegetation also include shrubs below the forest threshold;
 - (iv) including planted forest as a separate category and adjusting the definition of planted forest to "forest that has been established by planting or seeding";
 - (v) adopting as definition for forest degradation: "Forest Degradation is the reduction of the capacity of a forest to provide goods and services"; and
 - (vi) deleting in its definition of degraded primary forest reference to primary and old growth.

197. Mr. Vantomme mentioned that the process was still on going and he warmly welcomed interested governments, or agencies to join the process.

World Conservation Union - IUCN

198. Ms. Carole Saint-Laurent presented the statement on behalf of the World Conservation Union – IUCN. She highlighted some areas of collaboration between the ITTO and IUCN – the development of specific restoration projects, exploring linkages between ITTO's work and the global initiatives on forest landscape restoration being developed by IUCN in collaboration with the U.K. Forestry Commission, WWF and other governmental and non-governmental partners; and the Congo Basin initiatives and Forest Fires. She noted that these collaborative efforts could deliver multiple benefits and make international organizations and fora more effective.
199. She indicated that the IUCN would welcome further areas of collaboration with the ITTO.

World Wildlife Fund – International (WWF – International)

200. The statement was presented by Dr. Chris Elliot. He briefed the Council on a number of activities being carried out by WWF-International. He commended the work that the ITTO had been doing over years especially on transboundary reserves and forest restoration. Dr. Elliot cited WWF-International's alliance with the World Bank which started in 1997, to promote forest management and protection around the world. He cited the Yaoundé Summit in 1999 which resulted in a commitment by the governments in the Congo Basin to protect additional four million hectares of tropical forests. He also cited the ARPA programme in Brazil where the government of Brazil, with the support of the World Bank, GEF and WWF had made a commitment to protect and sustainably manage about 50 million ha of forests. He said that WWF had been very active in forest certification, and had worked with many other partners to establish the Forest Stewardship Council (FSC). He highlighted WWF's current work in illegal logging, forest law enforcement and governance and the global forest initiative where WWF was collaborating with IUCN, U.K. Forestry Commission on forest landscape restoration. He was pleased with WWF's collaboration with ITTO in the area of forest landscape restoration. He was also encouraged with ITTO's work in forest fires, and looked forward to further future collaborations with the ITTO.

Conservation International (CI)

201. The statement was presented by Dr. Richard Rice. He briefed the Council on Conservation International's work on conservation concessions. He said that one of the great advantages of conservation concession was that it was a flexible mechanism that could be adapted to a wide variety of different situations. He compared it to a timber concession with a term of 20 to 40 years, with automatic renewal at the end of each term and with annual payments greater than or equal to those of logging, but with payments made not for rights to cut the trees, but rather to keep the forest intact. In simple terms, conservation concession was simply a means to compensate resource owners for conservation. He mentioned that conservation concessions provided landowners with a positive and continuing financial incentive for protection. He noted some advantages of the conservation concession system over parks and indicated that Conservation International established the first conservation concession in Guyana about 3 years ago and had since then established additional concessions in Guatemala and Peru which were at various stages of development. There were also pre-feasibility assessment to establish new conservation concessions in Mexico, Bolivia, Ecuador, Indonesia and Cameroon. Dr. Rice noted that the conservation concession system would advance ITTO's objectives of encouraging sustainable development and the conservation of tropical forests within the context of strictly protected areas and in areas of multiple use.

Forest Stewardship Council (FSC)

202. Mr. Heiko Liedeker presented the statement on behalf of the Forest Stewardship Council. He briefed the Council on perspectives of FSC's work and possibilities for collaboration with ITTO. He said that the mission of the FSC was to improve and promote environmentally appropriate, socially beneficial and economically viable management of forests. He stated that FSC had adopted a programmatic mix of accreditation, standards setting and market driven mechanism of certification to promote good forest management worldwide. He mentioned that FSC had developed a valuable platform for dialogue, discussion and collaboration between different interests of civil society, international organizations and government agencies and organizations. He recognized with appreciation, ITTO's efforts to involve and collaborate with other international organizations and civil society. He said that FSC was increasingly facing the challenge of involving communities that manage forests and small forest owners in the benefits of the FSC system. He noted that the FSC had not only concentrated on the management of timber or

certification but also on non-timber forest products (NTFP's). He announced that in the next six months, FSC would establish three regional offices in the America, Africa and Asia designed to provide dedicated support to national initiatives. He was pleased with the ITTO's approach towards endorsing and supporting phased approaches to certification and indicated that from experience, FSC had recognized over the last eighteen months, the increasingly enormous importance of these approaches to support forest operations to achieve international standards of sustainable forest management.

203. He emphasized that the FSC had been designed as a private market-based instrument for certification and hoped that, even though the ITTO would not endorse any particular certification scheme, there were still opportunities for collaboration between ITTO and FSC in order to share experiences and improve forests management around the world.

United Nations University (UNU)

204. The statement was presented by Ms. Caroline King. She informed the Council that the UNU was prepared to collaborate with the ITTO, making full use of ITTO's expertise through research and capacity building in order to resolve the pressing global problems in forestry-related areas that were of concern to the United Nations, its peoples and Member States. She said that through the UNU Conference on the Value of Forests, the UNU had highlighted the true nature of multiple values of forests in promoting sustainable development and had also initiated a new pilot project on the role of forests in sustainable development. She also expressed UNU's interest in researching on the conservation and protection of mangrove forests and had consequently launched a regional initiative for Asia-Pacific for the development of a regional "Mangroves Action Plan". She welcomed areas of further collaboration with the ITTO.

International Trade Centre, United Nations Conference on Trade and Development / World Trade Organization (UNCTAD)

205. Mr. Jukka Tissari presented the statement on behalf of International Trade Centre. He briefed the Council on a new collaborative programme known as the BioTrade Facilitation Programme (BTFP) developed by ITC, UNCTAD BIOTRADE and other partners. The programme was launched in 1996 to support the implementation of the Convention on Biological Diversity (CBD) and to promote trade and investment in biological resources as well as to enhance the capacity of developing countries to produce value-added products and services, for domestic and international markets. The BTFP works through country and regional programmes and offers policy advice and trade facilitation services. The BIOTRADE country programmes have national and international partners which include NGOs, universities and other scientific institutions as well as government agencies and financial institutions. The programme was developed to capture the latest trade opportunities in areas rich in biodiversity and to address constraints in commercializing natural products. Mr. Tissari mentioned that the BTFP was officially nominated as Type-2 partnership during the WSSD in Johannesburg.

206. Mr. Tissari noted that the world market for products and services derived from biodiversity were expanding due to new scientific discoveries, the growing biotechnology sector and the renewed interest of consumers in natural products. The programme period is from 2003 to 2008. The BTFP is expected to achieve:

- (i) increased exports and more dynamic domestic trade;
- (ii) higher value-addition and more diverse exports;
- (iii) capacity building and institutional strengthening;
- (iv) poverty alleviation and improved local livelihoods; and
- (v) sustainable development and biodiversity conservation.

207. Mr. Tissari noted that the BTFP programme had several synergies with the Yokohama Action Plan and indicated that with the support of the ITTO, more BIOTRADE country programmes could be established.

ESTABLISHMENT OF DATABASE OF STATISTICS ON TRADE IN BAMBOO AND RATTAN – DECISION 8(XXXI) (Agenda Item 18)

208. The report was presented by Mr. Philip Wardle (Consultant). He referred to document ITTC(XXXIII)/11. He said that there were no international statistics on the production of bamboo and rattan. He indicated, however, that there were international statistics on trade in bamboo and rattan. He cited the UN Statistics Division, COMTRADE, INBAR as some of the sources of trade

data. He noted that there were some limitations on the quality of the trade data and that the data on bamboo and rattan had been aggregated with other plaiting materials and products. Mr. Wardle said that the INBAR trade database was updated through a sub-contract with the European Forestry Institute (EFI).

209. Mr. Wardle noted the importance of bamboo and rattan as renewable natural plant resource in tropical and sub-tropical countries, particularly in rural and local economies. He mentioned nine Member Countries' whose trade in bamboo and rattan were greater than one hundred million dollars (US\$100 million). He listed the largest exporters of bamboo and rattan to include: China, Indonesia and Philippines. Other significant exporters include: Singapore, Italy, Korea, Netherlands, Spain, Vietnam and Germany. The largest importers include: USA, Japan, China/Hong Kong and Germany. Other significant importing countries include: France, Italy, Netherlands, U.K., Spain and Belgium.
210. Mr. Wardle made the following recommendations:
- (i) strengthening the resource data base by INBAR in conjunction with Member Countries of INBAR, FAO and UNEP-WCMC;
 - (ii) improving the collection of production statistics through careful development of an effective enquiry process;
 - (iii) maintaining and developing the INBAR trade flow data base; and
 - (iv) improving national and international harmonized system (HS) trade coding in conjunction with Member Countries, ITTO, FAO, ECE, UNCTAD and World Customs Organization.
211. Dr. Maxim Lobovikov (INBAR) provided additional information on the establishment of the database of statistics on trade in bamboo and rattan. He commended Mr. Wardle and the ITTO for the assistance. He noted that one of the major outcomes of the project was the good and cordial relationships that had been established between the ITTO Secretariat and INBAR. He also provided brief background on INBAR and its establishment.
212. Mr. Zhang Zhongtian (People's Republic of China) said that INBAR had undergone a period of rapid growth within five years of its establishment in China and had attracted a lot of attention from the international community. He commended the consultant and Dr. Lobovikov for their presentations. He noted that the collaboration between ITTO and INBAR would promote the sustainable management and utilization of bamboo and rattan as well as the sustainable management of tropical forests in general.
213. Dr. Carlos José Vallejo Llerena (Ecuador) said that the presentations had provided a very useful insight into the uses of bamboo and rattan. He mentioned that bamboo and rattan could be very good alternative materials that would help to preserve the tropical forests and promote sustainable forest development.
214. Mr. Takehiro Osugi (Japan) said that bamboo and rattan had been used as forest products for a very long time, especially by people who live in and around the forests. He noted that bamboo and rattan were valuable forest products that had been contributing to people's socio-economic well-being. He indicated that further international collaboration between ITTO and INBAR would provide an important database on bamboo and rattan.
215. Mr. Christopher Ellis (USA) commended the consultants for the presentation. He proposed that INBAR should be included in document ITTC(XXXIII)/10 page 14, under trade and industry groups, to recognize the collaboration between ITTO and INBAR.
216. Mr. Ricardo Umali (Philippines) commended the consultants for the comprehensive report. He proposed that in future the design and specification of a database on information management should be clearly articulated taking into consideration the demand and utility of the user to avoid problems of data input coding.
217. Dr. Tachrir Fathoni (Indonesia) commended the consultants. He supported the recommendation for further collaboration being INBAR and ITTO and indicated that the promotion of bamboo and rattan would enhance the livelihood of forest communities and thereby support sustainable forest management. He further noted that Japan and China consume a lot of bamboo shoot and proposed that the report should also cover data on bamboo shoot.

218. Mr. Paul Vantomme (FAO) commended the speakers for providing a good insight into the many values and products that could be obtained from bamboo and rattan. He reported to the Council that INBAR and FAO were jointly organizing an expert meeting on how to improve trade in bamboo and rattan. The expert meeting would be held from 4 to 6 December 2002. He extended an invitation to all Member Countries to attend the meeting.

PROMOTION OF FOREST LAW ENFORCEMENT IN AFRICA – DECISION 9(XXXII) (Agenda Item 19)

219. Mr. Dirk Bryant, Director, Global Forest Watch, presented the report on the "Data Collection initiative on the Forests of the Republic of Congo, the Central African Republic and the Democratic Republic of Congo". He stated that the team worked with Government agencies in the three countries to develop a work plan which was essentially a low cost monitoring approach to promote concession level law enforcement and the conservation of protected areas. He indicated that the work plan could be used as a model and replicated in the other countries in the sub-region.
220. He stressed the importance of the initiative and noted that the overwhelming land-use in Central Africa was timber production and the health of the forests of the Congo Basin would depend on how well the concessions were being managed. He also noted that the information base to support sound management decision-making was lacking. He mentioned that in a number of places, the ownership of concessions were not known and the status of concessions, in terms of whether the concessions were active or not was not known and concession boundaries were poorly defined.
221. Mr. Bryant briefed Council on the partnership between the Government of Cameroon and Global Forest Watch. He indicated that the first basic step was mapping out concessions and protected areas followed by integration of information from satellite images that provided detailed information for tracking logging operations within concessions. The information obtained from satellite imageries would be complemented by information from Government agencies and field checks. He indicated that these data collection initiatives provided a reporting system that could guide law enforcement efforts and also useful in the context of phased approach to certification. The data collection initiative would also improve the capture of tax revenue and provide the reporting necessary to promote access to market and foreign capital. The transparency and accountability would lead to good environmental governance.
222. H.E. Mr. Henri Djombo, Minister of Forest Economy and Environment of the Republic of Congo provided additional information on the Conference on Africa Forest Law Enforcement. He stated that there had been improvements in the enforcement of forest laws in Africa. He noted that in Africa, forest laws had not been well implemented as a result of the gap between the industrial capacity and the forests, both at company, national and sub-regional levels. He stated that the export of logs had dominated the exports of most countries leading to large logging volumes, with very low recovery rates - majority of the logs harvested were usually abandoned in the forest. H.E. Mr. Djombo said that most countries lacked a land-use plan. He attributed the high rate of deforestation to shifting cultivation, lack of laws and regulations and lack of human and material resources to enforce the laws.
223. H.E. Mr. Djombo highlighted the objectives of the process of the Africa Forest Law Enforcement and Governance (AFLEG). He said that the process was designed to fit within the umbrella of the New Partnership for Africa's Development (NEPAD) and aimed to increase the international commitment, at the political level, to strengthen the capacity of enforcement of forest law in Africa, particularly with regard to illegal logging and associated trade. The AFLEG initiative would also confirm the need for shared responsibilities and for cooperation among stakeholders to address the illegal activities in the forest sector. He informed the Council that the Brazzaville Technical Planning meeting was held from 18 to 20 June 2002 with 73 participants from twenty-seven countries representing governments, international organizations, NGOs as well as the private sector. The meeting was co-hosted and facilitated by the World Bank with cooperation and support of the Governments of France, U.K. and USA. The meeting developed recommendations to be adopted at the Ministerial Level Conference to be held in April 2003. The Ministerial Conference would adopt an action plan on the basis of a political declaration which would summarize the commitment of the Governments.

224. H.E. Mr. Djombo stated that the Ministers of Forests of the Republic of Congo, Cameroon, Ghana and South Africa had agreed to play a regional leadership role during the preparation period leading up to the Ministerial AFLEG Conference. He hoped that the ITTO would continue its involvement in the AFLEG process as well as in the follow-up activities.
225. Ms. Kerstin Canby (World Bank) said that the World Bank had been serving as a facilitator for the Africa-FLEG process as well as East Asia-FLEG process. She briefed the Council on the two processes and how the process could be developed in Latin America and East Europe in the future. She said that in May 1998 the G8 launched an action programme on forests which gave high priority to eliminating illegal logging and illegal timber trade. The programme stated the G8's commitment to identify actions in both producer and consumer countries. She noted that, at the same period, the World Bank started to increase its support for forests governance programmes in the form of lending programmes and catalytic grant funds. In 2000, the Bank consequently established partnership with East Asian governments and convened the East-Asia-FLEG Ministerial Conference in Bali, in September 2001. The Conference adopted a Ministerial Declaration whereby participating countries committed themselves to intensify national efforts and strengthen bilateral, multilateral and regional collaboration to address forest crimes and violations of forest law. It also created a regional task force to follow up on the declaration's objectives, particularly on monitoring progress under the leadership of the Government of Indonesia.
226. Ms. Canby informed the Council that the Africa-FLEG process was at the initiative of H.E. Mr. Henri Djombo. She reiterated the World Bank's role as a facilitator and named the sponsors as: the Governments of USA, U.K. France Netherlands and Switzerland. She hoped that ITTO would continue its involvement in both the East Asia and Africa processes and also future processes in Latin America.
227. Ms. Jan McAlpine (USA) thanked H.E. Mr. Henri Djombo and Ms. Kerstin Canby for their presentations on the overview of the FLEG processes. She also thanked H.E. Mr. Oben Tanyi Mbianyor, Minister of Environment and Forests of Cameroon. She reiterated that the significance of the FLEG processes in both Africa and East Asia, was the political will and commitment by governments to enforce their own forest laws. She underlined the importance of shared responsibility between producing and consuming countries to address the issues of illegal activities in the forest sector and issues of associated trade. She pledged the continued support of the United States in the process and urged other consuming countries to support the process. She mentioned that the ITTO had a great deal to contribute to the process and commended the Secretariat for moving quickly to implement Decision 9(XXXII) on Promotion of Forest Law Enforcement in Africa, which was adopted in May 2002.
228. Mr. Enzo Barattini (European Community) commended H.E. Henri Djombo for the initiative. He noted that many countries in the European Union were supporting the process. He also mentioned that the European Community was raising funds to ensure the implementation of the AFLEG process. He hoped that the process would go beyond local environmental concerns and stressed its relationship to good governance and sustainable development. He welcomed the initiative and pledged to do everything possible to ensure its success.

**PROMOTION OF SUSTAINABLE FOREST MANAGEMENT IN THE CONGO BASIN –
DECISION 10(XXXII) (Agenda Item 20)**

229. The Executive Director reported on this agenda item. He referred to document ITTC(XXXIII)/13 and reported that pursuant to Decision 10(XXXII), action had been taken by the Secretariat to facilitate and contribute to the preparatory meeting for the Congo Basin initiative. The meeting was held in Brazzaville, Congo, in June 2002. He noted that the meeting provided the basis for the preparation of a proposal on the Congo Basin Forest Partnership by the Government of the United States. He reported further that the proposal on the Congo Basin Forest Partnership had been submitted by the United States to potential partners, including the ITTO and it was formally launched at the WSSD in Johannesburg. Dr. Sobral noted that Decision 10(XXXII) also requested the Executive Director to make recommendations for ITTO actions under the partnership. He reported that both the United States proposal on the Congo Basin Forest Partnership and the Secretariat's recommendations on ITTO's contribution and participation had been provided in document ITTC(XXXIII)/13. He noted that the recommendations involved several actions that the ITTO was already implementing in the region, including the data collection initiative in the Congo Basin, in collaboration with the Global Forest Watch and other actions such as the promotion of

the application and implementation of the ATO/ITTO Principles, Criteria and Indicators approved by the ATO Council and as stated in the Kinshasa Declaration. The Executive Director thanked H.E. Mr. Henri Djombo for his leadership in promoting the integration of the ATO/ITTO Principles, Criteria and Indicators. Dr. Sobral further reported that the ITTO was already financing a project, in collaboration with ATO, to promote these Criteria and Indicators. He noted that for the past three years ITTO had been providing about US\$2.0 million a year for activities in the Congo Basin and indicated that, with the new activities as well as the expansion of current activities, an increase in funding of about US\$1.5 million a year had been projected, eventually bringing the total ITTO contribution to the Congo Basin Forest Partnership to US\$3.5 million per year. .

230. Mr. Emmanuel Ze Meka (ITTO Secretariat) referred to document ITTC(XXXIII)/14 and provided additional information relating to the review and assessment of experiences in forest management partnerships in the Congo Basin. He said that in order to build consensus among the Congo Basin countries and generate practical ideas for improving the management of forest concessions, a regional strategy should be developed through a participatory approach with the involvement of a broad spectrum of stakeholders. He outlined a sequence of activities that had been proposed: (i) evaluation of experiences in forest management partnerships in each country with particular emphasis on activities funded by ITTO and activities undertaken by the French Development Agency, WCS and WWF; and (ii) organization of national and regional workshops involving representatives from the governments, NGOs, timber companies, local communities, forestry training institutions and forest research institutions in order to share experiences across the countries and develop recommendations for improving the management of forest concessions. He noted that the document ITTC(XXXIII)/13 provided details of the terms of reference of the national and international consultants and the budget.
231. Ms. Jan McAlpine (USA) reiterated that the United States in partnership with South Africa and other partners announced the Congo Basin Forest Partnership at the WSSD in Johannesburg. She informed delegates that the report on the launching was available at the website of the Earth Negotiations bulletin. She said that the United States Government had committed additional US\$12 million per year to the Congo Basin Forest Partnership for the next four years on top of the current financing of US\$3 million per year. She highlighted that apart from the United States, South Africa and the five Congo Basin countries, the following countries and Organizations were also members of the partnership: U.K., Belgium, Canada, Japan, Germany, France, the European Commission, Conservation International, Wildlife Conservation Society, World Wildlife Fund, World Resources Institute, Forest Trends, the Society of American Foresters, Jane Goodall Institute, American Forest and Paper Association, ATIBT, CIFOR, IUCN, Smithsonian Institute, the World Bank and the ITTO. She commended the ITTO for effectively facilitating the partnership and looked forward for more collaboration between the United States and ITTO in realizing the objectives of the partnership.
232. Mr. Jean Williams Sollo (Cameroon) commended the Secretariat for the document. He noted that the issues to be covered were part of the sub-regional convergence plan. He referred to the terms of reference of the national and international consultants and indicated that there were major problems in the area of forest regeneration which could hamper the achievement of sustainable forest management in the Congo Basin. He proposed that the terms of reference of the consultants should be modified to include how to tackle the problem of natural or artificial regeneration of forests.

ITTO ANNUAL WORK PROGRAMME – DECISIONS 7(XXVII) and 3(XXXI) (Agenda Item 21)

(a) Progress Report on the Implementation of Work Programme for the Year 2002

233. The Executive Director referred to document ITTC(XXXIII)/15 and reported on the status of implementation of the ITTO Work Programme for 2002. He stated that for each activity, the Secretariat identified the implementation approach and cost implications as well as the implementation status.

(b) Draft Work Programme for the Year 2003

234. The Executive Director referred to document ITTC(XXXIII)/16 and reported that the draft work programme detailed the proposed activities and their implementation approaches. He indicated that the draft work programme had been classified under Administration activities, Strategic

planning activities and Project activities under the responsibility of the main implementation parties – the Council, the Committees and the Secretariat. He proposed that the Council should refer the portion of the work programme relating to the work of the Committees for further deliberation by the Committees. The Executive Director mentioned that there were still some activities not listed in the work programme for 2003 but which the Council might wish to consider. He cited the tasks relating to the communication unit established in the Secretariat as well as correspondences received from other organizations seeking cooperation and co-sponsorship of events.

235. Mr. Alastair Sarre (ITTO Secretariat) presented the tasks of the communication unit. Some of the tasks to be undertaken by the unit would include: organizing side-events at the World Forestry Congress and UNFF3; ITTO website redevelopment; building and maintaining a photo database and publishing all relevant ITTO policy development documents.
236. Mr. David Brooks (USA) recalled discussions on the statistical work of the Organization and proposed the inclusion of training in the Annual Work Programme, for both producer and consumer countries, in order to improve their statistical reporting.
237. Mr. Enzo Barattini (European Community) commended the Secretariat for the Work Programme. He expressed the European Community's satisfaction with the implementation of the Work Programme. He supported the proposal by the US delegation to improve the participation and exchange of information among members, in stressing particularly the need to improve the cooperation between Eurostat and the ITTO Secretariat.
238. Mr. Daniel Birchmeier (Switzerland) called for the active participation of ITTO in the Third World Water Forum to be held in Kyoto, Japan. He indicated that there were many inter-linkages between the scope of work of ITTO and the topics to be discussed at the Third World Water Forum. He referred to the report on new and emerging issues of relevance to the ITTC and the future ITTA and stated that there were many hydrological and ecological functions provided by forests and the ITTO could therefore make valuable contributions to the Forum.

ITTO OBJECTIVE 2000 – DECISIONS 2(XXIX) AND 9(XXX) (Agenda Item 22)

239. The Executive Director recalled Decision 2(XXIX) that authorized among others the rendering of assistance to producing countries to identify those factors that most severely limit progress towards achieving objective 2000 and sustainable forest management and to formulate an action plan to overcome these constraints. He invited Dr. Markku Simula and Mr. Paul Vantomme to present the reports of the Technical Missions to Brazil and the Central African Republic.

Achieving the ITTO Objective 2000 and Sustainable Forest Management in Brazil – Report of the Diagnostic Mission

240. Dr. Markku Simula, leader of the diagnostic mission, on behalf of the Mission, thanked the Council for the opportunity provided to him and Dr. Dietrich Burger to undertake the mission. Dr. Simula expressed his thanks for the cooperation and assistance that the mission received from the Government of Brazil, particularly the Ministry of Environment and various stakeholders. He acknowledged the significant input of Prof. Humberto Angelo, who prepared a background paper for the mission.
241. Dr. Simula indicated that Brazil's forestry sector was receiving significant international support from other multilateral agencies like UNDP, FAO, IDB, GEF and the EU. He said there were about 200 projects being implemented by multilateral agencies in the field of forestry and environment. He mentioned that the ITTO had been an important cooperation agency for Brazil, particularly in activities related to sustainable forest management. He reported that the mission focused its attention on the Legal Amazon.
242. The mission identified a number of challenges for public policies which included: (i) further development of stakeholder participation and strengthening of alliances with civil society organizations; (ii) closer integration of conservation and sustainable utilization of natural resources; and (iii) improved coherence between forest-related policies, especially integration and valuation of forest conservation and sustainable forest management in national and regional development planning. The mission noted that the legal framework had been strengthened but still suffered from (i) insecurity and lack of long-term orientation; (ii) short validity period of many

- regulations; and (iii) frequent changes in the legal framework. The mission also noted that the economic incentives for sustainable forest management and disincentives for destructive forest exploitation and deforestation were still largely missing and that the institutional framework should be better geared towards serving the needs of stakeholders.
243. Dr. Simula provided some statistics on the land use in the Legal Amazon which covered an area of 511 million ha of which 370 million ha had been constituted as permanent forest estate, covering legal reserves and indigenous lands and 34 million ha allocated for sustainable forest use. Dr. Simula said that there had been a decline in the deforestation rate over the last ten years. The total accumulated deforestation area was 78.3 million ha, which was more than twice the area currently allocated for sustainable use.
244. The mission noted that there was no reliable data on the extent of illegal operations in Brazil. The mission also noted that the Government had taken various actions to address illegal operations, including: (i) tightening of legal requirements and penalties; (ii) several enforcement campaigns by IBAMA; (iii) increased costs of corruption and penalties; and (iv) improved transparency of wood flows. The mission stated that illegal operations in 1996-97 were estimated to be 67-80% share of the commercial Amazon timber and the share had recently decreased substantially to about 20%. The mission noted that the Government had taken various measures to improve enforcement.
245. Dr. Simula mentioned recent initiatives being undertaken by the Government to include: (i) new methods of environmental licensing; (ii) improvements in monitoring and control systems; (iii) inter-agency integration and coordination at federal and state levels; (iv) timber tracing methods; and (v) certification.
246. The mission noted that the current arrangements for regulating logging and trading of mahogany was not achieving the Government's developmental and environmental objectives and called for an urgent revision of the arrangements.
247. The report of the mission also indicated that the current plantation forests would be insufficient to meet the growing demand for industrial roundwood in Brazil. The report noted that the main constraints to increasing the share of timber from areas under approved management plans were: unfair competition of timber from conversion areas which did not carry any management costs; bureaucratic requirements of management plans; and lack of qualified labor force and training facilities.
248. The mission noted that fire was the main threat to forest ecosystem health, and that Brazil's biological diversity represented an enormous development potential. However, adequate mechanisms for protection and sustainability of its utilization were not yet in place. Dr. Simula mentioned that the current policies and programmes were comprehensive and well designed but still lacked sufficient implementation.
249. The mission indicated the need for a major restructuring of the forest industry, including shutdown of obsolete mills, consolidation, and horizontal and vertical integration.
250. Dr. Simula said that the mission identified the following core problems inhibiting progress towards sustainable forest management: (i) abundant availability of low-cost timber; (ii) extensive degraded forests and lack of management of secondary forests; (iii) weak competitiveness of sustainable forest management compared to illegal and unsustainable forest management; and (iv) weak competitiveness of the timber industry.
251. The mission recommended the following interventions: (i) strengthening of the policy and legal framework and improvement of the existing instruments so that they would be better geared towards promoting sustainable forest management thereby making sustainable forest management an economically viable proposition for landowners and forest managers; (ii) strengthening of the competitiveness of sustainable forest management and the respective timber industry sector, particularly in the Amazon region, considering both export and domestic markets through addressing causes of high cost and inefficiency; and (iii) capacity building of key actors and stakeholders involved or interested in sustainable forest management.

252. The mission also made the following recommendations for ITTO's future support to Brazil: (i) support to the National Forestry Programme implementation and policy development; (ii) development of human resources in sustainable forest management; (iii) rehabilitation of degraded lands and secondary forest management; (iv) strengthening of the control system of forest management and wood flows; and (v) strengthening of the competitiveness of the timber industry.
253. H.E. Mr. Jose Carlos Carvalho (Brazil) commended the mission for an excellent report. He recalled his address to the Council and reiterated that the Government of Brazil had formulated a new Forest Policy that had taken into consideration the interests of all stakeholders and also addressed the problems of environmental degradation. He stated that over the past five years, the Government had been able to reduce illegal logging from 80 percent to 20 percent of total timber production. He also highlighted that the Government was working with economic instruments that were applicable to sustainable forest management and a draft bill that would establish a new policy for forest concessions had just been submitted to the President.
254. Mr. Antonio Fernando Cruz de Mello (Brazil) stated that the mission's objectives were achieved with positive results. He said that Brazil was in a position to open new perspectives for cooperation and partnerships in the field of sustainable forest management with ITTO and other multi-lateral and bi-lateral partners. He commended the mission for a comprehensive report. He noted that the enabling conditions to promote sustainable forest management in Brazil was underway and that the basic premises to guide the necessary actions for sustainable development, namely transparency and the participation of all stakeholders had been established. He noted that much had been achieved in the last ten years but acknowledged that much was still needed to be done. He hoped that the outcome of the diagnostic mission would give rise to a broad programme of international cooperation where rhetoric would be replaced by concrete and relevant actions and initiatives leading up to the implementation of sustainable forest management.
255. Mr. Shoji Sato (Japan) commended the mission for a comprehensive report. He indicated that since the funding of project proposals from producer countries should be made taking into consideration the report on the progress towards the year 2000 Objective, he encouraged countries that had not yet submitted such reports to do so as early as possible. He also encouraged countries that had already received technical missions to formulate concrete strategies incorporating the recommendations contained in the missions' reports.
256. Ing. Enrique Toledo Gonzales-Polar (Peru) commended the mission for the report. He stated that the promulgation of a new forest policy and the considerable reduction in illegal logging and deforestation were two significant achievements for Brazil and the world in general. He noted that the development of economic instruments to enhance forest management would be very beneficial. He sought further clarification on the type of instruments and how they would be applied. He also sought further clarification on how sustainable forest management was going to be promoted when large quantities of cheap timber were being produced from conversion forests thereby creating unfair competition for those who owned long-term forest concessions.
257. H.E. Mr. José Carlos Carvalho (Brazil) explained further that Brazil started with a forestry credit policy for peasants in the Mata Atlantic area with initial investments of US\$100 million for small reforestation projects in degraded areas with an emphasis on the biological constitution of the Mata Atlantic area. Brazil had also concluded a reform of the national tax laws with a provision of 15% tax credit for the re-cycling industry. He indicated that this would encourage the re-cycling of materials in Brazil. Brazil had also received a major credit from the Inter-American Development Bank for a major project in land management in Mato Grosso. The Minister said that for the purpose of giving support through official credit to sustainable development efforts, the funding of the National Development Bank, following the national policy of encouraging voluntary certification, was given to only companies that manifested their intentions of working for sustainable development and having certification. Such companies were provided funding from the DNBS of up to 80% of all their investments for sustainable forest management.
258. Mr. Ricardo Umali (Philippines) commended the mission for a comprehensive report. He noted that the mission used the ITTO C&I as a general framework for analysis and concluded that the ITTO C&I had a limited application for determining most of the core problems and providing solutions. The mission consequently had to include other forms of methodology to fully grasp and

evaluate the situation in Brazil. He sought information on the availability of other alternative options in trying to improve the general framework for future missions.

259. Mr. Henri-Felix Maître (France) commended the mission for a comprehensive report. He indicated that there was a major challenge that could be termed as "professionalization". He explained that to mean professionalizing the forest/timber and wood chain throughout Brazil. He stated that under the title of "professionalization" there would be training, incentives and restructuring of the whole industrial network. He stated that in order to achieve progress in sustainable forest management, "professionalization" was a necessary prerequisite.

Achieving the ITTO Objective 2000 and Sustainable Forest Managements in the Central African Republic – Report of the Diagnostic Mission

260. The report was presented by Mr. Paul Vantomme, leader of the mission. In his introductory remarks, Mr. Vantomme said that any efforts to achieve sustainable forest management must aim first and foremost to improve the living standards of those who live in the forest and depend on the forest resources. He provided a brief background of the forestry sector of the Central African Republic (CAR) and indicated that the mission concentrated its work in the South West Massif region where commercial exploitation of timber had been concentrated.
261. Mr. Vantomme stated that the major characteristics of CAR forest policy were: (i) a new administrative structure; (ii) a new forest code; (iii) a reliable information and knowledge on resources; (iv) a balanced distribution of revenues generated by the use of forest resources; and (v) a better distribution of forest lands.
262. The mission noted that there was no national zoning plan to define the permanent estate of natural production forests. However, the political commitment of CAR to ensure better management of its forest resources had been reflected in its active support to statements, organizations and conventions at regional, or even at international levels.
263. The mission noted that timber production was clearly increasing year after year, especially since 1995, and log production levels had now reached 700,000 m³, while annual sawnwood production levels averaged 100,000 m³. Timber was the country's prime export commodity and the timber sector was also the largest employer in the private sector.
264. Mr. Vantomme stated that CAR had several significant assets which made it particularly well positioned for achieving the ITTO Objective 2000. He cited the assets to include:
- (i) a resource base diversified and rich in valuable species and high quality logs;
 - (ii) low-level pressure from the agricultural sector on forest lands;
 - (iii) forest areas distributed among a limited number of large concession holders;
 - (iv) forest and wildlife legislation which could be used as a model;
 - (v) industrial processing facilities not yet oversized in relation to allowable cut;
 - (vi) presence of timber industries receptive to the implementation of management plans leading to sustainable forest management;
 - (vii) on-going projects in support of sustainable forest management practices; and
 - (viii) reliable statistical data.
265. The mission stated that in spite of these assets, the conditions required to achieve sustainable forest management in CAR had not yet been fully met. The mission called for a strong partnership to be established between the three main essential stakeholder groups i.e. the Forest Authority, the Private sector and Local Communities.
266. The mission identified the following constraints to sustainable forest management:
- (i) insufficient staff and capacity at the Forest Authority;
 - (ii) little awareness in the private sector of the need for sustainable managements practices;
 - (iii) lack of qualified technicians within the timber and forest management sector;
 - (iv) lack of fiscal enticements in forest tax policies;
 - (v) bureaucratic slowness in ministerial departments;
 - (vi) lack of involvement of local communities in the sustainable management and conservation of forest resources;
 - (vii) lack of incentive policies which could promote entrepreneurial ventures by CAR nationals and the establishment of SMEs, both for logging and forest processing operations; and

- (viii) over reliance on a few valuable commercial species.
267. Mr. Vantomme stated that the constraints identified were introduced in a workshop convened to review and assess the preliminary report. The main recommendations proposed and validated during the workshop were:
- (i) Training and capacity building for the Ministry of Water, Forests, Hunting, Fisheries, Environment and Tourism (MEFCPET);
 - (ii) Establishing a tax incentive scheme which would take into account the sub-regional context while aiming at encouraging loggers to progress towards sustainable forest management;
 - (iii) Supporting programmes for training skilled technicians and the workforce on the timber industries and trade;
 - (iv) Encouraging and facilitating entrepreneurship and joint business endeavors by SMEs in order for them to be able to recover and process wood wastes and residues left at logging sites;
 - (v) A better distribution and control of tax revenue and revenue sharing schemes between and within forest communities;
 - (vi) Logging companies should develop management plans under the supervision of the Ministry;
 - (vii) Broadening the range of marketable timber species in order to enhance the potentials of timber stands while avoiding a selective logging of most valuable species;
 - (viii) Organizing, with private sector participation, experience and information exchange workshops dealing with technological and silvicultural interests and issues such as timber certification, further processing of timber products, etc.
 - (ix) Pursuing forestry research in order to better understand forest stand dynamics, especially in respect of valuable commercial species;
 - (x) A strong involvement of NGOs in the information, communication and education process targeting the rural communities, in partnership with MEFCPET; and
 - (xi) A strong involvement of NGOs in partnership with the private sector and farmers' communities for the zoning of community lands located within concession areas.
268. The mission proposed a number of project ideas in the light of the afore-mentioned constraints and recommendations.
269. Ms. Jan McAlpine (USA) commended the mission for the comprehensive report. She noted with appreciation the recommendations contained in the report and reported that the United States along with other partners had included Central African Republic in the Congo Basin Forest Partnership which was launched at the WSSD in Johannesburg in September 2002. She also mentioned that, in addition, the United States had been providing funding to the CAR through the Central African Regional Program for the Environment (CARPE). She noted that at the Thirty-second Session of the ITTC, the Council took a decision to provide funding for the development of a proposal to carry out a GIS remote sensing mapping in CAR. She said that the issue of unsustainable harvesting of wildlife should also be addressed and called for regional cooperation in tackling the issue.
270. Mr. Ricardo Umali (Philippines) commended the mission for the methodology adopted. He was particularly pleased that the draft report was discussed at a national workshop involving all the stakeholders. He further commended the action plan arising out of the diagnostic mission, especially the cross-cutting issues among the three stakeholders – the government, communities and logging companies. He cited the proposal to implement a demonstration project for integrated management with local community participation as very laudable. He however, cautioned that this collaboration effort should be properly supported by a programme on information and communication in order that the participating local communities would properly understand the level and scope of collaboration between them.
271. The Chairperson, Dr. Jürgen Blaser referred to Decisions 2(XXIX) and 9(XXX) and reported that the following countries had requested for financial assistance for the operation of ITTO Objective 2000 Boards: Cameroon, Republic of Congo, Gabon, Papua New Guinea and Myanmar.
272. Dr. Blaser further reported that as of October 2002 the following countries had submitted their national level reports using the approved reporting formats as called for in Decision 9(XXX): Colombia, Congo, Indonesia, Myanmar, Panama, Peru, Thailand, Togo and Vanuatu. Workshops and training in the effective use of the ITTO Reporting Formats for ITTO Criteria and Indicators

for Sustainable Forest Management had also been conducted in the Republic of Congo, Côte d'Ivoire, Papua New Guinea, Philippines and Vanuatu. Further workshops had been scheduled to be held in Colombia, Brazil, Indonesia, Ecuador, Bolivia, Myanmar, Togo and Peru.

SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (Agenda Item 23)**(a) Pledges to the Special Account and Bali Partnership Fund**

273. There were no new pledges to the Special Account and the Bali Partnership Fund.

(b) Review of the Resources in the Bali Partnership Fund

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

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

275. The report was presented by Mr. Pravit Chittachumnonk, Chairperson of the Panel. The Panel was composed of representatives of Japan, Switzerland, USA, Ecuador, Gabon and Indonesia and the Executive Director.

276. Mr. Chittachumnonk noted that as at the end of the Thirty-second Session of the Council, twenty-five activities, five pre-projects and four projects with a total budget of US\$8,970,415 had been funded from the resources of the Sub-Account B. The available resources of the Sub-Account B of the BPF amounted to US\$1,866,771.39. The Panel expressed concern at the rapid depletion of the resources of the Sub-Account B. The Panel recommended to the Council that the financing limit of projects, pre-projects and activities should not exceed US\$1.0 million. The Panel also recommended to the Council a list of prioritized actions, pre-projects and projects eligible for financing from the resources of the Sub-Account B of the BPF.

277. The Council unanimously adopted the report of the Panel (the full report is contained in document ITTC(XXXII)/19).

278. Mr. Christopher Ellis (USA) expressed concern about the rapid depletion of the resources of the Sub-Account B and indicated that unless there was serious consideration of re-structuring the procedures for dealing with the Sub-Account B of the BPF, there was the risk of the fund disappearing. He encouraged Members to come out with measures to improve the situation of the Sub-Account B, during the next Council Session.

279. Mr. Germán Espinosa (Ecuador) commended the Government of Japan for fully financing the project PD 13/99 Rev.2 (M,F,I) - ITTO Information Network and Project support. He urged other donors to emulate the generosity of the Government of Japan.

280. Mr. Shoji Sato (Japan) echoed the sentiments expressed by USA and Ecuador for more generous contributions from other donors to complement the efforts of Japan.

ITTO FELLOWSHIP PROGRAMME (Agenda Item 24)**(a) Progress Report on the ITTO Fellowship Programme**

281. The report was presented by Mr. E. Collins Ahadome (ITTO Secretariat). He referred to document ITTC(XXXIII)/20 and reported that one hundred and thirty-three (133) fellowships amounting US\$736,675 had so far been awarded under the Freezailah Fellowship Fund. Seventy-four percent (74%) of these awards were in the field of Reforestation and Forest Management, 16% in Forest Industry and 10% in Economic Information and Market Intelligence. In terms of geographical distribution of the awards, 27% were awarded to applicants from Africa, 36% from Asia-Pacific, 26% from Latin America, 8% from developing Consumer Countries and 3% from Developed Consumer Countries. Females accounted for 35% of the total awards.

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

282. The report was presented by Dr. B.C.Y. Freezailah, Chairperson of the Fellowship Selection Panel. He referred to document ITTC(XXXIII)/21 and reported that the Panel was composed of representatives of Colombia, Côte d'Ivoire, Malaysia, Australia, Switzerland and USA. The Panel evaluated a total of 112 applications and recommended 28 applications for Council's approval.

283. The Council unanimously approved the report.

284. Mr. Brian Woodward (USA) commended the ITTO Fellowship Fund and encouraged other Council Members to support the programmes of the Fund.

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 25)

285. Ms. Astrid Bergquist (Sweden), Chairperson of the Committee on Economic Information and Market Intelligence, presented the report of the Committee.
286. She referred to document CEM(XXXI)/7. The Committee noted the presentation by the Chairman of the Expert Panel for Project Appraisal at its Twenty-fourth meeting and supported the recommendation for the revision of the ITTO Manual for Project Formulation.
287. The Committee considered the reports of two (2) completed pre-projects and one (1) project and reviewed the status of twelve (12) projects and seven (7) pre-projects that were under implementation. The Committee considered the Ex-Post Evaluation Report (Executive Summary) on four completed projects and a pre-project. The Committee recommended to the Council the approval and funding of three (3) new projects and five (5) new pre-projects.
288. On policy work, the Committee discussed among other issues: market access, timber certification, life-cycle analysis (LCA) of timber products, proposed listing of timber species in the Appendices of CITES, trade in secondary processed wood products, United Nations Forum on Forests – matters on trade and sustainable forest management, Inter-Secretariat Working Group on Forest Statistics, and creating greater opportunities for tropical timber trade from ITTO's work.
289. The Committee elected Dr. Gilbert Kaya (Republic of Congo) and Prof. Yeo-Chang Youn (Republic of Korea) as Chairperson and Vice-Chairperson respectively for 2003.
290. The report of the Committee was unanimously approved by the Council (the full report is contained in Annex IV).
291. Dra. Angela Andrade (Colombia), Chairperson of the Committee on Reforestation and Forest Management, presented the report of the Committee.
292. She reported that the Committee took note of the status report on 102 projects and pre-projects that were either (i) under implementation (87); (ii) awaiting the signing of an agreement (13); and (iii) falling under the sunset provision (2). The Committee discussed issues associated with twenty-six (26) projects and pre-projects under implementation. The Committee reviewed six (6) completed projects where the field activities had been completed and the final report and other technical documentation including audited financial report of the project accounts had been submitted to the Secretariat. The Committee also reviewed nine (9) completed projects and three (3) completed pre-projects pending financial audit reports. The Committee recommended to the Council the approval and funding of five (5) new projects, three (3) new pre-projects and requested additional funding for one project.
293. On policy work, the Committee discussed the following issues: the development of a comprehensive framework and practical working manuals on all relevant aspects of sustainable tropical forest management; follow-up actions to the side-event on forest fire, held during the Thirty-second ITTC Session; proposal for a workshop on demonstration areas for sustainable forest management.
294. The Committee elected Mr. Henri-Félix Maître (France) and Mr. A.S.K. Boachie-Dapaah (Ghana) as Chairperson and Vice-Chairperson respectively for 2003.
295. The report of the Committee was unanimously approved by the Council (the full report is contained in Annex IV).
296. The report of the Committee on Forest Industry was presented by Dr. Fidel Reyes Lee (Guatemala), Vice-Chairperson of the Committee. He referred to document CFI(XXXI)/7.
297. The Committee took note of the progress in the implementation of thirty-one (31) projects and twelve (12) pre-projects and considered the reports on one completed project and one pre-

project. The Committee also noted that four (4) projects and one pre-project were awaiting implementation agreement while one project had fallen under the sunset provision. The Committee recommended to the Council the approval and funding of four (4) projects and seven (7) pre-projects.

298. On policy work, the Committee discussed the following issues: review of international wooden furniture markets; work directed at technical and environmental standards and international standard activities; product market analysis portals; increasing utilization efficiency and the reduction of losses and waste throughout the production chain; assessment of the multiple benefits of downstream processing of tropical timber in producer countries; developing, publishing and disseminating information on increasing timber processing and utilization efficiency and reducing waste.
299. The Committee elected Dr. Fidel Reyes Lee (Guatemala) and Ms. Astrid Bergquist (Sweden) as Chairperson and Vice-Chairperson respectively for 2003.
300. The report of the Committee was unanimously approved by the Council (the full report is contained in Annex IV).
301. The report of the Committee on Finance and Administration was presented by Mr. Pravit Chittachumnonk (Thailand), Acting Chairperson of the Committee. He referred to document CFA(XII)/7 Rev.1. The Committee reviewed and revised the draft Administrative Budget for the financial year 2003. The Committee recommended to the Council to approve the revised Administrative Budget amounting to US\$4,633,195.00. The Committee reviewed Members contributions to the Administrative Budget and took note of the measures taken to date regarding the issue of arrearages of members to the Administrative Account.
302. The Committee took note of the report on the current status of the Administrative Account and recommended to the Council to authorize the Executive Director through a Decision, to transfer, if necessary, an amount not exceeding US\$300,000 from the Working Capital Account to the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization for the year 2002.
303. The Committee elected Mr. Pravit Chittachumnonk (Thailand) and Mr. Christopher Ellis (USA) as Chairperson and Vice-Chairperson respectively for 2003.
304. Mr. Shoji Sato (Japan) expressed his gratitude to the Chairperson and Members of the Committee on Finance and Administration. He stated that budgetary discipline for all international organizations remained the policy of the Government of Japan. He said that international organizations, including the ITTO, should keep their Administrative Budget to the minimum and continuous efforts should be made to streamline and improve the efficiencies of these organizations for the effective utilization of limited financial resources.
305. The report of the Committee was unanimously approved by the Council (the full report is contained in Annex IV).

ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL FOR 2003 (Agenda Item 26)

306. The Council unanimously elected Dato' Dr. Freezailah bin Che Yeom (Malaysia) and Ms. Jan McAlpine (USA) as Chairperson and Vice-Chairperson respectively of the ITTC for 2003.
307. The Chairperson, Dr. Jürgen Blaser congratulated Dato' Dr. B.C.Y. Freezailah on his election as Chairperson of the Council for 2003. He recalled Dato' Dr. Freezailah's active involvement in the ITTO from the very beginning of the protracted negotiations of the International Tropical Timber Agreement (ITTA), 1983 to his appointment as the first Executive Director of ITTO from 1986 to 1999. He said that throughout the thirteen years tenure of Dr. Freezailah, at the helm of the Organization, he had been instrumental in establishing the ITTO and putting it at its current standing on international level as a dynamic, relevant and pro-active international organization for tropical timber and tropical forests. He stated that with Dr. Freezailah as the Chairperson of the Council, he was confident that the ITTO was in good hands to meet the challenges of the coming year with full confidence and optimism.

DATES AND VENUES OF THE THIRTY-FOURTH, THIRTY-FIFTH AND THIRTY-SIXTH SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 27)

308. The Chairperson confirmed that the Thirty-fourth and Thirty-fifth Sessions of the Council would be held from 12 to 17 May 2003, in Panama City, Panama and 3 to 5 November 2003, in Yokohama, Japan, respectively. He stated that upon confirmation by the Government of Switzerland, the Thirty-sixth Session of the ITTC would be held in Geneva, Switzerland. He recalled that prior to the Session, it had been agreed that the Thirty-sixth Session of the Council would be held in Brazzaville, Republic of Congo. He informed the Council that upon consultations with the Secretariat and the Government of the Republic of Congo it had been agreed that the Thirty-eighth Session of the ITTC would be held in Brazzaville, Republic of Congo. This was confirmed by the delegate of the Republic of Congo.
309. Mr. Raul Gutierrez Rivera (Panama) informed the Council that the Government of Republic of Panama had established an inter-institutional organizing committee to plan the hosting of the Thirty-fourth Session of the ITTC. He noted the concerns expressed by some delegations regarding the issuance of visas for those countries where Panama had no diplomatic representations. He stated that the problems of visas had been analyzed by his government in order to establish special extraordinary mechanisms for the granting of visas and assured all Council Members of access to Panama to attend the Thirty-fourth Session. He indicated that at the opportune time his government would provide all the necessary information regarding the issuance of visas, especially for countries where Panama had no diplomatic representations. He also informed the Council that Panama would be celebrating its Centenary Anniversary celebrations in 2003. He expressed his government's gratitude to the ITTC for the privilege to host the Thirty-fourth Session. On behalf of the Government of Panama, he extended a cordial invitation to all delegates to attend the Thirty-fourth ITTC Session.
310. Mr. Shoji Sato (Japan) confirmed that the Thirty-fifth Session of the ITTC would be held from 3 to 8 November 2003, in Yokohama, Japan.

OTHER BUSINESS (Agenda Item 28)**Statement by the Trade Advisory Group (TAG)**

311. The statement was presented by Mr. Barney Chan, General Manager, Sarawak Timber Association.
312. Mr. Chan said that after the May Session in Bali, members of the trade were happy to see that prices of timber and timber products firmed up for a few months, but unfortunately these prices had fallen again recently. He indicated that the recent bombings in Bali had undermined the global economies and consumer confidence had been further eroded, and the medium-term prospects for significant price increases were slim.
313. Mr. Chan restated the TAG's commitment to continue to participate in efforts to combat illegal logging and illegal trade. He said that such illegal activities undermine the progress towards sustainable forest management and also severely undermine the markets for tropical timber. He called on all Members of the Council to play their part to combat illegal activities.
314. Mr. Chan stated that trade issues were important in shaping ITTO's policy and project work. He strongly urged Member Countries to include trade representatives on their delegation. He noted with considerable interest the launching of the Asian Forest Partnership and welcomed the opportunity to be advised on the purpose of the initiative and how it would coordinate with the work of ITTO and how the Asian tropical timber trade could play a part.
315. Mr. Chan commended the speakers invited by the Civil Society Advisory Group (CSAG) and stated that for future CSAG meetings, the TAG could welcome the opportunity to hear from speakers representing other timber certification schemes. He informed the Council that the theme for the Annual Market Discussion to be held in conjunction with the Council Session in Panama in May 2003 would be "World Trade and Business Development". Mr. Chan expressed dismay about the failure of CITES Secretariat to either notify or request formal comments from the ITTO Secretariat about the Nicaraguan/Guatemala proposal to list mahogany in CITES Appendix II.

316. Mr. Chan expressed mixed feelings about the council decision on Civil Society/Private sector partnerships. He however, indicated that the TAG would keep an open mind and looked forward to how the decision would be operationalized.
317. Mr. Chan noted that many Producer Members were working hard to improve their standards of forest management and called for an urgent need for the development of effective mechanisms and incentives in support of financially viable sustainable forest management.

Statement by the Civil Society Advisory Group (CSAG)

318. The statement was presented by Dr. Andy White, Director, Policy and Market Analysis, Forest Trends.
319. Dr. White thanked the Council for the opportunity given to the CSAG to become formal partners in the ITTC. He said that the CSAG was dedicated to using the opportunity to advance the mission and mandate of the ITTC.
320. Dr. White briefed the Council on some of the key outcomes of the CSAG inaugural meeting held during the Session. He indicated that the CSAG would actively seek to broaden the participation of other under-represented groups in the CSAG – including, labor and indigenous peoples as well as geographic representation. The CSAG aimed at providing an opportunity for local voices and experiences to be heard and was committed to breathing new life into the ITTC's commitment to contribute to sustainable development. He stated further that the CSAG was dedicated to exploring and exposing the equity dimensions of the tropical timber trade and looked forward to actively participating in future ITTC Sessions, as well as in the upcoming renegotiations of the ITTA. He said that the CSAG would seek to reflect the broad concerns of Civil Society, inform and advance the mission and mandate of the ITTC.
321. Dr. White informed the Council that the CSAG Panel discussions in Panama, in May 2003 would focus on community-based management and enterprises – the great importance and potential of these small scale operators.
322. Dr. White expressed the intention and desire of the CSAG to actively support, complement and collaborate with all delegation and groups within the ITTC body, including the TAG. He noted that the lack of civil society groups in many delegations. He informed the Council that Mr. Steward Maginnis (IUCN) remained the coordinator of the group.

DECISIONS AND REPORT OF THE SESSION (Agenda Item 29)

323. The Chairperson referred to documents ITTC(XXXIII)/22 and to ITTC(XXXIII)/31 comprising nine (9) Decisions and a resolution for adoption by the Council. The Council approved all the nine (9) decisions and the resolution (these are reproduced in Annex III). Amendments and editorial corrections were noted. Rule 33 of the Rules of Procedures was to be applied to the circulation of the Decisions and the report of the Council to Members.
324. Mr. Daniel Birchmeier (Switzerland) recalled Decision 8(XXXIII) on "Preparations for Negotiating a Successor Agreement to the ITTA, 1994" and stated that during the drafting of this Decision, Producers and Consumers arrived at an agreement and sought clarification on how this agreement could be made part of records of the Session.
325. The Chairperson recommended that the text of the agreement should be made part of Consumer and Producer statements to Council during the closing session.
326. Mr. Enzo Barattini (European Community) stated his delegation's support for Council Decision 9(XXXIII) – Extension of the International Tropical Timber Agreement (ITTA), 1994, subject to the appropriate bureaucratic procedures by the European Community.

CLOSING OF THE SESSION (Agenda Item 30)

Statement by Potential Members

Bangladesh

327. The statement was presented by Mr. Syeed M. Lutfullah, Joint Secretary, Ministry of Environment and Forest.
328. Mr. Lutfullah mentioned that Bangladesh emerged as an independent and sovereign state only thirty-one years ago and the country's population currently stood at 130 million. He cited some of the programmes for sustainable development undertaken by the Ministry of Environment and Forest: a ban on the use and marketing of polythene shopping bags, vehicle emission control, massive afforestation plan, conservation and sustainable use of forest resources and protective measures against illegal logging. He noted that during the last ten years, more than half of the closed natural forests of the country had been degraded and the area of forested land had been reduced to almost 13 per cent of the total land area. He welcomed the ITTO Mangrove Work plan and indicated that phased approaches to certification in tropical timber producing countries would go a long way to support the achievement of sustainable forest management. He called on ITTO to establish reliable statistics on bamboo and rattan.
329. Mr. Lutfullah assured the Council that he would try to convince the Government of Bangladesh to become a Member of ITTO. He thanked the Executive Director for inviting Bangladesh to the Thirty-third ITTC Session.

Mexico

330. The statement was presented by Mr. Leonel Iglesias Gutiérrez, Director of Forestry Development, National Forestry Commission.
331. He thanked the Council for the invitation to attend the Thirty-third Session of the ITTC. He commended the Council for the democratic processes adopted in addressing issues. He informed the Council that the Government of Mexico had decided to become a Member of ITTO and would submit its request to the United Nations before the end of 2002. He mentioned that forests and water had been declared as resources of national importance in Mexico, and a special new agency, the National Forestry Commission, had been created for forests so that the necessary attention could be given to forest activities. A new forestry law had also been proposed. Annual production of timber stood at 10 million cubic meters with only 5% as tropical timber. Mr. Gutiérrez said that Mexico had embarked upon a very active plantation programme aimed at increasing tropical timber production to 50% of total production. Current area of plantation stood at 200,000 ha. He thanked the Government of Japan for the invitation and the hospitality accorded to him since arriving in Japan.

Statement by H.E. Mr. Clarkson Oben Tanyi Mbianyor, Minister of Environment and Forests of Cameroon

332. He noted that the issues on the agenda of the Thirty-third Session and the related discussions had been for his country and certainly for other African countries, particularly those of the Congo Basin, of special interest, since they had been geared towards finding pertinent and lasting solutions to the sustainable management of tropical forests and ecosystems. He indicated that the forests remained an exploitable potential to which people's lives were linked and therefore everything must be done to manage the forests sustainably. He noted that the presence of many Ministers from Africa to the ITTC Session was eloquent proof of Africa's support to the ITTO.
333. H.E. Mr. Mbianyor welcomed the international initiative taken to put in place, technically and financially, the Yaoundé Declaration on the conservation and sustainable management of the Congo Basin forests. He stated that the initiative would help to make available new and additional resources. He commended the ITTO for the initiative. He called on the ITTO to tackle the issue of strengthening of legislation in the area of forest protection. He noted that there were many interests at stake both at the regional, national and international levels.
334. H.E. Mr. Mbianyor noted that the renegotiation of the ITTA would give ITTO the opportunity to examine new aspects pertaining to sustainable management of forests such as eco-certification and the economic utilization of NTFPs, among others. He reiterated the determination of the Government of Cameroon to work with all its partners, particularly the ITTO, towards finding lasting solutions to the problems of sustainable management of forests.

335. On behalf of the countries of the Congo Basin, he commended the Executive Director and staff of the Secretariat for the wonderful organization put in place for the Session. He also commended the Chairperson of the ITTC for his able and dynamic leadership.

Statement by H.E. Mr. Salomon Banamuhere Baliene, Minister of Fisheries, Environment, Nature Conservation and Forests of Democratic Republic of Congo

336. H.E. Mr. Banamuhere Baliene expressed his satisfaction with the decisions adopted by the Council. He confirmed that the Government of the Democratic Republic of Congo would henceforth participate actively in the activities of the ITTO. He stated that 47 per cent of the forests of Africa was in the Democratic Republic of Congo, unfortunately these vast resources remained undeveloped.
337. H.E. Mr. Banamuhere Baliene said as Chairman of the African Timber Organization, he was particularly grateful to the Council for the assistance provided to Member States of the African region. He thanked the Government of Japan for the enduring assistance provided to the ITTO as well as their contributions to the sustainable management of tropical forests, and the warm and cordial hospitality accorded to delegates.

Statement by the Chairperson-Elect, Dr. B.C.Y. Freezailah

338. Dato' Dr. Freezailah bin Che Yeom stated that he was overwhelmed by the honor bestowed on him to chair the ITTC in 2003. He expressed his profound gratitude to the Council for the confidence reposed in him, particularly at a time when the Council was about to embark on the important process to negotiate a successor agreement to the ITTA, 1994. He said as Chairperson of the Council, he would join the illustrious array of his predecessors who had chaired the Council. He commended the Chairperson for the able manner he had conducted the Session. He stated that with the support of the IAG, the Bureau and the dedicated staff of the Secretariat, he would attempt to maintain the high standard of efficiency during the next ITTC Session in Panama City.

Statement by Delegations

339. Ing. Enrique Toledo Gonzales-Polar (Peru) expressed his delegation's satisfaction with the outcome of the Thirty-third Council Session. He said that it was very important for Peru to continue to promote sustainable forest management with the active participation of local communities. He indicated that the Government of Peru was putting in place the necessary mechanisms to attain the ITTO Objective of sustainable forest management, including drawing up a long-term forestry strategy. He noted that Peru had requested the ITTO to study and analyze the issue of illegal logging in Peru, in order to identify the constraints to sustainable forest management. He congratulated the Chairperson for his able leadership. He commended the Executive Director and staff of the Secretariat for their hard work and dedication. He thanked donor countries for their continuous support.
340. H.E. Mr. Jean-Christian Obame (Gabon) commended the Council and the Executive Director for a successful Council Session. He congratulated the Chairperson and Vice-Chairperson elect for 2003. H.E. Mr. Obame thanked the City of Yokohama for the warm reception accorded to delegates. He expressed his satisfaction with the decisions adopted by the Council. He called on the Council to initiate measures to combat illegal logging and illegal trade both at the national and international levels. He urged the Council to focus its attention on the rehabilitation of secondary and degraded forest areas in order to conserve the ecosystems and guarantee sustainable management in all countries as well as help to combat poverty. Mr. Obame spoke about a project announced at the WSSD meeting in Johannesburg involving the establishment of national parks covering 30,000 sq. km in Gabon and funded by Japan, USA, U.K., France, South Africa, Germany and Belgium. He said that the project would protect one of the richest ecosystems in the world which was being threatened by excessive and illegal logging. He announced that in April 2003 a regional workshop on how to implement all the ITTO Guidelines would be held in Gabon.
341. Ms. Neria Agra Andin (Philippines) welcomed the outcome of the Thirty-third ITTC Session and was pleased to note that the Session discussed and resolved prominent concerns on issues such as certification; forest law enforcement and governance; matters relating to ITTA, 1994; CITES listings; institutional support system for ITTO operations and Timber and Non-Timber Trade and Industry. She noted that the progress of work on all these sustainable forest management related initiatives by both Producer and Consumer Countries were encouraging. Ms. Andin extended a

warm welcome to the ITTO Technical Mission scheduled to visit the Philippines in February 2003. She expressed her sincere thanks to the Government of Japan for hosting the Session. She also commended the Executive Director and staff of the Secretariat for a successful Session.

342. Mr. Daniel Birchmeier (Switzerland) expressed his satisfaction with the outcome of the Thirty-third ITTC Session. He commended the spirit of openness that characterized the discussions at the Session. He commended the Chairperson for his efficient leadership and on behalf of the Government of Switzerland thanked all the council members for the support given to the Chairperson. Mr. Birchmeier thanked the Executive Director and staff of the Secretariat for a successful Council Session. He also thanked the Government of Japan, for its continued commitment to the ITTO. He welcomed and congratulated Dr. B.C.Y. Freezailah (Malaysia), the Chairperson elect and Ms. Jan McAlpine (USA), the Vice-Chairperson elect and pledged Switzerland's full cooperation and support.
343. Mr. A.S.K. Boachie-Dapaah (Ghana) expressed his appreciation and profound gratitude to the Government and people of Japan for hosting the Session and for their hospitality. He thanked all the partners who had supported Ghana's initiatives at sustainable forest management and assured them of Ghana's commitment to sustainable forest management. Mr. Boachie-Dapaah commended the Chairperson, the Executive Director and staff of the Secretariat for a successful Council Session. He welcomed and congratulated Dr. B.C.Y. Freezailah (Malaysia), Chairperson elect and Ms. Jan McAlpine (USA), Vice-Chairperson elect and pledged Ghana's cooperation and support.
344. Ms. Fatimah Raya Nasron (Malaysia) expressed her thanks and gratitude to the Council for electing Dato' Dr. B.C.Y. Freezailah as Chairperson of the Council for 2003. She welcomed the decision and stated that it was most gratifying since Malaysia was an important player in the tropical timber economy and trade. She noted that Dato' Dr. Freezailah's wide experience coupled with his long association with the ITTO would facilitate the future work of ITTO, especially at the time when the organization was entering into a period of the renegotiation of the ITTA, 1994. Ms. Nasron also welcomed and congratulated Ms. Jan McAlpine (USA), the Vice-Chairperson elect. She commended the Chairperson, Dr. Jürgen Blaser, the Executive Director and staff of the Secretariat for a successful Council Session. Ms. Nasron thanked the Government of Japan, particularly the City of Yokohama for hosting the Session.
345. Dr. Tachrir Fathoni (Indonesia) expressed his appreciation and gratitude to the people and Government of Japan for their hospitality and efficiency in hosting the Thirty-third Session of the Council. He commended the leadership of the Chairperson, Dr. Jürgen Blaser, and expressed satisfaction with the decisions adopted by the Council, particularly the decision on the prevention and management of forest fire. He also noted with satisfaction the discussions on illegal logging and associated illegal trade and stated that the issue had undermined the achievement of sustainable forest management in Indonesia. He welcomed the readiness of the Council to revisit the issue at the next Council Session in Panama. Dr. Fathoni commended the Executive Director, staff of the Secretariat, interpreters and translators for a successful Council Session. He extended an invitation to all delegates to attend the Asian Forest Partnership meeting to be held in Tokyo on 11 November 2002. Dr. Fathoni congratulated the Chairperson and Vice-Chairperson elect for 2003.
346. Dr. Fidel Reyes Lee (Guatemala) commended the Chairperson for his able leadership of the Council during the Thirty-second and Thirty-third Sessions of the ITTC. He welcomed and congratulated Dato' Dr. B.C.Y. Freezailah (Malaysia) and Ms. Jan McAlpine (USA), Chairperson and Vice-Chairperson elect respectively for 2003. He commended the Executive Director, staff of the Secretariat, interpreters and translators for a successful Council Session.
347. Mr. Enzo Barattini (European Community) on behalf of the Member States of the European Community expressed his deep appreciation for the outcome of the Thirty-third ITTC Session and for the spirit of comprehension that characterized the Session. He noted that although the issue of renegotiation had represented the leitmotiv of debates, he reminded the Council of the many other issues that had been discussed and decisions approved. He noted that the discussions on forest law enforcement and the timber trade had created grounds for a better reciprocal comprehension of the problem. Mr. Barattini stated that the decision on Civil Society/Private Sector partnership for sustainable forest management would produce a closer cooperation between all parties and stakeholders where the ITTO would play its usual catalytic role. He said

the decision on measures to reduce costs and improve the efficiency and effectiveness of the Organization would serve as the first essential element for the renegotiation of the ITTA, 1994. He noted that the Council had established the basis for the process or renegotiation and although the exercise would not be an easy one, he was confident that the Council would be able carry on a smooth negotiation. He pledged the European Community's commitment to act on this line. Mr. Barattini commended the Chairperson for his leadership and congratulated Dato' Dr. B.C.Y. Freezailah and Ms. Jan McAlpine, the Chairperson and Vice-Chairperson elect respectively. He also thanked the Government of Japan, the City of Yokohama, the Executive Director, the translators and interpreters for a successful Council Session.

348. Mr. Shoji Sato (Japan) on behalf of the Government of Japan and the City of Yokohama expressed his appreciation to all delegates for coming all the way to Yokohama. He said that the Thirty-third Session was honored by the presence of very prominent ministers. He noted that the Council Session had been very successful under the able leadership of the Chairperson, Dr. Jürgen Blaser. He said that the Council had adopted several decisions and discussed important issues. On the subject of financing of the ITTO activities, Mr. Sato praised the other major donors who had worked with Japan to strengthen the ITTO over the years. He particularly mentioned the Governments of Switzerland the United States of America. He also thanked the Governments of Australia, Korea, the Netherlands and Sweden who had been regular and generous contributors to the financing of ITTO's important work. He said the Council recognized their contributions and on behalf of the Government of Japan extended special thanks for their regular contributions to be Special Account and the Bali Partnership Fund. Mr. Sato mentioned that he had been especially heartened during the Session to hear through the grapevine that there was the possibility that the European Community might soon be able to join in the regular financing of ITTO's work. He stated that it would be a greater pleasure for the Japanese delegation to work together with delegates from the European Community, who care deeply about the ITTO, to ensure that the ITTO moved into the 21st century on a sound financial footing. He hoped that the rumor would be confirmed during the next Council Session in Panama, so that the Council would be in a position to discuss the sustainability of ITTO as well as sustainable forest management.
349. Mr. Sato stressed the necessity of stricter project management and more efficient project implementation and achievement of project objectives. He said that Japan had actively supported and would continue to support the ITTO's activities. However, in order to make full use of the limited financial resources he hoped that the ITTO would improve project management to ensure stricter management, more efficient implementation and more steady achievement of project objectives. Mr. Sato expressed his sincere thanks to the Chairperson and Vice-Chairperson of the Council for the able leadership. He commended the spokespersons, members of the Chairperson's Bureau, the Executive Director, staff of the Secretariat, interpreters, translators and other support staff. Mr. Sato expressed his deep appreciation to the City of Yokohama for their hospitality and friendship.

Statement by the Consumer Spokesperson

350. Ms. Aulikki Kauppila (Finland) on behalf of the Consumer Group said that although the workload for the Thirty-third Session was very heavy, Members of the Council maintained a good atmosphere and spirit of cooperation throughout the Session. The Council was able to tackle most of the controversial issues such as market access, certification and forest law enforcement. She called on the Council to maintain the same spirit of cooperation in future Sessions since controversial issues would not disappear from the Council's agendas. Ms. Kauppila noted that the most important outcome of the Thirty-third Session was the decision to start the renegotiation of the ITTA. She said that an early start was important to avoid pressures during the ratification processes in Member Countries. She indicated further that an early start would give the Council an extra challenge in thinking through the future needs of ITTO up to the year 2010 or 2020. She urged all Members of the Council to keep this in mind when starting their national preparations for the renegotiation of the ITTA. Ms. Kauppila cited the decision on measures to reduce costs and improve the efficiency and effectiveness of the Organization as another important outcome of the Thirty-third session. She stated that Organization of Work had been on the Council agenda for some years but there was still room for improvement. She indicated further that it was important to ensure transparency in the decision making process.
351. Ms. Kauppila, on behalf of the Consumer Group expressed her appreciation on the agreement reached between the Producer and Consumer Groups regarding the renegotiation process. She also commended the Chairperson for his able leadership. Ms. Kauppila expressed her personal

thanks to the Producer Spokesperson for the friendly and frank atmosphere that characterized their discussions and looked forward to further collaboration in the future. She thanked the Government of Japan and the City of Yokohama for their continuous generosity and hospitality to delegates. She commended the hard work and efficiency of the Secretariat staff as well as the interpreters and translators.

Statement by the Producer Spokesperson

352. Mr. Joel Sampaio (Brazil) on behalf of the Producer Group expressed his satisfaction with the outcome of the Thirty-third Session of the Council. He commended the able leadership of the Chairperson, Dr. Jürgen Blaser. He also expressed his satisfaction with the first panel discussion of the Civil Society Advisory Group. He mentioned that all Members of the Council were committed to reducing costs and improving the efficiency of the Organization. He appealed to donor countries to continue to commit the necessary resources to meet the many challenges facing the Organization. He reiterated the commitment made by many delegations to provide all the necessary information and statistical data as called for in Article 29 of the ITTA, 1994.
353. He congratulated Dato' Dr. Freezailah (Malaysia), Chairperson elect for 2003 and Ms. Jan McAlpine (USA), the Vice-Chairperson elect. He thanked the Consumer Spokesperson for her frank and constructive approach to issues.
354. On behalf of the Brazilian delegation, Mr. Sampaio expressed his satisfaction with the outcome of the Thirty-third Council Session. He commended the dynamic and constructive leadership of the Executive Director, Dr. Manoel Sobral Filho. Mr. Sampaio expressed his sincere thanks to the Government of Japan and the City of Yokohama for the constant commitment and support to the ITTO.

Text of Agreement between Producer and Consumer Caucuses on Preparations for Negotiating a Successor Agreement to the ITTA, 1994

355. In relation to the upcoming renegotiation process of ITTA, 1994, as planned on Decision 8(XXXIII), the Producer and Consumer Caucuses have agreed on the following:
- (i) The PrepCom will be chaired by a person nominated by the Consumer Caucus, having a Vice-Chairperson nominated by the Producer Caucus;
 - (ii) The Renegotiation Conferences will be chaired by a person nominated by the Producer Caucus, having Vice-Chairperson nominated by the Consumer Caucus;
 - (iii) Nomination for both positions must be informed to the Secretariat by mid-January, 2003;
 - (iv) In order to enhance continuity, both Caucuses agreed to be represented by the same persons during the Renegotiation PrepComs and Conference, unless there are unforeseen circumstances;
 - (v) Neither the Chairperson nor Vice-Chairperson of the PrepComs and Renegotiation Conferences should be the Chairperson or the Vice-Chairperson of the Council; and
 - (vi) With a view to fostering even further dialogue and cooperation between Caucuses throughout renegotiation, the Parties agreed to the Vice-Chairpersons substantive participation in the process. The Parties recognize the full mandate of the Chairpersons to lead their components of the process. The Parties also agree that the Vice-Chairperson in each component will work closely with the Chair and serve as Chair in subsidiary processes, as appropriate.

Closing Statement by the Chairperson

356. Dr. Jürgen Blaser (Switzerland), Chairperson of the Council, in his closing remarks noted with pleasure that Members pledged a total of US\$6.6 million towards the work of the ITTO at the Thirty-third Session. He expressed his delight at the constructive way in which delegates had approached the issue of renegotiation of the ITTA. He also indicated that the increased participation of Civil Society Organizations in the activities of the ITTO had given the ITTO very high visibility in the international forest policy community and was being applauded in many quarters for its progressive work. He stated that the renegotiation of the ITTA not only offered an opportunity to Members to increase the value of the Organization to the world, but also a very great challenge to ensure that all Member Countries take real ownership in the preparation of the new agreement.
357. Dr. Blaser noted with pleasure that while issues such as illegal logging and certification had been able to receive a thorough airing in the Council, so too were issues that were perhaps less

controversial but have an enormous impact on the day-to-day lives of so many people in the tropics. He cited the decision on forest fires and hoped Member Countries would take advantage of the decision in dealing with their fire management situations. He stated that the decision on Civil Society/Private sector partnerships for sustainable forest management was a step towards an innovative approach that would assist to promote the trade in tropical timber from sustainably managed sources, and hoped that both the industry and relevant Civil Society Organizations would embrace it.

358. Dr. Blaser urged Members to better fulfill their reporting obligations by providing the necessary data in order that ITTO would contribute its share to the transparency and credibility of the global timber trade. He expressed concern about the increasingly critical financial situation of the Organization, particularly the near-depletion of the Bali Partnership Fund. He noted that the Bali Partnership Fund had been used to finance some of the crucial activities of the ITTO, such as the implementation of most Council decisions, the Tropical Forest Update, the Market News Service and the Expert Panel on Project Appraisal. He cautioned that if there was no replenishment of the Bali Partnership Fund in the next two Council Sessions, ITTO would lose its major communication and outreach tools.
359. Dr. Blaser expressed his gratitude to the Producer and Consumer Spokespersons and thanked the Chairs and Vice-Chairs of the various Committees, the Executive Director and staff of the Secretariat. Dr. Blaser thanked the Vice-Chairperson, Dr. Freezailah, for his advice, support and wise guidance. He thanked the Government of Japan and the City of Yokohama for the generous hospitality.
360. The Chairperson officially closed the Thirty-third Session of the ITTC.

ANNEX I

LIST OF PARTICIPANTS

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THIRTY-THIRD SESSION
4 – 9 November 2002
Yokohama, Japan

LIST OF PARTICIPANTS

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LISTE DES PARTICIPANTS

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ANNEX II

AGENDA

DOCUMENT: ITTC(XXXIII)/1

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ITTC(XXXIII)/1
26 August 2002

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THIRTY-THIRD SESSION
4 – 9 November 2002
Yokohama, Japan

AGENDA

1. Opening of the Session
2. Ascertainment of the Quorum
3. Adoption of Agenda and Organization of Work
4. Report on Membership of the Council
5. Report of the Credentials Committee
6. Distribution of Votes
7. Admission of Observers
8. Statement by the Executive Director
9. Report of the Informal Advisory Group (IAG) – Decision 5(XXVI)
10. Civil Society Advisory Group (CSAG) Panel Discussion – Decision 2(XXXII)
11. Annual Review and Assessment of the International Timber Situation
12. CITES Listing Proposals by Members – Decision 3(XVI)
13. Report of the Working Group on the Organization of Work Under the ITTA, 1994 – Decision 8(XXXII)
14. Matters Relating to Article 46 of the ITTA, 1994
15. Forest Law Enforcement in the context of Sustainable Timber Production and Trade – Decision 6(XXXI)
16. The Potential Role of Phased Approaches to Certification in Tropical Timber Producer Countries as a Tool to Promote Sustainable Forest Management – Decision 11(XXXII)
17. The Role of ITTO in International and Regional Organizations and Fora – Decision 7(XXX)
18. Establishment of Database of Statistics on Trade in Bamboo and Rattan – Decision 8(XXXI)
19. Promotion of Forest Law Enforcement in Africa – Decision 9(XXXII)
20. Promotion of Sustainable Forest Management in the Congo Basin – Decision 10(XXXII)
21. ITTO Annual Work Programme – Decisions 7(XXVII) and 3(XXXI)
 - (a) Progress Report on the Implementation of Work Programme for the Year 2002

- (b) Draft Work Programme for the Year 2003
- 22. ITTO Objective 2000 – Decisions 2(XXIX) and 9(XXX)
 - (a) Report on Assistance Provided to Producer Countries to Identify Factors Limiting Progress Towards Achieving Objective 2000.
 - (b) Reports by Members on Progress Towards Achieving ITTO Objective 2000
- 23. Special Account and Bali Partnership Fund
 - (a) Pledges to the Special Account and the Bali Partnership Fund
 - (b) Review of the Resources in the Bali Partnership Fund
 - (c) Report of the Panel on Sub-Account B of the Bali Partnership Fund
- 24. ITTO Fellowship Programme – Decision 4(XXVII)
 - (a) Progress Report on the ITTO Fellowship Programme
 - (b) Report by the Chairperson of the Fellowship Selection Panel
- 25. Reports of the Associated Sessions of the Committees
- 26. Election of Chairperson and Vice-Chairperson of the Council for 2003
- 27. Dates and Venues of the Thirty-fourth, Thirty-fifth and Thirty-sixth Sessions of the Council and the Associated Sessions of the Committees
- 28. Other Business
- 29. Decisions and Report of the Session
- 30. Closing of the Session

ANNOTATIONS TO THE AGENDA

Item 1 - Opening of the Session

The Thirty-third Session will be opened by the Chairperson of the Council, Dr Jürgen Blaser (Switzerland)

Item 2 - Ascertainment of the Quorum

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

Item 3 - Adoption of Agenda and Organization of Work

[Document ITTC(XXXIII)/1]

The Council may decide to consider and adopt its Agenda. On the schedule of meetings, the Council may consider the draft schedule distributed under Decision 5(XXII), the advice of the Informal Advisory Group (IAG) and undertake due consultations in the Chairperson's Coordinating Bureau, issuing the timetable daily and at more frequent intervals as necessary. Registration shall be during 14:30-17:00 hours on Sunday, 3 November 2002, at the ITTO Headquarters, and during 09:00-12:00 and 14:30-17:30 hours on Monday, 4 and Tuesday, 5 November 2002, in front of the Plenary Hall. The first Council meeting of the Session will convene at 10:00 hours on Monday, 4 November 2002. Please refer to the General Information Notes [Document ITTC(XXXIII)/Info.1] for details.

Item 4 - Report on Membership of the Council

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

Item 5 - Report of the Credentials Committee

[Document ITTC(XXXIII)/3]

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

Item 6 - Distribution of Votes

[Document ITTC(XXXIII)/1 Annex]

The distribution of votes for the year 2002 which was adopted by the Council, in accordance with Article 10(6) of the ITTA, 1994, at its Thirty-second Session, is shown in the Annex to these Annotations. In accordance with Article 19(4) of the ITTA, 1994, the approved distribution of votes will be used for the assessment of the contribution of each Member to the Administrative Budget for 2003.

Item 7 - Admission of Observers

[Document ITTC(XXXIII)/Info 3.]

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

Item 8 - Statement by the Executive Director

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

Item 9 - Informal Advisory Group (IAG) – Decision 5(XXVI)
 [Document ITTC(XXXIII)/2]

Pursuant to Decision 5(XXVI), and in order to organize its work for the Session, the Council may consider the report of the Eleventh Meeting of the Informal Advisory Group (IAG), to be convened on Sunday, 3 November 2002. The report will be presented by the Chairperson, Dr. Jürgen Blaser.

Item 10 - Civil Society Advisory Group (CSAG) Panel Discussion – Decision 2(XXXII)

Pursuant to ITTC Decision 2(XXXII), the Civil Society Advisory Group (CSAG) will organize a panel discussion relevant to the ITTO Yokohama Action Plan. The panel discussion theme is “Succeeding in the Certified Forest Products Marketplace”.

Item 11 - Annual Review and Assessment of the International Timber Situation
 [Document ITTC(XXXIII)/4]

The Council may wish to base its discussion on this item on the following:

(i) Elements for the 2002 Annual Review and Assessment of the International Timber Situation

This is prepared by the Secretariat and comprises statistics and available data on production, imports and exports of timber products, emphasizing tropical timber products, and an analysis of economic and market developments. The Elements for the 2002 Annual Review will be partly based on information extracted from national responses to the ITTO/UNECE/ FAO/EUROSTAT Joint Forest Sector Questionnaire and partly on other sources.

(ii) A General Introductory Statement by the Secretariat

Using various sources of information including the Elements for the 2002 Annual Review, the Statement will give an overview of the world timber situation, focusing on tropical timber, including recent developments and the short-term outlook based on available forecasts.

The Council may also decide after due discussions the type of statistics and information and the format of presentation Members shall furnish on timber, its trade and the activities aimed at achieving sustainable management of timber producing forests as stipulated in Article 29(2) of ITTA, 1994.

Item 12 - CITES Listing Proposals by Members – Decision 3(XVI)

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

Item 13 - Report of the Working Group on the Organization of Work Under ITTA, 1994 – Decision 8(XXXII)
 [Document ITTC(XXXIII)/5]

Pursuant to its Decision 8(XXXII) the Council will receive the report of the Working Group established to identify and discuss measures to improve the efficiency and effectiveness of the organization of work, including frequency and duration of Sessions of the Council and Committees.

Item 14 - Matters Relating to Article 46 of the ITTA, 1994
 [Document ITTC(XXXIII)/6]

The Council may consider matters relating to Article 46 of the International Tropical Timber Agreement, 1994, concerning the duration, extension and termination of the Agreement. In May 2000, Council, through Decision 4(XXVIII), extended the ITTA, 1994, for a period of three years with effect from 1 January 2001 until 31 December 2003.

The Council may also consider the report of the consultants appointed under Decision 4(XXXII) to identify new and evolving issues of relevance to the ITTC and with an impact on trade in tropical timber from sustainable sources, as it prepares for its consideration of the future of the ITTA, 1994.

Item 15 - Forest Law Enforcement in the context of Sustainable Timber Production and Trade – Decision 6(XXXI)
[Documents ITTC(XXXIII)/7 & ITTC(XXXIII)/8]

Pursuant to Decision 6(XXXI), the Council may wish to consider:

- (i) The progress in the implementation of the Case Study on Assessing Export and Import Data on Tropical Timber and Tropical Timber Products [Document ITTC(XXXIII)/7].
- (ii) The report on the compilation and analysis of information on relevant issues affecting market access for tropical timber [Document ITTC(XXXIII)/8] ; and
- (iii) The progress in the implementation of case studies to assist producer countries in devising ways to enhance forest law enforcement.

Item 16 - The Potential Role of Phased Approaches to Certification in Tropical Timber Producer Countries as a Tool to Promote Sustainable Forest Management – Decision11(XXXII)
[Document ITTC(XXXIII)/9]

The Council may wish to consider the preliminary report on a study on the potential of phased approaches to certification as a tool to promote sustainable forest management.

Item 17 - The Role of ITTO in International and Regional Organizations and Fora – Decision 7(XXX)
[Document ITTC(XXXIII)/10]

The Council may wish to consider Document ITTC(XXXIII)/10 prepared by the Secretariat to facilitate the review of Annexes A and B of Decision 7(XXX) on the role of ITTO in International and Regional Organizations and Fora.

Item 18 - Establishment of Database of Statistics on Trade in Bamboo and Rattan – Decision 8(XXXI)
[Document ITTC(XXXIII)/11]

The Council may wish to consider the report of the consultant engaged under Decision 8(XXXI) to work with INBAR in order to harmonize the collection of statistics on bamboo and rattan with those of ITTO for tropical timber.

Item 19 - Promotion of Forest Law Enforcement in Africa – Decision 9(XXXII)
[Document ITTC(XXXIII)/12]

The Council may consider the Work Programme developed to implement a Data Collection Initiative on the Forests of the Republic of Congo, the Central African Republic and the Democratic Republic of the Congo.

Item 20 - Promotion of Sustainable Forest Management in the Congo Basin – Decision10(XXXII)
[Documents ITTC(XXXIII)/13 & ITTC(XXXIII)/14]

The Council may wish to consider the report on the facilitation of ITTO's participation in the WSSD Type II partnership/initiative on the Congo Basin [Document ITTC(XXXIII)/13]. The Council may also wish to consider the terms of reference and budget to implement the review and assessment of experiences in forest management partnerships in the African Region, as part of its agreed contribution to the development of a regional strategy aimed at improving the management of forest concessions [Document ITTC(XXXIII)/14].

Item 21 - ITTO Annual Work Programme – Decisions 7(XXVII) & 3(XXXI)
[Documents ITTC(XXXIII)/15 & ITTC(XXXIII)/16]

The Council may consider: (a) the Report on the Implementation of the Work Programme for 2002 [Document ITTC(XXXIII)/15]; and (b) the Draft Work Programme for 2003 [Document ITTC(XXXIII)/16].

Item 22 - ITTO Objective 2000 - Decisions 2(XXIX) & 9(XXX)
[Documents ITTC(XXXIII)/17 & ITTC(XXXIII)/18]

Pursuant to its Decision 2(XXIX), which requested the Executive Director to render assistance to producer countries, on request, to identify, in each country, those factors which most severely limit progress towards achieving Objective 2000 and sustainable forest management and to formulate an action plan to overcome these, the Council may receive the report on the assistance provided to Brazil and the Central African Republic [Documents ITTC(XXXIII)/17 & ITTC(XXXIII)/18].

The Council may also receive Members' reports on progress towards achievement of ITTO Objective 2000. Pursuant to Decision 9(XXX) Members' reports are to be based on the reporting format adopted at the Thirtieth Session of the Council.

Item 23 - Special Account and Bali Partnership Fund
[Document ITTC(XXXIII)/19]

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

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

- (b) Review of the resources in the Bali Partnership Fund (Information on the resources of the Bali Partnership Fund are contained in Document CFA(XII)/5).

The Council may wish to conduct a review of the adequacy of the resources in the Bali Partnership Fund to meet the needs of Producing Members to achieve the purpose of the Fund, as called for in the ITTA, 1994, Article 21.

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

The Council will have before it the report of the Panel on Sub-Account B of the Bali Partnership Fund established under Decision 4(XXX) to consider actions/activities, pre-projects and projects that are eligible for funding under Sub-Account B of the Bali Partnership Fund. The Council may consider and adopt the recommendations contained in the report [Document ITTC(XXXIII)/19].

Item 24 - ITTO Fellowship Programme – Decision 4(XXVII)
[Documents ITTC(XXXIII)/20 & ITTC(XXXIII)/21]

The Council may consider: (a) the progress report prepared by the Secretariat on implementation of the ITTO Fellowship Programme, as called for in Decision 4(XXVII) [Document ITTC(XXXIII)/20] and (b) the report of the Fellowship Selection Panel presented by its Chairperson [Document ITTC(XXXIII)/21]. The Council will announce the final selection of awards based on the Chairperson's report.

Item 25 - Reports of the Associated Sessions of the Committees

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

Item 26 - Election of Chairperson and Vice-Chairperson of the Council for 2003

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2003. Under Article 8 of the ITTA, 1994, the Council is required to elect a Chairperson and Vice-Chairperson for each calendar year. Under Article 8, paragraph 2, the Chairperson and the Vice-Chairperson, one from among the representatives of producing countries, and the other from among the

representatives of the consuming countries, are required to alternate each year between the two categories of Members, provided, however, that this shall not prohibit the re-election to either or both under exceptional circumstances by Special Vote of the Council.

Item 27 - Dates and Venues of the Thirty-fourth, Thirty-fifth and Thirty-sixth Sessions of the Council and Associated Sessions of the Committees

The Council has already approved the dates and venues of the Thirty-fourth and Thirty-fifth Sessions to be held in Panama City, Panama, from 12 to 17 May 2003 and Yokohama, Japan, from 3 to 8 November 2003, respectively. The Council may wish to confirm the proposed dates and venues of these two Sessions.

In order to maintain the established practice of setting Session dates and venue eighteen months in advance to facilitate logistical arrangements, the Council may also wish to set the dates and venue of the Thirty-sixth Session in 2004. The Council may note the intention expressed by the Republic of Congo to host the Thirty-sixth Session.

Item 28 - Other Business

The Council may consider any matters raised under this item.

Item 29 - Decisions and Report of the Session

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

Item 30 - Closing of the Session

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

Annex

DISTRIBUTION OF VOTES FOR 2002

	<u>No. of Votes</u>	
	2001	2002
<u>PRODUCERS</u>		
Africa		
Cameroon	26	26
Central African Republic	26	26
Congo	26	26
Côte d'Ivoire	26	26
Democratic Republic of the Congo	26	26
Gabon	26	26
Ghana	26	26
Liberia	26	26
Togo	26	26
Asia & Pacific		
Cambodia	18	17
Fiji	14	14
India	25	22
Indonesia	144	147
Malaysia	118	109
Myanmar	27	28
Papua New Guinea	30	29
Philippines	15	15
Thailand	16	16
Vanuatu	14	14
Latin America/Caribbean		
Bolivia	25	24
Brazil	156	163
Colombia	24	23
Ecuador	16	15
Guatemala	12	12
Guyana	18	17
Honduras	13	12
Panama	13	12
Peru	30	28
Suriname	16	15
Trinidad and Tobago	12	11
Venezuela	22	23
Total:	1,000	1,000

	<u>No. of Votes</u>	
	2001	2002
<u>CONSUMERS</u>		
Australia	15	14
Canada	14	14
China	176	200
Egypt	15	16
European Community		
Austria	11	11
Belgium/Luxembourg	23	20
Denmark	14	13
Finland	10	10
France	31	33
Germany	28	25
Greece	11	11
Ireland	13	14
Italy	35	32
Netherlands	28	30
Portugal	19	20
Spain	27	32
Sweden	11	11
United Kingdom	39	43
Japan	287	262
Nepal	10	10
New Zealand	10	10
Norway	11	10
Republic of Korea	69	64
Switzerland	10	11
United States of America	83	84
Total:	<u>1,000</u>	<u>1,000</u>

* * *

ANNEX III

TEXT OF THE MAIN DECISIONS

ADOPTED BY THE COUNCIL AT ITS THIRTIY-THIRD SESSION

Documents:	DECISION 1(XXXIII)	ITTC(XXXIII)/22
	DECISION 2(XXXIII)	ITTC(XXXIII)/23
	DECISION 3(XXXIII)	ITTC(XXXIII)/24
	DECISION 4(XXXIII)	ITTC(XXXIII)/25
	DECISION 5(XXXIII)	ITTC(XXXIII)/26
	DECISION 6(XXXIII)	ITTC(XXXIII)/27
	DECISION 7(XXXIII)	ITTC(XXXIII)/28
	DECISION 8(XXXIII)	ITTC(XXXII)/29
	DECISION 9(XXXIII)	ITTC(XXXIII)/30
	RESOLUTION 1(XXXIII)	ITTC(XXXIII)/31

Distr.
GENERALITTC(XXXIII)/22
9 November 2002

Original: ENGLISH

THIRTY-THIRD SESSION
4 – 9 November 2002
Yokohama, Japan**DECISION 1(XXXIII)****PROJECTS, PRE-PROJECTS AND ACTIVITIES**

The International Tropical Timber Council,

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

1. Decides:

(i) to approve the following Projects:

PD 80/01 Rev.6 (M)	Consolidating Sustainable Forest Management Certification in Indonesia (Indonesia) \$368,799.00
PD 168/02 Rev.1 (M)	Establishing of a National System of Collection, Entry, Processing and Dissemination of Forestry and Timber Statistics in Togo (Togo) \$243,594.00
PD 179/02 (M)	A Strategic Plan to Develop Decision Support Tools to Support the Forest Industry Organization of Thailand (FIO) (Thailand) \$95,082.00
PD 23/00 Rev.4 (F)	Promotion and Transfer of Knowledge on Sustainable Forest Management Models to Timber Producers (Peru) \$420,212.00
PD 98/01 Rev.3 (F)	The Ngao Model Forest – A Partnership in Support of Sustainable Forest Management in Thailand (Thailand) \$626,230.00
PD 138/02 Rev.2 (F)	Integrated Evaluation and Strategy for the Sustainable Management of Secondary Forests in the Central Forest Region of Peru (Peru) \$466,400.00
PD 176/02 Rev.1 (F)	Use of Remote Sensing Technology and Information Systems to Support Forestry Legislation Monitoring in the Republic of Congo (Republic of Congo) \$577,676.00

PD 178/02 Rev.1 (F)	Information and Training Programme for Sustainable Forest Management in the Peruvian Amazon Region (Peru) \$185,097.00
PD 100/01 Rev.3 (I)	Capacity Building for the Development of a Sustainable Rattan Sector in China Based on Plantation Sources (China) \$504,369.00
PD 103/01 Rev.3 (I)	Demonstration of Rubberwood Processing Technology and Promotion of Sustainable Development of Chinese Rubberwood Industry (China) \$282,437.00
PD 110/01 Rev.4 (I)	Programme to Facilitate and Promote Adoption of Reduced Impact Logging (RIL) in Indonesia and the Asia Pacific Region (Indonesia) \$611,863.00
PD 174/02 Rev.1 (I)	International Workshop on Clean Development Mechanism - Opportunities for the Forest Industry Sector in the Asia-Pacific Region (Republic of Korea) \$122,960.00

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

PD 80/01 Rev.6 (M)	\$368,799.00
PD 168/02 Rev.1 (M)	\$243,594.00
PD 23/00 Rev.4 (F)	\$420,212.00
PD 138/02 Rev.2 (F)	\$466,400.00
PD 176/02 Rev.1 (F)	\$577,676.00
PD 178/02 Rev.1 (F)	\$185,097.00
PD 100/01 Rev.3 (I)	\$504,369.00
PD 110/01 Rev.4 (I)	\$611,863.00
PD 174/02 Rev.1 (I)	\$122,960.00

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

PD 39/98 Rev.2 (M) - Additional Funds	\$78,000.00
PD 16/93 Rev.4 (M) Phase IV - Year 2003	\$10,000.00
PD 13/99 Rev.2 (M,F,I) Phase II - Year 2003	\$216,017.00

- (iv) to authorize financing the remaining funds for the continued implementation of the following Projects from resources of the Sub-Account B of the Bali Partnership Fund:

PD 16/93 Rev.4 (M) Phase IV - Year 2003	\$290,000.00
PD 13/99 Rev.2 (M,F,I) Phase II - Year 2003	\$315,895.00

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

- (vi) 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 179/02 (M)	\$95,082.00
PD 98/01 Rev.3 (F)	\$626,230.00
PD 103/01 Rev.3 (I)	\$282,437.00

2. Decides:

(i) to approve the following Pre-Projects:

PPD 45/02 Rev.2 (M)	Technical Assistance for the Formulation of a Project Proposal Aimed at Capacity Strengthening for the Sustainable Management in Natural and Planted Forests in Panamá (Panamá) \$35,934.00
PPD 61/02 Rev.1 (M)	Review of the Present Situation and Development of a Strategy and Project for Enhancing the National Forestry Statistics Management System (Côte d'Ivoire) \$62,555.00
PPD 62/02 Rev.1 (M)	Establishing a Forest Statistics Management System in the Democratic Republic of the Congo (Democratic Republic of the Congo) \$76,373.00
PPD 28/01 Rev.2 (F)	Formulating a Proposal on Demonstration of Integrated Models for Sustainable Tropical Forestry Development (China) \$54,166.00
PPD 56/02 Rev.1 (F)	Strengthening Central and Sub-National Institutions to Enhance Plantation Forest Development in Jambi and South Kalimantan (Indonesia) \$44,414.00
PPD 60/02 Rev.1 (F)	Development of a Strategy and Planning of Measures for the Management of the Assoukoko Natural Reserved Forest and Adele Community Forests with a view to their Sustainable Management by Local Communities in accordance with ITTO Criteria & Indicators (Togo) \$50,286.00
PPD 51/02 Rev.1 (I)	Application of Production and Utilization Technologies for Rattan Sustainable Development in the ASEAN Member Countries (Philippines) \$102,464.00
PPD 52/02 Rev.1 (I)	Development of Small-Medium Solar Timber Dryer for Social and Productivity Improvement of Thai Villagers (Thailand) \$90,768.00
PPD 53/02 Rev.1 (I)	Development of Energy Alternatives for the Efficient Utilization of Wood Processing Residue: Co-generation and Briquette Production (Ghana) \$78,208.00
PPD 55/02 Rev.2 (I)	Assessing the Contribution of Selected Non-Timber Forest Product Based on Community Participation Approach to Support Sustainable Forest Management (Indonesia) \$49,036.00

PPD 57/02 Rev.1 (I)	Improvement of Processing Efficiency of Tropical Timber from Sustainable Sources in Indonesia (Indonesia) \$53,636.00
PPD 58/02 Rev.2 (I)	Improving the Utilization Efficiency in Wood Industries in the South Pacific Region (Papua New Guinea and Vanuatu) \$150,443.00
PPD 63/02 (I)	Investment Promotion and Enterprise Development of the Timber in Ghana (Ghana) \$53,000.00
PPD 66/02 (I)	Develop, Publish and Disseminate Information on Increasing Timber Processing and Utilization Efficiency and Reducing Waste (ITTO Yokohama Action Plan, Section 3.3, Goal 2, Actions 1 & 4) \$148,740.00

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

PPD 28/01 Rev.2 (F)	\$54,166.00
PPD 56/02 Rev.1 (F)	\$44,414.00
PPD 60/02 Rev.1 (F)	\$50,286.00
PPD 51/02 Rev.1 (I)	\$102,464.00
PPD 53/02 Rev.1 (I)	\$78,208.00
PPD 55/02 Rev.2 (I)	\$49,036.00
PPD 57/02 Rev.1 (I)	\$53,636.00
PPD 58/02 Rev.2 (I)	\$150,443.00
PPD 63/02 (I)	\$53,000.00
PPD 66/02 (I)	\$148,740.00

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

PP-A/30-102: The Role of ITTO in International and Regional Organizations and Fora [Decision 7(XXX)] – Additional Funds	\$26,500.00
PP-A/30-103: Cooperation between the International Tropical Timber Organization (ITTO) and the World Conservation Union (IUCN) [Decision 8(XXX)] – Additional Funds	\$8,000.00
PP-A/32-122: Promotion of Sustainable Forest Management in the Congo Basin [Decision 10(XXXII)] – Additional Funds	\$50,000.00

- (iv) to authorize financing the remaining additional funds for the continued implementation of the following Activity from resources of the Sub-Account B of the Bali Partnership Fund:

PP-A/32-122: Promotion of Sustainable Forest Management in the Congo Basin [Decision 10(XXXII)] – Additional Funds	\$96,831.00
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- (v) to authorize financing for immediate implementation as soon as earmarked funds are available in the Special Account, of the following Pre-Projects approved at this Session:

PPD 45/02 Rev.2 (M)	\$35,934.00
PPD 61/02 Rev.1 (M)	\$62,555.00
PPD 62/02 Rev.1 (M)	\$76,373.00
PPD 52/02 Rev.1 (I)	\$90,768.00

3. Decides:

- (i) to authorize the amendment in the budget and release of additional funds for the continued implementation of the following Project which was approved at an earlier Session:

PD 34/99 Rev.2 (I) – Additional Funds	\$38,348.00
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- (ii) to authorize the amendment in the budget and the implementation as soon as earmarked funds are available in the Special Account, of the following Project which was approved at an earlier Session:

PD 13/00 Rev.5 (F)	\$359,889.00
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- (iii) to authorize the release of additional funds as soon as earmarked funds are available in the Special Account, of the following Pre-Project which was approved at an earlier Session:

PPD 8/93 (F) – Additional Funds	\$150,000.00
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4. Decides to authorize financing for immediate implementation of the following Activities from resources obtained through voluntary contributions:

Public Relations, Education and Outreach Decision 4(XXXIII)	\$280,000.00
Civil Society/Private Sector Partnerships for Sustainable Forest Management Decision 5(XXXIII)	\$200,000.00
Prevention and Management of Forest Fire Decision 6(XXXIII)	\$277,500.00
Preparations for Negotiating a Successor Agreement to the ITTA, 1994 (a) Working Group to Assist PrepCom; (b) Producers' Coordinating Meeting and PrepCom I Decision 8(XXXIII)	\$180,000.00

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

Expert Panel for Technical Appraisal of Project Proposals, Twenty-fifth Meeting (27 - 31 January 2003)	\$93,500.00
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6. Urges Members to consider financing those approved Projects, Pre-Projects and Activities for which funds are not immediately available,

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

8. Further appeals to Members to also make voluntary contributions to the Bali Partnership Fund, particularly to the Sub-Account B of this Fund to finance Projects, Pre-Projects and Activities to assist Members in achieving the Year 2000 Objective of ITTO,
9. Requests the Executive Director to continue consultations with potential donors and the Common Fund for Commodities in order to secure financing for those Projects, Pre-Projects and Activities for which funds are not immediately available.

* * *

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ITTC(XXXIII)/23
9 November 2002

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THIRTY-THIRD SESSION
4 – 9 November 2002
Yokohama, Japan

DECISION 2(XXXIII)

MANAGEMENT OF THE ADMINISTRATIVE BUDGET FOR 2002

The International Tropical Timber Council,

Appreciating the continuing efforts made by the Executive Director and his staff in exercising cost savings in the expenditures from the Administrative Budget for the year 2002;

Noting with concern the insufficient receipts of contributions to-date from Members to the Administrative Budget for 2002;

Recognizing that the possible receipts of contributions from Members to the Administrative Budget for the remainder of 2002 might fall short of the estimated total expenditures;

Noting further that the balance of the Working Capital Account at present stands at US\$3,581,082.86;

Decides to:

1. Authorize the Executive Director to transfer, if necessary, an amount not exceeding US\$300,000.00 from the Working Capital Account to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization for the year 2002;
2. Request Members to pay as early as possible and in full their contributions to the Administrative Budget for 2002, as well as all arrears in contributions from previous years, to prevent further erosion of the Organization's savings through the utilization of the Working Capital Account to meet shortfalls in contributions; and
3. Urge the Secretariat to continue to look for and undertake as appropriate cost saving measures to reduce further the expenditures to the Administrative Budget for 2002.

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ITTC(XXXIII)/24
9 November 2002

Original: ENGLISH

THIRTY-THIRD SESSION
4 – 9 November 2002
Yokohama, Japan

DECISION 3(XXXIII)

ITTO WORK PROGRAMME FOR THE YEAR 2003

The International Tropical Timber Council,

Recalling Decision 2(XXXI) on the adoption of the ITTO Yokohama Action Plan 2002-2006;

Appreciating the work of the Secretariat in its proposal to the Council on the Work Programme for the Year 2003;

Decides to:

1. Endorse the Work Programme for the year 2003 as contained in the Annex to this Decision and modified by the Executive Director to incorporate consequential changes reflecting the Decisions by Council at its Thirty-third Session; and
2. Request the Executive Director to report to the Council at its Thirty-fourth and Thirty-fifth Sessions on the progress in implementing the Work Programme.

ANNEX

ITTO WORK PROGRAMME FOR THE YEAR 2003

INTERNATIONAL TROPICAL TIMBER COUNCIL (ITTC)

ADMINISTRATIVE ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Hold two regular sessions (the Thirty-fourth in Panama City, Panama, from 12 to 17 May 2003, and the Thirty-fifth in Yokohama, Japan from 3 to 8 November 2003) [ITTA, 1994, Article 9].	Routine. Regular Sessions' work.
(ii) Consider and approve the Organization's administrative budget for the Year 2004, and assess the contribution of each Member [ITTA, 1994, Article 19 (3)].	Routine. Regular Sessions' work.
(iii) Consider the results of the work of the CFA on Members' arrears in contribution to the Administrative Account and, if appropriate, take follow-up action.	Routine. Regular Sessions' work.
(iv) Consider the Draft Work Programme for the Year 2004 [Decision 7(XXVII)].	Routine. Regular Sessions' work.
(v) Consider the progress of implementation of the ITTO Work Programme for the Year 2003.	Routine. Regular Sessions' work.

Project Activities

Activity	Implementation Approach and Cost Implications
(i) Decide on eligibility of approved actions, projects and pre-projects for funding out of sub-accounts A and B of the Bali Partnership Fund [ITTA, 1994, Article 21, ITTC Decisions 6(XXVI) and 9(XXVII)].	Routine. Regular Sessions' work. The Panel established under ITTC Decision 4(XXX) advises the Council on eligibility of actions, pre-projects and projects for funding out of Sub-account B.
(ii) Decide on project work, including financing, taking into account the recommendations made by the Committees on project proposals and on-going and completed approved projects [ITTA, 1994, Articles 20, 21 and 25].	Routine. Regular Sessions' work.
(iii) Make allocations from unearmarked funds available in the Bali Partnership Fund and/or Special Account to fund implementation of eligible approved actions, projects and pre-projects [ITTC 9(XXVII)].	Routine. Regular Sessions' work. The Panel established under ITTC Decision 4(XXX) advises Council on Sub-account B funding.

Strategic Policy Activities

Activity	Implementation Approach and Cost Implications
(i) Decide on format presentation and type of information Members shall furnish on timber, its trade and the activities aimed at achieving sustainable management of timber producing forests [ITTA, 1994, Article 29 (a)].	Regular Sessions' work.
(ii) Promote the exchange of views among Member countries regarding: <ul style="list-style-type: none"><li data-bbox="272 584 911 674">➤ The status of sustainable management of timber producing forests and related matters in Member countries;<li data-bbox="272 689 911 779">➤ Resource flows and requirements in relation to objectives, criteria and guidelines set by the Organization. [ITTA, 1994, Article 30 (4)]	Routine. Regular Sessions' work.
(iii) Continue to monitor developments related to the prevention and management of forest fire [ITTC Decision 8(XXIV)] and decide on follow-up actions as appropriate [ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 7].	Regular Sessions' work. Eventual decision on follow-up actions may have additional cost implications.
(iv) Consider results of national training workshops on the "Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests" [ITTC Decision 9(XXX), ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 1] .	Regular Sessions' work.
(v) Consider the results of assistance to producer countries for establishing credible forest auditing systems [ITTC Decision 4(XXXI), ITTO Yokohama Action Plan, Section 3.2, Goal 1, Action 1 and Goal 2, Action 4].	Regular Sessions' work.
(vi) Review progress in the work to promote understanding and use of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Forests [ITTC Decision 3(XXXII), ITTO Yokohama Action Plan, Section 3.2, Goal 1, Action 4 and Goal 2, Action 3].	Regular Sessions' work. Council decided to undertake the review at its Thirty-fifth Session.
(vii) Continue to review the progress made by: <ul style="list-style-type: none"><li data-bbox="272 1668 911 1736">➤ Member countries towards achieving the Year 2000 Objective; and<li data-bbox="272 1751 911 1818">➤ The ITTO in enhancing the capacity of Member countries to implement a strategy for achieving the Year 2000 Objective. [ITTC Decisions 10(XXVI) and 9(XXX)]	Regular Sessions' work.
(viii) Undertake the annual review and assessment of the international timber situation [ITTA, 1994, Article 30(a), ITTO Yokohama Action Plan, Section 3.1, Action 1].	Routine. Regular Sessions' work.
(ix) Review the adequacy of the resources available in	Routine. Regular Sessions' work.

Activity	Implementation Approach and Cost Implications
the Bali Partnership Fund and endeavour to obtain additional resources needed by producing Members to achieve the purpose of the Fund [ITTA, 1994, Article 21(5)].	
(x) Arrange consultations on members' proposals to list internationally traded tropical timber species in the CITES Appendices that have been reported to the Secretariat since the last Session [Decision 3(XVI)].	Routine. Regular Sessions' work.
(xi) Consider the reports of the Informal Advisory Group (IAG), in order to organize Sessions work [ITTC Decisions 3(XXII) and 5(XXVI)].	Routine. Regular Sessions' work.
(xii) Consider the progress reports on the implementation of the ITTO fellowship programme [ITTC Decision 4(XXVII)].	Routine. Regular Sessions' work.
(xiii) Consider recommendations proposed in the reports of the Fellowship Selection Panel [ITTC Decision 4(XXVII)].	Routine. Regular Sessions' work.
(xiv) Review of Progress in the implementation of the ITTO Yokohama Action Plan.	Regular Session's work.
(xv) Consider the results of cooperation with FAO on the organization of an international conference on criteria and indicators for sustainable forest management [ITTC Decision 5(XXX)].	Regular Session's work.
(xvi) Review progress in the ITTO cooperation with IUCN [ITTC Decision 8(XXX)].	Regular Session's work.
(xvii) Consider the results of technical diagnostic and planning missions authorized under Decision 2(XXIX) [ITTC Decision 2(XXIX), ITTO Yokohama Action Plan, Section 2, Action a].	Regular Session's work.
(xviii) Review progress in the implementation of the WSSD Type II Initiative on the Congo Basin, including ITTO's initial contributions: <ul style="list-style-type: none"> <li data-bbox="272 1559 911 1648">➤ Workshop for the development of an applied research programme on sustainable forest management. <li data-bbox="272 1666 911 1724">➤ Review and assessment of experiences in forest management partnerships. <li data-bbox="272 1742 911 1800">➤ Training workshops for trainers in forest management. [ITTC Decision 10(XXXII)]	Regular Session's work.
(xix) Review results of the African Forest Law Enforcement Conference and consider further actions ITTO could take within its mandate [ITTC Decision 9(XXXII)].	Regular Session's work.
(xx) Consider advice from the Trade Advisory Group	Regular Session's work.

Activity	Implementation Approach and Cost Implications
(TAG) and from the Civil Society Advisory Group (CSAG) [ITTC Decisions 9(XXVIII) and 2(XXXII) and Yokohama Action Plan, Section 2, Action h].	
(xxi) Consider the report of the study approved to assist Council in the preparations for the renegotiation of the ITTA, 1994 [ITTC Decision 4(XXXII)].	Regular Session's work.
(xxii) Consider the results of the study on timber export and import data and of other forest law enforcement-related case studies [ITTC Decision 6(XXXI), ITTO Yokohama Action Plan, Section 3.1, Goal 2, Action 7].	Regular Session's work.
(xxiii) Consider the results of six regional workshops on the promotion of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Forests [ITTC Decision 3(XXXII), ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 3]	Regular Session's work.
(xxiv) Consider the report of the Working Group on the Organization of Work under the ITTA, 1994 [ITTC Decision 8(XXXII)].	Regular Session's work.

ALL THREE TECHNICAL COMMITTEES

PROJECT ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) With the assistance of the Expert Panel for Technical Appraisal of Project Proposals, appraise relevant committee project and pre-project proposals submitted by Member countries [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.
(ii) With assistance of the ITTO Secretariat and independent consultants (as necessary), ensure effective monitoring and evaluation of approved projects in the relevant Committees [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.
(iii) Review the results of project work in the relevant committees and make recommendations to Council on ITTO's Work Programme for the Year 2004 [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.
(iv) Select projects for ex-post evaluation following procedures outlined in ITTC Decision 3(XXVIII) [Yokohama Action Plan, Section 1.6 and ITTC Decision 3(XXVIII)].	Routine. Regular Sessions' work.

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|------|---|----------------------------------|
| (v) | Consider project ideas and provide guidance to Member countries for the formulation of relevant committee project proposals which meet the priorities set in the ITTO Yokohama Action Plan [Yokohama Action Plan, Section 1.6]. | Routine. Regular Sessions' work. |
| (vi) | Consider and, if appropriate, take action to disseminate information on projects findings and results [ITTA, 1994, Article 27(4), ITTO Yokohama Action Plan, section 2, actions d and e]. | Routine. Regular Sessions' work. |

STRATEGIC POLICY ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Review the results of policy work in the relevant Committees and make recommendations to Council on ITTO's Work Programme for the Year 2004 [ITTA, 1994, Article 27(4), ITTO Yokohama Action Plan, Section 1.6].	Routine. Regular Sessions' work.

COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

STRATEGIC POLICY ACTIVITIES

Activity	Implementation Approach and Cost Implications
(ii) Consider activities to promote awareness of progress made in implementing sustainable forest management and in the increased availability of tropical timber from sustainably managed sources [ITTO Yokohama Action Plan, Section 3.1, Goal 2, Action 3]	Regular Sessions' work.
(iii) Continue to examine the role of Life Cycle Analysis as a potential tool for assessing the competitiveness of tropical timber in the market place. [ITTO Yokohama Action Plan, Section, 3.1, Goal 2, Action 4]	The Committee will consider the results of regular Sessions' work of a pre-project study [PPD 48/02 (M) "Review of Information on Life Cycle Analysis of Tropical Timber Products"] to assist its examination of Life Cycle Analysis.
(iv) In cooperation with industry and trade associations, organize and hold the ITTO Annual Market Discussion 2003 on the World Tropical Timber Trade – during the Thirty-fourth Session of the ITTC, Panama City, Panama, 14-19 May 2003. [ITTO Yokohama Action Plan, Section 3.1, Goal 2, Action 4]	Regular Sessions' work. The theme for the Market Discussion will be finalised during the Thirty-first Session of the Committee (4-9 November 2002).
(v) Undertake regular studies on the medium and long term outlook for the tropical timber market [ITTO Yokohama Action Plan, Section 3.1, Action 5].	

COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

STRATEGIC POLICY ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Continue to monitor progress in the application of criteria and indicators for sustainable forest management [ITTC Decisions 5(XXX) and 9(XXX), ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 1].	Routine. Regular Session's work.
(ii) In cooperation with relevant organizations, monitor the political implications for the resource base of climate change and related policy developments, and the contribution of the resource base to the mitigation of the effects of climate change [ITTO Yokohama Action Plan, Section 3.2, Goal 1, Action 3].	The Committee will initiate monitoring work by considering presentations of experts from relevant organizations on priority issues and recent developments related to climate change.
(iii) Promote the conservation, rehabilitation and sustainable management of mangroves, in collaboration with relevant organizations [ITTO Yokohama Action Plan, Section 3.2, Goal 1, Action 4, ITTC Decision 4(XXXIII)].	ITTO will jointly sponsor with other organizations a regional workshop of experts on mangroves in February 2003, which is a country-led initiative within the framework of the UNFF to facilitate the transfer of environmentally sound technologies (TESTs).
(iv) Monitor and assess the environmental, social and economic costs and benefits of forest plantation development and utilize that information to promote new plantations [ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 5].	The Committee will discuss the terms of reference/ budget and propose a study for Council consideration to analyze the key factors for successful plantation development with the aim to encourage private sector investment in industrial forest plantations in the tropics.

COMMITTEE ON FOREST INDUSTRY

STRATEGIC POLICY ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Consider the benefits of funding downstream processing for high value, internationally competitive products [ITTO Yokohama Action Plan, Section 3.3, Goal 1, Action 1].	Council approved a pre-project study proposed by the Committee [PPD 35/01 (I)] to assist its consideration of downstream processing benefits. The Committee will consider the pre-project results.
(ii) Develop, publish and disseminate information on increasing timber processing and utilization efficiency and reducing waste [ITTO Yokohama Action Plan, Section 3.3, Goal 2, Action 1 and 4].	The Council, at its Thirty-third Session, approved a pre-project study proposed by the Committee [PPD 66/02 (I)] to implement this activity. The Committee will consider the pre-project results.

- (iii) Work directed at technical and environmental standards and international standard activities.

The Committee, at its Thirty-first Session, approved the Terms of Reference to support the proposed work related to technical and environmental standards. The Committee will identify priority specific activities from the Terms of Reference and develop detailed for their implementation for submission Terms of Reference and budget to Council's approval and funding.

COMMITTEE ON FINANCE AND ADMINISTRATION

ADMINISTRATIVE AND FINANCE ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Review the independent audited statement for the 2002 financial year [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(ii) Make recommendations to the Executive Director on the re-engagement of auditors for the purpose of auditing the accounts of the Organization for the 2003 financial year [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(iii) Examine and make recommendations to Council regarding the approval of the Organization's administrative budget proposals for the year 2004 [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(iv) Review the assets of the Organization to ensure prudent asset management and that the Organization has sufficient reserves to carry out its work. [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(v) Examine and make recommendations to the Council on the budgetary implications of the Organization's annual work programme, and the actions that might be taken to secure the resources needed to implement it [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.

SECRETARIAT

The Secretariat, through the Executive Director, is responsible for the day-to-day running and administration of the Organization and for preparation for meetings. The proposed work for the Secretariat in 2002 is as follows:

- (i) Preparation for Sessions of Council and Committees, including the drafting and arrangements for translation and distribution of necessary documents.
- (ii) Service Council and Committees during Sessions scheduled in 2003.
- (iii) Preparations for negotiating a Successor Agreement to the ITTA, 1994, including the organization of an inter-sessional Working Group and two PrepCom meetings [ITTC Decision 8(XXXIII)].
- (iv) Organize and provide assistance to two meetings of the Expert Panel for Technical Appraisal of Project Proposals in 2003.

- (v) Organize and assist the work of panels and working groups decided by Council on an *ad hoc* basis.
- (vi) Carry out statistical work and preparation of draft Annual Review and Assessment of the International Timber Situation and make proposals to Council for carrying out statistical training in Member Countries to improve the quality and timeliness of data provided by Members to ITTO.
- (vii) Carry out project monitoring and evaluation work needed to assist the ITTO Committees' task of ensuring appropriate monitoring/evaluation of ITTO financed pre-projects and projects (158 operational pre-projects and projects as of September 2002)
- (viii) Preparation of draft 2002 Annual Report of the Organization.
- (ix) Develop a Draft Annual Work Programme for the Year 2004.
- (x) Prepare a proposal for the administrative budget for the Year 2004.
- (xi) Take necessary actions for printing, translation and dissemination of ITTO publications.
- (xii) Implement (or arrange for implementation as appropriate), pre-projects, projects and activities placed under the Secretariat's responsibility by Council, including:
 - a. ITTO Fellowship Programme (Freezailah Fellowship Fund)
 - b. Project PD 73/89 (M,F,I)
Assistance for Project Identification and Formulation
 - c. Project PD 13/99 Rev.2 (M,F,I)
ITTO Information Network and Project Support
 - d. Project PD 16/93 Rev.4 (M) Phase IV
Market Information Service for Tropical Timber and Timber Products
 - e. Project PD 58/97 Rev.1 (I)
The Establishment of the Database of Tropical Industrial Lesser-Used Wood Species
 - f. Project PD 25/95 Rev.1 (M)
Training Workshops on Tropical Forestry and Timber Trade Statistics
 - g. Pre-Project PPD 8/93 (F)
Demonstration Areas for Sustainable Management of Production Forests
 - h. Pre-Project PPD 50/91 (I)
Provision of Assistance for Reassessment and Reformulation of Project Proposals PD 205/91 (I) "National Saw Maintenance Centre", and PD 209/91 (I) "Study of Zairian Timber with a View to Promoting Certain Species"
 - i. PP-A/23-63
Activity to Facilitate Development of a Joint ITTO/ECE-FAO/EUROSTAT Forest Statistics Questionnaire (ITTO)
 - j. Pre-Project PPD 14/00 (M)
Strengthening the Market Discussion
 - k. PPD 26/01 (M)
Assessing the Feasibility of and Support for a Tropical Timber Promotional Campaign
 - l. PPD 34/01 (M)
Study to Identify Measures to Bring Increased Transparency to Tropical Hardwood Plywood Trade and Analyse the Causes of Market Fluctuations and Price Instability
 - m. PPD 25/01 (I,M)
Review of International Wooden Furniture Markets
 - n. PPD 35/01 (I)
Assessment of the Multiple Benefits of Downstream Processing of Tropical Timber in Producer Countries

- o. PPD 48/02 (M)
Review of Information on Life Cycle Analysis of Tropical Timber Products
 - p. PPD 49/02 (M)
Review of the Indian Timber Market
 - q. PPD 66/02 (I)
Develop, Publish and Disseminate Information on Increasing Timber Processing and Utilization Efficiency and Reducing Waste [ITTO Yokohama Action Plan, Section 3.3, Goal 2, Actions 2 and 4]
- (xiii) Carrying out public relations, awareness and education activities in order to better inform people about the objectives and activities of the Organization, including through the restructuring of the ITTO website.
- (xiv) Encourage the participation of non-government stakeholders, including industry and trade associations, environmental organizations and indigenous groups, in the activities of the Organization, with a view to promoting transparency and dialogue.
- (xv) Provide assistance to individual producer countries, on request, in setting up ITTO Objective 2000 Boards [ITTC Decision 2(XXIX)].
- (xvi) Render assistance to producer countries, on request, to identify in each country those factors which most severely limit progress towards achieving Objective 2000 and sustainable forest management, and to formulate an action plan to overcome these constraints [ITTC Decision 2(XXIX)].
- (xvii) Continue work related to identification of messages on progress made to date and develop outputs that promulgate these messages, particularly those that address advances related to Objective 2000 [ITTC Decision 3(XXIX)].
- (xviii) Arrange training workshops on criteria and indicators in ten producer countries [ITTC Decision 9(XXX)].
- (xix) Report to Council on the results on the International Conference on Criteria and Indicators for Sustainable Forest Management [ITTC Decision 5(XXX)].
- (xx) Continue to implement international cooperation actions identified in Annexes A and B of ITTC Decision 7(XXX), taking into account the Council review of these Annexes.
- (xxi) Work with the IUCN Secretariat to deepen cooperation between ITTO and IUCN with a view to:
- Improve awareness among the general public of those areas where the objectives, policies and activities of the two organizations coincide;
 - Strengthen cooperation between ITTO and IUCN in the formulation, implementation, monitoring, evaluation and co-financing of ITTO projects, pre-projects and activities, in areas where ITTO could benefit from IUCN's technical expertise;
 - Ensure the appropriate participation of ITTO in the 2003 IUCN World Parks Congress by, for example, convening a satellite meeting and displaying publications and posters to provide information on ITTO's programmes and activities; and
 - Convene an international workshop in order to share experiences gained in areas of common interest.
- [ITTC Decision 8(XXX)]
- (xxii) Engage consultants to assist ITTO to prepare a report on the "Status of Tropical Forest Management" [ITTC Decision 9(XXX)].

- (xxiii) Distribute report on Guidelines for Establishing Auditing Systems for ITTO's Criteria and Indicators for Sustainable Forest Management and assisting producing members upon request to establish credible auditing systems [ITTC Decision 4(XXXI)].
- (xxiv) Engage consultants and undertake case studies on Forest Law Enforcement in the Context of Sustainable Timber Production and Trade – Phase I and Phase II [ITTC Decision 6(XXXI)].
- (xxv) Hold sub-regional workshops to promote the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Forests [ITTC Decision 3(XXXII)].
- (xxvi) Facilitate ITTO participation in the WSSD Type II Congo Basin Forest Partnership [ITTC Decision 10(XXXII)].
- (xxvii) Organize a workshop to develop a regional applied research programme focusing on social, economic and environmental aspects of tropical forest management and trade [ITTC Decision 10(XXXII)].
- (xxviii) Review and assess experiences in forest management partnerships [ITTC Decision 10(XXXII)].
- (xxix) Convene a training workshop for trainers in forest management [ITTC Decision 10(XXXII)].
- (xxx) Oversee the work of consultants engaged to conduct three regional workshops on phased approaches to certification [ITTC Decision 11(XXXII)].
- (xxxi) Organizing an ITTO side event at the Third Session of the United Nations Forum on Forests in Geneva, Switzerland (May-June 2003) [ITTC Decision 4(XXXIII)].
- (xxxii) Staging an ITTO side event and exhibition at the World Forestry Congress in Québec, Canada (September 2003) [ITTC Decision 4(XXXIII)].
- (xxxiii) Convene a Working Group to provide guidance for ITTO's support for Civil Society/Private Sector Partnerships [ITTC Decision 5(XXXIII)].
- (xxxiv) Facilitate the implementation of three Civil Society/Private Sector Partnerships [ITTC Decision 5(XXXIII)].
- (xxxv) Engage consultants to assist Producer Members to evaluate their work related to forest fire and make recommendations and proposals to enhance forest fire prevention and management programmes [ITTC Decision 6(XXXIII)].
- (xxxvi) Facilitate participation of selected experts from producer Member Countries in the Workshop of Experts on Mangroves in Nicaragua (February 2003) [ITTC Decision 4(XXXIII)].
- (xxxvii) Facilitate participation of selected experts from producer Member Countries in the International Conference on the Role of Planted Forests in Sustainable Forest Management in Wellington, New Zealand (March 2003) [ITTC Decision 4(XXXIII)].

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9 November 2002

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THIRTY-THIRD SESSION
4 – 9 November 2002
Yokohama, Japan

DECISION 4(XXXIII)

PUBLIC RELATIONS, EDUCATION AND OUTREACH

The International Tropical Timber Council,

Recalling the Yokohama Action Plan Cross Cutting Action (d), which calls for ITTO to enhance public relations, education and outreach activities in order to better raise awareness of the purpose and activities of the Organization;

Further recalling Cross Cutting Action (f) of the Yokohama Action Plan, which calls for ITTO to disseminate widely its work including projects, evaluations, ex-post evaluations, studies, results and lessons learned from ITTO activities;

Also recalling the list of strategic priority actions and related communication messages and methods developed by the Expert Panel on the ITTO Year 2000 Objective and its Promotion Through Public Education and Awareness;

Acknowledging the creation of a Communications Unit within the Secretariat to assist in the Organization's public relations, education and outreach;

Decides to:

1. Request the Executive Director to undertake further public relations, education and outreach activities to best convey the purpose and activities of the Organization, as outlined in the ITTO Work Programme for the Year 2003;
2. Encourage Member Countries to collaborate in ITTO's public relations, education and outreach activities, including in the dissemination of ITTO publications and participation in its events; and
3. Authorize the Executive Director to seek voluntary contributions from Member Countries to meet the financial requirements of this decision, not exceeding US\$280,000.00. If sufficient contributions are not received by 30 April 2003, the Executive Director is requested to use funds from Sub-Account B of the Bali Partnership Fund.

Budget

Website redevelopment	US\$97,250
Securing professional-quality photographs from selected ITTO field projects	US\$30,000
Participation of selected experts from producer Member Countries in the Workshop of Experts on Mangroves (Nicaragua, February 2003)	US\$30,000
Participation of selected experts from producer Member Countries in the International Conference on the Role of Planted Forests in Sustainable Forest Management (Wellington, New Zealand, March 2003)	US\$30,000
Staging of side-event at UNFF (Geneva, Switzerland, May-June 2003)	US\$30,000
Staging of side-event and exhibition at World Forestry Congress (Quebec, Canada, September 2003)	US\$35,000
Programme Support (11%)	US\$27,750
Total	US\$280,000

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DECISION 5(XXXIII)

CIVIL SOCIETY/PRIVATE SECTOR PARTNERSHIPS FOR SUSTAINABLE FOREST MANAGEMENT

The International Tropical Timber Council,

Aware of the urgent need for increased action at the field level to implement sustainable tropical forest management;

Recognizing the importance of the participation of private sector timber producers in sustainable forest management and wishing to assist their efforts to improve forest management;

Welcoming the increased participation of civil society organizations in the work of the International Tropical Timber Organization and the examples of successful Civil Society/private sector partnerships bringing progress toward sustainable forest management presented at the first panel meeting of the Civil Society Advisory Group (CSAG);

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

Recalling Goal 2 of the Yokohama Action Plan in the field of Reforestation and Forest Management, which calls for ITTO to, *inter alia*, promote the implementation of ITTO guidelines and criteria and indicators;

Further recalling Cross Cutting Action (h) of the Yokohama Action Plan, which calls for ITTO to encourage and increase the involvement of non-government stakeholders, including industry and trade associations, environmental organizations and indigenous groups in the activities of the Organization with a view to promoting transparency, dialogue and cooperation in furthering ITTO's objectives;

Decides to:

1. Commit to catalyze, facilitate and support partnerships among Civil Society organizations and tropical timber producers with a view to promoting progress towards sustainable forest management and certification. Particular emphasis will be given to partnerships involving small-scale enterprises and community-based forest managers, Civil Society organizations at the local and national level and forest owners;
2. Request the Executive Director to convene a working group composed of two producer and two consumer members and one representative each of the Trade Advisory Group (TAG) and CSAG to provide guidance for ITTO's support of these partnerships and report to the Thirty-fourth Council Session;
3. Request the Executive Director to widely communicate the organization's desire to support the development of Civil Society/ private-sector partnerships to help implement sustainable forest management, and to facilitate the development of partnerships, on a

pilot basis, with financial assistance of up to US\$50,000.00 each in each of the three producer regions with a view to reporting the experience gained thus far in the development and implementation of the partnerships to the working group and the Thirty-Fourth Session of Council;

4. Invite the CSAG and TAG, in a joint meeting at the Thirty-fourth Council Session, to share their views on the potential for these partnerships to help implement sustainable forest management and promote market acceptance;
5. Review, at its Thirty-fourth Session, the guidance provided by the working group and the report of the CSAG/TAG joint meeting for supporting Civil Society/private sector partnerships; and
6. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirements of this decision, not exceeding US\$ 200,000.00.

PRELIMINARY TERMS OF REFERENCE FOR THE WORKING GROUP

- Review information of experiences with existing Civil Society/private sector partnerships.
- Review results of the evaluation of partnerships in the Congo Basin according to document ITTC(XXXIII)/14.
- Provide guidance on the selection of eligible partnerships and approaches to monitoring and evaluating the contribution of the partnership to the implementation of sustainable forest management.
- Provide guidance for approaches for resolving conflicts that may arise in partnerships.
- Describe simple procedures for developing and submitting partnership proposals.
- Consider other relevant issues

ANNEX

INTERNATIONAL TROPICAL TIMBER ORGANIZATION
[Decision 5(XXXIII)]

CIVIL SOCIETY/PRIVATE SECTOR PARTNERSHIPS
FOR SUSTAINABLE FOREST MANAGEMENT

WORKING GROUP TO PROVIDE GUIDANCE
FOR ITTO SUPPORT FOR PARTNERSHIPS

			<u>Amount(US\$)</u>
A. PRODUCER MEMBERS (2)			\$10,890.00
(1)	Tickets (Economy Fares)	7,000.00	
(2)	DSA & Travel Expenses	<u>3,890.00</u>	
B. CONSUMER MEMBERS (2)			11,890.00
(1)	Tickets (Economy Fares)	8,000.00	
(2)	DSA & Travel Expenses	<u>3,890.00</u>	
C. REPRESENTATIVES – TAG&CSAG(2)			10,890.00
(1)	Tickets (Economy Fares)	7,000.00	
(2)	DSA & Travel Expenses	<u>3,890.00</u>	
D. CHAIRPERSON'S ATTENDANCE (ITTC/XXXIV)			6,445.00
(1)	Tickets	4,500.00	
(2)	DSA & Travel Expenses	<u>1,945.00</u>	
E. REPORT TRANSLATION			4,930.00
F. ITTO PROGRAMME SUPPORT COSTS (11%)			4,955.00
			<u>4,955.00</u>
TOTAL:			<u>\$50,000.00</u>
			<u><u>\$50,000.00</u></u>

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DECISION 6(XXXIII)

PREVENTION AND MANAGEMENT OF FOREST FIRE

The International Tropical Timber Council,

Concerned about the disastrous and frequent forest fires in South-East Asia and other tropical regions and the threats to human health caused by widespread haze associated with tropical forest fires;

Recalling the Yokohama Action Plan, Goal 2, Action 7, which calls for ITTO to contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber-producing forests;

Further recalling the recommendations of the FAO/ITTO International Expert Meeting on Forest Fire Management, which took place in Rome on 7-9 March 2001;

Recognizing the importance of the application of the ITTO Guidelines on Fire Management in Tropical Forest by Member countries;

Acknowledging the invitation of the Global Fire Monitoring Center (GFMC) for ITTO and its Members to participate in its activities for sharing fire-related information and data;

Further acknowledging the objectives of the Working Group on Wildland Fire of the UN-ISDR Inter-Agency Task Force for Disaster Reduction, calling for inter-institutional cooperation at the global level to reduce the negative impact of wildland fires on the environment and humanity;

Noting the recommendations made by forest fire experts during the Side-Event on "ITTO's Role in Forest Fire Management" at the XXXII Council Session in Bali;

Further noting the request of the NSW Rural Fire Service and the GFMC for ITTO to co-sponsor in 2003 the 3rd International Wildland Fire Conference and Summit;

Wishing to strengthen ITTO's support to Member Countries in their efforts to prevent, manage and monitor forest fires;

Decides to:

1. Authorize the Executive Director, upon request, to make available to as many as eight producer Member Countries experiencing forest fire problems, the services of forest fire experts to assist them in evaluating the country's forest fire prevention and management situation, to identify pragmatic strategies and actions and, as appropriate, to develop pre-project or project proposals for their implementation. The Terms of Reference for these activities are contained in the Annex to this Decision;

2. Co-sponsor the 3rd International Wildland Fire Conference and Summit in Sydney in October 2003, and authorize the Executive Director to provide, upon request, financial assistance to producer Member Countries experiencing forest fire problems, to participate in the Conference and Summit;
3. Encourage Member Countries to collaborate and share information with the GFMC and request the Executive Director to ensure that relevant information about ITTO's fire-related work is made available to the GFMC on an ongoing basis; and
4. Authorize the Executive Director to seek voluntary contributions from Member Countries to meet the financial requirements of this decision, not exceeding US\$277,500.00. If sufficient contributions are not received by 30 April 2003, the Executive Director is requested to use funds from the Sub-Account B of the Bali Partnership Fund.

Annex 1

Terms of Reference for Assistance to Member Countries in Forest Fire Prevention and Management

In organizing assistance to Member Countries the Executive Director shall:

1. identify International Forest Fire Experts to carry out activities in accordance with this Decision in cooperation with local consultants;
2. facilitate cooperation between Experts, the relevant authorities and other stakeholders;
3. take into account past experiences as well as on-going activities related to Forest Fire management in the country concerned; and
4. ensure that the cost of each individual programme of assistance does not exceed US\$25,000.00.

Annex 2

Budget

Budget Item	Total (US\$)
1. Assistance to eight Producer Countries (International + local consultant, incl. DSA)	200,000
ITTO Program support (11%)	22,000
SUBTOTAL	222,000
2. Co-sponsorship of 3 rd International Wildland Fire Conference	50,000
ITTO Program Support (11%)	5,500
SUBTOTAL	55,500
TOTAL	277,500

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4 – 9 November 2002
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DECISION 7(XXXIII)

MEASURES TO REDUCE COSTS AND IMPROVE THE EFFICIENCY AND EFFECTIVENESS OF THE ORGANIZATION

The International Tropical Timber Council,

Recalling Decisions 4(XXXII), 2(XXV), 2(XXIV), 4 and 5 (XXII), and 4(XXI) on Organization of Work under the ITTA, 1994, Decisions 4(XXV), 5(XXIV), 4(XXIII) and 4(XXII) on Strengthening and Streamlining the Work of the Committees, and Decisions 5(XXIX), 11(XXVII) and 4(XXVI) on the Frequency and Duration on Council and Committee Sessions;

Also recalling the Yokohama Action Plan 2002-2006 and in particular the Actions for Effective Implementation (section 1.6);

Welcoming the Report of the Working Group on Measures to Further Improve the Efficiency and Effectiveness of the Work of the Organization;

Recognizing the excellent services provided to Members by the Secretariat in the face of increasing project and policy workloads and the significant achievements already made in the efficiency and effectiveness of the Organization under the leadership of the Executive Director;

Reaffirming the continuing need to improve the overall efficiency and effectiveness of the Organization and reduce costs where feasible;

Decides to:

1. Adopt the cost savings, efficiency and effectiveness measures contained in Annex I to this Decision;
2. Request the Executive Director to review the servicing costs associated with Council sessions held outside headquarters in light of the measures contained in Part A of Annex I, with a view to reducing costs;
3. Urge Members, through their ITTO focal points, to review critically the quality of all Project and Pre-Project Proposals prior to submission to the Executive Director, and to limit the number of proposals submitted for a single Project Cycle;
4. Encourage Members to give preferential consideration to financing approved Projects and Pre-Projects submitted by Members which have fully met their financial obligations to the Organization;

5. Encourage Members to formulate Project and Pre-Project Proposals which can be implemented effectively and benefit Members on a regional as well as on a national basis;
6. Adopt the schedule for frequency and duration of Council and Committee meetings and preparatory meetings and conferences for the negotiation of a successor agreement to the ITTA, 1994, as contained in Annex II;
7. Request the Executive Director to consider ways in cooperation with the host government to enhance the visibility of the ITTO and improve understanding of its mandate in Japan and the City of Yokohama; and
8. Review the effectiveness of these measures at the end of 2005.

ANNEX I

MEASURES TO REDUCE COSTS AND IMPROVE THE EFFICIENCY AND EFFECTIVENESS OF THE ORGANIZATION

Part A – Cost Savings Measures

Cost savings from the following measures are estimated at \$165,000.00 annually:

1. All Members will receive electronically, via the ITTO Home Page, all documents for Council and Committee Sessions at least three weeks before the Session, unless a Member is unable to retrieve documents electronically.
2. Members will submit project and pre-project proposals electronically to the Secretariat unless a Member does not have the means to do so.
3. Project and pre-project proposals and ITTO technical documents (e.g. ITTO mission reports, workshop reports, regional analyses) prepared in French or Spanish will be translated into English only. Such documents prepared in English will not be translated. Documents of special interest to Members will continue to be made available in the three languages.
4. Progress reports on project implementation will be prepared by the Executive Director and reviewed by the three Technical Committees on an annual basis only.
5. Reduction in Secretariat travel costs to Sessions held outside Headquarters as a result of 1-4 above.

Part B – Measures to Improve Efficiency and Effectiveness

1. Work Programme and Budget
 - a. The Council will adopt a biennial Work Programme and indicative Administrative Budget at its Thirty-fifth Session for the 2004-2005 biennium;
 - b. The indicative Administrative Budget for 2005 will be reviewed and approved at the end of 2004; and
 - c. The Executive Director will circulate any proposed amendments to the Financial Rules needed to implement 1.a and 1.b for the consideration by Council at the Thirty-fourth Session.
2. Project Formulation, Monitoring and Evaluation
 - a. At its Twenty-fifth session, the Expert Panel on the Technical Appraisal of Project and Pre-Project Proposals will be extended one day to consider and recommend measures to improve the project and pre-project appraisal process, including measures to strengthen assistance to Members in project formulation under PD 73/89 (M,F,I) "Assistance for Project Identification and Formulation", and report to the Council at its Thirty-fourth Session. The Executive Director is requested to invite two outgoing experts to participate in this process to provide continuity
 - b. The Executive Director will establish, maintain, regularly update and circulate annually to Members, a "roster of experts" on ITTO project formulation; and
 - c. The Executive Director will consider ways to strengthen the monitoring and evaluation capacity of the Secretariat and report to Council at its Thirty-fourth Session.

3. Streamlining the Work of the Committees

Beginning with the Thirty-fourth Session, the Committee on Forest Industry (CFI) and the Committee on Economic Information and Market Intelligence (CEM) will meet in joint sessions only, with a view to integrating their work.

4. Streamlining Council Decision-Making Procedures

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

Part C – Measures Regarding Arrears to the Administrative Account

1. The Executive Director is authorized to write off, on an annual basis, one-fifth of a Member's arrears of the period 1986-1996 for any Member which has no arrears in its contributions to the Administrative Budget in respect to its obligations related to the year 2002 and beyond; and
2. The Secretariat will not process project and pre-project proposals submitted by Members with cumulative arrears to the Administrative Account beginning from 2002 which are equal to or in excess of three times the Member's annual assessed contribution in the year proposals are submitted.

ANNEX II

SCHEDULE OF COUNCIL SESSIONS AND ITTA RENEGOTIATIONS

May 2003	34 th Council Session (6 days) + PrepCom I Venue: Panama
November 2003	35 th Council Session (6 days) + PrepCom II Venue: Yokohama
May 2004	36 th Council Session (4 days: 2 days for Council and 2 days for Joint Committees) + UNCTAD Renegotiation I (5 days) Venue: Geneva (to be confirmed for Council Session)
November 2004	37 th Council Session (6 days) Venue: Yokohama
December 2004 or January 2005	UNCTAD Renegotiation II Venue: Geneva
May 2005	38 th Council Session (3 days: 2 days for Joint Committees and CFA and 1 day for Council) Venue: Brazzaville
November 2005	39 th Council Session (6 days) Venue: Yokohama

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THIRTY-THIRD SESSION
4 – 9 November 2002
Yokohama, Japan

DECISION 8(XXXIII)

PREPARATIONS FOR NEGOTIATING A SUCCESSOR AGREEMENT TO THE ITTA, 1994

The International Tropical Timber Council,

Noting the Consultants' Report on New and Emerging Issues of Relevance to the International Tropical Timber Council and a Future International Tropical Timber Agreement [document ITTC(XXXIII)/6];

Also noting the Report of the Working Group on the Organization of Work under the ITTA, 1994;

Recognizing the need to conclude negotiations on a Successor Agreement to the ITTA, 1994 no later than early 2005 in order to allow countries sufficient time, prior to expiration of the ITTA, 1994, to complete respective ratification procedures and deposit instruments of ratification with the United Nations;

Also recognizing the need to start the process of renegotiations following the Thirty-third Session of the Council;

Decides to:

1. Adopt the schedule for the Preparatory Committee (PrepCom) meetings and renegotiations on a Successor Agreement to the ITTA, 1994 contained in the Annex to this Decision;
2. Request Members to provide comments on document ITTC(XXXIII)/6 by 15 January 2003 and request the Executive Director to authorize the consultants to revise the document based on Council discussions and written comments by Members by 15 February 2003;
3. Request Members to provide electronically or in writing to the Executive Director their informal views on the issues to be addressed in negotiating a Successor Agreement to the ITTA, 1994, as per Annex II, by 15 February 2003. In forming these views, Members are encouraged to consult stakeholders;
4. Request the Executive Director to consult with UNCTAD on the legal and institutional process and requirements for the renegotiation of the ITTA, 1994, and report to Members by 15 February 2003;
5. Request the Executive Director to convene a Working Group by April 2003, comprising three Producer Members, three Consumer Members, the Council Chairperson and Vice-Chairperson, Producer and Consumer Spokespersons, and Chair and Vice-chair of the renegotiation process, assisted by a legal advisor from UNCTAD as necessary, to:
 - a. Identify issues to be addressed in negotiating a Successor Agreement to the ITTA, 1994, drawing on Members' comments and other relevant documents;

- b. Undertake an analysis of potential changes to the ITTA, 1994, based on Council's discussions at the Thirty-third Session, written comments received from Members, and other relevant documents;
- c. Determine the institutional and organizational implications of these potential changes; and
- d. Prepare a report reflecting the results of this analysis for consideration by the First Meeting of the Preparatory Committee for negotiating a Successor Agreement to the ITTA, 1994.

The Council may decide to extend the mandate and scope of work of this Working Group to facilitate further the renegotiation process.

6. Authorize the Executive Director to seek voluntary contributions from Member Countries to fund the costs of convening the Working Group meeting and the First PrepCom meeting (see Annex III), including financial assistance for attendance of Producing Members as needed. If sufficient contributions are not received by 15 January 2003, the Executive Director is requested to use funds from the Working Capital Account.

ANNEX I

THE ITTA, 1994, RENEGOTIATION CALENDAR

May 2003	34 th Council Session (6 days) + Producer/Consumer Coordination Meeting (1 day) + PrepCom I (2 days) Venue: Panama, 12 – 21 May 2003
November 2003	35 th Council Session (6 days) + PrepCom II (3 days) Venue: Yokohama, 3 – 12 November 2003
May 2004	36 th Council Session (4 days: 2 days for Council and 2 days for Joint Committees) + UNCTAD Renegotiation I (5 days) Venue: Geneva (to be confirmed)
November 2004	37 th Council Session (6 days) */ Venue: Yokohama
December 2004 or January 2005	Final UNCTAD Renegotiation Venue: Geneva

*/ Council may decide on the need for additional days for renegotiations

ANNEX II

QUESTIONS FOR A MEMBER SURVEY FOR THE RENEGOTIATION OF THE ITTA, 1994

The following list addresses issues associated with the planned renegotiation of the International Tropical Timber Agreement, 1994. Responses should be formed with a view to identifying problems and challenges and how these might be addressed in a possible new Agreement.

I. The ITTA, 1994

1. Should the successor agreement to the ITTA, 1994 be broadly similar or is there need for substantial changes?
2. Identify the significant strengths of the ITTA, 1994.
3. Identify any perceived constraints/weaknesses/shortcomings of the ITTA, 1994.
4. What improvements do you suggest to the Objectives of the ITTA, 1994?

II. New and Emerging Issues with Implications for a Successor Agreement

1. Identify new and emerging issues with implications for a successor Agreement.
2. Identify your views on the relationship between ITTO and other relevant international organizations, treaties and processes.

III. Institutional and Organizational Issues

1. Organizational Structure

Should the organization of the Council and its subsidiary bodies remain the same or be changed? If so, how?

Should the Project process and work stay the same or be changed? If so, how?

2. Frequency and Duration of Meetings

Your views on frequency and duration of meetings for Council and its subsidiary bodies, including Committees.

3. Secretariat

Is the structure and scope of work of the Secretariat adequate as it is, or should it be changed?

IV. Funding Mechanisms

1. Member Contributions

Do you believe that the current system of contributions is appropriate or should be changed?

2. Voluntary Funding

Should there be other ways to finance the work of ITTO beyond the current sources?

V. Other Issues

Please provide any other comments on the ITTA/ITTO in relation to the issues to a successor Agreement.

Annex III

WORKING GROUP IN PREPARATION FOR THE
RENEGOTIATION OF THE ITTA, 1994

Budget

		<u>Total (US\$)</u>
A. TRAVEL:		\$26,520.00
-	3 PRODUCER MEMBERS & PRODUCER SPOKESPERSON	
-	CHAIRPERSON OF COUNCIL	
-	VICE-CHAIRPERSON OF NEGOTIATION PROCESS	
(1)	Air Tickets (\$3,000 x 6)	18,000.00
(2)	DSA & Travel Expenses [\$210x6)+\$160]x12	8,520.00
		<hr/>
B. SECRETARIAT TRAVEL		11,588.00
(1)	Executive Director	6,558.00
(2)	Support Staff (x 1)	5,030.00
		<hr/>
C. LOGISTICS & PREPARATIONS		7,562.00
(1)	Meeting Rooms & Facilities	5,500.00
(2)	Equipment (PCs, Copies, etc)	1,300.00
(3)	Miscellaneous	762.00
		<hr/>
D. REPORT TRANSLATION		1,500.00
E. ITTO PROGRAMME SUPPORT COSTS		2,830.00
		<hr/>
	TOTAL:	\$50,000.00
		<hr/> <hr/>

ANNEX IV

THIRTY-FOURTH SESSION OF THE ITTC
MEETING RELATED TO THE RENEGOTIATION OF THE ITTA, 1994

Budget

		<u>Total (US\$)</u>
A. PRODUCERS AND CONSUMERS MEETING (1 day)		\$38,100.00
- 3 PRODUCER MEMBERS & PRODUCER SPOKESPERSON		
- CHAIRPERSON OF COUNCIL		
- VICE-CHAIRPERSON OF NEGOTIATION PROCESS		
(1) Meeting Facilities (incl. SIS Equipment)	10,000.00	
(2) Language Staff (Interpreters/Translators)	22,000.00	
(3) Miscellaneous Expenses	6,100.00	
	<hr/>	
B. PREPCOM I (2 days)		76,200.00
(1) Meeting Facilities (incl. SIS Equipment)	20,000.00	
(3) Language Staff (Interpreters/Translators)	44,000.00	
(3) Miscellaneous Expenses	12,200.00	
	<hr/>	
C. ASSISTANCE TO PRODUCER MEMBERS		8,341.00
(1) DSA for 3 days & Exp.	8,341.00	
	<hr/>	
D. ITTO PROGRAMME SUPPORT COSTS		7,359.00
		<hr/>
	TOTAL:	\$130,000.00
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GENERAL

ITTC(XXXIII)/30
9 November 2002

Original: ENGLISH

THIRTY-THIRD SESSION
4 – 9 November 2002
Yokohama, Japan

DECISION 9(XXXIII)

EXTENSION OF THE INTERNATIONAL TROPICAL TIMBER AGREEMENT (ITTA), 1994

The International Tropical Timber Council,

Recalling Article 46 of the ITTA, 1994, and ITTC Decision 4(XXVIII) which extended the ITTA, 1994, for a period of three years with effect from 1 January 2001 until 31 December 2003,

Decides to extend the ITTA, 1994, for a further period of three years with effect from 1 January 2004 until 31 December 2006.

* * *

THIRTY-THIRD SESSION
4 – 9 November 2002
Yokohama, Japan

DECISION 9(XXXIII)

EXTENSION OF THE INTERNATIONAL TROPICAL TIMBER AGREEMENT (ITTA), 1994

The International Tropical Timber Council,

Recalling Article 46 of the ITTA, 1994, and ITTC Decision 4(XXVIII) which extended the ITTA, 1994, for a period of three years with effect from 1 January 2001 until 31 December 2003,

Decides to extend the ITTA, 1994, for a further period of three years with effect from 1 January 2004 until 31 December 2006.

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Distr.
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ITTC(XXXIII)/31
9 November 2002

Original: ENGLISH

THIRTY-THIRD SESSION
4 – 9 November 2002
Yokohama, Japan

RESOLUTION 1(XXXIII)

The International Tropical Timber Council,

Expresses its gratitude for the many years of exceptional and devoted service to the International Tropical Timber Council by Mr. Léo Scherman;

Warmly remembers Mr. Léo Scherman as a man with exceptional abilities as an interpreter and as a colleague full of humour and kindness; and

Pays tribute to his memory and records its deep sorrow at his passing.

* * *

ANNEX IV

REPORTS OF THE ASSOCIATED SESSIONS OF THE FOUR COMMITTEES

Documents: CEM(XXXI)/7
CRF(XXXI)/7
CFI(XXXI)/7
CFA(XII)/7 Rev.1

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THIRTY-FIRST SESSION
4 – 9 November 2002
Yokohama, Japan

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

THIRTY-FIRST SESSION OF THE COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

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Report

Appendix A: Technical Assessment of Projects and Pre-Projects in the Area of Economic Information and Market Intelligence and Summary Table

Appendix B: ITTO 2003 Work Programme for Economic Information and Market Intelligence

Appendix C: Statement of the Trade Advisory Group (T-A-G)

REPORT

1. Opening of the Session

The Thirtieth Session of the Committee was opened on 4 November 2002 at a Joint Session of the Committee on Economic Information and Market Intelligence, the Committee on Reforestation and Forest Management, the Committee on Forest Industry, and the Committee on Finance and Administration, chaired by Dra. Angela Andrade (Colombia). The subsequent meetings of the Committee during its current session were conducted by its Chairperson, Ms. Astrid Bergquist. The list of participants is presented in document ITTC(XXXIII)/Info. 2 Rev.1.

2. Adoption of Agenda and Organization of Work

The Committee adopted the Agenda of its Thirty-first Session as contained in document CEM(XXXI)/1.

3. Admission of Observers

The list of observers admitted by the Committee is presented in document ITTC(XXXIII)/Info.3 Rev.1.

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

The Committees noted the presentation made by Mr. Patrick Hardcastle (United Kingdom), Chairman of the Expert Panel at its Twenty-fourth Meeting on its report as contained in document CEM, CRF, CFI(XXXI)/1 covering the Panel's operation, its general observations relating to the aspects of relevance to ITTO, logical framework, budget, staffing, differences between small projects and pre-projects, approach and impact and sustainability, as well as its recommendations including the revision of the ITTO Manual for Project Formulation. The delegation of USA complimented the Chairman of the Expert Panel for his analysis of the lessons learned in ITTO project formulation and appraisal and noted that the long-standing concern for achieving balance in the project work of the three technical committees remained to be satisfactorily addressed. A clarification of the categories of the decisions of the Panel as requested by the delegation of the Philippines was provided by Mr. Hardcastle. The Panel's recommendation for the revision of the ITTO Manual for Project Formulation was supported and it was suggested that funding be made available for this purpose.

5. Report of Completed Project and Pre-projects

The Committee considered the Report of Completed Pre-Projects as contained in document CEM(XXXI)/2 as well as the Report of Completed Project as contained in document CEM(XXXI)2 Add. 1 as follows:

PPD 21/99 Rev.1 (M)

Development of a Strategy for the Improvement of the National System for the Processing of Forestry Statistics and Information on the Timber Market (Togo)

The Committee noted the highlights of the pre-project covering a diagnosis of the situation of forest statistics in Togo, a feasibility study for the improvement of national forestry statistics, a workshop which formulated a strategy for such improvement and a formulation of project proposal PD 168/02 Rev.1 (M) for the consideration of the Committee at its current session. The Committee further noted that the completion report and final audited financial statements had been submitted in accordance with the pre-project agreement. The Committee duly declared the pre-project complete.

PPD 26/99 (M)

The Competitiveness of Tropical Timber and Tropical Timber Products vis-à-vis Timber and Non-Timber Substitutes (ITTO)

The Committee noted the highlights of the pre-project study covering the surveys undertaken and the results of the study. The final report of this study as contained in document PPR 64/01 (M) was considered by the Committee at its Twenty-ninth Session. The Committee duly declared the pre-project complete.

PD 55/99 Rev.1 (M) Establishment of a Sustainable Tropical Forest Products Information System in China

The Committee noted the highlights of the project report covering the strengthening of the information system for tropical timber in China. It further noted that the completion report and final audited financial statement had been submitted in accordance with the project agreement. The Committee duly declared the project complete.

6. Ex-post Evaluation

(A) Ex-post Evaluation

The Committee considered the Ex-post Evaluation Report (Executive Summary) as contained in document CEM(XXXI)/3 and the presentation made by Mr. Jorge Maluenda (consultant) with regard to the following completed projects and pre-project:

PD 1/97 Rev.1 (M)	Implementation of a National Forest Statistical Information System (Bolivia)
PD 34/94 Rev.1 (M)	Establishment and Implementation of a Forest Statistical Information System (Colombia)
PD 44/96 Rev.2 (M)	Establishment of a Forest Statistics Information System (Panama)
PD 27/95 Rev.3 (M) Phase I and Phase II Stage 1	Establishment and Operation of a Forest Strategic Information Center (CIEF) Phase I and Phase II Stage 1 (Peru)
PPD 5/94 (M)	Implementation of a Forest Statistical Information System (Peru)

The Committee took due note of the conclusions of the report with regard to adaptation and adequacy of project designs in relation to their objectives, the achievement of outputs and specific objectives of the projects, efficiency of project implementation, as well as impacts, effects and relevance of the projects. Recommendations in the report pertaining to project design, improvement and utilization of statistical outputs of the systems, efficiency and project impact were also noted.

The Committee underlined the usefulness of the findings and recommendations of the report in the context of improving the implementation of on-going projects as well as the formulation of new projects pertaining to the development of national forest statistical information systems.

(B) Selection of Projects for Ex-post Evaluation

The Committee considered the proposal for a structured approach to selecting completed projects for ex-post evaluation in the field of economic information and market intelligence as contained in document CEM(XXXI)/4 and agreed to further defer its decision on the selection of completed projects for ex-post evaluation until its next session.

7. Report of Projects, Pre-Projects and Activity in Progress

The Committee considered the Report of Projects, Pre-Projects and Activity in Progress as contained in document CEM(XXXI)/5. Progress reports on the following projects, pre-projects and activity were duly noted:

(A) Projects, Pre-projects and Activity under implementation

- 1. PD 16/93 Rev.4 (M) Market Information Service for Tropical Timber and Phase IV, 2002 Timber Products (MIS) – Phase IV, 2002 (ITTO)**

The Committee noted the satisfactory progress in the implementation of this project and strongly recommended its continuation to 2004. The Committee further agreed to recommend to the

Council the provision of immediate financing in the amount of US\$300,000 for 2003 and US\$300,000 for 2004 to continue this important project.

2. PD 25/95 Rev.1 (M) Training Workshops on Tropical Forestry and Timber Trade Statistics (ITTO)

The Committee noted the satisfactory progress in the implementation of the project and the highlights of the final workshop under this project held in Iquitos, Peru from 20 August to 5 September 2002. The Committee recommended that the remaining funds in this project (approximately US\$50,000) be used to allow ITTO to continue to sponsor or co-sponsor initiatives in the field of statistical training. It noted that an imminent co-sponsorship would involve the funding of participants from five member countries at an FAO hosted statistical training workshop in Canberra, Australia in December 2002.

3. PD 27/95 Rev.3 (M) Establishment and Operation of a Forest Strategic Phase II, Stage 2 Information Center (CIEF) – Phase II Stage 2 (Peru)

The Committee noted the information provided by the Secretariat and the delegation of Peru on the progress in the implementation of the final stage of this project. The project coordinator was recruited in September and an 18 month workplan for the final stage has been approved. Despite the gaps in continuity of this project caused by its phasing and other unforeseen factors, key members of the project team had been retained. A Project Steering Committee meeting was scheduled for the first quarter of 2003.

4. PD 40/96 Rev. 5 (M) The Establishment of a National Statistical System for Imported Timber and Timber Products (Egypt)

The Committee noted the progress in the implementation of the project as reported by the delegation of Egypt. Upon request made by the delegation, the Committee approved an extension of 12 months to the duration of the project without additional funds to facilitate the completion of the remaining activities of the project.

5. PD 52/97 Rev.3 (M) Development and Implementation of an Educational Phase I Program to Inform the Wood Products Distribution Chain on the Value of Using Tropical Timbers from All ITTO Member Countries, Phase I (Ghana)

The Committee noted the progress in the implementation of this project as reported by the delegation of Ghana and approved a further extension of three months to its duration, without additional funds, as requested by the implementing agency.

6. PD 39/98 Rev.2 (M) Research on Value Accounting of Tropical Forest Environmental Resources and Bringing of it in Line with the National Economic Accounting in China

The Committee considered the work plan and budget of US\$50,000 for the International Workshop on Tropical Forest Environmental Value and Green Policies as well as the terms of reference and budget of US\$28,000 for an international consultancy. With regard to the proposal for the International Workshop, the Committee recommended that invitations to participate should be sent to as many ITTO member countries as possible. The delegate of China advised the Committee that this message would be conveyed to the implementing agency in China. The Committee agreed to recommend to the Council the provision of additional funds amounting to US\$78,000 for the implementation of the consultancy and the convening of the international workshop for immediate financing.

7. PD 47/98 Rev.2 (M) Establishing a Data Collection and Dissemination System on a Sustainable Basis for Timber Marketing Statistics in Cameroon

The Committee noted the information provided by the delegation of Cameroon regarding the establishment of ANAFOR which replaces ONADEF and approved an extension of 12 months to the duration of the project without additional funds as requested by the executing agency in order to expedite the implementation of the project activities.

8. PD 41/99 Rev.4 (M) **Development and Implementation of the Pilot Project of the Forestry Statistics Information System (Philippines)**

The Committee noted the satisfactory progress in the implementation of this project as reported by the delegation of the Philippines.

9. PD 48/99 Rev.1 (M,F) **Sharing of Information and Experiences on Private Sector Success Stories in Sustainable Forest Management (Malaysia)**

The Committee noted the satisfactory progress in the implementation of this project.

10. PD 34/00 Rev.2 (M) **Extension and Consolidation of the National Statistical Information System (Bolivia)**

The Committee noted the satisfactory progress in the implementation of this project.

11. PD 56/00 Rev.3 (M) **Enhancement of the Forest Statistics Information and Management System (STATFOR) through the Integration of Two Computer Modules: Compilation of Management Inventory Data and Management of Export Log Lumberyard (Gabon)**

The Committee noted the satisfactory progress in the implementation of this project as reported by the delegation of Gabon. It further noted that a project monitoring mission would be undertaken following the session.

12. PD 74/01 Rev.1 (M) **Development and Implementation of Guidelines to Control Illegal Logging for Sustainable Forest Management in Indonesia**

The Committee noted the satisfactory progress in the implementation of this project.

13. PPD 8/98 Rev.1 (M) **Establishment of a National Forest and Timber Marketing Statistics System (Ecuador)**

The Committee noted the information provided by the delegation of Ecuador regarding the progress in the implementation of the project and the transfer of the remaining funds already provided by ITTO to the Ministry of Environment of Ecuador for the implementation of the outstanding pre-project activities.

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

The Committee noted the satisfactory progress in the implementation of this pre-project.

15. PPD 14/00 (M) **Strengthening the Market Discussion (ITTO)**

The Committee noted the satisfactory progress in the implementation of this pre-project.

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

The Committee noted the satisfactory progress in the implementation of this pre-project.

17. PPD 34/01 (M) **Study to Identify Measures to Bring Increased Transparency to Tropical Hardwood Plywood Trade and Analyse the Causes of Market Fluctuations and Price Instability (ITTO)**

The Committee noted the satisfactory progress in the implementation of this pre-project.

- 18. PPD 48/02 (M) Review of Information on Life Cycle Analysis of Tropical Timber Products (ITTO)**

The Committee noted that the ITTO Secretariat was in the process of selecting the consultants for the implementation of this pre-project.

- 19. PPD 49/02 (M) Review of the Indian Timber Market (ITTO)**

The Committee noted that the ITTO Secretariat was in the process of selecting the consultants for the implementation of this pre-project.

- 20. PP-A/23-63 Activity to Facilitate Development of a Joint ITTO/ECE/FAO/EUROSTAT Forest Statistics Questionnaire (ITTO)**

The Committee noted the satisfactory progress in the implementation of this activity. It agreed to recommend to the Council to provide immediate additional financing of US\$1,400, being the un-financed balance of additional funding approved at its Thirtieth Session. The Committee recommended that access to the online Global Trade Atlas be obtained by the Secretariat to facilitate its analysis of trade statistics.

(B) Projects Pending Agreement

- 1. PD 124/01 Rev.2 (M) Promotion of Sustainable Management of African Forests Phase I Stage 1 (ITTO)**

The Committee noted that the agreement for this project was being finalized for possible signing by the Secretary General of the African Timber Organization at the current session of the Council.

- 2. PD 132/02 Rev.1 (M) Application of an Experimental Model for the Economic Appraisal of the Utilization and Management of Colombian Flora Case Study: *Meliaceae* and *Anacardiaceae***

The Committee noted that the agreement for this project was being considered by the Government of Colombia.

- 3. PD 140/02 Rev.2 (M) Development of Criteria and Indicators for Sustainable Management Appropriated to Brazilian Tropical Forests**

The Committee noted that the agreement for this project was being considered by the Government of Brazil.

(C) Projects Pending Financing

- 1. PD 52/97 Rev.3 (M) Development and Implementation of an Educational Program to Inform the Wood Products Distribution Chain on the Value of Using Tropical Timbers from all ITTO Member Countries, Phase II (Ghana)**

The Committee agreed to recommend the project to the Council for financing as soon as the implementation of Phase I of the project had been completed.

- 2. PD 87/01 Rev.1 (M) Development of the *Integrated Forestry Compendium: a Knowledge Base for Forest Management and the Forest Products Industry* (Ghana)**

The Committee agreed to recommend the project to the Council for immediate financing.

3. **PD 124/01 Rev.2 (M)** **Promotion of Sustainable Management of African Forests Phase I Stage 2, Phase II, Phase III (ITTO)**

The Committee agreed to recommend Phase I Stage 2 of the project to the Council for financing as soon as the implementation of Phase I Stage 1 of the project had been completed.

4. **PPD 23/01 (M)** **Development of a Project Proposal for the Analysis of Tropical Timber Production and Trade Patterns in French-Speaking African Countries in the 90s (Togo)**

The Committee agreed to recommend the pre-project to the Council for immediate financing.

5. **PPD 27/01 (M)** **Review of PNG's Timber Treatment Processes**

The Committee agreed to recommend the pre-project to the Council for immediate financing.

6. **PPD 32/02 Rev.1 (M)** **Analysis of the Current Situation and Formulation of a Project Proposal for the Strengthening of the Forest Information and Statistics Centre in Honduras**

The Committee agreed to recommend the pre-project to the Council for immediate financing.

8. Consideration of Project and Pre-Project Proposals

The Committee had before it three project and five pre-project proposals as contained in document CEM(XXXI)/6. With the exception of PPD 45/02 Rev.1 (M) (Panama) which was considered by the Committee at its previous session, these proposals had been duly evaluated by the Expert Panel for the Technical Appraisal of Project Proposals and subsequently revised in accordance with the Panel's recommendations. The technical assessments of all project and pre-project proposals considered by the Committee are contained in Appendix A.

- (i) **PD 80/01 Rev.6 (M)** **Consolidating Sustainable Forest Management Certification in Indonesia**

The Committee noted that comments from delegations and the comments and recommendations made by the Expert Panel at its Twenty-fourth Meeting had been incorporated in this proposal as revised. The delegation of USA registered its serious concern regarding the consistency of the project with ITTC Decision 11(XXXII). The Committee approved this revised proposal and agreed to recommend it to the Council for immediate financing.

- (ii) **PD 101/01 Rev.1 (M)** **Construction and Pilot of Information Service Support System for Tropical Forest Region in Guangxi Zhuang Nationality Autonomous Region, China**

The Committee was advised by the delegation of China that it was withdrawing this project proposal in light of the comments made by the Expert Panel.

- (iii) **PD 168/02 Rev.1 (M)** **Establishment of a National System of Collection, Entry, Processing and Dissemination of Forestry and Timber Statistical Data in Togo**

The Committee noted that the comments and recommendations made by the Expert Panel at its Twenty-fourth Meeting had been incorporated in this proposal as revised. The Committee approved this revised proposal and agreed to recommend it to the Council for immediate financing.

- (iv) **PPD 43/02 Rev.1 (M)** **A Strategic Plan to Develop Decision Support Tools to Support the Forest Industry Organization of Thailand (FIO) Forest Certification and Plantation Management Efforts**

The Committee noted that the Expert Panel could not commend the revised proposal originally submitted to the Committee as PPD 43/02 Rev.1 (M). It further noted that a revised proposal had been prepared by the Government of Thailand, taking into account the Panel's comments and

incorporating a suggestion by the delegation of Switzerland to increase the number of outputs. The revised proposal was reformatted as a project (as recommended by the Expert Panel) and re-numbered as PD 179/02 (M). The Committee considered and approved this proposal as revised and agreed to recommend it to the Council for immediate financing.

(v) PPD 45/02 Rev.2 (M) Technical Assistance for the Formulation of a Project Proposal Aimed at Capacity Strengthening for the Sustainable Management in Natural and Planted Forests in Panama

The Committee noted that most of its comments and recommendations made at its previous session had been incorporated in this proposal as revised. The delegates of Japan and USA suggested that the duration of the pre-project be lengthened. The delegation of USA further noted that the Committee's previous request for greater private industry involvement in the pre-project activities had not been addressed. A further revision of the proposal incorporating the latest comments and suggestions made was submitted by the delegation of Panama. The Committee considered and approved this revised proposal and agreed to recommend it to the Council for immediate financing.

(vi) PPD 61/02 Rev.1 (M) Review of the Present Situation and Development of a Strategy and Project for Enhancing the National Forestry Statistics Management System (Côte d'Ivoire)

The Committee noted that the comments and recommendations made by the Expert Panel at its Twenty-fourth Meeting had been incorporated in this proposal as revised. The Committee approved this revised proposal and agreed to recommend it to the Council for immediate financing.

(vii) PPD 62/02 Rev.1 (M) Establishing a Forest Statistics Management System in the Democratic Republic of Congo

The Committee noted that the comments and recommendations made by the Expert Panel at its Twenty-fourth Meeting had been incorporated in this proposal as revised. The Committee approved this revised proposal and agreed to recommend it to the Council for immediate financing.

(viii) PPD 64/02 (M) Promotion of Guatemalan Certified Timber Trade

The Committee noted that most of the comments and recommendations made by the Expert Panel at its Twenty-fourth Meeting had been incorporated in this proposal as revised. The delegation of USA suggested the incorporation of the strategy of promoting products from secondary forests prior to seeking certification as recommended by the Expert Panel. The delegation of Guatemala agreed to take this suggestion into account and to resubmit a revised proposal for the consideration of the Committee at its next session.

9. Policy Work

(i) Market Access

This item was considered at the Joint Session of the Committee and the Committee on Forest Industry.

The Committees noted the information provided by Mr. Antti Rytönen (consultant) pertaining to the Report on Market Access of Tropical Timber as contained in document ITTC(XXXIII)/8 which he presented to the Council at its current session.

The Coordinator of the Trade Advisory Group (T-A-G) welcomed the attention being given by the Committee to the issues of market access. He noted that these issues were dynamic and constantly changing and it was therefore important that this item be maintained on the agenda of the Committee. In congratulating the consultant for a very comprehensive study, the T-A-G Coordinator raised several pertinent technical issues in respect of definition of market share, the inherent unreliability of trade statistics and the difficulties in defining consumer perceptions. He urged the Committee to recommend to the Council the publishing and wide distribution of this report.

(ii) Timber Certification

The Committee noted the presentation of the Interim Report on the Potential Role of Phased Approaches to Certification in Tropical Timber Producer Countries as a Tool to Promote Sustainable Forest Management as contained in document ITTC(XXXIII)/9 made by Dr. Markku Simula (consultant) to the Council at its current session as well as the outcome of the Panel Discussion on the Theme 'Succeeding in the Certified Forest Products Market Place' organised by the Civil Society Advisory Group (CSAG) in conjunction with the session. The Committee further noted that three regional workshops on the potential role of phased approaches to certification were scheduled to be convened in the three producing regions and the final report on the study was expected to be available at the next sessions of the Council and the Committee.

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

The Committee noted that the ITTO Secretariat was in the process of selecting the consultants for the implementation of the pre-project PPD 48/02 (M) "Review of Information on Life Cycle Analysis of Tropical Timber Products". A presentation on the key issues to be covered in the study was made by the delegation of Ghana.

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

The Committee noted that the proposal by Guatemala and Nicaragua to include *Swietenia macrophylla* in Appendix II of CITES was being considered by the Conference of the Parties at its 12th meeting being held in Santiago, Chile on 3-15 November 2002.

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

The Committee noted the continuing expansion of the trade in SPWP as indicated in the Elements for the 2002 Annual Review and Assessment of the International Timber Situation presented by the ITTO Secretariat to the Council at its current session.

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

The Committee noted the information provided by Ms. Susan Braatz of the UNFF Secretariat concerning the preparations for the Third Session of the UNFF scheduled to be held in Geneva on 26 May - 6 June 2003 with a theme on economic aspects of forests, as well as the significance of trade and sustainable forest management within the mandate and programme of work of the UNFF. She also informed the Committee regarding the format for national reports for the Third Session of the UNFF.

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

The Committee was informed that the ITTO Secretariat was scheduled to attend the coming meeting of the IWGFS in February 2003 to review the results of the 2002 Joint Forestry Sector Questionnaire (JQ) and consider amendments to the JQ for 2003. The ITTO Secretariat had also continued its participation in the IUFRO Global Forest Information Service (GFIS) to provide coordinated global access to forest-related information through an internet based metadata system. The Committee was informed of the continued work by the ITTO Secretariat on a streamlined data processing system to reduce bottlenecks in production of the Annual Review and other statistical outputs.

(viii) Creating Greater Opportunities for Tropical Timber Trade from ITTO's Work

The Committee gave further consideration to developing a process for reviewing the output of studies and recommending follow-up action to the Council.

The Committee agreed to recommend the consultant report to the Council. The Committee highlighted the need for greater financial provision in the budget for CEM activities, pre-project and projects to allow for a wider distribution of the various reports and studies.

(ix) Consider activities to fill gaps in data and include collecting and analysing data on plantation resources and enhancing analysis of data on undocumented trade [ITTO Action Plan, Section 3.1, Goal 1]

This item was considered at the Joint Session of the Committee and the Committee on Forest Industry.

The Committee noted the various activities being undertaken to fill data gaps by the ITTO Secretariat including on-going work on the JQ, statistical workshops by ITTO/FAO and the inclusion of data on plantation resources being sought through the 2002 JQ. The Committee further noted the encouraging response from producer member countries regarding data on plantation resources in the 2002 JQ, showing that plantations are playing an increasing role in wood supply for some member countries.

(x) ITTO Work Programme 2002

The Committee noted the latest progress made in the implementation of its project and strategic policy activities as contained in document ITTC(XXXIII)/15.

(xi) Draft ITTO Work Programme 2003

The Committee considered and agreed to its proposed project and strategic policy activities to be undertaken in 2003 as contained in document ITTC(XXXIII)/16 on the Draft ITTO Work Programme for 2003. The ITTO Work Programme 2003 for Economic Information and Market Intelligence as approved is attached in Appendix B.

(xii) Theme for the ITTO 2003 Annual Market Discussion

The Committee noted and endorsed the proposal made by the Trade Advisory Group (T-A-G) that the theme 'World Trade and Business Developments' be adopted for the ITTO 2003 Annual Market Discussion.

(xiii) Statement of the Trade Advisory Group (T-A-G)

The Committee noted the statement of the T-A-G presented to the Council as attached in Appendix C.

10. Election of Chair and Vice-chair for 2003

Following the usual consultations undertaken by the producer and consumer groups, Dr. Gilbert Kaya (Republic of Congo) was elected Chair of the Committee and Prof. Yeo-Chang Youn (Republic of Korea) was elected Vice-chair for the year 2003.

11. Dates and Venues of the Thirty-second, Thirty-third and Thirty-fourth Sessions of the Committee

The Thirty-second Session of the Committee would be held in conjunction with the Thirty-fourth Session of the International Tropical Timber Council in Panama City, Panama, on 12-17 May 2003.

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

The Thirty-fourth Session of the Committee would be held in conjunction with the Thirty-sixth Session of the International Tropical Timber Council at a venue and dates to be determined by the Council in due course.

12. Other Business

The Committee agreed to the suggestion by the delegation of USA that a review of completed ex-post evaluation studies be undertaken to synthesize lessons learned for application to the assessment of future projects and activities.

13. Recommendations to the International Tropical Timber Council

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

PD 80/01 Rev.6 (M)	Consolidating Sustainable Forest Management Certification in Indonesia [US\$368,799]
PD 168/02 Rev.1 (M)	Establishment of a National System of Collection, Entry, Processing and Dissemination of Forestry and Timber Statistical Data in Togo [US\$243,594]
PD 179/02 (M)	A Strategic Plan to Develop Decision Support Tools to Support the Forest Industry Organization of Thailand (FIO) [US\$95,082]
PPD 45/02 Rev.2 (M)	Technical Assistance for the Formulation of a Project Proposal Aimed at Capacity Strengthening for the Sustainable Management of Natural and Planted Forests in Panama [US\$35,934]
PPD 61/02 Rev.1 (M)	Review of the Present Situation and Development of a Strategy and Project for Enhancing the National Forestry Statistics Management System (Côte d'Ivoire) [US\$62,555]
PPD 62/02 Rev.1 (M)	Establishing a Forest Statistics Management System in the Democratic Republic of Congo [US\$76,373]

- (ii) The Committee recommended that funding be made immediately available for the following projects approved at earlier sessions:

PD 52/97 Rev.3 (M) Phase II	Development and Implementation of an Educational Program to Inform the Wood Products Distribution Chain on the Value of Using Tropical Timbers from ITTO Member Countries - Phase II (Ghana) [US\$180,994]
PD 87/01 Rev.1 (M)	Development of the <i>Integrated Forestry Compendium: a Knowledge Base for Forest Management and the Forest Products Industry</i> (Ghana) [US\$442,777]
PD 124/01 Rev.2 (M) Phase I Stage 2, Phase II, Phase III	Promotion of Sustainable Management of African Forests (ITTO) [Phase I Stage 2 - US\$634,982, Phase II - US\$864,070, Phase III - US\$1,444,144]
PPD 23/01 (M)	Development of a Project Proposal for the Analysis of Tropical Timber Production and Trade Patterns in French-Speaking African Countries in the 90s (Togo) [US\$29,910]
PPD 27/01 (M)	Review of PNG's Timber Treatment Processes [US\$29,680]
PPD 32/01 Rev.1 (M)	Analysis of the Current Situation and Formulation of a Project Proposal for the Strengthening of the Forest Information and Statistics Centre of Honduras [US\$29,786]

- (iii) The Committee recommended that the balance of US\$1,400 from the request for additional funding made at its previous session be made immediately available for the following on-going activity:

PP-A/23-63	Activity to Facilitate Development of a Joint ITTO/ECE/FAO/EUROSTAT Forest Statistics Questionnaire
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- (iv) The Committee recommended that additional funding be made immediately available for the following on-going projects:

PD 16/93 Rev.4 (M) Phase IV	Market Information Service for Tropical Timber and Timber Products (MIS) (ITTO) [US\$300,000 in 2003 and US\$300,000 in 2004]
PD 39/98 Rev.2 (M)	Research on Value Accounting of Tropical Forest Environmental Resources and Bringing of it in Line with the National Economic Accounting in China [US\$78,000]

14. Report of the Session

The Committee adopted this report for submission to the Council.

APPENDIX A

TECHNICAL ASSESSMENT OF PROJECTS AND PRE-PROJECTS IN THE AREA OF ECONOMIC INFORMATION AND MARKET INTELLIGENCE AND SUMMARY TABLE

(i) PD 80/01 Rev.6 (M) Consolidating Sustainable Forest Management Certification in Indonesia

This project proposal is submitted by the Government of Indonesia after taking into account the comments, recommendations and conclusion of the Twenty-fourth Expert Panel.

With the assistance of ITTO and other donor agencies, LEI made some substantial progress in implementation of Sustainable Forest Management (SFM) certification in Indonesia during the years of 2000 and 2001. Nonetheless, LEI identifies three major problems that may undermine SFM certification in Indonesia. These problems are, firstly, insufficient national capacities to ensure implementation of a credible certification for all systems of forest management, including natural production- and plantation forest management. In this case, some key supporting systems and institutional capacities are either not developed or not functioning optimally due to resource constraints. Secondly, a thorough monitoring to ensure credibility has yet to be put in a firmer ground. Thirdly, SFM certification for natural production forests is still at its early stage, resulting in limited international commercial acceptance of the certificate. If left unanswered, these problems may cause a setback in promotion of SFM through certification. They also lead to a lack of supply of tropical timber from sustainably managed sources in Indonesia.

The aim of this project is to promote the implementation of sustainable forest management (SFM) to ensure the increased availability of certified timber from sustainably managed forest.

The specific objectives of the project are:

1. To improve public awareness on implementation of credible sustainable forest management certification systems in Indonesia
2. To establish national capacities needed to ensure implementation and monitoring of credible SFM certification systems in Indonesia.

After project completion, SFM certification in Indonesia will be more consolidated. Local capacities to implement it and to communicate the results have been established, and essential certification systems and a thorough forest certification monitoring will be operational. This will be reflected in an increased number of forest areas certified, while the certification process maintains its credibility. As a result, promotion of tropical timber from sustainably managed sources will be enhanced, with transparency of the international timber market improved. The project also helps promoting sustainable management of tropical forest resources, especially in the area of natural production- and plantation forest management.

Comments of the Twenty-first Expert Panel

The Panel noted that the ideas and concept underlying the proposal were important and relevant for advancing sustainable forest management in Indonesia and that the Development and Specific Objectives of the proposal as formulated were sound. The Panel felt that the justification for the proposal should focus on the need to address the problem of SFM certification still being at an early stage and vulnerable to failure. Relevant technical and scientific aspects of the work to be undertaken by the project should also be presented. The Panel was also of the view that the Logical Framework for the proposal should be revised and clarified.

The Panel further noted the absence of any contribution by the Government of Indonesia to the funding of the proposal. The amounts budgeted for project personnel and Executing Agency management costs were excessive and should be reduced. The Panel felt that part of these costs should be presented as counterpart funding to be borne by the Government of Indonesia or LEI as the Executing Agency. The provision for land procurement and construction of Certification House as proposed under output 2.3 and activity 2.3.1 should also be fully clarified.

Recommendations of the Twenty-first Expert Panel

To further enhance the project, the Panel recommended that the proposal be modified to incorporate the following:

1. Strengthening its justification by focusing on the need to address the problems of strengthening the certification system in Indonesia. Concentrate on problems specified in the problem tree on page 7:
 - SFM certification for natural forests still at an early stage
 - Monitoring to ensure credibility is not in place
 - Systems for certification of man-made forests are not established
 - Capacity is insufficient
2. Based on the revised problem analysis, revise the Logical Framework;
3. Consider revising Specific Objective as follows:
"SFM certification system has been developed."

The Indicators can then be phrased along the lines of:
"Acceptable system developed by end of project"

Means of verification would be:

"System validated technically and for acceptability"

- One of the outputs would then be support systems

4. Delete indicators and assumptions from activities
5. Presenting relevant technical and scientific aspects of the work to be undertaken;
6. Reducing the budget particularly with respect to project personnel and executing agency costs which should in part be presented as counterpart funding to be borne by the Government of Indonesia/LEI; and
7. Presenting a full clarification on the provision for land procurement and construction of Certification House.

Conclusion of the Twenty-first Expert Panel

The Panel concluded that the project proposal requires essential modifications and the Panel will need to assess the modified project proposal before it can commend it to the Committee for appraisal.

Comments of the Twenty-second Expert Panel

The Panel noted the modifications contained in the revised proposal relating to strengthening its justification, revising the Logical Framework, presenting relevant technical and scientific aspects of the work to be undertaken, and reducing the budget to US\$835,525 of which US\$611,837 is to be contributed by ITTO. The establishment of LEI's Certification House as an output under specific objective 2 of the proposal has been deleted and consequently a full clarification on the provision for land procurement and construction of the House as requested by the Twenty-first Expert Panel has not been presented.

In spite of the modifications that have been made, the Panel was of the view that the justification for the proposal has not been adequately strengthened. Consequently almost all the outputs and activities of the proposal have been retained without much change and improvement. The modifications to the Logical Framework have also not resulted in its improvement and has caused some confusion.

Recommendations of the Twenty-second Expert Panel

In order to enhance the proposal, the Panel recommended that the proposal be further modified incorporating all the recommendations of the previous Panel and the following:

1. strengthening its justification;
2. further develop the Logical Framework;
3. review the project outputs and activities;
4. enhancing the presentation on the technical and scientific aspects of the work to be undertaken; and
5. recalculate ITTO's Programme Support Costs specified in the budget so as to conform to the new standard of 6% of the total project costs [ITTC Decision 2(XXX)].

Conclusion of the Twenty-second Expert Panel

The Panel concluded that the project proposal requires essential modifications and the Panel will need to assess the modified project proposal before it can commend it to the Committee for final appraisal.

Comments of the Twenty-third Expert Panel

The Panel noted the modifications contained in the revised proposal particularly in respect of its justification; logical framework; outputs and activities; technical and scientific aspects; and ITTO's programme support costs. These modifications have contributed to the improvement in the overall presentation of the proposal. However, the revised total budget for the proposal and the ITTO's share had been raised from US\$835,525 and US\$611,837 to US\$954,539 and US\$730,851 respectively, with no clear indication whether the increases were related to the revision of outputs and activities as recommended by the Twenty-second Expert Panel. Although markedly improved, the logical framework would require further refinement particularly with regards to some of the assumptions which could affect the viability of the project. The Panel also felt that the issue of future operations and maintenance was inadequately addressed and this together with the uncertainty of stakeholders' commitment could undermine the sustainability of the project. The Panel was of the view that the concept, principles and procedures for the certification of community-based forest management should be further clarified.

Recommendations of the Twenty-third Expert Panel

In order to enhance the proposal, the Panel recommended that the proposal be further modified to incorporate the following:

1. Logical Framework
 - Specific objective: delete from the objective the strategic element "through an advancement..." and instead discuss that under 2.3 Strategy
 - delete from the logical framework the indicators for ACTIVITIES and consider if these would be relevant indicators to OUTPUTS.
 - reconsider the assumptions especially the external factors. If one of the assumptions is cooperation of relevant stakeholders the project is likely to fail. In the risk assessment (para 2.9), even the slightest risk for non-cooperation of stakeholders should be discussed and solutions proposed.
2. Budget
 - it was noted that most of the project personnel is under ITTO contribution
 - it was noted that (page 33) the executing agency management costs are actually personnel costs. The panel questioned if these are the same as the project personnel above. The Panel recommends LEI to reconsider its contribution
 - explanations are needed for the budget increase from Rev.1.
3. Since certification by definition is part of commercial operations of private sector, the proposal should very clearly explain how plantation certification will be financed after the project. Elaborate under Part III: 3. The description should include information on the proposed financing of CB accreditation and proposed financing of certification done by CBs.
4. Adequate clarification of the concept, principles and procedures for the certification of community-based forest management.

Conclusion of the Twenty-third Expert Panel

The Panel concluded that the project proposal requires essential modifications and the Panel will need to assess the modified project proposal before it could commend it to the Committee for final appraisal.

Comments of the Twenty-fourth Expert Panel

The Panel noted the latest modifications contained in the revised proposal covering its specific objectives, outputs, logical framework, sustainability aspect, target beneficiaries and overall budget in response to the recommendations made by the Twenty-third Expert Panel. The scope and budget of the revised proposal had been scaled down following the deletion of the component on community-based forest management and the output relating to international promotions and the establishment of the Regional Asia Pacific Consultation Forum on Forest Certification. Consequently, the total budget requested from ITTO had been brought down from US\$730,850.94 to US\$440,157.74 with ITTO's share of the project personnel costs reduced from US\$265,778.15 to US\$173,428.15. Clarification provided with regard to the executing agency management costs, personnel costs and the financing of plantation certification after the completion of the project were also noted.

The Panel reiterated the relevance and importance of the revised proposal in the context of the on-going efforts to address problems of sustainable forest management in Indonesia. Notwithstanding the

modifications made, the Panel was, however, of the view that the revised proposal could substantially benefit by being rewritten in a simpler and more coherent way to enhance its overall presentation and to adequately address some continuing concerns relating to its sustainability, the attendant risks and its future operations and maintenance. Further amendments should also be made to improve the logical framework and the budget adjusted with a view to reducing the allocation for masters degree education.

Recommendations of the Twenty-fourth Expert Panel

In light of the foregoing comments, the Panel recommended that the proposal be rewritten in a simpler and more coherent way to enhance its presentation, taking into account the need to adequately address the concerns identified, to refine its logical framework, and to reduce the provision for masters degree education in the budget.

Conclusion of the Twenty-fourth Expert Panel

The Panel concluded that, with the incorporation of the amendments recommended, the project proposal could be commended to the Committee for final appraisal. In view of the Panel, this project proposal is eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8(XXV).

Assessment of the Committee at its Thirty-first Session

The Committee approved the revised proposal and agreed to recommend it to Council for immediate financing.

(ii) PD 168/02 Rev.1 (M) Establishment of a National System of Collection, Entry, Processing and Dissemination of Forestry and Timber Statistical Data in Togo

This project proposal is submitted by the Government of Togo after taking into account the comments, recommendations and conclusion of the Twenty-fourth Expert Panel.

This project arises from pre-project PPD 21/99 Rev.1 (M) "Development of a Strategy of the Improvement of the National System for the Processing of Forestry Statistics and Information of the Timber Market". The pre-project encompassed a diagnosis of the current situation of the forestry statistics in Togo; a holding of a national workshop aimed at developing a strategy for the improvement of forest statistics in Togo with participants of several institutions, ITTO and the private sector; and the formulation and submission of the actual project proposal.

The aim of the project is to enhance the capacity of the Government of Togo to make decisions in sustainable forest management based on a detailed knowledge of the sector, through the effective implementation of the means provided for in the strategy developed under PPD 21/99 Rev.1 (M).

It plans the development and establishment of a fully operational forestry and timber statistical data collection, processing and dissemination system, managed by local personnel and enabling the development of a permanent data bank, which would serve as an operational control panel for rational decision-making in sustainable forest management. The project essentially benefits from technical assistance in management and computer training, as well as financial and material assistance to ensure the operational start of computer resources, to cover travel and the establishment of the network.

Comments of the Twenty-fourth Expert Panel

The Panel noted that the project proposal comprised numerous outputs and activities and felt that they could be substantially reduced by focusing on the more essential ones and by combining some of them. The Panel felt that a diagram should be included to illustrate the structure of the proposed statistical system. It further felt that the budget should be scaled-down by reducing the number of computers and shortening the duration of the project without affecting the objectives of the project. It should include a budget component for evaluation costs for a mid-term or ex-post evaluation. The logical framework should be adjusted in light of these changes.

Recommendations of the Twenty-fourth Expert Panel

In order to enhance the proposal, the Panel recommends that the following modifications be incorporated:

1. Focus on the most essential outputs and activities without affecting the general objective of the project;
2. Include a diagram of the statistical system;
3. Scale-down the project budget;
4. Include a budget component for evaluation costs amounting \$8,000; and
5. Include an Annex with a tabular summary showing the modifications made in response to each recommendation of the Panel.

Conclusion of the Twenty-fourth Expert Panel

The Panel concluded that, with the incorporation of the amendments recommended, the project proposal could be commended to the Committee for final appraisal.

Assessment of the Committee at its Thirtieth Session

The Committee approved the revised proposal and agreed to recommend it to Council for immediate financing.

(iii) PD 179/02 (M)

A Strategic Plan to Develop Decision Support Tools to Support the Forest Industry Organization of Thailand (FIO)

The FIO state enterprise manages approximately 140,000 hectares of forest plantations scattered throughout Thailand. The FIO is concerned about the lack of a functional GIS inventory system, and the use of outdated growth and yield equations. As well, FIO is concerned that use of these outdated data systems and analysis tools could affect its forest certification process with the Forest Stewardship Council (FSC). Yet the FIO is committed to promote and implement certification as a tool to measure progress towards sustainable forest management (SFM) of its plantations. This pre-project aims to upgrade FIO's data systems and analysis tools, including a GIS-based inventory database, a monitoring system, and growth and yield (GY) equations, for better decision-making. These updated data systems and analysis tools (DS) tools would also be used to formulate and evaluate plantation management options to improve FIO's cash flow, and maintain investor and public confidence, while still ensuring long-term sustainability of its forest resources. This project would also strengthen the capacity of FIO to preserve and develop its recently started FSC forest certification process. The pre-project output will be appropriate methods to upgrade the FIO data systems and analysis tools. The pre-project activities include a synthesis of existing information; feasibility studies to evaluate options for updating the DS tools; and designing monitoring systems; and reports preparation. The FIO approach could also serve as a model for sustainable management of private plantations in Thailand.

Comments of the Twenty-third Expert Panel

The Panel noted that the specific objective of the proposal as formulated was lengthy and not consistent with the outputs and activities proposed. Rather than proposing a strategic plan, the Panel felt that the main purpose of the proposal seemed to lead to the upgrading of data systems and analysis in order to improve the decision-making capacity of the Forestry Industry Organization (FIO). It felt that for this purpose, the proposal should focus on this aim rather than on formulating a strategic plan and a project proposal. The Panel further noted that the time of engagement for the international consultant could be shortened while the terms of reference for this consultant and other project personnel were missing. The Panel was also unaware if the forest state is under management plan and further information was needed on the status of the forest certification.

Recommendations of the Twenty-third Expert Panel

The Panel recommended that a reformulated proposal should:

1. Refine the objectives and make them consistent with the outputs and activities of the proposal, focusing on upgrading FIO's data systems and analysis for better decision-making.
2. Consider submitting this proposal as a small project

3. Consider if the project proposal for the implementation of the strategic plan could be formulated after the completion of the small project and not simultaneously
4. Reduce the time of engagement for the international consultant and include the terms of reference of the pre-project personnel

Conclusion of the Twenty-third Expert Panel

The Panel concluded that a re-formulation of the pre-project proposal is essential and the Panel will need to assess the re-formulated proposal before it can commend it to the Committee for final appraisal.

Comments of the Twenty-fourth Expert Panel

The Panel noted that the revised proposal took into account most of its recommendations from its earlier review of the pre-project. It questioned again, however, the designation of what was essentially a small stand-alone project as a pre-project and recommended that the proposal be considered as a small project rather than a pre-project. The budget allowances for monitoring and evaluation should accordingly be increased to \$7,500 each.

The panel noted the importance of the proposal to FIO, but continued to question whether the prime objective was certification or support to FIO itself.

Conclusion of the Twenty-fourth Expert Panel

The Panel concluded that it could not commend the revised pre-project proposal and submits it to the Committee for further appraisal.

Assessment of the Committee at its Thirty-first Session

The Committee approved the revised proposal and agreed to recommend it to Council for immediate financing.

(iv) PPD 45/02 Rev.2 (M) Technical Assistance for the Formulation of a Project Proposal Aimed at Capacity Strengthening for the Sustainable Management in Natural and Planted Forests in Panama

This pre-project is submitted directly to the Committee following the recommendation of the Twentieth Expert Panel after its review of the original project proposal [PD 26/00 (M)] submitted by Panama. The comments of the Expert Panel relates to the original project proposal.

The pre-project is aimed at formulating a project proposal of forest certification with a view to promoting the sustainable management of the forests of Panama, in such way that it can contribute to satisfy the medium and long term supply of Panamanian forest products that fulfill the requirements of the international tropical timber market, increasing therefore the country's export potential and the generation of foreign revenues. The national certification procedures for the sustainable management of natural and planted forests will be established in accordance with national and international standards, and adapting and implementing the main ITTO criteria and indicators for the sustainable management of natural and planted forests in Panama.

Comments of the Twentieth Expert Panel

The Panel noted the relevance of this proposal to ITTO and the Government of Panama. However, it noted that, although the development objective was "to increase Panama's share in the international tropical timber market", the activities were not in accordance with this objective. The Panel noted that the project strategy towards the achievement of this objective required greater elaboration and should focus on ways of addressing the problems at hand. It also noted that important background information, such as current production and export levels (from natural, planted, certified and concession forests), were not provided. The differentiation among natural, planted and certified forests and the companies involved in their management and harvesting must be taken into account when defining the target beneficiaries. The Panel noted that the project should clearly underline the ITTO Guidelines for Sustainable Forest Management and ITTO Criteria and Indicators, and place more emphasis on the specific goals of the Libreville Action Plan.

The Panel noted that the impact of the project should be discussed in the light of the current legal framework for forest management in Panama. It finally noted that the establishment of a national certification procedure in Panama could benefit from assigning a leading role to the private sector, with the government providing the training component.

In view of the foregoing comments, the Panel felt that the project proposal should be resubmitted for the consideration of the Panel in a form of a pre-project proposal. The pre-project should be formulated by consultants familiar with ITTO Criteria and Indicators and ITTO Guidelines.

Recommendations of the Twentieth Expert Panel

The Panel recommends that:

1. the project be resubmitted for its consideration as a pre-project proposal;
2. the private sector and civil society be involved in the development and maintenance of the national certification procedure;
3. background information on production and export of natural, planted, certified and concession forests as well of the legal framework in force be included;
4. the relevance of the proposal to the ITTO Libreville Action Plan be more clearly defined.

Conclusion of the Twentieth Expert Panel

The Panel concluded that a pre-project (not exceeding US\$50,000) is necessary in order to assess the situation and the viability of the proposed work and the possible formulation of a project proposal. Such a pre-project proposal could be commended to the Committee for final appraisal.

Assessment of the Committee at its Thirtieth Session

The Committee recommended to the Council that the proposal be revised and resubmitted directly to the Committee.

Assessment of the Committee at its Thirty-first Session

The Committee approved the revised proposal and agreed to recommend it to Council for immediate financing.

(v) PPD 61/02 (M) Review of the Present Situation and Development of a Strategy and Project for Enhancing the National Forestry Statistics Management System (Côte d'Ivoire)

This pre-project proposal is submitted by the Government of Côte d'Ivoire after taking into account the comments, recommendations and conclusion of the Twenty-fourth Expert Panel.

The overall situation prevailing in data collection, compilation and processing, and forestry statistics dissemination remains quite unsatisfactory in Côte d'Ivoire. As such, expectations of Côte d'Ivoire's development partners cannot always be properly addressed. The Government of Côte d'Ivoire has therefore decided to undertake this Pre-Project, which aims at:

- evaluating the present situation regarding capacities, human and material, and data collection, processing and analysis methods;
- proposing a strategy for the implementation of an operational system able to provide forestry statistics on a permanent basis;
- organizing a workshop for the dissemination and validation of the strategy; and
- formulating a project proposal for the enhancement of the national forestry statistics system

The project proposal will provide Côte d'Ivoire with reliable indicators for an improved planning of forest programmes and projects, and for the sustainable management of national forest resources, which is in accordance with the country's Forest Policy Statement (1999).

Comments of the Twenty-fourth Expert Panel

The Panel recognized the importance of the proposal from Cote d'Ivoire. The Panel noted, however, that although the final objective was simple the logical framework was unnecessarily complex. It felt that more background and justification should be provided as well as a clear description of the problem to be addressed. The Panel was concerned about the turbulent history of the institutional change undergone in the country and the potential risk that this could pose for the statistical management systems proposed. The Panel felt it was unnecessary to hire a national counterpart since the pre-project coordinator was already in place. It felt that capital items such as personal computers and photocopy machine should be removed. The panel further felt that the executing agency should consider extending the duration of the pre-project to ensure the attainment of the objective. The Panel felt that it was essential that ITTO be represented at the proposed national workshop for the dissemination and validation of the feasibility study for the national forestry statistics system.

Recommendations of the Twenty-fourth Expert Panel

In order to enhance the proposal, the Panel recommends that the following modifications be incorporated:

1. Refine the objectives and activities of the logical framework presenting them in a simple and clear manner;
2. Provide clearer discussion of the problem to be addressed, background to and justification for the proposal;
3. Address fully the risks that may arise from institutional changes;
4. Scale-down the budget by removing the national counterpart and capital items;
5. Consider extending the duration of the pre-project to four or six months but without increasing the budget;
6. Include ITTO as participant of the national workshop for the validation of the feasibility study;
7. Make reference to the ITTO Guidelines and Elements for Forestry Information Systems; and
8. Include an Annex with a tabular summary showing the modifications made in response to each recommendation of the Panel.

Conclusion of the Twenty-fourth Expert Panel

The Panel concluded that, with the incorporation of the amendments noted, the pre-project proposal could be commended to the Committee for final appraisal.

Assessment of the Committee at its Thirty-first Session

The Committee approved the revised proposal and agreed to recommend it to Council for immediate financing.

(vi) PPD 62/02 Rev.1 (M) Establishing a Forest Statistics Management System in the Democratic Republic of Congo

This pre-project proposal is for the continuation and consolidation of results from a previous project funded in 2000 by the Central Africa Regional Program for Environment (CARPE). Key outputs of Phase I of the Project were i) a local-scale baseline study on DRC forest statistical data; and (ii) an Access-based computerized data management system developed for these data.

This second phase is meant to (i) complete the baseline study by collecting and processing data from sources located in the Provinces of DRC; (ii) complete the development of the computerized system obtained from project activities financed by USAID by incorporating a Geographic Information System (GIS) module which will enable data management in reference to geographical locations; and (iii) enhance national management capability for forest statistics.

This Project will thus contribute to providing the DRC with monitoring instruments for the management of its forest sector, which could be further extended to decentralized entities in the various Provinces of the country.

The pre-project's specific objective is to implement an efficient forest statistics management system for data collection and processing in the DRC, through the completion and consolidation of outputs already achieved with the support of CARPE and USAID, in order to increase visibility in the Congolese forest sector.

Activities envisioned include undertaking an inventory of all data collection forms, liaising with and obtaining data from all other relevant organizations, analyzing this data, compiling information on the statistical systems used by other countries/organizations and preparing a project proposal for the implementation of a forest statistics management system in DRC.

Comments of the Twenty-fourth Expert Panel

The Panel noted that the proposal was well-formulated and would assist Congo to improve its forest statistics and management. It requested more information on the current statistical system in Congo and on the work carried out under the previous CARPE/USAID project. More details on the target beneficiaries should be provided, including industry, NGOs and other stakeholders. The type of data to be included in the system should be enumerated, and a justification for the international consultant provided.

The Panel noted that the purchase of 2 laptop computers was proposed but cautioned that laptops generally have a shorter lifespan than desktops and that this should be reconsidered. It also noted that a license for GIS software was likely to be more expensive than quoted in the budget.

The Panel recommended that the pre-project focus on developing the system and installing software, with actual data collection activities to take place in the follow-up project. Finally, the Panel noted the potential contribution of this proposal to efforts in the Congo Basin to combat illegal logging and recommended that this issue be referred to in the proposal and possibly reflected in its title.

Recommendations of the Twenty-fourth Expert Panel

In order to enhance the proposal, the Panel recommends that the following modifications be incorporated:

1. Include more information on the current statistical system and previous project(s);
2. Include more details on target beneficiaries;
3. List the types of data to be collected by the system;
4. Justify the need for an international consultant;
5. Reconsider the purchase of laptop computers;
6. Increase the budget for the GIS software license;
7. Delay data collection activities for the follow-up project;
8. Refer to the contribution of the proposal to efforts to combat illegal logging in the Congo Basin; and
9. Include an Annex with a tabular summary showing the modifications made in response to each recommendation of the Panel.

Conclusion of the Twenty-fourth Expert Panel

The Panel concluded that, with the incorporation of the amendments noted, the pre-project proposal could be commended to the Committee for final appraisal.

The Government of the Democratic Republic of Congo may be submitting a revised proposal incorporating the amendments recommended by the Twenty-fourth Expert Panel for the consideration of the Committee at its Thirty-first Session.

Assessment of the Committee at its Thirty-first Session

The Committee approved the revised proposal and agreed to recommend it to Council for immediate financing.

(vii) PPD 64/02 (M)

Promotion of Guatemalan Certified Timber Trade

This pre-project is submitted directly to the Committee following the recommendation of the Twenty-fourth Expert Panel after its review of the original project proposal [PD 175/02 (M)] submitted by Guatemala. The comments of the Expert Panel relates to the original project proposal.

The development objective of this proposal is to encourage sustainable forest management and increase certified timber product exports from Guatemala. The project will include the active involvement of forest concession holders, community groups/cooperatives, and private business. These groups are implementing forest management plans and therefore need to achieve industrial and commercial

development with a sustainable development approach. Guatemala has consolidated the certification process for timber extracted from managed forests with community groups and the private sector.

The project strategy will include two major components: technical assistance, commercial training and trade promotion of certified timber products on international markets. Four training courses and workshops for 100 producers will be held, also including other activities such as fostering voluntary forest certification systems, identification of export supply, implementation of a certified timber international market study and trade promotion through three international fairs and business tours in USA and Germany.

It is important to point out that, at present, Guatemala has 314,753 hectares of SMART WOOD certified forests and that the conditions exist for extending this to 465,467 hectares of certified forests in the near future. ITTO's support is sought in order to strengthen the sustainable forest management process through the promotion of Guatemalan certified timber on international markets.

Comments of the Twenty-fourth Expert Panel

The Panel felt that the general concept of the project proposal was sound but for a one-year period, the proposal was too wide in scope and tackling a myriad of issues including training, workshops, market studies and increased exports. It further felt that the establishment of a permanent market intelligence system was ambitious given the time and budget frames. The Panel was of the view that the aims of introducing eleven species into the high-value certified market and increasing exports by US\$10 million were unrealistic and that, as described, the project will not likely achieve the objectives.

The Panel felt the technical and scientific aspects did not directly refer to the project strategy. It further felt that the submitting agency should consider the strategy of going for promotion of products from secondary forest and then seek for certification rather than the strategy of seeking certification of the large number of lesser-known species. The Panel was of the opinion that a pre-project proposal was needed. It should focus on only one issue such as market promotion and take into account local and regional markets.

Conclusion of the Twenty-fourth Expert Panel

The Panel concluded that a pre-project not exceeding US\$50,000 is necessary in order to assess the situation and viability of the proposed work and the possible formulation of a project proposal. Such a pre-project proposal could be commended directly to the Committee for final appraisal.

Assessment of the Committee at its Thirty-first Session

The Committee recommended to the Council that the proposal be revised and resubmitted directly to the Committee.

APPENDIX B

**ITTO 2003 WORK PROGRAMME FOR
ECONOMIC INFORMATION AND MARKET INTELLIGENCE**

ALL THREE TECHNICAL COMMITTEES

PROJECT ACTIVITIES

Activity	Implementation Approach and Cost Implications
(vii) With the assistance of the Expert Panel for Technical Appraisal of Project Proposals, appraise relevant committee project and pre-project proposals submitted by Member countries [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.
(viii) With assistance of the ITTO Secretariat and independent consultants (as necessary), ensure effective monitoring and evaluation of approved projects in the relevant Committees [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.
(ix) Review the results of project work in the relevant committees and make recommendations to Council on ITTO's Work Programme for the Year 2004 [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.
(x) Select projects for ex-post evaluation following procedures outlined in ITTC Decision 3(XXVIII) [Yokohama Action Plan, Section 1.6 and ITTC Decision 3(XXVIII)].	Routine. Regular Sessions' work.
(xi) Consider project ideas and provide guidance to Member countries for the formulation of relevant committee project proposals which meet the priorities set in the ITTO Yokohama Action Plan [Yokohama Action Plan, Section 1.6].	Routine. Regular Sessions' work.
(xii) Consider and, if appropriate, take action to disseminate information on projects findings and results [ITTA, 1994, Article 27(4), ITTO Yokohama Action Plan, section 2, actions d and e].	Routine. Regular Sessions' work.

STRATEGIC POLICY ACTIVITIES

Activity	Implementation Approach and Cost Implications
(ii) Review the results of policy work in the relevant Committees and make recommendations to Council on ITTO's Work Programme for the Year 2004 [ITTA, 1994, Article 27(4), ITTO Yokohama Action Plan, Section 1.6].	Routine. Regular Sessions' work.

COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

STRATEGIC POLICY ACTIVITIES

Activity	Implementation Approach and Cost Implications
(vi) Consider activities to promote awareness of progress made in implementing sustainable forest management and in the increased availability of tropical timber from sustainably managed sources [ITTO Yokohama Action Plan, Section 3.1, Goal 2, Action 3]	Regular Sessions' work.
(vii) Continue to examine the role of Life Cycle Analysis as a potential tool for assessing the competitiveness of tropical timber in the market place. [ITTO Yokohama Action Plan, Section, 3.1, Goal 2, Action 4]	The Committee will consider the results of regular Sessions' work of a pre-project study [PPD 48/02 (M) "Review of Information on Life Cycle Analysis of Tropical Timber Products"] to assist its examination of Life Cycle Analysis.
(viii) In cooperation with industry and trade associations, organize and hold the ITTO Annual Market Discussion 2003 on the World Tropical Timber Trade – during the Thirty-fourth Session of the ITTC, Panama City, Panama, 14-19 May 2003. [ITTO Yokohama Action Plan, Section 3.1, Goal 2, Action 4]	Regular Sessions' work. The theme for the Market Discussion will be finalised during the Thirty-first Session of the Committee (4-9 November 2002).
(ix) Undertake regular studies on the medium and long term outlook for the tropical timber market [ITTO Yokohama Action Plan, Section 3.1, Action 5].	

APPENDIX C

**STATEMENT OF THE TRADE ADVISORY GROUP (T-A-G)
Thirty-third Session of the International Tropical Timber Council
Barney Chan, T-A-G Coordinator**

Chairman,
Ladies and Gentlemen.

Given the tight schedule of Council meetings, the T-A-G was unable to finalise its discussions and preparation of this statement until today.

First and foremost, a quick snapshot on the current market situation. After our May Session in Bali we were happy to see some prices started to firm up for a few months. But recently prices have gone down again, and the recent bombing in Bali has undermined the global economies and consumer confidence has been further eroded. In the medium term prospects for significant price increases are slim.

It is in this depressive atmosphere that we share with you our thoughts.

First can I restate that the T-A-G wishes to continue to participate in efforts to combat illegal logging and illegal trade. Such illegal activities undermine the progress made towards SFM and also severely undermine the markets for tropical timber. We cannot overstate the importance of this, as lower prices will eventually translate into weaker management at the forest level. All ITTO members are asked to play a part to combat illegal activities. For example, Malaysia has banned the importation of Indonesian logs to give power to Indonesia's decision to ban exports of logs.

Trade issues are important in shaping ITTO's policy and project work. The issues need to be well-debated and analysed. Needless to say, this can only be done when there are trade advisors in the room. It is sad for me to note once again, as I have in previous Trade Statements, the absence of trade representatives in many member delegation. Both Consumers and Producers are strongly urged to bring your trade advisors to future Council Sessions so as to enrich our discussions.

It is with considerable interest that the T-A-G notes that on 11th November in Tokyo, the Asian Forest Partnership will be launched. We note that this partnership is an initiative of the Japanese government announced during the recent WSSD in South Africa. We also note that this generous initiative was announced at a time when the Japanese economy is under pressure and when ITTO itself is being asked to effect major budget reductions. On behalf of the Asian trade members present at this Council session I would like to say that we would welcome the opportunity to be advised of the purpose of this initiative, to learn how it will coordinate with the work of ITTO and how the Asian tropical timber trade could play a part.

On to the CSAG: We would like to take this opportunity to thank the speakers invited by the CSAG for their contributions. To the CSAG organisers I would say, welcome to the club; it was rather amusing to see that you, too, were chastised for the unbalanced approach adopted. For future CSAG meetings we in the T-A-G would welcome the opportunity to hear from speakers representing other timber certification schemes. As usual the T-A-G has the honour to organise the Annual Market Discussion which will be held in conjunction with the Council session in Panama. The theme for the market discussion will be World Trade and Business Developments and we are working to attract appropriate speakers.

In relation to the ITTC agenda item on CITES, we were dismayed to hear from the Executive Director that the CITES Secretariat failed to properly notify the ITTO Secretariat of the of the Nicaraguan/Guatemala proposal to list big-leaf Mahogany. We understand CITES also failed to request, from the Secretariat, formal comments that might have provided important scientific information on the status of the species and its regeneration germane to the CITES discussions. We urge Council to reaffirm with the CITES Council of Parties the importance of these communications in relation to all future proposals for the listing of commercially traded timber species that may be considered by CITES.

The T-A-G welcomes the attention of the Council to issues of market access. In just the same way that markets are dynamic, so too are the issues affecting market access so it is important that we are

constantly updated on this subject. The consultant produced a very useful report and we would urge the Secretariat to publish and distribute this report as widely as possible. The report contains many recommendations and the T-A-G looks forward to Council taking up some of these for future project work.

In relation to the Decision on civil society and private sector partnerships, we in the T-A-G have very mixed feelings on this, with some members having had very bitter experiences of failed dialogues particularly with some ENGO's especially those unrepresentative of the sector. However, members of T-A-G will keep an open mind on this and we look forward to learn how this decision will be operationalised and exactly who will be able to secure financial support and for what. Let it be clear that we appreciate the initiative of the Council on this issue and will do what ever we can to progress it.

We would like to close our Trade Statement with an observation. Let it not be forgotten that many Producer members are currently working hard to improve their standards of forest management; many Producers are struggling with timber certification; many Producers have forest fires to deal with; many Producers have problems related to illegal activities; many Producers are conducting training and other capacity building. Producers and importers alike are facing lower prices and lower demand for their products.

These are real activities being executed on the ground. They are not abstract concepts discussed in the comfort of a meeting room. In order to assist tropical countries to create, develop and maintain socio-economic opportunities and also maintain the tropical forests, there is an urgent need for the development effective mechanisms and incentives in support of financially viable sustainable forest management.

The T-A-G would like to remind all Producers and Consumers that the real battle to achieve SFM is going on in the forest and not in meeting rooms like this. Let us really work together on the ground, in the tropical forests, so that Producers can move even closer to SFM.

Thank you.

* * *

SUMMARY TABLE

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

PROJECT DOCUMENT	ITTA OBJECTIVES Article 1	AREA OF ACTIVITY		ITTO BUDGET US\$	DURATION (MONTHS)	GEOGRAPHIC COVERAGE	RECOMMENDATION(*)
		Art.27 Para.1	Art.27 Para.4				
PD 80/01 Rev.6 (M)	a-f	c, d, f	a, b, g	368,799	24	Indonesia	1
PD 168/02 Rev.1 (M)	d, h, n	a-c, f	b, g	243,594	24	Togo	1
PD 179/02 (M)	c, f, j	a-c, f	b, g	95,082	12	Thailand	1
PPD 45/02 Rev.2 (M)	a-h	a-c, f	b, g	35,934	3	Panama	1
PPD 61/02 Rev.1 (M)	b, d, h, k, m	a-c, f	b, g	62,555	4	Côte d'Ivoire	1
PPD 62/02 Rev.1 (M)	c, d, h, n	a-f	a-c	76,373	9	Dem. Rep. Congo	1
PPD 64/02 (M)	c-e, f, l, l	a-c, f	b, g	50,000	5	Guatemala	2(a)

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

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4 – 9 November 2002
Yokohama, Japan

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL FROM
THE THIRTY-FIRST SESSION OF THE COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT
4 – 9 November 2002**

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Report

Appendix I Technical Assessment of Project Proposals

REPORT

Item 1 - Opening of the Session

The Thirty-first Session of the Committee was opened, on 4 November 2002, by the Chairperson of the Committee on Reforestation and Forest Management, Ms. Angela Andrade (Colombia). The list of participants is reproduced in document ITTC(XXXIII)/Info.2 Rev.1.

Item 2 - Adoption of Agenda and Organization of Work

At its first meeting in a joint session on 4 November 2002, the Committee formally adopted the Agenda of its Thirty-first Session as contained in document CRF(XXXI)/1.

Item 3 - Admission of Observers

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

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

The Committees noted the presentation made by Mr. Patrick Hardcastle (United Kingdom), Chairman of the Expert Panel at its Twenty-fourth Meeting on its report as contained in document CEM, CRF, CFI(XXXI)/1 covering the Panel's operation, its general observations relating to the aspects of relevance to ITTO, logical framework, budget, staffing, differences between small projects and pre-projects, approach and impact and sustainability, as well as its recommendations including the revision of the ITTO Manual for Project Formulation. The delegation of USA complimented the Chairman of the Expert Panel for his analysis of the lessons learned in ITTO project formulation and appraisal and noted that the long-standing concern for achieving balance in the project work of the three technical committees remained to be satisfactorily addressed. A clarification of the categories of the decisions of the Panel as requested by the delegation of the Philippines was provided by Mr. Hardcastle. The Panel's recommendation for the revision of the ITTO Manual for Project Formulation was supported and it was suggested that funding be made available for this purpose.

Item 5 - Report on Completed Projects and Pre-Projects

5.1 Completed Projects

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

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

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

The Committee then proceeded to review the following completed projects:

(A) Completed Projects, Including Financial Audit

- 1) PD 11/93 Rev.1 (F) **A Strategy for the Sustainable Management and Harvesting of Forest Resources and Strengthening of Indigenous Territories in the Colombian Amazon** (Colombia)

The Committee took note that, in addition to the Final Report, as well as a series of publications and technical reports submitted at the previous Committee Session, the Final Financial Audit Report had now also been received by the Secretariat. The Committee therefore decided to consider the project as completed.

- 2) PD 28/94 Rev.2 (F) **Continuation of the Publication of the Journal "Bosques y Desarrollo" and Organization of a Communication and Information Service (Andean Region)**

The Committee noted that this project was reported as completed at its XXVII Session. The Committee at its previous session further noted that the final independent audit, carried out by instruction of the National Comptroller of the Peruvian Government, had flagged an amount of approximately US\$ 95,000 in unsubstantiated expenses. At that time, the Secretariat had given written notice to both the Executing Agency, the NGO "Bosques y Desarrollo", and the Peruvian Official Contact Point (INRENA), requesting a clarification in this regard. While no response has been received to date from the Executing Agency "Bosques y Desarrollo", the Peruvian Government did take up the matter through INRENA, which reviewed the project's accounts once again jointly with the assigned auditing firm. The auditors acknowledged that, while all project activities had been carried out satisfactorily by the Executing Agency, it had been negligent in its accounting practices, particularly as the project was regional in nature, and implied transferring project funds to collaborating institutions in six other Latin American countries, for which receipts were never gathered. In this light INRENA mentioned to the Committee that it gave the Executing Agency 30 days to substantiate the expenses with the auditors or face legal action. As no response was received from the NGO by the end of 2001, in January 2002 INRENA elevated the matter to the Ministry of Agriculture's State Attorney, in order to initiate the pertinent legal actions against the Executing Agency. The process is currently ongoing and its findings are being properly documented. However, INRENA has noted that the process will most probably continue well into the future and has requested the Committee to liquidate the unsubstantiated funds and allow the closure of the project within the ITTO, while at the same time guaranteeing that the Peruvian Government will give the legal process due course. However, the US delegation requested the Committee give more time to this issue and proposed the Peruvian Delegation provide an updated report on the legal proceedings to the Committee at its 33rd Session in Yokohama 2003, prior to closing the project within ITTO. The Peruvian Delegation fully agreed and the Committee endorsed the US proposal.

- 3) PD 3/95 Rev.2 (F) **Conservation and Provenance Plantings and Integrated Pest Management to Sustain Iroko Production in West Africa** (Ghana, Côte d'Ivoire, Cameroon)

The Delegation of Côte d'Ivoire informed the Committee that the Executing Agency has made arrangements for the transfer of unspent funds amounting to CFA Francs 6,117,472.00 to ITTO. The Committee took note of this information.

- 4) PD 16/96 Rev.4 (F) **Ex situ Conservation of *Shorea leprosula* and *Lophopetalum multinervium* and their Use in Future Breeding and Biotechnology** (Indonesia)

The Committee took note that the Completion Report and the Final Technical Report, as well as a series of technical reports describing in detail the results of the activities of this project, had been submitted by the Executing Agency. The Final Report and the publications are available from the Secretariat upon request. Furthermore, the Final Financial Audit Report has been received by the Secretariat. The Committee decided to consider the project as completed.

5) PD 8/97 Rev.2 (F) Implementation and Evaluation of Criteria and Indicators for Sustainable Natural Forest Management (Colombia)

The Committee took note that the Final Report, the Final Financial Audit Report, as well as a series of publications and technical reports describing in detail the results of the activities of this project, had been submitted to the Secretariat. The Colombian Delegation also provided a formal presentation of the project's accomplishments at this Session. The Final Report and the publications are available from the Secretariat upon request. The Committee decided to consider the project as completed.

6) PD 12/97 Rev.1 (F) Forest, Science and Sustainability: The Bulungan Model Forest (Indonesia)

The Committee took note that the Completion Report, as well as a series of technical reports describing in detail the results of the activities of this project, had been submitted by the Executing Agency. The publications are available from the Secretariat upon request. Furthermore, the Final Financial Audit Report has been received by the Secretariat. The Committee decided to consider the project as completed.

(B) Completed Projects, Pending Financial Audit

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

The Committee once again noted that this project was reported as completed, pending the Final Financial Audit Report, at the XXV CRF Session. The Brazilian Delegation informed that its government had been pursuing the Executing Agency IBAMA to be forthcoming with the Final Financial Audit Report and that upon their return to Brazil the delegation would contact IBAMA once again to seek the finalization of this audit and its immediate remittance to the Secretariat. The Committee reiterated its request that the Executing Agency submit the project's Final Financial Audit Report to the Secretariat prior to the next Council Session.

2) * PD 162/91 Rev.1 (F) Intensification of Growth and Yield Studies in Previously Logged Forest (PNG)

The Delegation of PNG informed the Committee that the Final Financial Audit Report had recently been submitted to the Secretariat. The Committee decided to consider the project as completed pending the approval of the audit report by the Secretariat.

3) * PD 18/92 Rev.2 (F) Determination of a Forest Typology Related to Silvicultural Systems (Côte d'Ivoire)

The Delegation from Côte d'Ivoire informed the Committee that the Executing Agency has made arrangements for the transfer of unspent funds amounting to CFA Francs 18,612,000.00 (22,205,000.00 less 3,593,000.00) to ITTO. The Committee took note of this information.

4) * PD 14/95 Rev.2 (F) Model Forest Management Area - Phase II (Malaysia)

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

5) * PD 31/95 Rev.3 (F) A Model Project for Cost Analysis to Achieve Sustainable Forest Management (Malaysia)

The Delegation of Malaysia presented the results of the project according to the recommendation of the previous Committee. The Committee took note of the information.

6) * PD 28/96 Rev.1 (F) Inventory and Preparations for the Management of the Minkebe-Forest Area of Gabon (Gabon)

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

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

The Committee urged the Executing Agency to submit the Final Financial Audit Report and the original of the Completion Report.

- 8) **PD 24/97 Rev.1 (F) Project for Sustainable Forest Management in Pando, Bolivia (Bolivia)**

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

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

The Committee took note that the Completion Report, as well as the Draft Development Plan for Sustainable Forest Management in Cambodia, had been submitted by the Executing Agency. These documents are available from the Secretariat upon request. It further noted that the Final Financial Audit Report of the project's accounts has not yet been submitted to the Secretariat. The Committee decided to consider this project as completed as soon as the Secretariat receives and accepts the Final Financial Audit Report of the project.

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

5.2 **Completed Pre-Projects**

- 1) **PPD 13/96 Rev.1 (F) Establishment of a Network of Permanent Sample Plots to Monitor the Dynamics of the Côte d'Ivoire Reserved Forests (Côte d'Ivoire)**

The Committee took note that the Completion Report, the Final Financial Audit Report and a project proposal PD 53/00 Rev.3 (F) "Implementation of a Permanent Network of Stands Dynamics Monitoring Plots for the Gazetted Forests of Côte d'Ivoire", had been submitted by the Executing Agency. The Committee decided to consider the pre-project as completed.

- 2) **PPD 10/98 Rev.1 (F) Establishment of Forest Research Base for Sustainable Forest Management in Cambodia (Cambodia)**

The Committee took note that the Completion Report, the Project Proposal and the Final Financial Audit Report of the pre-project had been submitted by the Executing Agency. The Committee decided to consider the pre-project as completed.

- 3) **PPD 19/99 Rev.1 (F) Strengthening Sustainable Management of Natural Forests in Asia-Pacific (Indonesia and Australia)**

The Committee took note that the Completion Report, several technical reports and a project proposal PD 110/01 Rev.2 (I) "Program to Facilitate and Promote Adoption of Reduced Impact Logging (RIL) in Indonesia and the Asia-Pacific Region", had been submitted by the Executing Agency. The publications are available from the Secretariat upon request. Furthermore, the Final Financial Audit Report has been received by the Secretariat. The Committee decided to consider the pre-project as completed.

Item 6 - Ex-post Evaluation

(A) Ex-post Evaluation

The Secretariat informed the Committee that the selection of consultants is underway for the ex-post evaluations of the following groups of completed projects selected by the Committee at its Thirtieth Session. It is expected that the results of the ex-post evaluations will be presented to the Committee during its Thirty-second Session.

Group 1: Demonstration Areas/Model Forests for SFM

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

Group 2: Reduced Impact Logging

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

Group 3: Mangroves

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

The Secretariat also briefed the Committee on the follow-up to the recommendations by the Committee regarding the results of the ex-post evaluations of 12 completed projects, as contained in the report of the Thirtieth Session of the CRF. In order to improve and standardize project monitoring by the Secretariat, draft guidelines were developed for project monitoring visits including PSC and PTC meetings. The draft guidelines are currently being tested with a limited number of projects and, once finalized, will be made available to the Executing Agencies of all projects to assist them in preparing for and conducting PSC/PTC meetings and project visits by ITTO staff. After interventions by the Delegations of the USA and the Netherlands the Committee decided to recommend including the revision of the ITTO Manual for Project Formulation and the ITTO Manual for Project Review, Monitoring and Evaluation in a Council Decision expected to be taken on measures to reduce costs and improve the efficiency and effectiveness of the organization.

(B) Selection of Projects for Ex-Post Evaluation

According to Decision 3(XXVIII), "Ex-post Evaluation of Projects", the committees are requested to consider as candidates for ex-post evaluation all completed individual projects or group of projects. In view of the large number of ex-post evaluations still being implemented, the Committee reiterated the decision made at its Thirtieth Session that it will refrain from selecting further projects for ex-post evaluation during the current Session.

Item 7 - Review of Project and Pre-Project Work in Progress

7.1 Project Work in Progress

The Committee took note of a status report (document CRF(XXXI)/4) by the Secretariat on the 83 projects, in the field of Reforestation and Forest Management, that have been approved by the Council, and which are either: A) in the process of implementation (71), B) awaiting the signing of an Agreement (11), or C) falling under the sunset provision since the last Session (1).

The Committee noted the reports on the progress of these projects in the above document. In view of the desire of the Committee to further streamline its work in accordance with Council Decision 4(XXV) Annex A, Section VI.1, the Committee requested the Secretariat and Members to limit the reporting and discussion during the Session to those projects that are:

- having implementation problems;
- requiring additional funds;
- requesting extension in time of more than 6 months beyond the original duration of the project; or
- requesting essential major modifications of the work plan and budget.

The Committee then proceeded to discuss the issues associated with a number of projects. Details of these discussions are as follows:

(A) Projects under implementation

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

The committee took note that the Executing Agency finally submitted the financial audit for the years before 1999 and its overdue progress report. The Secretariat also informed that, at the project's most recent Steering Committee meeting held in October 2002, the Detailed Work Plan, tentatively spanning one year of field activities and an additional 6 months to June 2004 for dissemination activities and final write-up, was discussed and approved. In this light, the Committee endorsed an extension of the project until the end of June 2004, without additional funds, pending the submission of an ITTO-formatted YPO and detailed six-monthly funding requirements. The Committee also took note that the independent audited report of the project's expenditures for the year 2001 was still pending and therefore requested the Executing Agency comply with this requirement prior to soliciting the next transfer of project funds.

2) PD 89/90 (F) Sustainable Forest Management and Human Resources Development in Indonesia Phase I (Operational), Phase II (Operational), Phase III (Operational) (Indonesia)

The Indonesian Delegation informed the Committee that a nine-month project extension is required in order to complete all project activities, particularly the C+I component, which has suffered delays, and to prepare the final reports. US\$ 106.250 of the unspent funds of phases I and II will be used to cover the expenses of the resident adviser's office during the extension period and to conduct a final workshop, as described in the work plan submitted by the Executing Agency. The Committee decided to approve the project extension and the use of the unspent funds for this purpose.

3) PD 2/93 Rev.1 (F) Integrated Pilot Management of the Ngoua II Forest-North - Phase I: Preparation of the Management Plan (Congo)

The Delegation of the Republic of Congo informed the Committee that a project extension is required because the preliminary report drafted by the German consulting agency (DFS) presented shortcomings regarding the forest ecology and rural sociology studies. The Executing Agency has therefore decided to engage two national consultants to complete these studies and a third consultant for the elaboration of the Forest Management Plan, using its own funds. The reports will be presented at the final workshop for the validation of the Forest Management Plan in February 2003. The Committee took note of the information and decided to grant the project an extension until March 2003 without additional funds.

4) PD 1/96 Rev.3 (F) Sustainable Forest Management in the Nargana District, Kuna Yala Indigenous Territory, Panama (Panama)

The Committee took note of the challenges involved in the implementation of this project and formed an Informal Working Group, comprising representatives of the project's donors (Japan, The Netherlands, USA), the Delegation of Panama and the Secretariat, to discuss the findings of the Mid-Term Evaluation and further report to the Committee on its recommendations. After its deliberations, the Informal Working Group informed the Committee that, according to the Mid-Term Evaluation, this project had several shortcomings, including the failure of the Executing Agency to create the specified number of participatory demonstration forest management areas and approved management plans, delays in establishing its operational center at the project site, failure to engage beneficiaries' interest and participation, etc. In this light, the Committee decided to consider this project as terminated.

Moreover, while the Informal Working Group considered the project's mid-term evaluation to be helpful in clarifying the problems encountered in the implementation of the project, it decided that it would be constructive to analyze the procedural and decision-making problems related to the project and its precursor pre-project PPD 5/93 Rev.1 (F) "Preparation of an Integrated Management Plan for District No. 1 of the Kuna Yala Indian Region, Aimed at the Development of Agroforestry (18,000 ha) Production Forests (22,000 ha) and Watershed Protection (60,000 ha)", beginning at the pre-project proposal stage. It emphasized that this analysis would help point out problems in the decision-making process that led to poor results and that the lessons learned from this analysis would assist ITTO in avoiding similar project failures in the future. In this light, the project's donors proposed the Secretariat utilize part of the project's remaining ITTO Monitoring & Evaluation funds to pursue this analysis. The Committee decided to authorize the Secretariat to engage a consultant with the aforementioned remaining funds to carry out an "Analysis of Problems in the Commissioning, Formulation and Implementation of PD 1/96 Rev.3 (F) 'Sustainable Forest Management in the Nargana District, Kuna Yala Indigenous Territory, Panama'".

Moreover, the Committee stressed this analysis should not repeat the work done in the Mid-Term Evaluation, but rather should identify the key contributing factors that led to the problems described in the Mid-Term Evaluation as well as the indicators that may have pointed to these factors during the project's inception. Key issues that should be analyzed include, inter alia:

1. Key Contributing Factors to Project Failure

- Challenges in working in the beneficiary community context and how this affected project design and implementation;
- The capacity, qualifications, and appropriateness of the Executing Agency for this project; whether the Executing Agency's credentials matched the specifications of the Terms of Reference;
- Conditions affecting the production of deliverables by the Executing Agency, e.g., the agency's delay in submitting progress review reports and problems in ensuring various substantive project outputs in the field;
- Whether and to what extent delays in donor funding affected project implementation; whether delays in funding were justified by the Executing Agency's delinquency in producing required deliverables;

2. Results of Reviews and Evaluations of Pre-project/Project Proposals and Revisions

- The contents of the Expert Panel's review and its critique of the pre-project proposal, the completed pre-project, the project proposal, and revised pre-project and project proposals and the substance of the Panel's recommendations to the CRF on all occasions;

3. "Signals" of Problems with the Pre-Project and Project (that may have been missed by relevant reviewers and evaluators)

- Whether the Expert Panel on Project Appraisals, Steering Committee, CRF, or other ITTO bodies missed "red flags" in various stages of the project formulation and implementation process, beginning with the pre-project stages;

4. Political Pressures

- The contributing role of political pressures on donors (including the donor's own governmental agencies) to fund the project.

The Committee also recommended the consultant report back to the Committee on the results of this analysis at its Thirty-third Session.

5) **PD 12/96 Rev.2 (F) Development of a Sustainable Management Plan for the Souanke-Sembe-Kelle Area (Phase II) (Congo)**

The Delegation of the Republic of Congo informed the Committee that the Completion Report will be submitted to the Secretariat shortly and that arrangements are currently being made for the final financial audit to be carried out. The Committee took note of this information.

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

The Committee was informed by the Delegation of Malaysia that the Project Progress Report for the period ended in August 2002 will be submitted to the Secretariat shortly. The Committee took note of this information.

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

The Delegation of Togo informed the Committee that the Final Financial Audit Report will be submitted to the Secretariat shortly. The Committee took note of the information.

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

The Committee was informed that the Project Completion Report has been received by the Secretariat after the deadline. Therefore the project will be reported as completed during the forthcoming Committee Session. The Committee took note of this information.

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

The Committee took note of the progress achieved in project implementation to date and further observed certain delays in some of the project activities due to political constraints. Moreover, it endorsed an extension of the project until the end of December 2002, without additional funds, to allow for the completion of project activities.

10) **PD 9/97 Rev.1 (F) Landowner Education and Training for Sustainable Forest Management (Fiji)**

The Secretariat informed the Committee that the Project Steering Committee has approved a request for extension by the Executing Agency until December 2003, due to the significant delays in project implementation caused by the change of Government in 2001 and the change of the Project Coordinator. The Executing Agency has submitted a revised work plan and the Secretariat is awaiting the corresponding internal budget modifications, which will not affect the total budget. Due to the Executing Agency's difficulties with the project accounts, the Secretariat requested the Committee to approve including a provision in the revised budget for a local expert to provide assistance in this regard. The Committee approved the project extension in principle, provided the Executing Agency submits the revised budget. The Committee also approved using some of the remaining funds to hire a local expert to assist the Executing Agency with project accounting.

11) PD 21/97 Rev.2 (F) Developing Tropical Forest Resources through Community-based Forest Management, Nueva Vizcaya, Philippines (Philippines)

The Committee was informed that the Project Completion Report, the Technical Reports and the Final Financial Audit Report had been received by the Secretariat after the deadline. Therefore the project will be reported as completed during the forthcoming Committee Session. Moreover, the Committee also took note that the Executing Agency requested the use of the unspent funds in the amount of US\$ 27,695.78 in order to secure the participation of a full-time forester during the project's transition period for setting up a local-level system with the beneficiary communities for monitoring indicators of sustainable forest management using ITTO C&I. The Committee endorsed the use of the remaining funds for the implementation of the aforementioned additional activities, as long as the Executing Agency continues to be responsible for the administration of these funds and presents a small workplan and related itemized budget prior to the utilization of the funds. Moreover, the Committee will consider the project as completed only after the Secretariat receives an annex to the final report describing the additional activities implemented and an external audited statement reporting on the expenditure of these remaining funds after implementation of the proposed additional activities.

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

The Committee was informed that the Project Completion Report has been received by the Secretariat after the deadline. Therefore the project will be reported as completed during the forthcoming Committee Session. The Committee took note of this information.

13) PD 4/98 Rev.1 (F) Silviculture and Economics of Improved Natural Forest Management in Ghana (Ghana)

The Delegation of Ghana informed the Committee that additional information relating to the collaboration between the Executing Agency (FORIG) and the University of Aberdeen, as well as the original of the Annual Financial Audit Report for the year 2001, will be submitted to the Secretariat shortly. The Committee took note of the information.

14) PD 21/98 Rev.2 (F) Forest Management, Community Involvement and Sustainable Use of Si-Kop Forest Area (Coastal Province, Cameroon) (Phase II) (Cameroon)

The Cameroonian Delegation informed the Committee that it had recently submitted the Annual Financial Audit Report for the year 2001 to the Secretariat. In addition, the Delegation submitted to the Committee's consideration a statement by the Minister of the Environment and Forests of Cameroon assuring the Committee that measures are being taken by the Government of Cameroon to guarantee the smooth implementation of the project, including the provision of counterpart funds. Furthermore the statement includes the assurance that restructuring of the Executing Agency will not affect the implementation of the ITTO projects. The Committee took note of the information and requested the Executing Agency to submit a YPO for 2003 including a budget for the ITTO and counterpart contributions as well as an indication of the expected termination of the project to the Secretariat before the end of 2002.

15) PD 22/98 Rev.1 (F) Development of Teak Cloning and Establishment of Industrial Plantations (Côte d'Ivoire)

The Delegation of Côte d'Ivoire requested a further extension of the project duration without additional funds in order to complete the technical reports, in accordance with the modified budget submitted by the Executing Agency. The Committee endorsed the extension of the project until June 2003.

16) PD 48/98 Rev.1 (F) Reforestation of the Abutia Plains by Indigenous Communities in the Volta Basin (Ghana)

The Delegation of Ghana informed the Committee that the original of the Annual Financial Audit Report for the period ended in December 2001 will be submitted to the Secretariat shortly. The Committee took note of this information.

17) PD 51/98 Rev.1 (F) Forest Fire Management in Côte d'Ivoire on an Experimental Basis (Côte d'Ivoire)

The Delegation of Côte d'Ivoire requested an extension of the project because of delays in the procurement of equipment through a bidding process. The Committee endorsed the extension of the project until December 2003.

18) PD 54/98 Rev.1 (F) Institutional Strengthening of the Geographic Information System (GIS) of the National Environmental Authority (ANAM) for the Monitoring and Evaluation of Panama's Forest Resources with a View to their Sustainable Management (Panama)

The Committee took note of the Executing Agency's request for an extension in order to successfully complete the project's activities. In this light, the Committee endorsed an extension of the project until the end of April 2003, without additional funds. In addition, the Committee urged the Executing Agency submit the Audited Financial Report for the Year 2001 without further delay.

19) PD 7/99 Rev.2 (F) East New Britain Balsa Industry Strengthening Project – Phase II (PNG)

The Delegation of Papua New Guinea informed the Committee that the Annual Financial Audit Report for 2001 is currently being submitted to the Secretariat and that a project extension to June 2003 is required to complete all project activities. The Committee decided to approve the project extension until June 2003.

20) PD 23/99 Rev.2 (F) Testing of ITTO Revised Criteria and Indicators and Dissemination of Results Applying to Cameroon (Cameroon)

The Cameroonian Delegation informed the Committee that a new project coordinator had been appointed to implement the project. In addition, the Delegation submitted to the Committee's consideration a statement by the Minister of the Environment and Forests of Cameroon assuring the Committee that measures are being taken by the Government of Cameroon to guarantee the smooth implementation of the project, including the provision of counterpart funds. Furthermore the statement includes the assurance that restructuring of the Executing Agency will not affect the implementation of the ITTO projects. The Committee took note of the information and requested the Executing Agency to submit a YPO for 2003 including a budget for the ITTO and counterpart contributions as well as an indication of the expected termination of the project to the Secretariat before the end of 2002.

21) PD 27/99 Rev.2 (F) Pilot Project for the Sustained Management of the So'o Lala Forest - Phase II (Cameroon)

The Cameroonian Delegation informed the Committee that it had recently submitted the Annual Financial Audit Report for the year 2001 to the Secretariat. In addition, the Delegation submitted to the Committee's consideration a statement by the Minister of the Environment and Forests of Cameroon assuring the Committee that measures are being taken by the Government of Cameroon to guarantee the smooth implementation of the project, including the provision of counterpart funds. Furthermore the statement includes the assurance that restructuring of the Executing Agency will not affect the implementation of the ITTO projects. The Committee took note of the information and requested the Executing Agency to submit a YPO for 2003 including a budget for the ITTO and counterpart contributions as well as an indication of the expected termination of the project to the Secretariat before the end of 2002.

(B) Projects awaiting implementation agreement

1) PD 55/98 Rev.3 (F) Evaluation of Mangrove Forests in the North-East of the Orinoco Delta Region in Venezuela with a View to Sustainable Forest Utilization (Venezuela)

The Committee noted that the agreement had been finalized in September 2002 and urged the Executing Agency to accelerate the required inception activities of the project.

- 2) PD 14/00 Rev.5 (F) **Integrated Plan for the Consolidation of the Bagre Highlands Biological Corridor, Province of Darien (Panama)**

The Committee noted that the agreement had been finalized in October 2002 and urged the Executing Agency to accelerate the required inception activities of the project.

- 3) PD 17/00 Rev.3 (F) **Conservation and Development in the Natural Protected Areas System of Tambopata (Peru) – Madidi (Bolivia) (Peru & Bolivia)**

The Committee took note that to date both the Executing Agency and the Peruvian Government had signed the agreement and that it is currently in the hands of the Bolivian Government for its endorsement.

- 4) PD 39/00 Rev.3 (F) **Sustainable Collaborative Forest Management: Meeting the Challenges of Decentralization in the Bulungan Model Forest (Indonesia)**

The Committee took note that the project agreement has been signed on 1 August 2002.

- 5) PD 137/02 Rev.2 (F) **Demonstration Plantation of *Xantoxylum rethsa*, *Manilkara kauki*, *Alstonia scholaris*, and *Whrightia pubescens* to Promote Sustainable Bali Natural Forest (Indonesia)**

The Committee took note that the project agreement has been signed on 1 August 2002.

(C) Projects coming under the sunset provisions since the last Session

- 1) PD 50/00 Rev.1 (F) **Forest Inventory for the Conservation and Sustainable Management of Mahogany – *Swietenia macrophylla* King – in the Brazilian Amazon Region – Phases I, II, & III (Brazil)**

7.2 Pre-Project Work in Progress

Eighteen pre-projects have been approved by the Committee and are under implementation or in preparatory stages. The Committee took note of a status report of these pre-projects submitted by the Secretariat in document CRF(XXXI)/4.

The Committee discussed the issues associated with a number of pre-projects. Details of these discussions are as follows:

(A) Pre-Projects under implementation

- 1) PPD 8/93 (F) **Demonstration Areas for Sustainable Management of Production Forests (Global)**

The Committee took note that this pre-project was discussed under Agenda Item 9.

- 2) PPD 4/97 Rev.1 (F) **Rehabilitation of Damaged Areas of the “Cerrado” (Brazil)**

The Brazilian Delegation mentioned that the Brazilian Cooperation Agency (ABC) had taken up the matter and will convene a meeting with the Executing Agency on November 26, 2002 to insist on its compliance with ITTO requirements and that it would inform the Secretariat of the outcome in due course. The Committee reiterated the Executing Agency present without further delay the pre-project’s Final Report, the Final Financial Audit Report and the Project Proposal to the Secretariat.

- 3) PPD 7/97 Rev.1 (F) **Forestry Inventory for the Sustainable Production of Mahogany Timber (Brazil)**

The Brazilian Delegation informed the Committee that currently pre-project funds are frozen due to legislation changes in the country and that, if these funds are liberated before the end of the year, the Executing Agency would engage a consultant to finalize the pending reports. On the other hand, if the Brazilian Cooperation Agency (ABC) cannot liberate these funds to the Executing Agency within the proposed timeframe, these would be returned to ITTO early next year. The Committee reiterated its request

to the Executing Agency to present without further delay the pre-project's Final Report and the Final Financial Audit Report to the Secretariat.

- 4) PPD 5/99 Rev.1 (F) **Development of a Model Forest for Sustainable Forest Management in Thailand (Thailand)**

The Committee took note that the pre-project was completed in 2001 and appeared in the CRF Agenda due to an error by the Secretariat.

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

The Committee urged the Executing Agency present without further delay the pre-project's progress report proposal to the Secretariat. The Cambodian Delegation assured the Committee that upon their return it would assure that the Executing Agency immediately complies with the Committee's request.

(B) Pre-Projects awaiting implementation agreement

- 1) PPD 40/02 Rev.1 (F) **Conservation and Sustainable Management of Mangroves in the Kouilou Coastal Area with the Participation of Local Communities Established in the Area - South Congo (Congo)**

The Committee took note that the agreement had been signed on 16 October 2002.

(C) Pre-Projects coming under the sunset provisions since the last Session

- 1) PPD 12/00 Rev.1 (F) **Development of a National Strategy and Master Plan in the Field of Forestry Research and Development with a View to Contributing to the Improvement of Industrial Timber Production in Togo (Togo)**

Item 8 - Consideration of Project and Pre-Project Proposals

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

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

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

• **PROJECTS ASSESSED BY THE COMMITTEE**

Project No.	Title
PD 23/00 Rev.4 (F)	Promotion and Transfer of Knowledge on Sustainable Forest Management Models to Timber Producers (Peru)
PD 98/01 Rev.3 (F)	The Ngao Model Forest – A Partnership in Support of Sustainable Forest Management in Thailand (Thailand)
PD 138/02 Rev.2 (F)	Integrated Evaluation and Strategy for the Sustainable Management of Secondary Forests in the Central Forest Region of Peru (Peru)
PD 152/02 Rev.1 (F)	Demonstration Project for the Rehabilitation and Multipurpose Sustainable Management of Mangrove Forest Ecosystems on the Coast of Ecuador (Ecuador)
PD 176/02 Rev.1 (F)	Use of Remote Sensing Technology and Information Systems to Support Forestry Legislation Monitoring in the Republic of Congo (Rep. of Congo)
PD 178/02 Rev.1 (F)	Information and Training Programme for Sustainable Forest Management in the Peruvian Amazon Region (Peru)

Details of the technical evaluation of these proposals are presented in Appendix I of this report. The Committee's recommendations regarding approval of these proposals are presented in Item 13 (A) below.

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

Pre-Project No.	Title
PPD 28/01 Rev.2 (F)	Formulating a Proposal on Demonstration of Integrated Models for Sustainable Tropical Forestry Development (China)
PPD 56/02 Rev.1 (F)	Strengthening Central and Sub-national Institutions to Enhance Plantation Forest Development in Jambi and South Kalimantan (Indonesia)
PPD 60/02 Rev.1 (F)	Development of a Strategy and Planning of Measures for the Management of the Assoukoko Natural Reserved Forest and Adele Community Forests with a view to their Sustainable Management by Local Communities in Accordance with ITTO Criteria & Indicators (Togo)
PPD 65/02 (F)	Seed Management and Conservation (Côte d'Ivoire)

Details of the technical evaluation of the proposal are presented in Appendix I of this report. The Committee's recommendations regarding approval of the proposal are presented in Item 13 (B) below.

Item 9 - Policy Work

The Committee considered the three items on the policy agenda as per document CRF(XXXI)/1 and reviewed the strategic policy activities of the CRF in the draft work plan of the organization for 2003 [ITTC document XXXIII/16].

- (i) Continue with work related to the development of a comprehensive framework and practical working manuals on all relevant aspects of sustainable tropical forest management [ITTC Decision 6(XXVII) and document ITTC(XXVIII)/11].

The Secretariat informed the Committee that the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Forests have been published as per ITTC Decision 3(XXXII) and are currently available to Committee members in English. Furthermore, six sub-regional workshops to promote the understanding of the Guidelines, provide feedback and encourage further regional or country level initiatives in this area are being organized by the Secretariat in cooperation with IUCN and Intercooperation. The first two workshops are scheduled to take place in April 2003 involving the following countries:

1. Proposed venue: Thailand; participants: Thailand, Cambodia, China, Myanmar, India and Nepal
2. Proposed venue: Gabon; participants: French-speaking member countries, i.e. Cameroon, Central African Republic, Gabon, Republic of Congo, Democratic Republic of Congo, Togo and Côte d'Ivoire.

The proposed host countries will receive official invitations shortly. Limited financial assistance is available and ITTO will be able to sponsor 15 participants of each workshop.

The Committee took note of this information.

- (ii) Discuss possible follow-up actions to the side event on Forest Fire, held during the Thirty-second Council Session in Bali.

In order to provide a platform for the discussion, the Committee invited presentations by three forest fire experts:

- Mr. James Dunlop, the former Director of the Forest Protection Branch of the Forest Department of British Columbia in Canada spoke about the lessons learnt from current efforts towards fire management, fire detection and fire-fighting by several tropical countries and made a brief assessment of the possible implications of these experiences for ITTO's involvement in forest fire prevention and management at the policy and project levels. He stressed the need for community-based experiences, practical approaches and pragmatic action rather than overly extensive analysis.

Future initiatives should support efforts to monitor and predict danger build-up and use existing infrastructures to ensure sustainability.

- Mr. Duncan Sutherland, the Director of Business Development of the New South Wales Rural Fire Service in Australia, informed the Committee about the 3rd International Wildland Fire Conference and Summit, which will take place in Sydney, Australia in October 2003 and recommended ITTO producer member countries participate in the Conference and Summit.
- Dr. Johann Goldammer of the Global Fire Monitoring Center (GFMC) in Germany presented the objectives, programs and activities of the GFMC including past and ongoing cooperation with ITTO and proposed options for further cooperation.

During the ensuing discussion, the US Delegation underlined the importance of forest fire management as an essential tool for SFM and, together with the Delegation of the Philippines, stressed the need for community-based approaches and for addressing the underlying socio-cultural causes of forest fires. The Delegation of the European Community pointed out the need for a holistic approach to land-use planning. Representatives from Cameroon and other African countries emphasized the importance of awareness raising programmes. At the request of the US Delegation, the Committee discussed and approved the key elements of a draft Council Decision on prevention and management of forest fires addressing the main issues raised in the presentations and discussions. The Committee decided to request the Secretariat to submit the draft Decision on Prevention and Management of Forest Fires to the Chairperson of the Council before the deadline.

- (iii) Discuss the Proposal for a Workshop on Demonstration Areas for Sustainable Forest Management as contained in document CRF(XXXI)/6.

During the Twenty-ninth Session, the Committee requested the Secretariat to prepare a proposal for a workshop to discuss the following: (a) the conceptual framework of demonstration areas for sustainable forest management and possible networking between demonstration areas (DAs); (b) the assessment of the current situation and the lessons learnt from different existing DAs; (c) the operational framework and potential level of information sharing under a possible network of DAs. The expected output of the workshop will be a set of recommendations for concrete possible actions to be considered by the Committee in its future work. The Secretariat presented the proposal for the workshop contained in document CRF(XXXI)/6 for consideration by the Committee. The Delegations of the Netherlands and PNG proposed including certified forests as demonstration areas, while the Delegation of the UK stressed the importance of dissemination of information generated by the Workshop. The Delegation of Vanuatu suggested a follow-up study of the impacts of the Workshop and the Delegation of Cameroon offered hosting the Workshop. The Committee decided to approve the workshop proposal and to request Council to make available additional funds amounting to US\$ 150,000.00 under pre-project PPD 8/93 (F) to cover the proposed budget.

- (iv) As per request from the Council, the Committee reviewed the draft ITTO Work Programme for 2003, as contained in document ITTC (XXXIII)/16, particularly the section pertaining to the strategic policy activities of the Committee.

With regard to activity No. 1, which calls for the Committee to *continue to monitor progress in the application of criteria and indicators for sustainable forest management [ITTC Decisions 5(XXX) and 9(XXX), ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 1]*, the US Delegation suggested including a revision of the ITTO Criteria and Indicators in the draft work programme, based on the outcomes of the training workshops on the application of the ITTO Criteria and Indicators currently under way in producer member countries. The Delegations of the Republic of Congo, the Philippines, Vanuatu, PNG and Côte d'Ivoire reported on the results of these training workshops in their countries, particularly as they relate to the possible improvement of the Criteria and Indicators. The Committee decided to postpone the revision of the Criteria and Indicators to 2004 in view of the fact that the workshop programme is still ongoing and that the review of the C+I would benefit from the recommendations of a wider range of producer countries.

Under activity No. 4: *Monitor and assess the environmental, social and economic costs and benefits of forest plantation development and utilize that information to promote new plantations [ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 5]*, the Secretariat proposed a study to analyze the key factors for successful plantation development with the aim to encourage private sector investment in industrial forest plantations in the tropics. The Committee decided to accept the proposed study and requested the Secretariat to prepare a more detailed proposal for the consideration of the Committee at the Thirty-second Session of the CRF.

The Committee further decided to adopt the remaining strategic policy activities and proposed implementation approaches.

Item 10 - Election of Chairperson and Vice-chairperson for 2003

Mr. Henri-Félix Maître of France was elected as Chairperson for 2003. Mr. A.S.K. Boachie-Dapaah of Ghana was elected as Vice-Chairperson for 2003.

Item 11 - Dates and Venues of the Thirty-second, Thirty-third and Thirty-fourth Sessions of the Committee

The Committee decided that the dates and venues of its Thirty-second and Thirty-third Sessions of the Committee will be determined in relation to the Council's decision on the dates and venues of its Sessions.

The Thirty-second Session of the Committee would be held in conjunction with the Thirty-fourth Session of the International Tropical Timber Council in Panama City, Panama, on 12 –17 May 2003.

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

Item 12 - Other Business

(a) Announcements

The Secretariat informed the Committee of the following upcoming events:

1. The International Conference on Criteria and Indicators (CICI 2003), which is jointly organized by the National Forest Service of Guatemala (INAB-Guatemala) in cooperation with FAO, ITTO, and the Governments of the USA and Finland, will take place on 3-7 February 2003 in Guatemala City, Central America. Invitations have been sent to the Forest Authorities of ITTO member countries together with registration forms and Delegates are requested to assure that two participants are nominated from each country. The deadline for submitting the registration forms to Guatemala is November 15, 2002.
2. The ITTO/IUCN Workshop on Increasing the Effectiveness of Transboundary Conservation Areas in Tropical Forests will take place on 17–21 February 2003 in Ubon Ratchathani, Thailand. This workshop is a joint initiative of the International Tropical Timber Organization and IUCN – The World Conservation Union and will bring together practitioners involved in the implementation of ITTO's transboundary conservation areas (TBCA) program. All ITTO projects related to conservation areas are cordially invited and ITTO will be able to provide financial assistance for at least one participant from each of the ITTO conservation projects.

The Committee took note of the information.

Item 13 - Recommendations to the International Tropical Timber Council

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

1. The Committee recommended that the Council approve PD 23/00 Rev.4 (F) and allocate US\$ 420,212 for its implementation.
2. The Committee recommended that the Council approve PD 98/01 Rev.3 (F) and allocate US\$ 626,230 for its implementation.
3. The Committee recommended that the Council approve PD 138/02 Rev.2 (F) and allocate US\$ 466,400 for its implementation.
4. The Committee recommended that the Council approve PD 176/02 Rev.1 (F) and allocate US\$ 577,676, for its implementation.
5. The Committee recommended that the Council approve PD 178/02 Rev.1 (F) and allocate US\$ 185,097 for its implementation.

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

1. The Committee recommended that the Council approve PPD 28/01 Rev.2 (F) and allocate US\$ 54,166 for its implementation.
2. The Committee recommended that the Council approve PPD 56/02 Rev.1 (F) and allocate US\$ 44,414 for its implementation.
3. The Committee recommended that the Council approve PPD 60/02 Rev.1 (F) and allocate US\$ 50,286 for its implementation.

(C) The Committee made the following recommendations regarding Additional Fundings:

1. The Committee recommended that the Council approve the request for additional funding for PPD 8/93 (F) and allocate US\$ 150,000 to finalize the work of the pre-project.

Item 14 - Report of the Session

The Committee accepted this Report for submission to the Council.

Appendix

TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

1. **PD 23/00 Rev.4 (F) Promotion and Transfer of Knowledge on Sustainable Forest Management Models to Timber Producers (Peru)**

Conclusion of the Thirty-first Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 23/00 Rev.4(F) and recommended the Council to allocate US\$ 420,212 for its immediate implementation.

2. **PD 98/01 Rev.3 (F) The Ngao Model Forest - A Partnership in Support of Sustainable Forest Management in Thailand (Thailand)**

Conclusion of the Thirty-first Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 98/01 Rev.3 (F) and recommended the Council to allocate US\$ 626,230 for its immediate implementation.

3. **PD 138/02 Rev.2 (F) Integrated Evaluation and Strategy for the Sustainable Management of Secondary Forests in the Central Forest Region of Peru (Peru)**

Conclusion of the Thirty-first Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 138/02 Rev.2 (F) and recommended the Council to allocate US\$ 466,400 for its immediate implementation.

4. **PD 152/02 Rev.1(F) Demonstration Project for the Rehabilitation and Multipurpose Sustainable Management of Mangrove Forest Ecosystems on the Coast of Ecuador (Ecuador)**

Conclusion of the Thirty-first Committee

The Committee noted that the Expert Panel had concluded that it could not commend the project proposal and had submitted it directly to the Committee for further appraisal. The Committee further took note that the Government of Ecuador had resubmitted a revised proposal to the Committee. However, The Committee still considered the revised project proposal to be overly ambitious and suggested it be revised again taking into consideration the following: a) the overall recommendations made by the Expert Panel applicable to all proposals, as presented at this Committee Session by the Panel's current chair; b) focus on only one mangrove area in Ecuador on a pilot basis rather than the whole coast and reduce the budget accordingly; c) incorporate the participation of mangrove-dependent communities and industries and local governments; d) provide project facilities at the project site and other overhead costs with counterpart funds; e) attach detailed terms of reference for the required mangrove experts and the CV's of potential candidates; and f) include a detailed/itemized budget by component and source. The Committee decided that the proposal should be revised again taking into account the above comments and be submitted directly to the Committee for its consideration at the next Session.

5. **PD 176/02 Rev.1 (F) Use of Remote Sensing Technology and Information Systems to Support Forestry Legislation Monitoring in the Republic of Congo (Republic of Congo)**

Conclusion of the Thirty-first Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 176/02 Rev.1 (F) and recommended the Council to allocate US\$ 577,676 for its immediate implementation.

6. **PD 178/02 Rev.1 (F) Information and Training Programme for Sustainable Forest Management in the Peruvian Amazon Region (Peru)**

Conclusion of the Thirty-first Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 178/02 Rev.1 (F) and recommended the Council to allocate US\$ 185,097 for its immediate implementation.

TECHNICAL ASSESSMENT OF PRE-PROJECT PROPOSALS

1. **PPD 28/01 Rev.2 (F) Formulating a Proposal on Demonstration of Integrated Models for Sustainable Tropical Forestry Development (China)**

Conclusion of the Thirty-first Committee

The Committee noted that the revised pre-project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the pre-project PPD 28/01 Rev.2 (F) and recommended the Council to allocate US\$ 54,166 for its immediate implementation.

2. **PPD 56/02 Rev.1 (F) Strengthening Central and Sub-national Institutions to Enhance Plantation Forest Development in Jambi and South Kalimantan (Indonesia)**

Conclusion of the Thirty-first Committee

The Committee noted that the revised pre-project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the pre-project PPD 56/02 Rev.1 (F) and recommended the Council to allocate US\$ 44,414 for its immediate implementation.

3. **PPD 60/02 Rev.1 (F) Development of a Strategy and Planning of Measures for the Management of the Assoukoko Natural Reserved Forest and Adele Community Forests with a View to their Sustainable Management by Local Communities in Accordance with ITTO Criteria & Indicators (Togo)**

Conclusion of the Thirty-first Committee

The Committee noted that the revised pre-project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the pre-project PPD 60/02 Rev.1 (F) and recommended the Council to allocate US\$ 50,286 for its immediate implementation.

4. **PPD 65/02 (F) Seed Management and Conservation (Côte d'Ivoire)**

Conclusion of the Thirty-first Committee

The Committee noted that the revised pre-project proposal had only partially addressed the 24th Expert Panel's comments and recommendations. Therefore, the Committee recommended that the pre-project proposal be revised in accordance with the 24th Expert Panel's comments and recommendations and that the revised proposal be submitted directly to the Committee for consideration at its next Session.

TABLE A

**TECHNICAL EVALUATION OF PROJECT AND PRE-PROJECT PROPOSALS IN THE FIELD OF
REFORESTATION AND FOREST MANAGEMENT CONSIDERED DURING THE THIRTY-FIRST SESSION OF THE COMMITTEE**

PROJECT DOCUMENT	BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (months)	RECOMMENDATION*	
				24th EP	31st CRF
PD 23/00 Rev.4 (F)	420,212	Peru	30	1 + BPF	1
PD 98/01 Rev.3 (F)	626,230	Thailand	36	1 + BPF	1
PD 138/02 Rev.2 (F)	466,400	Peru	36	1	1
PD 152/02 Rev.1 (F)	1,071,268	Ecuador	36	5	2a
PD 176/02 Rev.1 (F)	577,676	Rep. of Congo	36	1	1
PD 178/02 Rev.1 (F)	185,097	Peru	18	1 + BPF	1
PPD 28/01 Rev.2 (F)	54,166	China	4	1	1
PPD 56/02 Rev.1 (F)	44,414	Indonesia	9	1	1
PPD 60/02 Rev.1 (F)	50,286	Togo	8	1	1
PPD 65/02 (F)	75,792	Côte d'Ivoire	6	4a	2a

* For Categories of Recommendation see Table B.

TABLE B

Categories of Decision for 23rd Expert Panel	Categories of Recommendation from 30th CRF to the Council
<p>1. The Panel concluded that, with the incorporation of (any minor) (the) amendments noted, the (pre-) project proposal could be commended to the Committee for final appraisal. (In the view of the Panel, this (pre-) project proposal is eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8(XXV).)</p> <p>2. The Panel concluded that the (pre-) project proposal requires essential modifications (which are necessary for the project to succeed) and the Panel will need to assess the modified (pre-) project proposal before it can commend it to the Committee for final appraisal.</p> <p>3. The Panel concluded that a re-formulation of the (pre-) project proposal is essential and the Panel will need to assess the re-formulated proposal before it can commend it to the Committee for appraisal.</p> <p>4. The Panel concluded that a pre-project (not exceeding US\$) is necessary in order to assess the situation and the viability of the proposed work and the possible formulation of a project proposal.</p> <p style="padding-left: 20px;">a: (Such a pre-project proposal could be commended to the Committee for final appraisal.)</p> <p style="padding-left: 20px;">b: (The Panel will need to assess the pre-project proposal before it can commend it to the Committee for appraisal.)</p> <p>5. The Panel concluded that it could not commend the modified or revised (pre-) project proposal and submits it to the Committee for further appraisal.</p> <p>6. The Panel concluded that the (pre-) project proposal (, in its present form,) is not sufficiently relevant to the mandate of ITTO. (The Panel encourages the submitting agency to seek other sources of project support.)</p> <p>7. The Panel concluded that there is insufficient information to assess the (pre-) project proposal adequately.</p> <p>(Text in Parentheses is optional.)</p>	<p>1. Recommend to the ITTC to approve the (amended) proposal for implementation by ITTO and recommend it for immediate financing.</p> <p>2. Recommend to the ITTC that the proposal be revised and resubmitted:</p> <p style="padding-left: 40px;">a) directly to the relevant Committee, or</p> <p style="padding-left: 40px;">b) to the Expert Panel.</p> <p>3. Recommend to the ITTC to approve the proposal for ITTO sponsorship for funding through other relevant financial institutions, in accordance with Article 20, (6) and (7), and Article 28, of the ITTA, 1994.</p> <p>4. Recommend to the ITTC that a decision on the proposal be deferred until the next session.</p> <p>5. Recommend to the ITTC that the proposal should not be further considered by ITTO.</p>

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Yokohama, Japan

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

THIRTY-FIRST SESSION OF THE COMMITTEE ON FOREST INDUSTRY

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Technical Evaluation of Project Proposals
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REPORT

1. Introduction

The Thirty-first Session was opened on 4 November 2002 by Dr. Fidel Reyes Lee (Guatemala), the Vice-Chairperson of the Committee. The List of Participants is reproduced in Document [ITTC(XXXIII)/Info.2 Rev.1].

2. Adoption of Agenda and Organization of Work

At its first meeting on 4 November 2002, the Committee adopted the agenda of its Thirty-first Session as contained in Document CFI(XXXI)/1.

3. Admission of Observers

The list of Observers admitted by the Committee is contained in Document [ITTC(XXXIII)/Info.3 Rev.1].

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

The Committees noted the presentation made by Mr. Patrick Hardcastle (United Kingdom), Chairman of the Expert Panel at its Twenty-fourth Meeting, on its report as contained in document CEM, CRF, CFI(XXXI)/1 covering the Panel's operation, its general observations relating to the aspects of relevance to ITTO, logical framework, budget, staffing, differences between small projects and pre-projects, approach and impact and sustainability, as well as its recommendations including the revision of the ITTO Manual for Project Formulation. The delegation of USA complimented the Chairman of the Expert Panel for his analysis of the lessons learned in ITTO project formulation and appraisal and noted that the long-standing concern for achieving balance in the project work of the three technical committees remained to be satisfactorily addressed. A clarification of the categories of the decisions of the Panel as requested by the delegation of the Philippines was provided by Mr. Hardcastle. The Panel's recommendation for the revision of the ITTO Manual for Project Formulation was supported and it was suggested that funding be made available for this purpose.

5. Report on Completed Project and Pre-Project

The Committee took note of the work completed under the following project and pre-project:

COMPLETED PROJECT

PD 31/96 Rev.2 (M,F,I):	Introducing Myanmar's Lesser-Known Timber Species to the World Market (Myanmar)
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The delegate from Myanmar highlighted the objectives, activities, outputs and contributions of the project. The project undertook forest inventory work to collect information on the volume and distribution of Myanmar's non-teak tropical hardwood species in the project area of 50,000 ha of tropical forest (mixed deciduous forest) situated in the East Bago Yoma region. Laboratory research work on the wood structure and properties of promising LUS was conducted at the Forest Research Institute at Yezin.

The Committee noted that the main outputs of the project included (i) a handbook of lesser-used timber species (LUS) in Myanmar; (ii) a database of LUS in Myanmar (CD-ROM); (iii) market study reports and promotional materials, such as a videotape, pamphlets and timber specimens; and (iv) Proceedings of the workshop on promotion of Myanmar's LUS (29-30 March 2000, Yangon). It further noted that the project had contributed to the promotion of fifty-four LUS in Myanmar by compiling scientific information on their technical, aesthetical and biological properties and by demonstrating LUS products. The delegate of Myanmar reported that this project had provided a significant contribution to the enhancement of research capacities at the Forest Research Institute. In particular, the project provided training opportunities in forest inventory, computer applications in forest management, and wood processing technologies.

The final report and the audited financial report of the project have been submitted in accordance with the project agreement. The Committee expressed its satisfaction with the work carried out under the project and recommended that the project be considered as complete.

COMPLETED PRE-PROJECT

PPD 15/99 Rev.2 (I): Pre-Project for the Ecuadorian Tropical Timber Industry Environmental Management (Ecuador)

The Committee noted the importance of the pre-project results as they related to international standards (ISO 14000) for the certification of Environmental Management Systems in the forest industry production process. One of the primary objectives of the certification process is to achieve a more competitive position in the international market. The work has explored data requirements necessary to carry out an energy balance analysis and determine certain environmental indicators that orient the activity of forest industries towards greater efficiency. At the sites of selected particle board and fiberboard mills, the project consultant (Brazil) conducted a preliminary assessment of environmental processes such as water and energy consumption, greenhouse gas emissions and solid and liquid wastes. The pre-project work disseminated technical data and information related to ISO certification requirements.

Recommendations for future work included a need for a core training program for members of companies to implement of an EMS. The Committee noted that based on the results of the pre-project Ecuador has submitted to the ITTO Secretariat a project proposal entitled "Environmental Managements Systems for the Tropical Timber Industry in Ecuador", which will be considered at the Twenty-fifth meeting of the Expert Panel for the Technical Appraisal of Project Proposals. The Committee was satisfied with the pre-project results and recommended that the pre-project be considered as complete.

6. Ex-Post Evaluation

A. Ex-Post Evaluation Missions

At the Thirtieth Session of the Committee, project PD15/96 Rev.2 (I,M) "Utilization, Collection and Trade of Tropical Non-Wood Forest Products in the Philippines (Philippines)" was selected for ex-post evaluation. The Secretariat informed the members that Dr. Peter Kanowski (Australia) had been contacted to undertake the assignment. The ex-post evaluation work will be carried out in March 2003 and a report will be presented to the Committee at its Thirty-second Session.

B. Selection of Projects for Ex-Post Evaluation

The Committee did not select any project for ex-post evaluation at this Session.

7. Review of Project and Pre-Project Work in Progress

The Committee took note of progress on the implementation of the following projects and pre-projects:

PROJECT WORK IN PROGRESS

A. Projects under implementation:

1. PD 73/89 (M,F,I) Assistance for Project Identification and Formulation (Global)
2. PD 94/90 Rev.3 (I) Integration of Forest-Based Development in the Western Amazon - Phase II –Technology for Sustainable Utilization of Raw Forest Materials (Brazil)
3. PD 209/91 Rev.2 (I) Study of Zairian Timber with a View to Promoting Certain Species (Democratic Republic of Congo)

4. PD 39/93 Rev.4 (I) Project for the Development, Application and Evaluation of Biomass Energy Technologies through Briquetting, Gasification and Direct Combustion of (Wood and Agricultural) Wastes (Malaysia and Cameroon)
5. PD 7/94 Rev.3 (M,I) Information and Technical Assistance for Production and Trade of Tropical Timber (Brazil)
6. PD 37/94 Rev.3 (I) Strengthening of the Forest Products Laboratory of IBAMA (Brazil)
7. PD 47/94 Rev.3 (I) Industrial Utilization of Lesser-Known Forest Species in Sustainably Managed Forests (Honduras)
8. PD 13/95 Rev.3 (I) Capacity Building in Training in Planning and Management of Forest Industries in ITTO Producer Member Countries (Phase II) (Finland)
9. PD 46/96 Rev.2 (I) Establishment of a Wood Workers and Craftsmanship Village (Ghana)
10. PD 46/97 Rev.3 (I) Community Forest Products Processing in the Puerto Dias Extractive Reserve (Brazil)
11. PD 58/97 Rev.1 (I) The Establishment of the Database of Tropical Industrial Lesser-Used Wood Species (Japan)
12. PD 12/98 Rev.2 (I) Technical Manpower Development for the Ghana Wood Industry Training Center (WITC) (Ghana)
13. PD 44/98 Rev.2 (I) Handbook on Tree and Wood Identification of 100 Lesser-Used and Lesser-Known Timber Species from Tropical Africa with Notes on Ethnography, Silviculture and Uses (Ghana)
14. PD 13/99 Rev.2 (M,F,I) ITTO Information Network and Project Support (Global) (Phase II)
15. PD 31/99 Rev.3 (I) Non-timber Production and Sustainable Development in the Amazon (Brazil)
16. PD 34/99 Rev.2 (I) Development and Implementation of Stress Grading Rules for Tropical Timber in the Philippines (Philippines)
17. PD 35/99 Rev.4 (I) Performance Evaluation of Export Wood Furniture in Relation to Strength and End-Use Applications Using Established Test Standard (Philippines)
18. PD 36/99 Rev.4 (I) Processing and Utilization of Almaciga (*Agathis philippinensis* Warb.) Resin as Source of Industrial Chemicals (Philippines)
19. PD 52/99 Rev.2 (I) Development and Extension of Preservation Technology of Tropical Plantation Timber (China)
20. PD 56/99 Rev.1 (I) Promotion of the Utilization of Bamboo from Sustainable Sources in Thailand (Thailand)
21. PD 58/99 Rev.1 (I) Introduction of a Village Industry in the Community Around an Industrial Forest Plantation in Indonesia (Indonesia)
22. PD 61/99 Rev.2 (I) Increasing the Efficiency in the Tropical Timber Conversion and Utilization of Residues from Sustainable Sources (Brazil)
23. PD 10/00 Rev.2 (F,I) Sustainable Management and Utilization of Sympodial Bamboos in South China (China)
24. PD 20/00 Rev.1 (I) Training Workshop on Further Processing of Tropical Timber in the Asia-Pacific Region (Korea)

25. PD 24/00 Rev.1 (I) Promotion of Sustainable Utilization of Rattan from Plantation in Thailand (Thailand)
26. PD 51/00 Rev.2 (I, M) Improvement of Rubberwood Utilization and Marketing in Thailand (Thailand)
27. PD 65/01 Rev.2 (I) Training in Reduced Impact Logging in Cambodia (Cambodia)
28. PD 68/01 Rev.2 (I) Training in Reduced Impact Logging in Guyana (Guyana)
29. PD 69/01 Rev.1 (I) Improved and Diversified Use of Tropical Plantation Timbers in China to Supplement Diminishing Supplies from Natural Forests (China)
30. PD 77/01 Rev.2 (I,F) Contribution to the Development of Skills and Technical Training Structures at the Mbalmayo National School of Forestry (Cameroon)
31. PD 85/01 Rev.2 (I) Strategies for the Development of Sustainable Wood-Based Industries in Indonesia (Indonesia)

B. Projects awaiting implementation agreement:

32. PD 46/99 Rev.3 (I) Pre-Feasibility Study for the Industrial Utilization of Rubberwood (*Hevea brasiliensis*) Including the Formulation of a Pilot Case Study for Implementation in a Specific Area of Colombia (Colombia)
33. PD 108/01 Rev.3 (I) Development of Sustainable Rattan Production and Utilization through Participation of Rattan Small Holders and Industry in Indonesia (Indonesia)
34. PD 146/02 Rev.1 (I) Promoting Sustainable Utilization of Bamboo through Community Participation in Sustainable Forest Management (Myanmar)
35. PD 151/02 (I) International Conference on Quality Timber Products of Teak from Sustainable Forest Management (India)

C. Projects falling under sunset provisions

36. PD 40/00 Rev.2 (I) Utilization of Small-Diameter Logs from Sustainable Sources for Bio-Composite Products (Indonesia)
[Approved at ITTC(XXIX), 30 October -4 November 2000]

PRE-PROJECT WORK IN PROGRESS

A. Pre-projects under implementation:

1. PPD 50/91 (I) Provision of Assistance for Reassessment and Reformulation of Zairian Project Proposals PD 205/91 (I) "National Saw Maintenance Centre" and PD 209/91 (I) "Study of Zairian Timber with a View to Promoting Certain Species" (Democratic Republic of Congo)
2. PPD 13/98 Rev.2 (I) Assessment of Forest Industry Training Needs (Fiji)
3. PPD 15/98 Rev.2 (I) Joint ATO/ITTO Conference on Further Processing of African Tropical Timber (Gabon)
4. PPD 6/99 Rev.3 (M,F,I) Promotion of Non-Timber Forest Products in Terai Region of Nepal (Nepal)
5. PPD 11/99 Rev.1 (I) Development of the Rubberwood Industry in Côte d'Ivoire – Phase I (Côte d'Ivoire)
6. PPD 1/00 Rev.1 (I) Improvement of Sustainable Management and Utilization of Tropical Non-Timber Forest Products (NTFPs) in Cambodia (Cambodia)

7. PPD 6/00 Rev.1 (I) Formulation of a Project Proposal to Support the Sustainable Development of Small Forest Industrialist (Peru)
8. PPD 7/00 (I) Feasibility Study for the Production of Sawnwood from Tropical Forest Using Appropriate Technologies (Ecuador)
9. PPD 16/01 Rev.1 (I) Timber Enhancement through Mechanical Processing (Congo)
10. PPD 25/01 (I,M) Review of International Wooden Furniture Markets (Global)
11. PPD 35/01 (I) Assessment of the Multiple Benefits of Downstream Processing of Tropical Timber in Producer Countries (Global)
12. PPD 39/02 Rev.1 (I) Processing and Utilization of Logging Residues through Collaboration with Local Communities and Forest Industries (Ghana)

B. Pre-projects awaiting implementation agreement:

13. PPD 5/00 Rev.1 (I) Sustainable Management of Non-timber Forest Produce (NTFP) in Maharashtra State of India (India)

The Committee had detailed discussions on:

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

The representative of the Government of Brazil informed the Committee that an International Conference on Tropical Timber was successfully organized in Belem on 2-4 October 2002, as a last activity to be undertaken under this project. The Conference attracted around 200 participants, including directors of some projects implemented in Brazil, representative of ITTO, and national and international speakers and participants. Discussions during the conference focused on project activities, outputs and achievements and on certain special issues related to forest management, timber processing and markets, with a special emphasis on certification and competitiveness. The representative of the Government of Brazil informed the Committee that project activities have now been completed and that final reports, including the financial audit report, will be submitted soon to ITTO.

The Committee commended the successful completion of the Conference on Tropical Timber and invited the ITTO Secretariat to work with the Executing Agency for the dissemination of proceedings to member countries.

- PD 37/94 Rev.3 (I): Strengthening of the Forest Products Laboratory of IBAMA (Brazil)

The Secretariat informed the Committee that it had received a proposal from the Government of Brazil for the management of the project fund through the Forestry Technology and Geoprocessing Foundation (FUNTEC) of IBAMA. This arrangement is proposed as the ABC/MRE (Brazilian Agency for Cooperation) cannot continue to manage project funds. This proposal is being considered by the ITTO Secretariat.

- PD 13/95 Rev.3 (I): Capacity Building in Training in Planning and Management of Forest Industries in ITTO Producer Member Countries [Phase II] (Finland)

The Secretariat informed the Committee that consultations are still underway with the Government of Finland on the continued implementation of project activities. Information regarding the financial situation of the project was dispatched to the Ministry of Foreign Affairs of Finland, at its request.

- PD 46/96 Rev.2 (I): Establishment of a Wood Workers and Craftsmanship Village (Ghana)

The delegate Ghana informed the Committee on delays in project implementation and reported that problems concerning the letters of credit for the purchasing of small machinery have been solved.

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Some equipment was now being cleared in port customs in Ghana and the installation of the kiln dryer and boiler was now in progress. A progress report was forwarded to the Secretariat at the end of September 2002. The Secretariat informed the Committee that the Executing Agency (Furniture and Wood Products Association of Ghana – FAWAG) had yet to provide an annual audit on the project budget for the year 2001. The Ghana delegation reported that streamlining measures by the Ghana Forestry Commission regarding accounting procedures and other regulations were now in place and it was anticipated that the audit would be forwarded to ITTO in the immediate future.

PD 46/97 Rev.3 (I): Community Forest Product Processing in the Puerto Dias Extractive Reserve (Brazil)

The Secretariat informed the Committee that the progress report submitted by the Executing Agency had now been received by the Secretariat. The implementation of the project was on course, but delays in submitting the progress report were due to the fact that the Executing Agency was compiling additional information on implementation to be submitted to ITTO.

PD 58/97 Rev.1 (I): The Establishment of the Database of Tropical Industrial Lesser Used Wood Species (Japan)

The Secretariat informed the Committee that the first release of the CD-ROM version (both English and Japanese) of the LUS Database had been anticipated for this Committee Session, but the development team at Nagoya University was not available to provide a demonstration. The development work of the database had been completed and a distribution of the CD-Rom to Members would occur at the following Committee Session. The remaining activity under the project was the creation of an internet website. The Terms of Reference for this assignment were being drafted. A prototype demonstration website for the database should be created during the next few months.

PD 13/99 Rev.2 (M,F,I): ITTO Information Network [Phase I and Phase II] (Global)

The Secretariat briefly described recent developments in the project, including the continued growth of the subscriber base. The Secretariat also informed the Committee that funds would soon be depleted and suggested that the Committee might wish to consider recommending to Council a further one-year extension of the project. The delegate of the USA expressed his support for the project and requested the Secretariat to supply, at a later date, a breakdown of the project budget. The Committee decided to recommend a further one-year extension of the project.

PD 58/99 Rev.1 (I): Introduction of a Village Industry in the Community around an Industrial Forest Plantation in Indonesia (Indonesia)

The Committee noted the progress in the implementation of this project and approved an extension of six months to its duration without additional funds in order to finish its activities related to the establishment of a village industry in East Kalimantan.

PD 20/00 Rev.1 (I): Training Workshop on Further Processing of Tropical Timber in the Asia-Pacific Region (Korea)

The Committee noted the request from the delegate of the Republic of Korea for an extension of the project by nine months without additional funds in order to prepare proceedings for the workshop and to organize a small-scale expert meeting in March 2003. The Committee agreed an extension of the project until the end of March 2003 without additional funds.

PPD 13/98 Rev.2 (I): Assessment of Forest Industry Training Needs (Fiji)

The Committee noted the information provided by the Secretariat regarding the problems and delays affecting the implementation of this pre-project. The Committee strongly urged the Executing

Agency to submit, outstanding reports including a progress report and revised work plan, without further delay and to recruit an international consultant in forest industry training as soon as possible.

PPD 15/98 Rev.2 (I): Joint ATO/ITTO Conference on Further Processing of African Tropical Timber (Gabon)

The Committee noted the advances made in the preparation of the second phase of the Joint ATO/ITTO Conference on Further Processing of African Tropical Timber, as introduced by the Secretariat and the representative of the Government of Gabon.

PPD 6/99 Rev.3 (M,F,I) Promotion of Non-Timber Forest Products in Terai Region of Nepal (Nepal)

The Secretariat corrected an error in document CFI(XXXI)/4 and noted that progress in the pre-project was occurring related to the research and market tools for the promotion of NTFPs within the country. A progress report had been forwarded to the ITTO Secretariat by the requested date. The Committee also noted the social problems within the country and encouraged the delegation of Nepal to continue the field survey component of the project.

PPD 16/01 Rev.1 (I): Timber Enhancement through Mechanical Processing (Congo)

The representative of the Republic of Congo informed the Committee that this pre-project should have been completed by now. Delays were due to difficulties in selecting and mobilizing the international consultant. This problem had been resolved and the international consultant was expected to arrive in Congo in mid-November 2002. Pre-project activities are expected to be completed before the next Session of the Committee.

8. Consideration of Project and Pre-Project Proposals

Four project and five pre-project proposals were submitted to the Committee for final appraisal:

PROJECTS

- | | |
|---------------------|---|
| PD 100/01 Rev.1 (I) | Capacity Building for the Development of a Sustainable Rattan Sector in China Based on Plantation Sources (China) |
| PD 103/01 Rev.1 (I) | Demonstration of Rubberwood Processing Technology and Promotion of Sustainable Development of Chinese Rubberwood Industry (China) |
| PD 110/01 Rev.2 (I) | Program to Facilitate and Promote Adoption of Reduced Impact Logging (RIL) in Indonesia and the Asia Pacific Region (Indonesia) |
| PD 174/02 (I) | International Workshop on Clean Development Mechanism – Opportunities for the Forest Industry Sector in the Asia-Pacific Region (Korea) |

PRE-PROJECTS

- | | |
|---------------|---|
| PPD 51/02 (I) | Application of Production and Utilization Technologies for Rattan Sustainable Development in the ASEAN Member Countries (The Philippines) |
| PPD 53/02 (I) | Development of Energy Alternatives for the Efficient Utilization of Wood Processing Residue: Co-Generation and Briquette Production (Ghana) |
| PPD 55/02 (I) | Assessing the Contribution of Selected Non-Timber Forest Product Based on Community Participation Approach to Support Sustainable Forest Management (Indonesia) |
| PPD 57/02 (I) | Improvement of Processing Efficiency of Tropical Timber from Sustainable Sources in Indonesia (Indonesia) |

PPD 58/02 (I)	Improving the Utilization Efficiency in Wood Industries in the South Pacific Region (PNG/Vanuatu)
PPD 63/02 (I)	Investment Promotion and Enterprise Development of the Timber Industry In Ghana

The Committee considered in detail the results of the evaluation of earlier versions of these projects carried out by the Twenty-fourth Expert Panel for Technical Appraisal of Project Proposals. The final versions were thoroughly evaluated by the Committee. The detailed results of the Committee's evaluation and appraisal of these nine project and pre-project proposals are presented in Appendix I.

The Committee also considered the following project and pre-project proposals which the Panel could not commend and had submitted to the Committee for final appraisal:

PD 35/00 Rev.2 (I)	Enhancement of Utilization Waste Resulting from Plantation and Natural Forest Logging (Côte D'ivoire)
PPD 52/02 (I)	Development of Small-Medium Solar Timber Dryer for Social and Productivity Improvement of Thai Villagers (Thailand)

With regard to project PD 35/00 Rev.2 (I), the Committee took note of the declaration made by the representative of the Government of Côte d'Ivoire confirming its intention to submit at the next Session of the Committee a pre-project developed along the lines suggested by the Twenty-fourth Expert Panel for Technical Appraisal of Project Proposals.

With regard to pre-project PPD 52/02 (I), the detailed results of the Committee's evaluation and appraisal of this pre-project proposal is also presented in Appendix I.

In addition to projects and pre-projects, the Committee considered a number of new project ideas. The Government of Ghana submitted two project ideas which the Committee supported and endorsed:

"Lesser-Used Ghananian Hardwoods – Use of Potent Plant Extracts to Improve their Durability and Use", and "Conserving the Aesthetic Value of Promotable Lesser-Used Tropical Hardwood Species".

But the Committee expressed some concern with a third project idea from Ghana entitled:

"Composting Tropical Hardwood Waste for Plantation Development".

The representative from Switzerland observed that using sawdust as a nutrient for soil compost in plantations would need to be very clearly presented in terms of its relation to the objectives of the ITTA 1994.

The Government of the Philippines submitted four project ideas which the Committee discussed. These were the following:

"Promoting the Improved Management and Utilization of Philippine Bamboos"
"Improving the Capability of Forest/Wood Based Industries in the Philippines through Information and Communication Technology (ICT)"
"Performance Testing of Emerging Wood and Wood-Based Prefabricated Structural Components for Building Construction in the Philippines"
"Capacity Building for the Forest-Based Industries"

The Committee emphasized project proponents should closely adhere to ITTA objectives. The Committee recommended that the project ideas be formulated into project proposals and entered into the ITTO project cycle.

9. Policy Work

Three policy issues were discussed in a joint CEM/CFI Committee:

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(i) Review of international wooden furniture markets [PPD 25/01 (I,M)]

The Committee noted the report presented by Mr. Jukka Tissari (International Trade Centre), as contained in documents CFI(XXXI)/5 and PPR 66/02 (I) "Review of International Wooden Furniture Markets (Draft Final Report)". Highlights of the report as presented included the following:

- World overview: World imports of wooden furniture and parts were US\$32.1 billion in 2001 compared with US\$26 billion in 1997. The USA was by far the biggest market, with imports just below \$10.7 billion in 2001. Other major markets were Germany (\$3.3 billion), France (\$2.6 billion), the UK (\$2.3 billion) and Japan (\$1.9 billion).
- USA market: Consumer spending on all furniture and bedding was \$64 billion in 2001. The average US furniture buyer spends US\$580 per year on furniture. Market opportunities include fastest import growth in wood bedroom furniture, 'other' furniture (living/dining room, small-occasional, shop), parts and components and kitchen cabinets.
- Quality standards and certification & labeling: Demand for using certified wood is added into public procurement policies and criteria. Ecolabeling is a voluntary method for the certification and labeling of environmental performance (e.g. EU Hower, Nordic Swan and German Blue Angel).
- Recommendations: networking with and access to knowledge centers on furniture quality/standards, training, technology transfer, design and marketing; studies on furniture export and marketing of tropical furniture (use of Internet); and national capacity building of small member countries to carry out furniture sector planning and market orientation.

The Committee noted that the draft final report provided comprehensive information on trends in the major furniture markets and that it would be a useful reference for policy makers and furniture industry and trade sectors. The Committee commended the consultant for his presentation and recommended that the final report should be finalized, taking into account recommendations from the Secretariat and members.

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

During the Joint Session with the Committee on Economic Information and Market Intelligence, the Secretariat presented an information paper related to work on technical and environmental standards, and international standards. The information paper addressed two items [Goal 1/Item 4; and Goal 2/Item 8] of the Yokohama Action Plan (2002-2006) for Forest Industry]. The Committee was informed on problems related to standards; the role of the International Organization of Standardization (ISO); the work program of the ISO Technical Committees related to wood technology and forest operations; and the importance of ISO 9000 and ISO 14000 to forestry organizations. The Secretariat's paper further outlined several options that the Committee could consider for its work plan for 2003. The delegation of the USA supported the Terms of Reference for a work program as described in the Secretariat's information paper and encouraged the Secretariat to liaise with the Asia Pacific Economic Cooperation (APEC) Secretariat (Singapore) to further understand the role of regional organizations and technical committee work related to forest products standards. The delegation of the Philippines also supported the suggestion that the Forest Industry work programme for 2003 include the policy items related to standardization and testing. It was noted that standards work should meet the concerns of small and medium-sized enterprises and provide sufficient information to assist this sector in achieving greater exports. The representative from Ghana also strongly supported the inclusion of standards in the work programme for 2003 and noted the importance of standards to downstream processing, and the role of harmonization of standards in meeting the expectations of export markets.

(iii) Product Market Analysis Portals

Dr. José da Luz, Market Analyst at the International Trade Centre (ITC), introduced the new tool developed by the ITC, the Product Market Analysis Portals, or P-Maps. P-Maps are a new web-based tool covering 72 portals, each of which focuses on a particular industry, covering 5000 traded products. Dr. José da Luz described the structure and organization of P-Maps, with

examples focusing on wood products. P-Maps are accessible on ITC's website www.intracen.org/pmaps or on www.p-maps.org.

The Committee on Forest Industry also continued discussion during the Session following policy issues:

(iv) Increasing Utilization Efficiency and the Reduction of Losses and Waste throughout the Production Chain [PPD 24/99 (I)]

The Secretariat recalled that the Committee at its Thirtieth Session had requested the ITTO Secretariat to collaborate with South Pacific members Vanuatu, Fiji and Papua New Guinea to develop a proposal that would promote increased utilization efficiency. At the Thirty-first Session, the Committee approved the pre-project proposal PPD 58/02 Rev.2 (I) "Improving the Utilization Efficiency in Wood Industries in the South Pacific Region".

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

The Secretariat informed the Committee that the identification of a suitable consultant to carry out the study was still underway.

(vi) Develop, publish and disseminate information on increasing timber processing and utilization efficiency and reducing waste

The Secretariat suggested, as policy work for the Committee, a study aiming at compiling and disseminating information on the utilization of logging residues and wood waste in tropical countries. The Committee agreed on the importance of this area of work, which will complement efforts carried out in developing policies and strategies for increasing utilization efficiency of tropical timber. The Committee also recognized that the resource document proposed to be developed under the study would assist ITTO and member countries for further work in this field. With regard to the TORs proposed for the study, the Committee suggested that due consideration should be given to economic and environmental aspects, in particular in connection with the potential impact of utilization of waste/residue on natural forests. Aspects related to the availability and sustainable supply of waste/residue should also be discussed. Certain members indicated that they had good experience in the utilization of logging residues and wood waste, which they would like to share, while others indicated that they were awaiting the results of the study in order to get more information on available options in this field.

Some members also suggested that the identification of some regional or country specific projects, based on the recommendations of the study, should also be included in the TORs. Such projects could be submitted to ITTO through its project cycle in order to further its work in this field. The Secretariat, was requested to incorporate the amendments suggested by the Committee in the TOR of the study. The Committee decided to recommend to the Council the implementation of the study as included in Appendix II [PPD 66/02(I)].

10. Election of Chairperson and Vice-Chairperson for 2003

The Committee elected Dr. Fidel Reyes Lee (Guatemala) as the Chairperson and Ms. Astrid Bergquist (Sweden) as the Vice-Chairperson for 2003.

11. Dates and Venues of the Thirty-second, Thirty-third and Thirty-fourth Sessions of the Committee

The dates and venues of the Thirty-second, Thirty-third and Thirty-fourth Sessions of the Committee are determined in relation to the dates and venues fixed by the Council for its Thirty-fourth, Thirty-fifth and Thirty-sixth Sessions.

12. Other Business

The delegate of the USA recalled to the attention of the Committee that many ex-post evaluations of projects have been carried out. He suggested that it should now be appropriate to take stock of the lessons learnt from these ex-post evaluation missions in order to improve project design and implementation. He

suggested that the Secretariat should prepare a paper on this issue that could be discussed at a Joint Session of the Committee.

13. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations to the ITTC:

1. To approve for implementation of the following project and pre-project proposals:

PROJECTS

- | | |
|---------------------|---|
| PD 100/01 Rev.3 (I) | Capacity Building for the Development of a Sustainable Rattan Sector in China Based on Plantation Sources (China) [US\$504,369] |
| PD 103/01 Rev.3 (I) | Demonstration of Rubberwood Processing Technology and Promotion of Sustainable Development of Chinese Rubberwood Industry (China) [US\$282,487] |
| PD 110/01 Rev.4 (I) | Program to Facilitate and Promote Adoption of Reduced Impact Logging (RIL) in Indonesia and the Asia Pacific Region (Indonesia) [US\$611,863] |
| PD 174/02 Rev.1 (I) | International Workshop on Clean Development Mechanism – Opportunities for the Forest Industry Sector in the Asia-Pacific Region (Korea) [US\$122,960] |

PRE-PROJECTS

- | | |
|---------------------|--|
| PPD 51/02 Rev.1 (I) | Application of Production and Utilization Technologies for Rattan Sustainable Development in the ASEAN Member Countries (The Philippines) [US\$102,464] |
| PPD 52/02 Rev.1 (I) | Development of Small-Medium Solar Timber Dryer for Social and Productivity Improvement of Thai Villagers (Thailand) [US\$90,786] |
| PPD 53/02 Rev.1 (I) | Development of Energy Alternatives for the Efficient Utilization of Wood Processing Residue: Co-Generation and Briquette Production (Ghana) [US\$78,208] |
| PPD 55/02 Rev.2 (I) | Assessing the Contribution of Selected Non-Timber Forest Product Based on Community Participation Approach to Support Sustainable Forest Management (Indonesia) [US\$49,036] |
| PPD 57/02 Rev.1 (I) | Improvement of Processing Efficiency of Tropical Timber from Sustainable Sources in Indonesia (Indonesia) [US\$53,636] |
| PPD 58/02 Rev.2 (I) | Improving the Utilization Efficiency in Wood Industries in the South Pacific Region (PNG/Vanuatu) [US\$150,443] |
| PPD 63/02 (I) | Investment Promotion and Enterprise Development of the Timber Industry in Ghana (Ghana) [US\$53,000] |

2. To urge Member countries to contribute funds to finance forest industry pre-projects and projects approved by the Committee and Council in previous Sessions and still pending funding.

These are:

- | | |
|--------------------|---|
| PD 34/99 Rev.2 (I) | Development and Implementation of Stress Grading Rules for Tropical Timber in the Philippines (Philippines) - Additional Fund - [US\$35,648.00] |
|--------------------|---|

- PD 75/01 Rev.2 (I) Nomenclature of African Tropical Timber (Congo)
- PPD 4/00 Rev.3 (I) Feasibility of Introducing and Developing Non-Destructive Testing Technologies and Methods for Assessment and Monitoring of Timber/Wood Structures in Various Structural and End-Use Applications in West Africa (Ghana)
- PPD 19/01 Rev.1 (I) Sustainable Management of Non-Timber Forest Products (NTFPs) in Congo's Forests under Sustainable Management (Congo)
- PPD 21/01 Rev.2 (I) Promotion of Secondary Species from Cameroon Forests (Cameroon)

3. A further one-year extension of PD 13/99 Rev.1 (M,F,I).

14. Report of the Session

The Committee adopted this report for submission to the Council.

Appendix I

Technical Evaluation of Project Proposals

PD 100/01 Rev.2 (I) Capacity Building for the Development of a Sustainable Rattan Sector in China Based on Plantation Sources (China)

The delegate from China introduced the project proposal focusing on its modifications made in relation to the comments and recommendations of the Twenty-fourth meeting of the Expert Panel for Technical Appraisal of Project Proposals. The Committee noted that the Expert Panel's comments and recommendations had been incorporated into the revised proposal.

The delegate from the U.S.A. pointed out that the DSA of the ITTO contribution seemed rather high, although there was a reduction in the revised proposal. Following this comment, the proposal was further revised during the session to reduce the DSA. The Committee expressed its satisfaction with the further revised proposal in which the provisions allocated for the DSA and the ITTO Monitoring and Evaluation had been reduced. The Committee decided to recommend to Council the approval and implementation of the further revised project proposal as contained in PD 100/01 Rev.3 (I).

PD 103/01 Rev.2 (I) Demonstration of Rubberwood Processing Technology and Promotion of Sustainable Développement of Chinese Rubberwood Industry (China)

The delegate from China explained that this project will assist in demonstrating improved rubberwood processing technology using an environmentally acceptable preservative and an efficient drying schedule developed in project PD 3/96 Rev.2 (I) [Development and Extension of Rubberwood Processing and Utilization Technology]. The Committee noted that the project will provide a series of training courses to disseminate improved technology in Hainan and Yunnan provinces. It further noted that the Expert Panel's comments and recommendations had been incorporated into the revised proposal.

However, the delegate from the U.S.A. noted that the capital and consumable items of the ITTO contribution seemed rather high. Following this comment, the proposal was further revised during the session to reduce the budget. The Committee expressed its satisfaction with the revisions made and decided to recommend to Council the approval and implementation of project PD103/01 Rev.3 (I).

PD 110/01 Rev.3 (I) Program to Facilitate and Promote Adoption of Reduced Impact Logging (RIL) in Indonesia and the Asia Pacific Region (Indonesia)

The Committee noted that this project aimed to promote RIL in Indonesia through a series of seminars and field demonstrations for forest company managers and the public sector as well as training courses for supervisory, planning and operational staff of key concessions. It also noted that the project would provide regional cooperation on RIL-related information the dissemination.

The Committee noted that most of the comments and recommendations of the Twenty-fourth meeting of the Expert Panel for Technical Appraisal of Project Proposals had been incorporated into the revised proposal.

However, it observed that there were minor arithmetical errors in the annual disbursements of the project budget. Recognizing the importance of the project in supporting the adoption of RIL in Indonesia, the Committee decided to recommend to Council the approval and implementation of the revised project as contained in PD 110/01 Rev.4 (I), which incorporates minor amendments in the budget to correct the annual disbursements of the ITTO contribution.

PD 174/02 Rev.1 (I) International Workshop on Clean Development Mechanism – Opportunities for the Forest Industry Sector in the Asia-Pacific Region (Korea)

The delegate from the Republic of Korea introduced the project proposal aimed at providing an international forum to review the opportunities and constraints of the Clean Development Mechanism in promoting afforestation and reforestation activities in tropical forests. Recognizing that there were on-going ITTO projects relating to CDM in Colombia and Indonesia, the Committee noted that the project would contribute to the ITTO work relating to CDM. It further noted that the comments and recommendations of the Twenty-fourth meeting of the Expert Panel for Technical Appraisal of Project Proposals had been incorporated into the revised proposal.

The delegate from the U.S.A. recommended that the workshop topics include the impact of the CDM forestry on natural forests and other forest ecosystem services such as watershed protection and biodiversity conservation. The Secretariat informed the Committee that these issues would be addressed by the workshop papers invited. The Committee was satisfied with the revised project proposal and decided to recommend it to the Council for approval and implementation.

PPD 51/02 Rev.1 (I) Application of Production and Utilization Technologies for Rattan Sustainable Development in the ASEAN Member Countries (The Philippines)

The delegate from the Philippines introduced the objectives of the pre-project which is designed to assess the socio-economic acceptability, financial and market feasibility of rattan production and utilization technologies in the Southeast Asian region. The pre-project intends to conduct situational analyses of the rattan commodity and the socio-economic, production, harvesting, processing, utilization and market dimensions of rattan in local communities and plantations in the ASEAN member countries. The Committee noted the importance of interaction with ASEAN key regulatory bodies dealing with rattan and that project activities would include an ASEAN Regional Conference on Rattan Sustainable Development. The Committee expressed satisfaction on the revision of the proposal regarding the participation of INBAR and noted that pre-project activities would now emphasize the management problems associated with rattan in the natural forest. It was also noted that minor problems with the format of the budget had been corrected. The Committee decided to recommend to the Council the approval and implementation of the pre-project proposal.

PPD 52/02 (I) Development of Small-Medium Solar Timber Dryer for Social and Productivity Improvement of Thai Villagers (Thailand)

The Committee noted that the Twenty-fourth Expert Panel on the Appraisal of Project Proposals declined to commend this proposal and submitted it to the Committee for its final appraisal. The delegate from Thailand informed the Committee that the project would conduct a feasibility study on the use of a solar timber dryer suitable for drying wooden handicrafts and small wood products in lower income local communities. In Thailand, there are about 30 active rural wooden handcraft cooperatives and their products are not sufficiently dry due to lack of drying knowledge and costs of conventional kilns. The Committee noted that there was a need to develop a solar dryer for wooden handcraft and small wood products in accordance with the conditions of local communities.

Considering that the project could contribute to the application of a small-scale solar dryer for timer drying in local communities, the Committee decided to recommend to the Council the approval and implementation of the pre-project proposal [PPD 52/02 Rev.1 (I)], which incorporates a minor modification in the budget to appropriately account for the ITTO Programme Support Costs.

PPD 53/02 Rev.1 (I) Development of Energy Alternatives for the Efficient Utilization of Wood Processing Residue: Co-Generation and Briquette Production (Ghana)

The delegate from Ghana presented the pre-project objectives which focused on the development of utilization options for the large quantity of wood residues resulting from forest industry operations in the country. The Committee noted the importance of residues for the generation of energy for domestic and industrial application through briquetting and power cogeneration. The Committee noted that the revised pre-project proposal had clarified issues raised by the 24th Expert Panel regarding the scope and activities. The Executing Agency (FORIG) had introduced additional information regarding wood energy experiences in Africa and their impact on the local social and economic situation. The delegation also discussed the proposal's revisions related to the commercial options for utilization of forest and wood waste. The specific objective of the pre-project had been reformulated to focus on documenting the opportunity for biomass co-generation to address domestic energy consumption. The delegate from the USA further suggested that the project Executing Agency take advantage of results generated from bricketting studies in project PD 39/93 Rev.4 (I). The Committee expressed its satisfaction with the revised proposal and decided to recommend to the Council the approval and implementation of the pre-project proposal.

PPD 55/02 Rev.1 (I) Assessing the Contribution of Selected Non-Timber Forest Product Based on Community Participation Approach to Support Sustainable Forest Management (Indonesia)

The Committee noted that this pre-project would assist in the promotion of selected non-timber forest products (NTFPs) in East Kalimantan through an assessment of their social-economic contributions and potential markets. With regard to the budget, it noted that the Executing Agency's management costs were inappropriately allocated in the revised proposal and recommended that they should be placed under "Sundry". The Committee decided to recommend to the Council the approval and implementation of the pre-project proposal [PPD 55/02 Rev.2 (I)], which incorporates minor modifications in the budget to appropriately account for the ITTO Programme Support Costs.

PPD 57/02 Rev.1 (I) Improvement of Processing Efficiency of Tropical Timber from Sustainable Sources in Indonesia (Indonesia)

The Committee noted that this pre-project was prepared as a follow-up to the recommendations of the ITTO Technical Mission to Indonesia (2001) and that it would assist in the identification of the existing gaps between the individual mills' processing competency with internationally demanded standards for processed tropical wood products in terms of product quality. The Committee expressed its satisfaction with the revised proposal, which incorporated the recommendation of the Twenty-fourth meeting of the Expert Panel for Technical Appraisal of Project Proposals and decided to recommend its the approval and implementation to the Council.

PPD 58/02 Rev.1 (I) Improving the Utilization Efficiency in Wood Industries in the South Pacific Region (Vanuatu/PNG/Fiji)

The delegate from Vanuatu introduced the main objectives of the pre-project, which addressed wood processing inefficiencies leading to low recovery rates of sawmill, veneer and plywood in wood processing plants in the South Pacific region. The delegate provided information related to the recommendations of the 24th Expert Panel. A project proposal was now one of the outputs of the project and a clearly defined strategic plan had been included. Additional information on the PNG co-executing agency had been included. The role of the government of Fiji had now been clarified. The delegate of PNG provided further information on the need to identify gaps in national policies and provide direction and recommendations related to waste reduction and residue usage.

The USA delegation strongly supported the pre-project and noted the importance of the work in relation to the policy initiatives of the Committee in the area of utilization efficiency. The delegate from New Zealand pointed out that in certain countries the achievement of ITTO Criteria and

Indicators was hindered by inefficient processing at the mill site. The delegate strongly supported the need for the pre-project activities within the region.

The Committee noted that the revised project proposal had fully addressed the Expert Panel's recommendations, but questioned the (in-kind) contribution from the collaborating agencies and requested further that specific dollar amounts be attributed to their contributions. After consultations with the representatives from the Executing Agencies, the Committee was satisfied with a further revised pre-project proposal [PPD 58/02 Rev.2 (I)], which include the dollar amounts of the contributions from PNG, Fiji and South Pacific Commission. The Committee decided to recommend to the Council the approval and implementation of the pre-project proposal [PPD 58/02 Rev.2 (I)].

PPD 63/02 (I) Investment Promotion and Enterprise Development of the Timber Industry in
Ghana (Ghana)

The delegate of Ghana presented the pre-project objectives and recalled for the Committee that the 24th Expert Panel in its assessment of project proposal PD 154/02 (I) had recommended that a pre-project be formulated to analyze the situation and the viability of the proposed work. The delegate of Ghana pointed out that the socio-economic section of the proposal had been elaborated and that the participation of the local industry had been clarified. The Committee noted the importance of the Pre-project and the pressing need to formulate appropriate strategies to ensure the sustainable development of wood-based enterprises. The Committee also observed the importance of the pre-project study in that other countries within the region were experiencing similar problems associated with over-capacity of the timber industry in light of a declining resource base and other problems such as misdirection of investment and general inefficiency in the wood-processing sector. The Committee decided to recommend to the Council the approval and implementation of the pre-project proposal.

**TECHNICAL EVALUATION OF PROJECTS AND PRE-PROJECTS
IN THE AREA OF FOREST INDUSTRY**

PROJECTS	ITTA OBJECTIVES Article 1	FIELD OF ACTIVITY	ITTO BUDGET (US\$)	DURATION	GEOGRAPHICAL COVERAGE	RECOMMENDATION
		<u>Art. 25</u> Para. 1				
PD 100/01 Rev.3 (I)	c,e,f,i,m	Promotion of rattan	504,369	36 months	China	1
PD 103/01 Rev.3 (I)	c,f,i,l	Further processing of rubber wood	282,437	36 months	China	1
PD 110/01 Rev.4 (I)	c,d,f,l,m	Training in reduced impact logging	611,863	24 months	Indonesia	1
PD 174/02 Rev.1 (I)	a,c,f,j	International workshop on CDM	122,960	12 months	Korea Asia-pacific Region	1
PRE-PROJECTS						
PPD 51/02 (I)	l,m	Promotion of rattan	102,464	12 months	Philippines & ASEAN countries	1
PPD 52/02 Rev.1 (I)	c,f,i,m	Research and development	90,786	12 months	Thailand	1
PPD 53/02 (I)	f,i	Processing wood residues	78,208	12 months	Ghana	1
PPD 55/02 Rev.2 (I)	c,f,i,l	Promotion NTFP	49,036	6 months	Indonesia	1
PPD 57/02 Rev.1 (I)	c,f,i,m	Further and increased wood processing	53,636	6 months	Indonesia	1
PPD 58/02 (I)	f,i,l,n	Efficiency in processing	150,443	12 months	South Pacific Region	1
PPD 63/02 (I)	f,g,i,l	Investment Promotion	53,000	12 months	Ghana	1

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

Appendix II

Pre-Project Study PPD 66/02 (I)

Develop, publish and disseminate information on increasing timber processing and utilization efficiency and reducing waste

In many ITTO tropical member countries, industrial timber logging operations and wood processing result in a substantial amount of timber residues and wood waste. Project PD 74/90 (F,I) "Better Utilization of Tropical Timber Resources in order to Improve Sustainability and Reduce Negative Ecological Impact" determined that the amount of residues during timber harvesting ranges from 23% to 63% if only the bole is considered, and from 36% to 53% if the bole and the crown are considered. At the same time, wood residues during sawmilling operations (solid residues and sawdust) ranged from 30% to 64% in the investigated sawmills. Such a waste represents a serious impediment to progressing towards sustainable tropical forest management and an enormous loss of opportunities for the timber companies, local communities and the states in terms of income, employment opportunities and revenues, including export revenues.

Although ITTO has been actively promoting the efficient utilization of timber resources throughout the production chain through policies formulation [PPD 11/92 (I); PPD 24/99 (I)] and assistance to member countries, progress in this field is slow due to many reasons, including the relative low price of timber in certain areas, the lack of investment potential, the lack of skills and expertise in relevant fields, the lack of knowledge of available technologies, etc. It is therefore obvious that at the level of the timber industry, contributing to the achievement of sustainable forest management through the efficient utilization of available resources implies an integrated approach, compounding efficient harvesting operations, efficient processing operations and efficient utilization of any forest residue and wood waste, and when appropriate recycling.

The objective of the study is to compile, for the information of ITTO member countries, information on the utilization of logging residues and wood waste, the type of products they can be used for, available technologies, current and potential markets, sources of information regarding the end products, technologies, expertise and equipment manufacturers. The study will also include discussion on economic and environmental aspects of the utilization of waste and residue, as well as on the sustainability of the different options. The study is consistent with the ITTO Yokohama Action Plan, Section 3.3, Goal 2, Action 1 and 4.

The study will:

- A. Review ITTO work in the field of utilization of wood waste and residues;
- B. Undertake a literature review in the field of wood waste and residues;
- C. Through sampling of forest and mill operations in the three ITTO producing regions, document residues and waste in the forest and at mill sites, for the latter priority being given to sawmills, in view of potential end products;

- D. Discuss the quantity of waste generated in the context of a sustainable supply of the production chain;
- E. Discuss the economics related to waste/residue generation, collection and processing, as well as environmental aspects with an emphasis on potential impacts of waste/residue utilization on natural forests;
- F. Compile information on products manufactured or produced from the processing or utilization of wood waste and residue;
- G. Describe the available technologies, provide sources of information on equipment suppliers/manufacturers and expertise and discuss product development and production costs
- H. Prepare and present for the consideration of the Committee a preliminary report at its Thirty-third session. The report should include specific ideas to further the ITTO's work in this field;

Budget:

Budget Components	Total
10. Project Personnel	
- International consultant (US\$10,000x6manmonths)	60,000
- National consultants (US\$5,000x6manmonths)	30,000
- Component Total	90,000
30. Duty Travel	
- Daily Subsistence Allowance (US\$200x60days)	12,000
- International Travel (to Yokohama and selected countries: US\$3,000x4trips)	12,000
Component Total	24,000
40. Miscellaneous	
- Translation and Publication	20,000
Component Total	20,000
Subtotal	134,000
80. ITTO Monitoring, Evaluation and Administration	
- Programme Support Costs (11%)	14,740
Component Total	14,740
GRAND TOTAL	148,740

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TWELFTH SESSION
4 – 9 November 2002
Yokohama, Japan

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

TWELFTH SESSION OF THE COMMITTEE ON

FINANCE AND ADMINISTRATION

(4 – 9 November 2002, Yokohama, Japan)

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

Item 1: Opening by the Chairperson

1. The Vice-Chairperson, Mr. Pravit Chittachumnonk (Thailand), acted as Chairperson at this Session of the Committee, as the Chairperson, Mrs. Kayoko Fukushima (Japan), informed the Secretariat earlier that she would not be able to attend this Session. He welcomed delegates to the Twelfth Session of the Committee.

Item 2: Adoption of Agenda and Organization of Work

2. The Committee adopted its agenda as presented in document CFA(XII)/1. The Chairperson drew the attention of the Committee to the work of the Panel on Sub-Account B of the Bali Partnership Fund (BPF) for the allocation of funds under Sub-Account B of the BPF, created under Council Decision 4(XXX), and chaired by the Chairperson of the Committee. The Panel will report directly to the Council. It would convene its first meeting on mid-day 7 November 2002. He informed that the selection of the members of the Panel was to be finalized with a view to commence its work.

Item 3: Report of the Expert Panel for Technical Appraisal of Project Proposals

3. The Chairperson advised the Committee that the Report of the Twenty-fourth Meeting of the Expert Panel for Technical Appraisal of Project Proposals [Document CEM,CRF,CFI(XXXI)/1] was discussed in the joint Session of the Committees on 4 November 2002, and that the joint Session had taken note of the recommendations of the Expert Panel. The joint Session had not requested the CFA to discuss any recommendations of the Expert Panel.

Item 4: Draft Administrative Budget for the Financial Year 2003

4. The Secretariat introduced document CFA(XII)/2, which had been distributed to Members in August 2002 in accordance with Rule 3 of the ITTO's Financial Rules and Rules Relating to Projects. Following the instructions made at the Second Session of the Committee that the proposed budgets "should always be constructed using the current official U.N. exchange rate for the month of the Session in which it was considering the budget proposals", and as was done in previous years in the preparations of the proposed administrative budgets for 2001 and 2002, the Secretariat made amendments to the draft budget for 2003 as presented in document CFA(XII)/2/Amend.1, dated 25 October 2002, by applying the exchange rate of 122 Yen to US\$1.00 against the rate of 120 Yen to US\$1.00 which was used in the original proposal in July 2002.

5. The Secretariat explained that the revised proposed budget for 2003 amounted to US\$4,979,903 against the approved budget for 2002 of US\$4,472,867 (representing an increase of 11.34%). The Secretariat pointed out that all expenditures in the proposed budget for 2003 have been kept at the same level as those for 2002 and that the increase was due primarily to the inclusion of two new positions – one "Senior Officer for Programme and Project Evaluation" and one "Research Assistant" to assist the officer in the area of project evaluation. Minor increases were due to annual salary increment of staff which normally account for about 2% and also due to the revision of the U.N. salary scale for staff in the Professional and higher categories in March 2002 which consolidated 3.87 points of the post adjustment into the base salary. Furthermore, due to a recent survey of the International Civil Service Commission (ICSC), the post adjustment multiplier for Japan was revised with effect from October 2002 resulting in an increase of about 10% in this sub-heading.

6. The delegate from Japan recalled Japan's request at a previous Session for a zero-growth in the Administrative Budget, advised the Committee that it could not accept the increase of the budget.

7. The delegate from the U.S.A. confirmed his delegation insistence for a zero nominal growth in the Administrative Budget of the Organization. However, recognizing the importance of the area of project evaluation he suggested that the Secretariat explore the possibility of financing the two new positions from other sources of funds.

8. At the invitation of the Committee, the Executive Director joined in the discussion to further clarify his proposal for the creation of the new posts to organize, systematize and oversee the evaluation of the large number of projects and pre-projects being implemented by the Organization (158 as of August 2002). Although ex-post evaluations have been carrying out at the request of the Committees, the Organization still lack the human resources to support and co-ordinate evaluation activities in a more systematic manner. The proposed posts are therefore critical to ensure the success rate of ITTO-financed projects and to take corrective actions when necessary.

9. The delegate from Japan insisted that his delegation could not accept the creation of new posts in the Administrative Budget and that before considering the creation of the new positions, the existing monitoring and evaluation resources should be examined. The Secretariat advised that the current available balance under the "pooled account for ex-post evaluation of projects", which was created pursuant to ITTC's Decision 3(XXVIII), amount to US\$391,700 after the utilization of US\$371,530 and this would be insufficient even to finance the new positions for one year. Moreover, the various Technical Committees have recently approved a number of additional ex-post evaluation activities which are yet to be conducted. Other delegations also advised against the possible use of the resources from the Working Capital Account of the Organization for financing the new posts on a long-term basis.

10. The delegate from Indonesia advised the Secretariat that although his country's volume of export has been decreasing in recent years and therefore would expect a lower contribution to the Administrative Budget corresponding with the number of votes distributed, it is difficult for Indonesia to accept a large increase in its assessed contribution. The Secretariat advised that the vote approved by the Council in May 2002 for Indonesia for 2002, and used for assessing its contribution for 2003, was 147 (comparing with 144 for 2001), and the large (proposed) assessment was due to the increase in the total budget that include the two new positions.

11. The Committee requested the Secretariat to revise the draft Administrative Budget for 2003 that exclude the proposed two new positions. This document [CFA(XII)/2/Amend.2] was introduced by the Secretariat at the meeting of the Committee on 6 November 2002 amounting to US\$4,633,195 and represented an increase of 3.58% against the approved amount for 2002 of US\$4,472,867.

12. The delegates from Malaysia, Indonesia, the European Community, USA, Brazil and China expressed their appreciation for the preparation of the revised budget and recommended its approval. The delegate from Japan expressed disappointment especially in the increase of 5.35% in salaries and asked the Secretariat for further reduction in other budget items. The Secretariat explained that budget sub-heading A.1 (base salary) showed an increase of 5.35% due to salary increment of staff as well as the upward revision by the United Nations of the salary scale for staff in the Professional and Higher Categories. The Secretariat added that about 80% of the budget comprise of items which are fixed by rates and scales (72% in heading "A" for salaries and benefits, and 12% in heading "D" for social security), it is difficult to look for items to apply further reduction. The delegates from the European Community and the USA advised that too strict reductions in the budget may have adverse effects for the Organization in implementing its work programme. Japan regretted that the revised budget failed to meet their strict requirement of zero growth, nevertheless expressed that it did not block the consensus of other delegates in recommending the approval of the budget. Consequently, the Chairperson recommended the adoption of the Administrative Budget for the financial year 2003 as revised.

13. The Committee, therefore, decided to recommend to the Council to approve the Administrative Budget for the Financial Year 2003 in the amount of US\$4,633,195. This amount will be further increased by US\$89,769 to take account of the discount to be granted to Members for prompt payment of their contributions in 2002 (in accordance to Rule 4, paragraph 3, of the Financial Rules and Rules relating to Projects), but at the same time, will be reduced by US\$82,964 by utilizing the bank interest earned in 2002 (in accordance to Rule 5, paragraph 3, of the Financial Rules and Rules relating to Projects). The net amount to be assessed from Members towards the Administrative Budget for the Financial Year 2003 is therefore US\$4,640,000 as presented in the document CFA(XII)/2/Amend.3 (entitled "Approved Administrative Budget for the Financial Year 2003"). The assessed contribution from Members to the budget for 2003 is shown in this document and the Secretariat will be sending Invoices to Members for payment in accordance to the Financial Rules.

Item 5: Review of Contributions to the Administrative Budgets

14. The Secretariat introduced document CFA(XII)/3, prepared on 25 October 2002 which detailed the history of Members' contributions to the Administrative Budgets for the financial years from 1986 to 2002, including assessments, receipts, interest charges, and arrearages in contributions. As shown in the document,

arrearages in contributions from Producer members amount to \$4,007,613.92 and the outstanding payment of interest charges levied on late contributions under the ITTA, 1983, amount to \$269,929.83.

15. The delegate from Indonesia advised the Committee that its contribution for the financial year 2002 is being processed and the full payment will be made before the end of November 2002. The delegate from the Democratic Republic of the Congo also advised that his Government had already taken action to remit the payment of its contribution for 2002. The delegate from the Philippines informed the Committee that her government will process its contribution for 2002 in due course, however, she queried the amount of arrears owed by the Philippines to the Organization. The Secretariat was requested to consult with the Philippines to confirm its arrears.

16. The Committee took note of the report.

Item 6: Current Status of the Administrative Account

17. The Secretariat presented document CFA(XII)/4 reporting the current status of the Administrative Budget for 2002 (as of 25 October 2002) with estimated expenditures for the current year. The Secretariat advised the Committee that with the contributions already received from Members as well as those anticipated to be paid to the Organization before the end of the current financial year, plus funds already authorized by Council for use in 2002 of \$161,593.00 from interest earned in 2001, it is anticipated that the estimated expenditures for current year will be \$4,189,458.00 (i.e. \$283,409 less than the total amount approved in the budget for 2002). This was due to some cost saving efforts exercised by the Secretariat and that one post of Projects Manager has been vacant since July this year after the departure of the former incumbent. However, as it cannot be guaranteed that all assessed contributions will be paid in full, the Secretariat estimated that a deficit in the amount of \$328,191.00 would be expected.

18. The Secretariat also informed the Committee that payments had been received since January to date from Members of arrearages in contributions in previous years in the total amount of \$357,816.84 as well as bank interests earned on time deposits of the amount \$51,744.02, and after deducting the amount of \$900,000.00 to be transferred to the Special Reserved Fund as authorized by the Council at its Thirty-first Session, the balance of the Working Capital Account remains at \$3,581,082.86.

19. The Committee took note of the report and decided to recommend to the Council to authorize the Executive Director, through a Decision, to transfer an amount not exceeding \$300,000.00 from the Working Capital Account to the Administrative Account for use in 2002 should there be a shortfall in payment of assessed contributions from Members to meet the expenditures in 2002.

Item 7: Arrearages of Members to the Administrative Account

20. The Secretariat informed that the Committee at its Eleventh Session in May 2002 decided to identify the matter of arrearages in contributions as a separate agenda item at the Twelfth Session. During the Eleventh Session, the Committee recalled and discussed the recommendations made by the Inter-Sessional Working Group on Financial and Administrative Matters which met from 31 January to 2 February 2001, aiming at gradual elimination of the arrearages, contained in paragraphs 25 and 26 of its report [Document CFA(IX)/7], which read as follows:

"25. The Working Group recommended that the Council consider the following proposals for the gradual elimination of the arrearages:

- a. Annually, at the final Council Session each year, for any Member which has no arrears in their contributions to the Administrative Budget in respect to obligations related to the year 2002 and beyond, the Council authorizes the Executive Director to write off one-fifth of its arrears related to contributions to the Administrative Budget of the period 1986-1996; and
- b. To request the Executive Director not to process for consideration by the Council, project and pre-project proposals submitted by Member Governments whose cumulative arrears to the Administrative Budget beginning from 2002 are equal to or greater than three times their assessed contribution to the Administrative Budget of the year the proposal is submitted.

26. The Working Group, however, recognized the need for a legal review on any action in this area to make it consistent with the ITTA, 1994."

21. The Secretariat further informed the Committee that the matter of arrearages in contributions will also be considered by the Council under its Agenda item 13 "Report of the Working Group on the Organization of Work Under the ITTA, 1994 – Document ITTC(XXXIII)/5". This document included a draft decision which among other matters included under Part C – Measures Regarding the Administrative Account, proposals based on the recommendation of the above CFA Working Group. The draft decision was to be deliberated in the "Chairperson's Open-Ended Informal Drafting Group Meeting" during this Council Session.

22. With regard to the need for the legal review, the Secretariat informed the Committee that the Legal Adviser of the United Nations Conference on Trade and Development (UNCTAD) had replied to ITTO informing that "it is not appropriate for UNCTAD secretariat or its staff to comment on proposals of member States of ITTO".

23. The Committee took note of the measures taken to date regarding tackling the issue of Arrearages of Members to the Administrative Account.

Item 8: Resources of the Special Account and the Bali Partnership Fund

24. The Secretariat presented document CFA(XII)/5, which was a comprehensive listing of expenditures on, and contributions to, the two sub-accounts of the Special Account, namely Pre-Project and Project Sub-Accounts, and the Bali Partnership Fund (BPF). A list of completed Pre-Projects, Activities and Projects was also included in the document and showed the pro-rated refunds to relevant donors including the funds remaining under "monitoring and evaluation". In accordance with ITTC's Decision 3(XXVIII), agreement of the donors was requested at regular intervals for the transfer of their share of the remaining "monitoring and evaluation" funds, to the "Pooled Sub-Accounts" for ex-post evaluations. The funds transferred to this pooled account to date, amounted to US\$763,231.86 and regular ex-post evaluations of projects, as approved, are being carried out.

25. With regard to the resources of the Bali Partnership Fund, the Secretariat informed the Committee that as of the end of the last session, twenty-five Activities, five Pre-Projects and four Projects had been funded from the resources of Sub-Account B of the Bali Partnership Fund. Accordingly, the current available resources of Sub-Account B amount to US\$1,866,771.39. The Secretariat further informed the Committee that Panel on Sub-Account B of the BPF would be working during this Session of the Committee on identification of pre-projects, activities and projects that would be financed from these resources. The Panel will report directly to the Council.

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

27. The Committee took note of the document.

Item 9: Review of Appointment of Auditor for 2002

28. The Secretariat introduced document CFA(XII)/6 and informed the Committee that, the Council at its Thirty-first Session adopted Decision 10(XXXI) to appoint an independent auditor of recognized standing for a term of three consecutive years – subject to satisfactory performance – instead of the earlier approved term of one year. Consequently, the audit firm PriceWaterhouseCoopers, Tokyo, was appointed to audit the accounts of the Organization for three consecutive years beginning with the accounts for the financial year 2001. The Decision authorized the Executive Director to engage the selected auditor on an annual basis and the subsequent re-engagement of the same auditor also on annual basis, to allow an opportunity for evaluation of the performance of the auditor.

29. The Secretariat added that the document addressed the concerns of the Committee, as was expressed at the previous Session, that resulted from the recent failure of a major international audit firm to perform its responsibilities prudently which caused the collapse of a giant conglomerate and consequently the collapse of the audit firm itself worldwide.

30. The Secretariat explained that the Articles 19 to 23 of the ITTA, 1994, plus the Financial Rules and Rules Relating to Projects of the Organization laid down strict guidelines for the preparation of the ITTO Financial Accounts, as well as for the compulsory rotation of the Audit firms. In the past twelve years since 1986 to 2001, four different audit firms (with rotation of seven times) had audited the financial accounts of ITTO and all of them confirmed the reliability of these accounts. On the other hand, the audit firms of these failed multinationals were not rotated – the same audit firm served as sole auditor throughout the energy giant's sixteen years of existence. The Secretariat concluded that the performance of the current ITTO auditor has been satisfactory.

31. The delegate from the U.S.A., expressed her appreciation for the document and supported the recommendation for the re-engagement of the current audit firm. The delegate from the European Community also concurred.

32. The Committee decided to recommend to the Executive Director for the re-engagement of the current audit firm PriceWaterhouseCoopers, Tokyo, to conduct the audit of the financial accounts of the Organization for the Financial Year 2002.

Item 10: Work Programme of the Committee for the Year 2003

33. The Committee noted that the Work Programme for the Year 2002 of the Committee of Finance and Administration which was presented in document ITTC(XXXII)/16 had been considered by the Council. The Committee took note of the Work Programme for the Year 2003 which is shown in Annex I to this Report.

Item 11: Election of Chairperson and Vice-Chairperson for 2003

34. The Vice-Chairperson of the Committee for 2002, Mr. Pravit Chittachumnonk of Thailand, was elected as Chairperson of the Committee for 2003. Mr. Christopher Ellis of the U.S.A. was elected as Vice-Chairperson of the Committee for 2003.

Item 12: Dates and Venue of the Thirteenth, Fourteenth and Fifteenth Sessions

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

Item 13: Other Business

36. Two issues were deliberated under other business.

37. The Secretariat informed the Committee that arrangements with the authorities concerned for holding the Thirty-fourth ITTC and its associated Sessions in Panamá in May 2003, are progressing satisfactorily. A visit to Panamá by a member of the Secretariat was concluded in early October 2002. The Secretariat added that since Panamá does not have the facility for the issuance of "visas on arrival" and presently, has a limited number of Embassies or Consular representations worldwide, a large number of delegates of ITTC might face difficulties in finalizing their travel plans.

38. The Chairman informed the Committee that earlier in the morning during the Chairperson's Bureau Meeting, the Chairman of the Council informed the Bureau about the establishment of a Small Working Group which will meet with the delegate from Panamá during this Session, with view to resolve this issue. The outcome of this will be conveyed in the Council Session later.

39. On the third meeting at this Session of the CFA, the Chairman invited the delegate from Panamá for comments on the visa issue. The delegate informed the Committee that arrangements are being made to overcome this problem and he expects to receive written confirmation from his Government before the end of the current Council Session that the ITTC delegates shall be able to obtain "visa on arrival" in Panamá. The Chairman appreciated the positive response and informed the Committee that he will convey the message to the Chairperson's Bureau Meeting.

40. The Delegate from Cameroon requested the Committee to address in the future, the problem of additional costs of annual audits of projects that are required pursuant to the Decision 4(XXV), which are currently being met by the Executing Agencies. The Chairman of the CFA invited the Chairman of the "Expert Panel for the

Appraisal of Project Proposals” for comments. The Expert Panel Chairman informed the Committee that a number of Project proposals that were recently approved by the Expert Panel did include a reasonable estimate for the annual and final audit costs under the ITTO Budget component. He added that for the efficient financial management of Projects this is a necessary expenditure and in future, while revising the “ITTO Manual for Project Formulation” under the ITTO Budget, an expenditure component for the audit costs should be included.

41. The Committee took note of the deliberations.

Item 14: Recommendations to the International Tropical Timber Council

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

- (1) To accept the revised Administrative Budget for the Financial Year 2003 of the amount of US\$4,633,195.00 as presented in document CFA(XII)/2/Amend.3 (Approved Administrative Budget for the Financial Year 2003). The assessed contributions from Members will be US\$4,640,000.00 to take account of the discount to be given to Members for timely payment of their contributions in 2002 and to utilize part of the bank interest earned in the same year; and
- (2) To authorize the Executive Director to transfer, if necessary, an amount not exceeding \$300,000.00 from the Working Capital Account (WCA) to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization for the year 2002.

Item 15: Report of the Session

43. The Committee adopted this report as amended.

Annex

**WORK PROGRAMME FOR YEAR 2003
COMMITTEE ON FINANCE AND ADMINISTRATION**

ADMINISTRATIVE AND FINANCE ACTIVITIES

Activity	Implementation Approach and Cost Implications
(vi) Review the independent audited statement for the 2002 financial year [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(vii) Make recommendation to the Executive Director on the re-engagement of auditor for the purpose of auditing the accounts of the Organization for the 2003 financial year [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(viii) Examine and make recommendations to Council regarding the approval of the Organization's administrative budget proposals for the year 2004 [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(ix) Review the assets of the Organization to ensure prudent asset management and that the Organization has sufficient reserves to carry out its work. [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(x) Examine and make recommendations to the Council on the budgetary implications of the Organization's annual work programme, and the actions that might be taken to secure the resources needed to implement it [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.

* * *

ANNEX V

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

DOCUMENT: ITTC(XXXIII)/2

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4 – 9 November 2002
Yokohama, Japan

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

**3 November 2002
Yokohama, Japan**

**Eleventh Meeting of the Informal Advisory Group (IAG)
Yokohama, Japan, 3 November 2002**

Report of the Chairman

Introduction

1. The Eleventh Meeting of the IAG was convened on Sunday, 3 November 2002 at the ITTO Secretariat Conference Room at 10:00 a.m. chaired by Dr. Jürgen Blaser (Switzerland), Chairperson of the Council. The meeting was attended by Dr. B.C.Y. Freezailah, Vice-Chairperson of the Council, Ms. Astrid Bergquist (Sweden), Chairperson of the Committee on Economic Information and Market Intelligence, Dra. Angela Andrade (Colombia), Chairperson of the Committee on Reforestation and Forest Management, Dr. Fidel Reyes Lee, Vice-Chairperson of the Committee on Forest Industry, Mr. Pravitt Chittachumnonk (Thailand), Vice-Chairperson of the Committee on Finance and Administration, Mr. Toshiyuki Suzuki (Japan), Representative of the Host Government of the Headquarters, Ms. Aulikki Kauppila (Finland), Consumer Spokesperson, and Dr. Manoel Sobral Filho, the Executive Director. Due to the vacancy of the position of the Producer Spokesperson, the IAG welcomed Mr. Joel Souza Pinto Sampaio (Brazil) who was invited by the Chairman to represent the interests of the Producer Caucus at the meeting.
2. The IAG considered the following agenda items for discussion:
 - i. Brief background on the IAG:
Decision 5(XXVI);
Report of the IAG at its Tenth Meeting, 12 May 2002;
 - ii. Timber certification: Tropical countries lagging behind; further considerations of strategies/actions to address the issue;
 - iii. Frequency and duration of Council and Committee Sessions; outcome of the Working Group on the Organization of Work convened under ITTC Decision 8(XXXII);
 - iv. Extension of the ITTA, 1994, and preparations for its renegotiation; outcome of consultancy work carried out under ITTC Decision 4(XXXII);
 - v. ITTO Work Programme for the year 2003;
 - vi. Other items introduced by IAG members; and
 - vii. List of possible decisions for the Thirty-third Session of the ITTC and report to the Council.
3. In its deliberations, the IAG noted and made reference to Decision 5(XXVI) and the Report of the Informal Advisory Group (IAG) at its Tenth Session held on 12 May 2002 in Bali, Indonesia as contained in document ITTC(XXXII)/2 dated 12 May 2002. The IAG also recalled the consensus regarding the extension of its mandate and the continuation of its role and existence reached by the Council at its Thirtieth Session.

Forest and Timber Certification

4. The IAG considered the item on forest and timber certification with emphasis on measures to address problems facing producing member countries as well as relevant evolving ideas relating to the issue. In this context, the IAG noted that the Council was scheduled to consider the Interim Report on the Potential Role of Phased Approaches to Certification in Tropical Timber Producer Countries as a Tool to Promote Sustainable Forest Management as contained in document ITTC(XXXIII)/9 under item 16 of its Agenda. It further noted that the Civil Society Advisory Group (CSAG) Panel Discussion would be convened under item 10 of the Council's Agenda on the theme 'Succeeding in the Certified Forest Products Marketplace'. The IAG was also informed that the issue of mutual recognition was being promoted by the World Business Council for Sustainable Development and ITTO's involvement in this regard was being sought by the private sector. In addition, there had been discussions on an initiative aimed at promoting partnerships on the ground between forest concessionaires and non-governmental organizations (NGOs) to work towards certification under schemes of their choice.
5. In view of these developments, the IAG agreed to recommend to the Council that consideration of item 10 of its Agenda be linked to item 16. The IAG further recommended that the consideration of item 16 by the Council would comprise a progress report on the implementation of ITTC Decision 11(XXXII) on the Potential Role of Phased Approaches to Certification, a discussion on some of the evolving ideas

including mutual recognition and partnerships between forest concessionaires and NGOs and information-sharing concerning the Forest Stewardship Council (FSC), the Pan-ASEAN Timber Certification Scheme, other certification initiatives and relevant developments.

Frequency and Duration of Council and Committee Sessions; outcome of the Working Group on the Organization of Work convened under ITTC Decision 8(XXXII)

6. The IAG recalled the strenuous effort made by the Working Group on the Organization of Work under the ITTA, 1994 in producing its report as contained in document ITTC(XXXIII)/5 to be considered by the Council under item 13 of its Agenda. It further recognised the close relationship between this item and item 14 on Matters Related to Article 46 of the ITTA, 1994. Considering the crucial importance and contentious nature of these issues, the IAG underlined the desirability of introducing the report of the Working Group as contained in document ITTC(XXXIII)/5 and particularly the draft Council Decision on Measures to Reduce Costs and Improve the Efficiency and Effectiveness of the Organization contained therein as the basis for further consideration of the Council on this item of the Agenda. In this connection, the Representative of the Host Government of the Headquarters reiterated the view of Japan that the frequency of the Council and Committee Sessions should be reduced from the current twice-a-year to an annual meeting. However, if this reduction in the frequency of the Council and Committee Sessions could not be realised, Japan hoped that this would be taken up in the context of the process for negotiation of a successor agreement to the ITTA, 1994 which should be initiated as soon as possible. Following this intervention the IAG agreed to recommend to the Council that its deliberation of item 13 of its Agenda be undertaken on the basis of an introduction of document ITTC(XXXIII)/5 by the Chairman to be followed by discussion and consideration of the draft decision as proposed and a modified calendar for the sessions of the Council and for the negotiation of a successor agreement to ITTA, 1994. The IAG advised the Council to consider the calendar proposed contained in the Annex to this report.

Extension of the ITTA, 1994, and Preparations for its Renegotiation; outcome of consultancy work carried out under ITTC Decision 4(XXXII)

7. In light of the close linkage between items 13 and 14 of the Council's Agenda, the IAG agreed to recommend the clustering of these items in the programme of meetings to facilitate their consideration by the Council. The IAG further recommended that the steps to be taken for the consideration of item 14 by the Council would include a formal resolution on the extension of ITTA, 1994 for another period of three years with effect from 1 January 2004 to 31 December 2006 and the initiation of the process and for the negotiation of a successor agreement to ITTA, 1994 to commence in early 2003 and be completed by the end of 2004 or in early 2005.
8. With regard to the initiation of the negotiating process, the IAG recommended that the draft report on 'New and Emerging Issues of Relevance to the International Tropical Timber Council and a Future International Tropical Timber Agreement' as contained in document ITTC(XXXIII)/6 be presented to the Council by Dr. Ruben Guevara-Moncada, one of the consultants engaged in the preparation of the draft report. The consultants would be requested to finalise the report on the basis of the views and comments presented by members. It was further recommended that a proposal to initiate the process and calendar for the negotiation of a successor agreement to ITTA, 1994 would be introduced by the Chairman. In this regard, the Secretariat was requested to prepare and make a presentation to the Council on the chronology of the preparatory work involved in the negotiation of ITTA, 1994. Considering that the initiation of this negotiating process would constitute a major work for the Organization, the IAG also recommended that a Working Group be established to facilitate the commencement of the preparatory work for consideration by the Council at its Thirty-fourth Session. As previously undertaken during the negotiation of ITTA, 1994, it was also recommended that a producers' coordinating meeting be held immediately before PrepCom I scheduled for May 2003.

ITTO Work Programme for the Year 2003

9. The IAG noted that the Draft Work Programme for the Year 2003 as contained in document ITTC(XXXIII)/16 would be tabled for the consideration of the Council under item 21 (b) of its Agenda. The IAG was informed that the draft was prepared as an annual work programme based on the relevant decision of the Council and taking into account the ITTO Yokohama Action Plan but with no budgetary provisions. The need to address the bi-annual work programme with an indicative budget as recommended in the report of the Working Group contained in document ITTC(XXXIII)/5 was discussed. The IAG agreed to recommend that a presentation on ITTO's work on communication and public relations be made by the Secretariat to the Council to highlight its importance within the overall work programme.

Other Items Introduced by IAG Members

10. The IAG noted the importance of item 15 of the Council's Agenda on Forest Law Enforcement in the Context of Sustainable Timber Production and Trade including the review of progress in the implementation of the activities pursuant to ITTC Decision 6(XXXI). The involvement of ITTO in the on-going Forest Law Enforcement and Governance (FLEG) initiatives in Asia and Africa and in a similar initiative which could possibly be developed for Latin-America was also emphasised. The IAG learned that the delegation of Switzerland might inform the Council about the issues relating to the declaration on timber and timber products, e.g. certificate of origins of timber and timber products as a means of controlling illegal trade under item 15 of the Agenda.
11. On the election of Chairperson and Vice-Chairperson of the Council for 2003 under item 28 of the Agenda, the IAG recommended that the appropriateness of appointing alternate spokespersons for the consumer and producer caucuses be considered to address the problems arising from the possibility of the positions of the Spokespersons falling vacant.
12. The IAG noted the concern relating to the inability of member countries hosting the sessions of the Council in issuing visas on arrival to delegates and participants as this could jeopardise the smooth convening of these sessions.
13. The IAG agreed that appropriate acknowledgement be made in connection with the passing away of the Former Mayor of Yokohama, the late Mr. Hidenobu Takahide and the former Coordinator of ITTO Language Team, the late Mr. Leo Schermann.

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

14. The IAG considered the possible list of decisions to be considered and adopted by Council at its Thirty-third Session as follows:
 - i. Projects, Pre-Projects and Activities
 - ii. Measures to Reduce Costs and Improve the Efficiency and Effectiveness of the Organization
 - iii. Process and Calendar for the Negotiation of a Successor Agreement to ITTA, 1994
 - iv. Extension of ITTA, 1994
 - v. ITTO Work Programme 2003
 - vi. Communication and Public Relations
 - vii. Management of the Administrative Budget
 - viii. Forest Fire [coming from the Committee on Reforestation and Forest Management]
 - ix. Congo Basin
 - x. Forest Law Enforcement and Governance
 - xi. Certification

In addition, the IAG noted that a number of decisions might be recommended to the Council by the Committees through their respective reports to be submitted to the Council for its consideration and approval. The IAG emphasised the necessity for all draft decisions of the Council to be submitted through the two Spokespersons to the Chairman as scheduled in the programme of meetings and activities.

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