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TWENTIETH SESSION  
15-23 May 1996  
Manila, Philippines

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

**Manila, Philippines**

**15-23 May 1996**

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## REPORT

### **Item I: Opening of the Session**

1. The Twentieth Session was opened by the Chairman, Mr. Don Wijewardana (New Zealand). He welcomed to the opening ceremony His Excellency Mr. Fidel V. Ramos, President of the Philippines.
2. Mr. Wijewardana informed delegates that this session marked the 10th birthday of the International Tropical Timber Organization. He said that the Organization had made some significant achievements during those ten years, and that now the Council must set its sights on determining how to build on that solid foundation for the next ten years. He said that for the 20th Session to be a success, he counted on the full, honest, open and constructive participation of all delegates.
3. Mr. Wijewardana summarized some of the achievements of the Organization but suggested that if it was to retain its momentum there was a need to refocus. In particular, there was a need to complement the increasing role of the industry in the workings of the Organization with greater participation from other stakeholders such as NGOs. He noted that convening Council sessions was a costly business; he had calculated that the full cost of one session was almost five million US dollars. Thus, it was imperative that each session was used to full advantage and in this light he outlined some efforts that had been made to streamline the workings of the Council sessions, including the preparation of a schedule to cover the whole session and the cancellation of formal tea breaks.
4. His Excellency President Ramos welcomed delegates in the best tradition of Filipino hospitality, noting that the Philippines had been a member of the Organization since 1985 and an active supporter of its initiatives. He also informed delegates that in January this year he had signed the notification of the Philippines' provisional application of the 1994 successor agreement pending ratification by the Philippine senate.
5. President Ramos said that in 1992 he had created a Philippine Council for Sustainable Development, a multisectoral body mandated to call on all sectors of society to adopt Philippine Agenda 21 as the policy framework for sectoral project planning. He noted that the Philippines was an archipelago of some 7,107 islands and a total land area of more than 30 million hectares. Its population stood at about 68 million, increasing at a rate of 2.2 per cent per year. He said that migration of the rural poor into the uplands on the one hand and into urban centres on the other created critical pressures on forest resources.
6. President Ramos said that the origin of forest conversion to unsustainable land uses and the wasteful extraction of forest resources was traceable to policy and administrative failures of four or five decades ago. Such resources were regarded as open-access, benefiting only those with financial and political clout. The administrative system itself was biased in favour of those with vast influence and biased against indigenous peoples and local communities. Rural people in need of land regarded the forest as open to conversion, made possible by logging roads and their logged-over nature. He said that people had learned from these bitter lessons and had adopted the principle of sustainable development, setting out a number of objectives to attain sustainable forest management. In particular, the Philippine government had adopted mechanisms for empowering local communities while also promoting the development of the forestry corporate sector.
7. President Ramos outlined other environmental efforts being undertaken by his administration, and closed his remarks by noting that Filipinos were preparing to commemorate the first centennial of their declaration of independence from colonization. This would mark a departure from the traditional ways by which natural resources were managed in the Philippines and would facilitate the emergence of sustainable development as the key to achieving economic growth while ensuring social equity and political stability.
8. The Ghanaian Minister for Lands and Forests, His Excellency Dr. Kwabena Adjei, said he brought to the Council the greetings and best wishes of President J. J. Rawlings of Ghana. He spoke about the need for unity within ITTO and for the active participation of all its members. There needed to be more progress on the question of the resources needed by developing countries to achieve the

Year 2000 Objective. He said that as long as any development process neglect to provide such resources it would be grounded in failure. He ended his statement by expressing his hope that there would be a successful outcome to this Session of the Council.

9. In the presence of H.E. President Ramos, the Executive Director, Dr. Freezailah, said that President Ramos had displayed strong vision, sustained by ethics and revealed by political courage in his leadership of his country. He told the President that the Council had assembled in his presence to renew its pledge to him, and through him to all the national leaders of the member countries. He invited the President to accept the Council's Address of Appreciation and its humble duty.

**Item 2: Ascertainment of the Quorum**

10. The Executive Director informed the Council that the quorum had been met (Annex I of this document gives a full list of participants).

**Item 3: Adoption of the Agenda and Organization of Work**

11. The Council adopted its agenda (Annex II of this document).

**Item 4: Report on the Membership of Council**

12. The Executive Director reported that since the Nineteenth Session the complete Membership of the Organization (recorded in Annex III of this document) had remained at fifty-three, composed of twenty-six producers and twenty-seven consumers.

**Item 5: Distribution of Votes**

13. The Executive Director referred Council to the annex of Document ITTC(XX)/1 (presented in this document in Annex II), which recorded the prepared distribution of votes for 1996. After settling queries by some delegations, Council adopted this distribution, recorded in Annex III of this document.

**Item 6: Admission of Observers**

14. Council considered the applications for admission by the countries and organizations recorded in Document ITTC(XX)/Info.3 and decided to admit all as observers to the Session.

**Item 7: Appointment of the Credentials Committee**

15. Council appointed a Credentials Committee consisting of Bolivia, China, Germany, India, Myanmar, the Netherlands, New Zealand and Togo.

**Item 8: Statement by the Executive Director**

16. Dr. Freezailah began his statement by thanking the Government of Japan for financing the session. He expressed his hope that the ITTA, 1994 would enter into force shortly. He suggested that the Council could decide to invite the UNCTAD Secretary-General to call for a special U.N. conference in conjunction with the XXI Session of the Council to take place in Yokohama from 13 to 21 November 1996. The Council might then decide to bring the Agreement into force as of 1 January 1997, which would be a strategically convenient date for budgetary purposes, as well as being historically auspicious, marking the tenth anniversary of the establishment of the ITTO Secretariat in Yokohama.

17. Dr. Freezailah said that there was every reason to be proud of the Organization's modest achievements so far. It was significant that UNCED had recognized ITTO's role. ITTO was playing an active part in the Inter-agency Task Force which supported the work of the Secretariat of the Open-ended Intergovernmental Panel on Forests (IPF) and had financed two officials to serve in the IPF Secretariat in New York. He noted that he had submitted a report to Council on ITTO's participation in the work of the IPF and in other initiatives linked to the IPF's work. As part of this, ITTO had been assigned the task of arranging the preparation of a report on the subject of 'Trade and environment in



relation to forest products and services'. A consultant financed by the Overseas Development Administration of the U.K. had been appointed to work on the paper, in consultation with other agencies and the ITTO Secretariat. Dr. Freezailah also noted that the ITTO Secretariat had established a working relationship with the World Trade Organization (WTO) Secretariat and had applied to participate as an observer in the work of the WTO Committee on Trade and the Environment.

18. Dr. Freezailah drew attention to some unfinished business of the Council, including the debate on the Mid-term Review of Progress towards the Achievement of the Year 2000 Objective. He noted that the Organization was involved in a number of reviews and appraisals of its operation, and he remarked that there must be some limits to this exercise. It was with this in mind, and in light of the imminent coming into force of the ITTA, 1994, that he intended to wait a while longer before submitting the report requested by Council's Decision 4(XIX). He assured delegates that everything was in place to meet any eventuality which might be envisaged under the ITTA, 1994, if it were to come into force, as he suggested, on 1 January 1997.

19. Dr. Freezailah noted that there were indications among some members that ITTO's criteria and indicators required some re-examination in the light of the on-going Montreal and Helsinki processes and the work of the IPF, among others. He suggested reconvening the working group which developed the ITTO criteria and indicators to look again at new developments in this area and group them into various priority classes.

20. Dr. Freezailah welcomed bilateral initiatives to promote the attainment of the Year 2000 Objective, including those of Canada and Malaysia and Malaysia and the Netherlands. Other initiatives being undertaken within the IPF process which deserved ITTO's support were being undertaken by Germany and Indonesia, Switzerland and Peru, Australia, Denmark, Finland, and Japan, Canada and FAO.

21. Dr. Freezailah said he continued to be exercised over the precarious financial basis of a number of ITTO's programmes for national institutional capacity building, and he appealed to the Chairman to ensure that these matters were discussed with the view to obtaining at this Session some concrete pledges of financial support to make such programmes sustainable.

22. Alluding to this year's Market Discussion, Dr. Freezailah said that it had benefited entirely from inputs by trade and industry associations through their Informal International Trade Network, and he expressed his appreciation to them and to all speakers for their contributions. He welcomed the active participation of all NGOs in the work of the Organization and stressed their importance in the task of carrying out ITTO's vast mandate.

23. Dr. Freezailah commented on the financial resources required by the Organization to carry out its work. He said that when asked if ITTO had a large Secretariat he would reply that it had a lean and compact Secretariat which was required to do the work of a large Secretariat, which was why it sometimes needed supplementary funds. Dr. Freezailah reported on ITTO's active association with the work of the World Commission on Forests and Sustainable Development and requested Council to consider providing some financial assistance to it. He informed Council that H.E. Dr. Emil Salim, Co-chairman of the Commission, would address Council later on the role and work of the Commission. Dr. Freezailah also mentioned the ITTO Mission to Bolivia, noting that Dr. Kenneth F. King would be addressing the Council at this Session.

24. In closing, Dr. Freezailah suggested that the year of ITTO's tenth anniversary could be used by the Organization to direct its learning experience into productive actions and solutions sustainable for future generations.

**Item 9: 1995 Mid-Term Review of Progress towards the Achievement of the Year 2000 Objective – Decision 2(XVIII)**

25. Under this agenda item, Papua New Guinea, the European Union, Côte d'Ivoire, Peru, Colombia and Gabon made presentations of their reports on progress made towards the Year 2000 Objective. These reports are available as separate documents from the ITTO Secretariat. The presentations generated some discussion, which is summarized below.

26. Following the presentation by the E.U., the Representative of Colombia, Mr. Antonio Villa Lopera, asked if E.U. member countries' bilateral funds were included in the figures on E.U. cooperation funds quoted during the presentation.

27. The Representative of the E.U, Mr. Barattini, replied that the figures given were those allocated by the European Commission and had nothing to do with bilateral cooperation.

28. The Representative of Brazil, Mrs. Maria Ercilia Borges Murakami, asked how the E.U. was promoting access and the transfer of technologies so that producer countries could apply for assistance.

29. Mr. Barattini replied that when he had referred to this subject in his presentation he had been referring to that negotiated within the framework of the Lomé Convention IV, which was applicable to countries in Africa and the Pacific basin. The same principles could be extended to countries outside these regions, given the appropriate legal framework.

30. The Representative of Thailand, Dr. Chamniern P. Vorratnchaiphan, asked for an illustration of the forms which cooperation between the E.U. and NGOs might take.

31. Mr. Barattini replied that NGOs were involved in all the E.U.'s cooperation activities, including tropical forest projects. NGO involvement was facilitated by developing smaller scale projects for which NGOs were most suited.

32. The Representative of Brazil, Mrs. Maria Ercilia Borges Murakami, asked if there would be cooperation between the E.U., the ECE/FAO Timber Committee and ITTO, and whether ITTO member countries would be invited to attend ECE Timber Committee meetings as observers.

33. The Representative of FAO, Mr. Jim Bourke, assisted in answering this question by saying that the ECE/FAO Timber Committee had invited ITTO to participate in its work. ITTO had already participated in one workshop on statistics and had been invited to attend Committee meetings.

34. Mrs. Murakami said that it was regrettable that while ITTO was participating, Council members had no knowledge of what was going on. She suggested that cooperation should be strengthened and that ITTO members should be able to participate as observers.

35. Following the presentation by Peru, the Representative of Canada, Mr. David Drake, said that Canada had been associated with Peruvian forestry development and took great interest in the Peruvian report. He asked the Peruvian delegation to expand upon the obstacles faced by Peru in its efforts to achieve the Year 2000 Objective.

36. The Representative of Peru, Mr. Antonio Morizaki Taura, replied that one of the basic problems was that even though the term forest management was used frequently, people generally did not know what it meant, or thought that it meant 'plantation maintenance'. In the coastal forests, for example, there had been no programmes of forestry management. Local people continued to exploit the resource despite a ban. There was a need to disseminate knowledge to these people, and to explain what management projects actually meant.

37. Following the presentation by Colombia, the Representative of Canada, Mr. Drake, asked for elaboration on the incentives being used to promote improved forest management.

38. The Representative of Colombia, Mr. Antonio Villa Lopera, said that the issue of incentives in Colombia had been worked on for several years. In 1994, the certificate of forest incentives was established to stimulate small and medium sized landowners to use their land, if not entirely as forest then at least partially. This required approval of forest management plans. Recently, the definition of 'forest' had widened from just planted forests to include natural forests, and included the recovery of deforested lands through regeneration. Another important incentive that was being applied was what was called the 'stimulus to the network of conservation' of civil society. Discounts in taxes payable by individuals were being applied as an incentive to maintain certain areas under forest cover. Another system in place, called the certificate of taxation, allowed those who wished to maintain forest

plantations to claim a rebate. Work was also underway to develop an incentive for water conservation, whereby communities living on higher lands would be compensated for conservation practices through a fee imposed on low-landers. There was also a negative incentive in place whereby landowners needed to show that at least one-third of their land which was originally forest was still forest or pay a fee.

39. Following the presentation by Gabon, the delegate of the Netherlands, Mr. Derk de Groot, said that Gabon was in a favourable position with 80 per cent of its forest left and low population pressure. It was prudent for Gabon to develop its forest industry with a conservative annual allowable cut until more information on the nature of the resource became available.

40. The Representative of Belgium, Mr. J.L. Tordeur, requested more details on the prospects for okoumé plantations.

41. The Representative of Gabon, Mr. Ondo Obame Clément, replied that there were 30,000 hectares of okoumé plantation in Gabon, dating back to 1930. These plantations were distributed around five territorial units and were in the process of being restored. The government had an objective of establishing another 100,000 hectares of okoumé. He said that okoumé was the best and most studied African species and the techniques for growing it were clearly established.

**Item 10: (a) CITES Listing Proposals by Members – Decision 3(XVI)**

42. The Secretariat reported that it had not received any information from members on the listing of other species in the Appendices of CITES.

**Item 10: (b) ITTO Participation in the CITES Timber Working Group – Decision 5(XVIII)**

43. Under this agenda item, Dr. Manoel Sobral Filho of the ITTO Secretariat tabled Document ITTC(XX)/9, which summarized the outcomes of the first meeting of the CITES Timber Working Group (TWG). Dr. Sobral said that the meeting was held in November 1995 and focused on five topics, of which the review of trade in species included in Appendix II was of particular relevance to ITTO. The TWG had made a number of recommendations to the CITES Conference of the Parties (COP) and to the Secretariat. Among the former, the TWG recommended amendments to CITES procedures for reporting the trade in timber species included in the appendices.

44. The Representative of the Tropical Forest Foundation, Mr. Keister Evans, asked the representative of the CITES Secretariat, Mr. Ger van Vliet, for information on the certificate of origin requirements for states outside Costa Rica in the case of mahogany (*Swietenia macrophylla*).

45. Mr. van Vliet replied that each range state of *Swietenia macrophylla* had informed CITES about the authorities that had responsibility for issuing certificates of origin and the Secretariat was satisfied that the necessary procedures were being followed.

46. The Representative of the International Hardwood Products Association, Mr. Robert Waffle, complimented all other parties of the TWG and said that it had been much more productive than many had hoped. He clarified two points made in the report by Dr. Sobral: the international organizations had been put into 3 different categories (trade, conservation and research), and the recommendation was that one organization in each category was to be consulted on any new timber listing proposal; Dr. Jurgen Blaser and Mr. van Vliet were currently preparing a working document on artificial propagation, which was on the agenda for the second meeting of the TWG. Comments from any interested party would be very welcome.

47. Mr. van Vliet agreed that the TWG meeting had been very successful and he hoped it would continue to be so at the next. In that context, he urged delegates to provide any comments on the report of the first meeting of the TWG as soon as possible to help ensure its continued effectiveness.

48. The Representative of Denmark, Mr. Morten Bjørner, asked Mr. van Vliet for his personal opinion on the likelihood of proposals for listing timber species at the next CITES meeting.

49. Mr. van Vliet replied that to date, the Secretariat had not received any indications from countries on listing proposals for timber species.

50. The Representative of Brazil, Mrs. Maria Ercilia Borges Murakami, said that the listing by Costa Rica of *Swietenia macrophylla* in Appendix III appeared to have been based on the conclusion that no scientific information was available for listing. Was this a recognition of a lack of scientific data, and was CITES doing anything to collect the data to support the listing?

51. Mr. van Vliet replied that the recommendation was made by the TWG to recognize that the distribution of some species occurred over a number of countries. When one country requested inclusion of that species in the Appendices, the TWG recommended that the country should consider to what extent it should limit the inclusion of that species. A detailed explanation of the recommendation was contained in the full report of the TWG.

52. The Representative of Japan, Mr. Kenji Shimizu, said that he appreciated the personal attendance of the CITES Secretariat and that the statement of the ITTO Secretariat was very useful. He was also pleased to note that ITTO was assigned as one of the consultative bodies.

53. The Delegate for Indonesia, Mr. Benni Sormin, asked for clarification on the issue of artificially propagated timber species. He also asked if timber confiscated under CITES was to be destroyed, and whether any specific tropical timbers would be proposed at the next Conference of the Parties (COP).

54. Mr. van Vliet replied that there was no information regarding the intentions or otherwise of countries to propose any timber species for listing. He also said that the basic requirements of the convention relate primarily to trade in specimens of wild origin: for specimens that were artificially propagated the requirements were less strict or dropped altogether. The COP had adopted a definition of 'artificial propagation' which related mainly to plants like orchids, cacti, etc. With respect to timber species, it was important to consider the term carefully to ensure that the simple requirements of the convention could be applied. The COP was looking to modify the current definition. On the question of confiscated timber, Mr. van Vliet said that this was a relatively new issue to CITES and that the TWG was looking to see if CITES' current resolution on destruction of confiscated items needed to be modified to accommodate timber.

55. The Representative of Malaysia, Mr. Amha Buang, asked if the TWG would look at the need for consultation with range states. He also informed Council that Malaysia had undertaken bilateral collaboration with the Netherlands on ramin. He said that the future of the TWG lay in establishing the scientific basis for listing, and asked if this would be part of TWG deliberations in the future. With regard to artificial propagation, Mr. Amha said that this issue needed careful examination, since if a species could be propagated artificially then the risk of extinction would be reduced.

56. Mr. van Vliet replied that the TWG was not currently mandated to examine the scientific basis for proposals or proposal procedures. The next COP may decide whether the TWG should be continued and what its mandate should be. He recommended that the Malaysian delegation bring this matter up during the COP. On the need for consultation, it was resolved at the last COP that any member that wished to make a proposal without consulting the range state concerned should submit their proposal to the Secretariat at least one year before the COP so that the Secretariat could carry out the consultation procedure. He was pleased to know that Malaysia and the Netherlands had come to an agreement on the status of ramin and he looked forward to receiving the report at the Secretariat.

57. The Coordinator of the Global Forest Policy Project, Mr. Bill Mankin, said that at first glance the three categories of organizations proposed by the TWG created confusion. For example, the World Wide Fund for Nature was in the same category as ITTO. He asked for clarification on how the categories had been derived.

58. Mr. van Vliet replied that on page 5 of the report there was a list of the organizations. WWF was listed under conservation and forest management and ITTO under that category and trade. It was clear that trade was relevant to ITTO, and it also had conservation in its objectives.

59. The Representative of Brazil, Mrs. Maria Ercilia Borges Murakami, asked what scientific information had been used for the inclusion of *Swietenia macrophylla* in Appendix III.

60. Mr. van Vliet replied that the inclusion of *Swietenia macrophylla* in Appendix III was based on the requirements of a resolution, which referred to the need to have appropriate national legislation for the protection of the species. There was no need for detailed scientific data. A new resolution, 9.25, did require that kind of information. In addition, as proposed by the TWG, there should also be a procedure to avoid the situation where many countries were affected when a single country wanted to include a species in Appendix III. For Appendix II, any proposal brought forward to the next COP must comply with the requirements of another resolution, 9.24, which stipulated what kind of information should be included. He repeated that if countries wanted the TWG to look into these matters, they should raise the issues at the next COP.

61. The Delegate for the Netherlands, Mr. Erik Lammerts van Bueren, asked which specific bodies were mandated to provide the scientific basis for listings, and whether a scientific protocol existed to provide scientific evidence for listing. Without such protocol, he noted, there was a risk that the scientific basis would be inadequate.

62. Mr. van Vliet replied that the scientific authority was designated by each member. Any proposal should be based on scientific evidence. No protocol existed, but if the proposal was made before a certain date it would be discussed by the CITES Scientific Committee. There was a standard protocol through IUCN to consult all specialist groups.

63. The Representative of Honduras, Mr. Angel Murillo Reina, said that Costa Rica was the only place where *Swietenia macrophylla* should be on the CITES appendices, since Costa Rica had depleted its reserves. Honduras was working to conserve the species and there was no danger of extinction there. He also noted that the problem was that CITES issues were handled by the Ministry of Environment when they should in fact be handled by the Ministry of Forestry.

64. The Representative of Bolivia, Mr. José Antonio Escalante, commented that the ITTO Mission to Bolivia was commencing a study to determine whether *Swietenia macrophylla* was faced with extinction in Bolivia. On the basis of these results it might be possible to take steps towards its conservation. But the major problem was that countries weren't consulted on appendix listings, and the current listing of *Swietenia macrophylla* on Appendix III was a threat to Bolivian industry. He asked if any countries had asked that *Swietenia macrophylla* be put on another appendix.

65. Mr. van Vliet said that the inclusion of species in Appendices II and III did not mean that trade was not permitted, but that it must be regulated. An Appendix II listing required a formal vote and a two-thirds majority. For Appendix III, a certificate of origin was required but trade was not stopped. He offered to hold regular informal meetings at future ITTC meetings to explain CITES to delegates.

66. The Delegate for Canada, Mr. Mike Fullerton, said that Canada had participated in the TWG. He requested comment on the agenda for the next meeting (to be held in Panamá). He also asked for comments on the potential for future collaboration between CITES and ITTO.

67. Mr. van Vliet said that a number of items on the agenda related to aspects that had been the subject of discussion at the first meeting and would need to be translated into clear proposals at the next meeting. Another five items might not be resolved at the next TWG and might be regarded as a polite indication from the TWG that it wished to continue its activities after the next COP.

68. On the second question posed by the Delegate for Canada, Dr. Sobral said that the TWG had made a recommendation to strengthen the relationship between CITES and ITTO. It had recommended that the COP modify Resolution 9.24 to request the Secretariat to ask the opinion of ITTO and FAO on timber listing proposals in addition to IUCN. He also suggested that in the case this recommendation was approved, Council might wish to discuss how ITTO was to respond to such requests.

69. The Representative of Brazil, Mrs. Maria Ercilia Borges Murakami, informed Council of negotiations underway to protect seven species of sea turtle. She asked if CITES would send a representative to the next meeting, saying all seven species were included in Appendix I. At the

negotiation, many countries were proposing that these species could be exploited to suit 'cultural and subsistence' needs. Would this be contrary to CITES objectives?

70. Mr. van Vliet replied that the CITES Secretariat would probably not be represented, although he assumed that IUCN would be. If such exploitation was at a national level it would not be contrary to CITES, which was concerned with international trade.

**Item 11: Report of the Consultants on Possible Ways to Strengthen the Project Cycle – Decision 8(XVIII)**

71. The consultant Mr. Márcio de Paula Fernandes, on behalf of himself and his fellow consultant, H.E. Mr. Kiyooki Kikuchi, presented a report to Council which investigated possible ways to strengthen ITTO's project cycle (Document ITTC(XX)/6). He said that they had held consultations in Yokohama during the meeting of the eleventh Expert Panel for Technical Appraisal of Projects with its members and with the Secretariat. They had also prepared a questionnaire which had been circulated to all ITTO members. All views expressed had been duly taken into account.

72. The consultants had concluded that great progress had already been achieved by the Organization in improving the project cycle over its lifetime, and it was in this framework that they recommended some further adaptations. On project appraisal, the consultants noted the importance of the Expert Panel but said that the stress placed on it could endanger its efficiency. Accordingly, they recommended a better distribution of project assessment work with the Permanent Committees and the continuous circulation of the proposals for decision. On project implementation and monitoring, they noted that the present system was overall appropriate and was carefully carried out by ITTO staff. The present rules for the selection and employment of consultants should have more flexibility. Financial monitoring deserved more attention in the light of the great increase in the number of projects under implementation and the limited manpower available in the Secretariat. The preparation of an ITTO manual on rules and administrative procedures for orienting project implementation was recommended, as was financial auditing.

73. The consultants also recommended project evaluations, both mid-term and ex-post, in those instances where important lessons might be learned. All projects with training activities should envisage internal evaluation. To help with the increasing monitoring and evaluation requirements, it was recommended that a special unit be established within ITTO. The consultants also recommended the increased dissemination of project results in a systematic way, from the production of technical information to its final dissemination through appropriate media. Mr. de Paula ended his presentation by adding that he and his co-consultant would be glad to provide further information and to take note of the comments and recommendations of the Council for the preparation of their final report.

74. The Representative of Ecuador, Mr. Jorge Barba Gonzalez, congratulated the consultants for their excellent work and said it was the Council's task to study the report in depth. He said that recommendation number 5 on the need to establish a unit to make best use of project results and studies should be considered by Council.

75. The Representative of Switzerland, Mrs. Manuela Jost Ernst, thanked the consultants for their interesting report. She said there were two possible approaches to reviewing the project cycle. One would be a fundamental review of the project cycle, taking into account the fact that projects were the most important supportive element for ITTO's policy work. The other approach would be a review of aspects of the project cycle, such as project formulation, implementation, monitoring and evaluation, with a view to improving and adjusting existing procedures. In Switzerland's view, said Mrs. Ernst, projects submitted to the Organization were not focused enough on the core activities of ITTO. The focusing of projects with regard to the Year 2000 Objective would be an important element which would distinguish ITTO's project work from bilateral and other multi-lateral project work and would help attract more donor interest. However, this report did not give any answers to this key issue. What it did do was raise some important questions and answers to the second approach, and she gave specific responses to the propositions made in the report.

76. In the list of general propositions, Switzerland agreed with the point made in paragraph 1 on the need to simplify the manual, although missing was any comment on the important process of project identification. Paragraph 2 was missing an element: the project outcome must be sustainable.

On paragraph 3, there were some problems with the link made between transparency and cost-effectiveness. Cost-effectiveness was an important element and it was important for ITTO to give clear guidance on the development of budgets to generally agreed standards. Transparency was also important, and was more than just a question of disseminating project reports. Other relevant project information should also be disseminated. On the point made in paragraph 5, important in this regard was the responsibility of donor countries themselves to support the ITTO Secretariat in monitoring and evaluating projects. She agreed with the point made in paragraph 6, but there should be further elaboration on how to achieve this. On paragraph 7, she agreed that further use should be made of the regional offices. The problem was that the financing of these offices was not granted in the longer run.

77. On the specific proposition 1, Mrs. Ernst said that the goal of the review of the ITTO Manual for Project Formulation should be to simplify it, not complicate it. She agreed with the statement in proposition 3, but with specific emphasis on the project's implementation of financial aspects and financial procedures. Switzerland agreed in principle with proposition 12 concerning the strengthening of monitoring and evaluation. The proposal of a Monitoring and Evaluation Unit could be a possible way, but there were other possibilities that could be explored. These included strengthening the Committee's work with respect to monitoring and evaluation; or the annual convening of an Expert Panel dealing with monitoring and evaluation aspects and the reporting of this to the Committees. Proposition 6 in paragraph 13 was redundant if the work of the Committees was strengthened and a regular Expert Panel convened. On Proposition 8 in paragraph 15, Switzerland agreed, although there was no direct link to the project cycle. On Proposition 9, Switzerland agreed but was unsure if project proposals should be translated into all three languages before the final versions had been produced. Switzerland supported Proposition 13, although an important element was the selection criteria of the Expert Panel members. She ended her intervention by saying she would make these comments available in writing and in more detail to the Secretariat.

78. The Representative of Australia, Mr. Mike Drynan, congratulated the consultants on their report. He said there was a need to reassure his financial authorities regarding the soundness of projects, particularly with respect to monitoring and evaluation and to ensure that they focused on the key issue of sustainable forest management. He agreed with many of the ideas put forward in the report and hoped that these received appropriate consideration by Council.

79. The Representative of Colombia, Mr. Antonio Villa Lopera, thanked the consultants for their useful report. He said that Colombia wished to ensure that there was real change in forest management. He supported the suggestion of Ecuador made at an earlier informal session that information on the results of projects be disseminated as quickly as possible. This would allow a reduction in cost of many projects. Colombia wished to increase the efficiency of the project cycle in such a way that donor countries and financing agencies could be reassured as to the quality of projects while allowing implementation of projects as soon as possible. In paragraph 14 on page 9 of the English version, it was not clear how the problem of project appraisal was to be resolved. At an earlier informal session Dr. Freezailah had said, correctly, that the project cycle was very short. The Colombian suggestion was that instead of a spiral cycle, there should be a cycle within a time-frame suitable for the Secretariat but with as few turns as possible. In other words, projects should not have to keep coming back to the point of departure. The consultants should consider, in their final report, the separation of projects specifically oriented towards achieving the Year 2000 Objective from those that were less strategic. Strategic projects could then be subjected to a shorter cycle. He particularly supported propositions 1, 3, 15, 16 and 17. On the regional offices, he said that their roles should be made more explicit, and their coordination activities with member countries should be clarified to maximize their resources.

80. The Representative of the E.U., Mr. Enzo Barattini, thanked the consultants for their interesting report. He said there was a need for greater transparency, better evaluation and better dissemination of project results. There was also a need to be better informed on the real impacts of projects. He felt that through these propositions there was a risk of 'denaturing' the Organization. Was this still a 'product' Organization or was it becoming a development agency only involved with the implementation of projects? ITTO's mandate was far broader than that, and needed to continue its interests in the field of marketing. He agreed with the strengthening of the project cycle, but the report did not contain a precise evaluation of costs. The E.U. had difficulty in accepting certain proposals without knowing the financial impact they would have.

81. The Representative of Brazil, Mrs. Maria Ercilia Borges Murakami, said that Brazil agreed with all the propositions made in the report, particularly 1, 2, 4, and 8. Regarding proposition 5, Brazil was not against this proposition, although it would be necessary to have some financial monitoring, perhaps through financial and operational auditing by independent enterprises. She agreed that projects should be focused on sustainable forest management. The reason that they were not so focused now was that developing countries lacked the expertise to prepare project proposals, so more training was required. She suggested the creation of a department within ITTO for the implementation of sustainable forest management and the achievement of the Year 2000 Objective. It would not be so expensive; it could have 80 experts in sustainable forest management. Each country could prepare a detailed programme with the help of ITTO of how they intended to achieve the Year 2000 Objective. In Brazil, for example, such a programme would have to be prepared and implemented region by region.

82. The Representative of Japan, Mr. Kenji Shimizu, said he appreciated the efforts of the consultants in producing their useful report. He agreed with the need for greater publicity of project findings, and he appreciated the fact that the propositions made were reasonable and practical in view of the small size of projects. His delegation supported proposition 3 and welcomed the proposition for expanding the Secretariat to monitor project implementation. He regretted the lack of reflection of members' views in the report. The Council now had an opportunity to listen to other views, and Japan hoped that the Council would take actions so that the final report better reflected members' views.

83. The Representative of Indonesia, Dr. Benni Sormin, shared the opinion that ITTO should give priority to projects directed to the achievement of the Year 2000 Objective. In general, his delegation supported the propositions put forward by the consultants. On Proposition 5, he commented that the presence of Secretariat staff at steering committee meetings was very helpful and should be maintained. With regard to regional offices, their role was not clear, and more information should be made available by the Secretariat. He stressed the importance of dissemination of project outcomes, since this would give greater recognition to ITTO and would improve information-sharing within and between member countries. In this regard, it would be necessary to separate completion reports into two, a technical part for external distribution, and an administrative (financial) part.

84. The Representative of Norway, Mr. Olav Bakken Jansen, congratulated the consultants, and said that he was in broad agreement with most of the comments that had been made previously by other delegates. The theme of project cycle strengthening was linked to other topics under discussion such as the efficiency of the Organization and the entry into force of the new Agreement. The report hinted at some very important points, such as the duration of the project cycle, which was too short, but the consultants had not been daring enough to take this on board. Norway's view was that the project cycle should be extended to one year to allow in-depth consideration of all projects and two meetings of the Expert Panel. He pointed out that the proposal on page 10 of the report did not appear to have been carried forward into a formal proposition. The proposal on page 10 under section 16 was a crucial one, providing a mechanism for shortening the length of time that the Expert Panel should consider any one project. After one revision of a project, it should proceed to the Committee and Council. He asked if the consultants would reconsider emphasizing this in the final report. He agreed entirely with proposition 8, although he was not sure what the end result should be. The proposition for a monitoring and evaluation unit was useful, but he would like to see the cost side of it.

85. The Delegate for China, Mr. Zhang Zhongtian, expressed the thanks of his delegation to the two consultants for their report and said that most of China's comments had been reflected in those of other delegations. He said that sometimes the Expert Panel lacked consistency in its judgement of project proposals, and his delegation was concerned about the adequacy of the expertise within the panel. He hoped that in this review, China's concerns could be taken fully into account. There should also be avoidance of personal discrimination against proposals made by developing consumer member countries.

86. The Representative of Honduras, Mr. Angel Murillo, said there was a need to seek solutions acceptable to all parties. The point made by Switzerland and Norway was that ITTO would be more effective as it strengthened its project cycle. He suggested that the Council should act on the Swiss proposal to reinforce the project cycle with a strong focus on the Year 2000 Objective and then compare the costs of regional offices with that of two annual meetings. The current way of doing



things was expensive, and perhaps the Organization could channel more of its resources towards its principle objective. He offered his country's vote of confidence to the Secretariat.

87. The Representative of India, Mr. Ambarish Chandra Chaubey, said that the consultants' report contained practical recommendations. An independent agency was needed to carry out monitoring; the Secretariat was already burdened with work and may face some limitations in criticizing implementation. The duration of the project cycle was too short and translation too time-consuming. There should also be some consideration of limiting the number of pages in project proposals.

88. The Delegate for the U.S.A., Mr. Walter Dunn, said that the consultants' report was an excellent summary of how the project cycle worked and of what improvements had been made to date. He agreed with the Representative of India that the number of pages in project proposals should be limited. He proposed 20 pages plus appendices (if absolutely necessary). In practice, the idea of focusing projects on the Year 2000 Objective was a challenge. For the Expert Panel, the document that provided the clearest guide to determining what was and what was not a priority activity was the ITTO Action Plan. The U.S.A. supported the idea of updating this Action Plan.

89. Mr. Dunn said that the ITTO Project Formulation Manual should also be updated to advise submitters to explain how the project they proposed addressed the Year 2000 Objective. It should provide an overview of the project funding process to clarify for project submitters that projects were funded by voluntary contributions of member countries. It was difficult to evaluate small projects in the same setting as larger projects, and it would be useful for submitters to know the price range and types of projects that were generally supported. ITTO could consider establishing a formal price range for projects it would consider: US\$100,000–1,500,000. The Manual should explain that the funding of the first phase of a multi-million dollar project did not guarantee funding for future phases. Projects submitted to the Expert Panel frequently did not conform to the ITTO format for project proposals, and it might be possible for the Secretariat to decide this before submission to the Expert Panel. Project submitters should be advised in the Manual for Project Formulation that proposals which did not follow the ITTO format would be returned and would not be considered. It would be beneficial for clear guidelines to be prepared for project submitters on the standard ITTO pay scales for hiring international consultants. In terms of monitoring, the U.S.A. supported the comments made earlier that evaluation by independent consultants or organizations was needed. Regional consultants might have more background on the specifics of the area in which they consulted and would provide a greater degree of independence and, possibly, add to the visibility of projects. Regional offices were not necessary to identify and hire independent consultants for project evaluation. It would be helpful if donor countries were to be appraised of the time, date and place of project steering committee meetings so that they could assist in the evaluation and monitoring process. This way, some conflicts could be resolved before projects went before the Permanent Committees. In closing his intervention, Mr. Dunn said that he had detailed written comments that he would submit to the Secretariat.

90. The Representative of Brazil, Mrs. Maria Ercilia Borges Murakami, said that she agreed with an earlier comment that the Expert Panel lacked expertise. Recently, projects had been submitted to ITTO that were not related to tropical timber, despite the fact that the International Tropical Timber Agreement was a tropical timber agreement.

91. The Representative of Bolivia, José Antonio Escalante, said that he supported three major points in the report, propositions 3, 5 and 11. This last was most important, although it should not be the case that the Expert Panel met for longer than a week if there were more than fifty proposals, but at all times, to ensure that it was able to properly evaluate the projects and thereby reduce the length of the cycle. There should be some way in which the Expert Panel could more quickly evaluate the projects and improve the effectiveness of the project cycle.

#### **Item 12: Report of the ITTO Mission to Bolivia**

92. The interim report of the ITTO Mission to Bolivia was presented by the Mission's leader, Dr. Kenneth King. He began by outlining some of the recent developments in policy and law that had taken place in Bolivia. He stressed that the decision of the Bolivian Government to invite an independent mission from ITTO was not the result of significant external pressures but was part of its overall development strategy. He enumerated the terms of reference of the Mission and described some of the activities it had undertaken. He said that the Mission had undertaken three visits to

Bolivia, and a fourth and final visit would take place in August this year. Interviews had been held with the President, ministers of his Cabinet, members of the Bolivian Senate and House of Representatives, a wide range of other public servants and representatives of inter-governmental, bilateral, United Nations organizations, and local and international non-governmental organizations. There has also been meetings with representatives of indigenous inhabitants and visits to their settlements. The Mission had visited natural forests, experimental forests, forest plantations, agroforestry sites, community forests and palm plantations, as well as factories, national parks, universities and teaching institutions. The Mission had concluded that there was no place in the world where tropical high forests had been sustainably managed for a long enough time to establish replicable norms and methodologies, and that there was no growth and yield data for Bolivia's forests.

93. Dr. King said that Bolivia was passing through a period of unprecedented change, where measures were being undertaken to decentralize government, increase the rights of the country's indigenous peoples and introduce policies, strategies and laws which emanated from the decisions of UNCED. A first draft of the Mission's report had been completed in which tentative findings and conclusions had been reached. These included a recommendation to the government to reserve certain forests for protective, conservation and production purposes. The Mission could not say with certainty that a small number of highly exploited species, including *Swietenia macrophylla* (mara), were being over-exploited and, because of this uncertainty, they might recommend that the minimum girth at which these species might be felled be increased. The Mission would make specific proposals for a unified Forest Service in Bolivia and an improved forest education system, and would also devise an approach through which the indigenous peoples would have special consideration. He ended his presentation by thanking ITTO, the Bolivian Government and the forestry trade organizations in Bolivia for their assistance.

94. Following this presentation, the Chairman invited questions from the floor.

95. The Coordinator of the Global Forest Policy Project, Mr. Bill Mankin, asked if an interim report was available. On the subject of mara, he asked if the converse point would be made in the report that no conclusion could be made as to whether the species was *not* being made extinct?

96. Dr. King replied that an interim report was not available apart from the notes from which he read his presentation. On the second question, he said that the report would emphasize that the status of these species was simply unknown.

97. The Delegate for the U.S.A., Mr. Franklin Moore, thanked Dr. King for his excellent and comprehensive report and said he looked forward to the continued work of the Mission and to its final report.

98. The Representative of Colombia, Mr. Antonio Villa Lopera, said that he thought raising the minimum girth for heavily exploited species was an important point. He also inquired about the size and importance of the Bolivian forestry sector to the economy of the country, and asked for a reaction on the decision to list *Swietenia macrophylla* on Appendix III of CITES.

99. Dr. King said that while there was no firm evidence that mara was becoming extinct, there was a need to be cautious. Without such evidence, a ban would be unnecessarily harsh. The Mission may therefore recommend slowing down exploitation by applying a higher minimum girth until more was known. The Mission was thinking of linking the minimum girth to the known size of regeneration of the species in the country. To help obtain more information, the Mission proposed dividing a particular species into size classes and measuring performance in particular size classes to see how long it took to move into the next size class. This would provide information on growth rates fairly quickly. Dr. King added that because so much of Bolivia's forests were inaccessible, there were probably sizeable reserves of mara remaining.

100. On the second question, Mr. King did not know off-hand the current contribution of the forest sector to GDP. It could, however, become extremely significant if a wider range of species was exploited and if road infrastructure was modernized.

101. The Representative of the International Trade Centre, Mr. José Luis Albaladejo, asked if it would be possible for the Mission to recommend the promotion of lesser known species.

102. Dr. King replied that there were already favourable signs that the number of species in the market was increasing.

**Item 13: Report of the Credentials Committee**

103. The Report of the Credentials Committee was presented by Mr. Ambarish Chandra Chaubey (India). The Committee had met to consider the credentials and attendance of 42 countries and the European Union and recommended to Council that their credentials be approved. The Committee, whose full report was tabled as Document ITTC(XX)/10 requested Ecuador to presents its credentials to the Secretariat at the earliest possible opportunity.

**Item 14: Review of Contributions to the Administrative Budget**

104. The Chairman of the Finance Committee, H.E. Mr. Wisber Loeis (Indonesia) reported that a number of delegations had informed the Committee that their governments had taken actions to pay their contributions for the current year. Out of the allocation for this year's budget, the Secretariat estimated that the expenditure would make a saving of about US\$350,000. However, it was also estimated that about US\$200,000 would be needed to fully carry out the activities of the Organization and the Executive Director had requested Council's authorization to transfer that amount from the Working Capital account to make up for the shortfall. The Financial Committee had also noted that the balance of the Working Capital Account at present amounted to US\$1,042,226.03. The full report is contained in Document ITTC(XX)/CRP/2.

**Item 15: Financial Resources of the Special Account**

- (a) Review of Pre-Project Sub-Account &
- (b) Review of Project Account

105. Mr. Loeis reported that the Finance Committee recommended that Council accept the reports on the Review of the Pre-project Sub-Account and the Review of the Project Account {Document ITTC(XX)/CRP/1}. Council adopted these reports.

**Item 16: Auditor's Report on 1995 Accounts**

106. Mr. Loeis reported that the Finance Committee had examined the Auditor's Report {Document ITTC(XX)/3} and recommended that Council accept it. Council accordingly accepted the report of the Auditor.

**Item 17: Pledges to the Special Account**

107. The Representative of Japan, Mr. Kenji Shimizu, announced a contribution of 1,645,656,000 Japanese yen (approximately US\$15.4 million at the current exchange rate) to the Special Account for the year 1996. The Representative of the Republic of Korea, Mr. Kim Young-Han, pledged US\$10,000.

**Item 18: Annual Report of the Organization for 1995**

108. Mr. Takeishi Ishikawa of the ITTO Secretariat tabled the draft Annual Report for 1995 {Document ITTC(XX)/2} for consideration by Council. He said that for the first time, the Annual Report used an abbreviated format to move it into line with the styles adopted by other international organizations. He reported that Fiji had acceded to the ITTA, 1983 in August 1995, becoming the 26th producer member and 53rd member of the Organization. Two Council Sessions were held in 1995, at which 24 projects, 6 pre-projects, 9 activities and 62 fellowships had been funded, at a total of US\$19.38 million.

**Item 19: Projects**

- (a) **Reports of the Eighteenth Sessions of the Permanent Committees**
- (b) **Consideration of Project and Pre-Project Proposals**

109. The reports of the three Permanent Committees were delivered by the Chairmen of the Permanent Committees on Reforestation and Forest Management, Economic Information and Market Intelligence, and Forest Industry, respectively Mr. Angel Murillo Reina (Honduras), Mr. Achmad Sumitro (Indonesia) and Mr. Kim Young-Han (Republic of Korea). These reports are compiled in the present volume under Annex V.

110. Mr. Murillo said that the report PCF(XVIII)/32 Rev. 1 summarized the discussions and the projects adopted during the deliberations of the Committee. The Committee had recommended that six projects and five pre-projects be approved by Council. It had also recommended that Council approve the extension of two pre-projects. He requested that the Council accept and adopt the report and the recommendations found within it.

111. Mr. Kim Young-Han said that the Permanent Committee on Forest Industry had heard reports of 22 projects and 7 pre-projects, and had adopted measures to improve project implementation. There had been 6 new projects and 2 pre-projects approved. There had also been extensive discussion on the guidelines for the development of sustainable forest industries. Although the Committee had not yet reached consensus on the scope, coverage and target audience of the guidelines it had had a very good exchange of views and had requested further comments from members and the convening of a working group to consider options presented by members. The full report of the Committee is contained in document PCI (XVIII)/9.

112. Mr. Sumitro presented the report of the Permanent Committee on Economic Information and Market Intelligence (PCM (XVIII)/8 Rev. 1). The Committee had approved one pre-project and two projects during the Session. It had reviewed progress on 8 ongoing projects and 4 ongoing pre-projects. Two completed pre-projects and one completed project had been reported. The 1996 Market Discussions had been held successfully on the topic of 'Changing trade flows in the light of sustainable forest management' and was reported in Appendix B of the Committee's report. Two other reports on certification had been considered in joint session and were also summarized in the report.

113. Council considered the reports of the Permanent Committees on Pre-Project and Project Proposals placed before them and, in adopting the Committee reports, decided to approve the recommendations. These are recorded in Decision 1(XX) in Annex IV of this volume.

**Item 20: Dates of the Twenty-third Session of the Council and the Twenty-first Sessions of the Permanent Committees**

114. Council approved the dates for the Twenty-third Session of the Council and the Twenty-first Sessions of the Permanent Committees as 12–20 November 1997 in Yokohama.

**Item 21: Other Business**

**Statement by the Co-chairman of the World Commission on Forests and Sustainable Development**

115. The Co-Chairman of the World Commission on Forests and Sustainable Development (WCFSD), H.E. Dr. Emil Salim, thanked the Council for the opportunity to brief it on the aims and objectives of his organization. He said that immediately after the United Nations Conference on Environment and Development, held in Rio de Janeiro in 1992, a special organizing committee comprising key actors behind the conference and prominent citizens was established to promote the creation of an independent commission on forests. Its report triggered a decision by the InterAction Council to create the WCFSD, which consisted of a number of eminent people representing both North and South. The Commission's mandate was to raise the level of understanding of the roles of forests; to accomplish a widening of consensus on data, science and policy; and to build confidence between the North and South on forest matters with emphasis on the role of international cooperation. It planned to hold a series of regional meetings to engage all concerned stakeholders in dialogue on

how to sustainably manage forests for both local and global benefit. The first of these had taken place in Jakarta, Indonesia, 2-6 March 1996. The WCFSD was supported by an independent science council and an ad hoc policy advisory group of economic, social, institutional, legal and financial experts.

116. At its first meeting, the WCFSD had recognized the need to analyze objectively trade-related issues, including certification, codes of conduct, actions necessary to accelerate commitment of industry and governments to achieving ITTO's Year 2000 Objective, capture of economic rent, and tax breaks and subsidies. Dr. Salim described the discussions that had taken place at the first regional meeting, which had reinforced the conclusion that many of the essential timber allocation and trade related legislative, fiscal and institutional policy reforms that had long been recognized as the key to the containment of forest degradation were in fact not being implemented. Disagreements between different stakeholder groups on the role of forests and how they should be managed had also been a major constraint to progress. Certification had been discussed, although doubts had been raised as to whether this would be adopted fast enough to resolve difficult political problems in several developing countries. He suggested that some foreign companies now operating in Latin America were taking advantage of the disparity between individual country timber allocation procedures and were securing concessions on highly favourable terms that required little or no reinvestment in sustainable forest management. It had been suggested by environmental groups that the WCFSD should explore the possibility of wider adoption of corporate codes of conduct and the potential for the application of national legislation such as the Corrupt Practices Act of the United States. It had also been proposed that the WCFSD might convene a meeting of leading industrial companies committed to responsible forest stewardship to review the prospects for accelerating voluntary adoption of certification and codes of conduct.

117. Dr. Salim said that the Commission's Policy Advisory Group had investigated the quantification and understanding of global externalities and had suggested that in many situations global values might well exceed local ones. This conclusion had focused attention on opportunities for North/South 'global bargains' as one possible way of funds transfer to secure preservation of global forests. He said that the WCFSD had developed a collaborative working relationship with the Intergovernmental Panel on Forests and would use its comparative advantage of independence to complement and help reinforce the work of the Panel.

118. Dr. Salim said that the WCFSD had received US\$2.3 million in financial support from 15 different donors, and an additional estimated US\$3.7 million was required. He invited ITTO to join the list of donors to support future hearings and policy analysis work of the WCFSD in the arena of trade and environment. He noted that ITTO's Executive Director was one of the WCFSD's commissioners, and through his contacts there was the potential for mutual benefit and collaboration.

119. Following H.E. Dr. Salim's presentation, the Chairman invited questions from the floor.

120. The Representative of Canada, Mr. David Drake, welcomed H. E. Professor Salim and asked for more clarification on how ITTO might help the work of the WCFSD.

121. H.E. Dr. Salim replied that the ITTO forum, with its producer and consumer grouping, was unique. He noted that the worldwide trend was towards globalization and reliance on the market economy, with increasing trends towards boycotting. The WCFSD viewed ITTO as a mechanism to help resolve the conflicts inherent in boycotts and bans. However, the WCFSD was concerned with all forests, not just tropical, and was also able to deal with issues that would be sensitive in an intergovernmental arena. He saw the WCFSD elaborating the dialogue between producers and consumers commenced within ITTO.

122. The Representative of Colombia, Mr. Antonio Villa Lopera, said that the spiritual and intellectual quality of the WCFSD guaranteed its success, but he was concerned about its relationship with the Intergovernmental Panel on Forests. What was the comparative advantage of the WCFSD, given that forestry was such a complex issue? He also asked about the deadline for completion of the WCFSD's work.

123. H.E. Dr. Salim replied that in the Intergovernmental Panel on Forests, delegates attend as government representatives, which affected the level of interaction that could be achieved. At the WCFSD, on the other hand, issues could be debated frankly. The WCFSD also made use of its

science and policy advisory groups and included a mix of all stakeholders. Thus, it was possible to delve more deeply into issues. He reiterated that there was a complementary relationship between the Intergovernmental Panel on Forests and the WCFSD. The deadline for the WCFSD report was mid 1997.

124. The Representative of India, Mr. Ambarish Chandra Chaubey, asked for clarification on the criteria for the selection of countries to host the WCFSD's public meetings.

125. H.E. Dr. Salim said that prior to the Jakarta meeting there had been a special public hearing in India in recognition of that country's importance in the field of forestry.

126. The Representative of Sweden, Ms. Astrid Bergquist, said that the Swedish government took great interest in the WCFSD. She asked how its conclusions could be further discussed. The Brundtland report, for example, was taken directly to the United Nations General Assembly, but the WCFSD did not have direct UN connections.

127. H.E. Dr. Salim replied that in the 21st century the future would be more determined by the non-government sectors. The WCFSD would appeal more to this 'civil society', although it also had close informal contacts with governments.

128. The Coordinator of the Global Forest Policy Project, Mr. Bill Mankin, said that the three NGOs that he represented shared some of the concerns of H.E. Professor Salim about the Intergovernmental Panel on Forests, saying it was a very political arena and its recommendations were likely to be timid. Mr. Mankin suggested that the ITTC had hesitated on certification. Would it also hesitate on the issue of migratory logging companies? If the WCFSD was able to pursue this in an independent manner, perhaps ITTO would be able to collaborate.

129. H.E. Dr. Salim replied that ITTO was important to governments in countries being predated upon. ITTO and the WCFSD were striving for the same goal of sustainable development of forests.

#### **PREPARATION FOR ENTRY INTO FORCE OF THE ITTA, 1994**

##### **The ITTA, 1994**

130. In his address to the Council on this matter, the Executive Director, Dr. Freezailah, said that he did not foresee major or rapid changes to the Organization on the entry into force of the ITTA, 1994, although changes would be necessary if it was to remain relevant, efficient and effective. Such changes would be made necessary by changes in the objectives of the Organization set out in the old and new Agreements. The ITTA, 1983, had eight objectives while the ITTA, 1994 had 14, and he examined each objective of the new Agreement in turn, noting any changes or additions. He then discussed the implications of such changes with respect to the additional work they might entail. One of the most important areas of work that needed re-examination concerned the collection of data and information in trade and sustainable forest management. On trade, the general requirement was to collect all data with regard to all aspects of the world timber economy in order to place the tropical timber trade in the context of the global trade of timber and timber products. He listed some of the data and information requirements under the new Agreement. He noted that the new Agreement also provided for the exchange and sharing of data and experiences in the area of sustainable forest management among members. Data and information were also required in the area of cooperation and international assistance. He concluded his survey of the increased information requirements by reminding Council that an ongoing pre-Project, PPD 12/95 Rev.1 (M), the final report of which would be available to members at the next Council Session in November was examining this issue in detail.

131. Dr. Freezailah said that the formulation of a new ITTO Action Plan was urgently needed to help define and focus on project and pre-project activities to achieve the objectives of the ITTA, 1994. There was also a need for a more efficient project cycle to promote the formulation of more focused proposals and he noted that this was also an on-going exercise. He said that a fourth Committee, the Committee on Finance and Administration, would be established under the ITTA, 1994, and he suggested that Council might wish to structure this Committee in the same way as the other Permanent Committees with the Chairmanship alternating between the two membership groups.

132. Article 21 of the ITTA, 1994 established the Bali Partnership Fund under the Special Account, said Dr. Freezailah, with the purpose of providing assistance in achieving objective (d) of the new Agreement concerning the Year 2000 Objective. For its operation, Council would need to establish policies and financial rules covering the settlement of accounts on termination or expiry of the Agreement. In addition, Council should examine annually the adequacy of the resources available to this fund and endeavour to obtain additional resources needed by producer members to achieve the fund's purposes. Dr. Freezailah suggested that Council might consider the newly created Committee on Finance and Administration as a forum for such discussion, or it could create a special forum to address this specific topic.

133. Dr. Freezailah noted that Objective (d) of the ITTA, 1994 provided for a forum for consultation to promote non-discriminatory timber trade practices, and he said that Council might wish to consider how this issue could be handled, perhaps on a regular basis like the current Annual Market Discussion. He also suggested that some ITTO control documents such as the Rules of Procedure, Financial Rules and Rules Relating to Projects, Staff Regulations and Rules needed to be reviewed and updated. He concluded by saying that he looked forward to hearing views from delegates on this important matter, views that would be taken into account in the preparation of a comprehensive document for Council's consideration at the Twenty-first Session of the Council in November 1996.

134. Following this presentation, the Chairman invited comments and questions from the floor.

135. The Representative of Japan, Mr. Kenji Shimizu, referred to Decision 4(XIX) and noted that it was absent from the Agenda for this Council Session. He said that he had listened carefully, particularly in the context of Decision 4(XIX), and found that the statement was a useful input to the discussion of ITTO's future role. The Year 2000 Objective itself was a binding instrument in the new Agreement, and members had agreed on the Bali Partnership Fund as a means to expand capacity of producing member countries which were faced with growing pressure to achieve the Year 2000 Objective. It was important to address information activities in boreal and temperate forests. Such challenges would have a major bearing on the Organization, particularly its financing, and Japan was concerned that it was shouldering an increasing burden in this respect. The trend of declining assistance from other developed countries needed to be addressed if the tasks were to be addressed. In closing, he welcomed the promise of the Executive Director that he would present a report at the next Session in line with Decision 4(XIX), and he hoped it would include specific proposals and recommendations.

136. The Representative of the E.U., Mr. Enzo Barattini, thanked the Executive Director for his excellent and detailed report, in which he had presented years of difficult negotiations and had clarified all the problems. He said that the E.U. had signed the new Agreement on 13 May and some member countries had concluded the process of ratification. The E.U. and all its members would be active participants in the new Agreement. It would be necessary to revamp the Organization's priorities, particularly concerning the fact that it was an Organization involved in the marketing of a resource. It was necessary to improve the structure of the Secretariat and Organization with a view to making it more active and able to do its new tasks. The E.U. viewed favourably increasing its contributions for the accomplishment of such tasks.

137. The Delegate for Indonesia, Dr. Benni Sormin, expressed his deep appreciation for the statement by the Executive Director, and he looked forward to the complete report. He asked that the text of the current statement be circulated.

138. The Representative of Colombia, Mr. Antonio Villa Lopera, congratulated the Executive Director for his report, noting that with international cooperation and a better trade system in place it would be easier to better manage all forests. He agreed with all the points the Executive Director made and hoped that the statement would be made available.

139. The Representative of India, Mr. Ambarish Chandra Chaubey, complimented the Executive Director on his presentation. He was particularly interested in objective (g), which referred to the regeneration of degraded land, an issue of major importance to India with some 25 million hectares of degraded land, six million of which was seriously degraded. He asked that the Executive Director would elaborate on this.

140. The Representative of Malaysia, Mr. Amha bin Buang, complimented the Executive Director on the presentation, saying that he looked forward to the comprehensive report. He encouraged delegates to submit their views to the Secretariat on this matter, and he congratulated Japan and the E.U. for their constructive comments. He reaffirmed Malaysia's commitment to the Organization and the new Agreement and would give it total support. He called on all delegates to ensure that the spirit and letter of the Agreement was respected.

141. The Representative of the U.S.A., Ms. Jan McAlpine, congratulated the Executive Director on his fascinating and concise presentation, and she looked forward to the full report. She encouraged members to submit their views to the Secretariat. She emphasized the part of the presentation that dealt with the changes to the Organization that were required for it to carry out its increased work. It would be necessary to identify how such changes would influence the way the Organization worked and how they could be implemented in an efficient and cost-effective manner. The report should identify the pros and cons of different options, including financial, administrative and logistical elements, and would provide options for the Council to consider in making its choices.

142. The Delegate for Ghana, Mr. Alhassan Atta, added his thanks to the Executive Director for his presentation, and said that he looked forward to the full report.

143. The Delegate for China, Mr. Zhang Zhongtian, also thanked and congratulated the Executive Director for his presentation. He said that the Chinese Government placed great importance on the Year 2000 Objective and was sympathetic to producer member countries who were striving to achieve it. Nevertheless, China had made a reservation on the new Agreement because of its exclusion from the Bali Partnership Fund. He said that China was a special case in the Organization, covering several climatic zones, including tropical, and it was concerned about the balance between the Special Account and the Bali Partnership Fund. He hoped that this concern would be taken into full account. Mr. Zhang also referred to the issue of information-sharing on temperate and boreal forests. China would have a duty to offer information on its own forests but would need assistance in its collection.

144. The Representative of Canada, Mr. David Drake, said that the ITTA, 1994 was an agreement on tropical timber, as Canada had clearly stated in its explanatory statement in Geneva in January, 1994. References to other timber markets were there to situate tropical timber and in this context Canada would make its information available. ITTO would not have to generate such data, but much of its task would be to analyze it with respect to tropical timber. He said that Canada took note of the new activities under the ITTA, 1994 and he expressed his delegation's concern with the stress such additional work might place on the limited capacity of the Secretariat. He was also concerned with the Organization's financial state, and he called on members to settle their arrears. Canada had deposited its instruments of ratification for the ITTA, 1994 with the authorities in New York and encouraged all members who had not done likewise to do so as soon as possible. He said that Canada remained concerned about improving the efficiency and effectiveness of all international organizations and suggested that the efficiency and effectiveness of ITTO should be a constant concern of the Council. He welcomed the statement by the Executive Director and hoped that it would be made available.

145. The Representative of Thailand, Dr. Chamniern P. Vorratnchaiphan, was in total agreement with the statement by the Executive Director. He raised the issue of regional partnerships, saying that while Thailand had joined ITTO, other countries like Cambodia, Laos and Vietnam had not been participating. He suggested that the Organization could invite those countries to participate fully in its activities.

146. The Representative of Panamá, Mr. Rolando Guillén Sanchez, congratulated the Executive Director for his very complete report, which he hoped would be made available by the end of the Session. He agreed with remarks made by Japan on the need to strengthen the Organization.

147. The Representative of Peru, Mr. Antonio Morizaki Taura, said that it was important to be part of an Organization which had as a goal the achievement of the Year 2000 Objective. An important element of the new Agreement was the reference to the participation of communities. He welcomed the decision that the responsibility should be shared by both consumer and producer countries. Some producer countries had shown how they were moving towards the Year 2000 Objective, and with the



cooperation of consumer countries it would be possible to achieve the goal. The Peruvian Government had approved and signed the new Agreement, and hoped for its early entry into force.

148. The Representative of Norway, Mr. Olav Bakken Jensen, congratulated the Executive Director for his excellent presentation. Norway was fully committed to ITTO and the new Agreement and wished for an effective organization. He welcomed efforts in this direction since a more effective Organization would allow increased funding. He looked forward to continuing the discussion in Yokohama on the basis of the full report.

149. The Representative of the Philippines, Mr. Delfin J. Ganapin, Jr., expressed his country's support for the full implementation of the ITTA, 1994, with the view to increasing efforts towards sustainable management and equitability. The ITTA, 94 would place Philippine communities at the forefront of sustainable forest management, where they should be.

150. The Representative of Togo, Mr. Agogno Koffi, said he was delighted to support other delegations in their congratulations of the Executive Director for his presentation. He was reassured by the positive remarks of all countries and believed that the new Agreement had a chance of being fully implemented. He hoped that the Secretariat would receive the necessary support from all to accomplish its new tasks.

### **General Statements**

151. The Representative of FAO, Mr. Jim Bourke, took the opportunity to update Council on some of FAO's current activities. These included further discussion of sustainable forest management and criteria and indicators at the recent FAO Latin American and Caribbean Forestry Commission meeting in Panamá (May 1996), an expert meeting on sustainable forest management organized by FAO in collaboration with ITTO (December 1995), and support for the work of the Intergovernmental Panel on Forests. He then highlighted some of the activities planned by FAO in coming months. The subject of sustainable forest management and the development of criteria and indicators would be on the agendas of all forthcoming meetings of FAO's Regional Forestry Commissions, including the European Forestry Commission meeting in Geneva in October 1996, the North American Forestry Commission in Ashville, USA in November 1996, and the Bureau of the Regional Forestry Commission in October 1996. FAO was also assisting the organization of an expert meeting on criteria and indicators relevant to countries in the Central American sub-region, tentatively scheduled for November 1996.

152. Mr. Bourke outlined two major outlook studies being undertaken by FAO, one on the Asia-Pacific forestry sector, and the other on global fibre supply. He hoped that ITTO would have a strong input into both of these. On training programmes on forestry statistics, he said that with the coming into force of the ITTA, 1994, there would be increasing value in FAO and ITTO working together to link activities. He also said that ITTO had participated actively in recent meetings on forestry statistics. He mentioned ITTO's Technical Working Group on statistics and expressed the hope that FAO, while unable to participate in the first meeting of the group, would be able to participate in the next.

153. Mr. Bourke concluded his intervention by passing on the personal greetings to delegates of the Assistant Director of Forestry, Mr. David Hacharik, a former chairman of ITTO's Reforestation and Forest Management Committee.

154. The Secretary General of the African Timber Organization, Mr. Mohammed Lawal Garba, said that his Organization had prepared a first draft of criteria and indicators for sustainable forest management as a result of field testing at the management unit level in Côte d'Ivoire in conjunction with the Centre for International Forestry Research. The draft had been discussed during the recent 17th Ministerial Conference of ATO and more field testing was to be undertaken. Regarding the promotion of industrialization in Africa, the ATO was engaged in a dialogue with UNDP and the French Ministry of Cooperation to co-sponsor a colloquium on this subject later this year in Libreville. ATO was also collaborating with several agencies for development of 3-year training programmes in sawmilling, saw doctoring, wood work, furniture design, market information coordination services, timber drying techniques and timber quality control. ATO was redesigning its methodology for the collection and exchange of forestry statistics and market information, and was also involved in timber product exhibitions on a regional basis. ATO placed much emphasis on building partnerships, and in

this respect he said he looked forward to closer collaboration with ITTO and other organizations so as to form a unified approach to the promotion of sustainable forest management in Africa.

155. The Delegate for Japan, Mr. Takeshi Goto, made a statement on behalf of the delegations of Japan and Canada in relation to ITTO's participation in the work of the UNCED Intergovernmental Panel on Forests. He said that it was fully recognized by the members of Council that the IPF was an important forum in which to pursue global consensus and coordinated actions towards the achievement of sustainable management of all types of forest. In this regard, the delegations of Japan and Canada expressed their gratitude for the efforts of ITTO to contribute to the work of the IPF in accordance with a decision made by Council at the Eighteenth Session in Accra, Ghana. He informed Council that the governments of Japan and Canada, with support of FAO, were planning an international workshop in support of the work of the IPF entitled 'International Workshop on Integrated Application of Sustainable Forest Management Practice', in November this year in Japan. The objective was to provide technical and policy experts with an opportunity to discuss the potential application of the forestry dialogue, conducted in the IPF, to sustainable forest management at the field level. He reminded Council that ITTO had implemented a number of projects in the field of integrated tropical forest management and, on behalf of the governments of Japan and Canada, he invited ITTO to join the group of organizers of the workshop, in order to fully utilize its experience gained through the implementation of such projects.

156. The Representative of Ecuador, Mr. Jorge Barba Gonzalez, talked about a new paradigm being developed under the Intergovernmental Panel on Forests called the Forest Partnership Agreement. It was born at the headquarters of the United Nations Development Programme in New York and was aimed at finding a new way to establish international forest relations. The scheme was country-driven: each country would decide its policies and strategies and, based on this, international cooperation would offer support. Mr. Barba said he had distributed a two-page explanation which defined the objectives, principles and institutional arrangements necessary. He offered to explain more about this initiative to anyone who was interested.

157. The Representative of Mexico, Srta. Diana Ponce Nava, thanked the Chairman, the Secretariat and Council Members for admitting Mexico as an observer at this session. The Mexican congress was analyzing the possibility of becoming a member and she hoped that at the next session there would be more news on this matter.

158. The Representative of Vanuatu, Mr. Tony Bartlett, thanked the Council for allowing Vanuatu to participate as an observer for the first time. He informed the Council that he would be recommending to the Government of Vanuatu that it take steps to become a member, and he expressed his thanks to all those who had provided information on the Organization. He also thanked the Executive Director for his offer to visit Vanuatu with a view to assisting in the process by which a decision to join the Organization could be made.

159. The Representative of the People's Republic of China, Mr. Li Lukang, drew Council's attention to the fact that while Taiwan Island was an inalienable part of China some speakers during the Annual Market Discussion had referred to it as a country. He said that Council must respect the sovereignty of member countries and so should its speakers, and he requested that in future the Secretariat should advise speakers to use the correct terminology when addressing the Council.

160. The Representative of Colombia, Mr. Antonio Villa Lopera, said that having attended the entire Session and having considered matters raised by H.E. Dr. Emil Salim during his address to the Council, he believed that the World Commission on Forests and Sustainable Development, which did not have some of the restrictions of protocol that accompanied intergovernmental organizations, could contribute to the advancement of the global forestry agenda. He suggested that ITTO should set up the best possible relations with the Commission and should consider contributing financially.

161. The Representative of the Republic of Korea, Mr. Kim Young-Han, thanked the Government of the Philippines, especially the Department of Environment and Natural Resources, for its hospitality during the Session. He also thanked the Chairman, Executive Director and Producer and Consumer spokesmen for their roles in ensuring the efficient operation of the Session. He informed Council that Korea had ratified the ITTA, 1994 last September.

162. The Representative of Norway, Mr. Olav Bakken Jensen, also thanked the Government of the Philippines for its hospitality during the Session, which had been a very interesting one. With regards to the World Commission on Forests and Sustainable Development, he said that while ITTO had not reached any decision on financial support for it, Norway already supported it and he hoped that ITTO could at least afford it some moral support.

163. Mr. Bill Mankin, the coordinator of the Global Forest Policy Project, said that on the decision relating to cooperation between ITTO and CITES he thought that rather than referring to 'avoiding obstacles in the tropical timber trade' it might be more appropriate to refer to avoiding obstacles to 'international trade in sustainably produced timber'. He also commented on the discussion on certification, which had demonstrated that the topic was a wonderful vehicle for illuminating many issues and enriching dialogue. Mr. Mankin then remarked that observers such as himself attended Council Sessions for the opportunity to provide input and information and to influence proceedings. For this, observers needed information such as documents, drafts of documents, agendas and schedules of events in a timely manner, as well as access to sessions, committees and special working groups.

164. On assessing the rating of the Organization in this regard, Mr. Mankin said that documents were usually freely available, although observers were sometimes neglected. The drafts of Council decisions were normally not available to observers and there was no opportunity for observers to participate in the crafting of such decisions. With respect to agendas, Mr. Mankin acknowledged the efforts of the Chairman to improve the scheduling of agenda items but it would be even more helpful to obtain such information well in advance of the Session. He also noted that there was a problem with simultaneous Sessions, where observers and small delegations might miss the discussion of some items. This in fact had happened to him during this Session and he suggested that the Council should consider ways of resolving this problem. Regarding access to Committees, working groups, etc., he said that the plenary and Committee sessions were completely open. However, it was unclear as to whether observers were welcome in some small working groups. Mr. Mankin said that normally such problems were surmountable, but at this Session they had become a problem. He warned that if it became difficult for observers to fully participate in the Session they would stop coming and he urged Council to deliberate on how to perfect its operations.

165. The Chairman, Mr. Wijewardana, said that he was aware of the problem of making documents available in different languages on time. One solution, he suggested, would be to make such documents available on the Internet. He pointed out that the informal sessions conducted during this Session should have helped increase transparency and he promised to do everything possible to enhance the transparency and efficiency of future Council Sessions.

#### **Item 22: Decisions and Report of the Session**

166. The Chairman tabled the draft Decisions of the Council at its Twentieth Session. After settling several queries, the Council approved these, and they are reproduced in this report as Annex IV.

#### **Item 23: Closing Session**

167. The Spokesman for the Producers, Mr. Amha bin Buang, expressed the gratitude and appreciation of the producer members for the hospitality displayed by the President and people of the Philippines. He also expressed his appreciation to eminent persons who had attended the Session, including H.E. Dr. Emil Salim of the World Commission on Forests and Sustainable Development. He said that the WCFSD deserved support. He congratulated those countries that had secured approval and funding for projects and commented that the acceleration of project work in the field of sustainable forest management was very important. He called on the donor community to be more forthcoming with funds, particularly with respect to projects and pre-projects that had already been approved. He encouraged all members to expedite the ratification of the ITTA, 1994 and welcomed the preparatory work by the Executive Director and his staff. He encouraged all members to contribute comments on how best to meet the challenges presented by the new Agreement.

168. On Decision 3(XX), Mr. Amha said that there was a need to strengthen the project cycle but the end result should remain simple, practical and implementable. On Decision 6(XX), he hoped that the Council could discern the genuine efforts by producer members to address the issue of

contribution arrears to the Administrative Budget. He congratulated the Secretariat for having made savings in the administrative budget despite the expense of operating in Japan. With regards to CITES {Decision 7(XX)}, Mr. Amha said that the Secretariat had been provided with clear terms of reference for its participation in the Timber Working Group. These highlighted the significance of problems related to the inclusion of tropical timber species in the CITES Appendices, and he was grateful to consumer members for having agreed to this decision. He also congratulated the Council for having arrived at a compromise with respect to the decision on the Mid-term Review and he thanked the Chairman for his help. He reminded the Council that this decision required producer members to submit estimates of the costs incurred to achieve the Year 2000 Objective by 30 September 1996, and he appealed to developed countries to assist those producers in need of assistance in this exercise.

169. Mr. Amha observed that this year's Annual Market Discussion was a lively and pertinent one with increased input from industry. He expressed confidence that the trade would continue to contribute to the design and organization of future discussions. With respect to the innovation of informal joint sessions, Mr. Amha said that this was a brave and successful experiment and he hoped that in the future such sessions would continue to be included in the programme. He registered his disappointment that the draft decision on market access sponsored by producer members at the previous Session had been deferred again, and he hoped that there would be a more open and constructive response at the next Session in Yokohama. He noted that market access was one of the three basic prerequisites for the attainment of the Year 2000 Objective. Mr. Amha concluded his statement by thanking the Chairman and Vice-Chairman, the Chairs and Vice-Chairs of the Permanent Committees, the Executive Director, the Secretariat, the Session's helpers, the interpreters and translators, and his counterpart, the consumer spokesman Mr. Drake.

170. The Spokesman for the Consumers, Mr. David Drake, said that the Twentieth Session had been conducted in a positive, transparent and business-like manner and showed that the Organization was clearly pointed forward. Consumer members welcomed the improvements that had been made in the running of the Council and were grateful to the Chairman for his contributions. Members had worked harder than ever at this Session but much needed to be done. There was a need to focus on the needs of small delegations of both members and observers to ensure equitable participation. Consumers would like to see greater participation of NGOs and were pleased to note that the Bureau was addressing this. He welcomed the introduction of informal sessions which had been an unqualified success. Consumers were pleased with the discussion on the topic of market access which marked the beginning of a positive debate.

171. Mr. Drake expressed concern, however, at a pattern of increasing divisiveness between producers and consumers which was resulting in an 'us and them' mentality, sterile debate and unhealthy gamesmanship, and there was a need to think about the usefulness of the producer/consumer categories. He welcomed the Executive Director's verbal assessment of the challenges presented by the imminent coming into force of the new Agreement and he looked forward to his report in pursuance of Decision 4(XIX). He expressed his appreciation for the Executive Director's open invitation to provide input and he encouraged members to participate. Consumers believed that the Council needed to focus beyond an analysis of the workload in the light of new objectives to look at organizational management and other issues in a general sense, bearing in mind ITTO's mandate and competencies. Council needed to situate ITTO in its wider context, particularly with respect to the Intergovernmental Panel on Forests, and should draw on its work.

172. Mr. Drake said that consumers appreciated the presentation by H.E. Dr. Emil Salim. He echoed Mr. Amha's comments on the Annual Market Discussion and thanked the organizations and panel members involved. On Decision 8(XX), he said this was an important step in reconfirming partnership between members. He emphasized that the Year 2000 Objective should be seen as a positive indicator against which progress could be measured and was not a deadline at which time negative actions would be taken. On entry into force of the new Agreement, he expressed his hope that the decision on this would spur remaining members who had not yet joined the new Agreement to do so as soon as possible. Consumers were pleased with the decision on strengthening the project cycle, and he hoped that the decision with respect to cooperation between ITTO and CITES would satisfy producer concerns. The decision to commission an updated report on certification was also welcome.

173. Mr. Drake was pleased that 14 projects and 8 pre-projects had been approved at this Session, and a generous amount of financing had been forthcoming. He expressed his appreciation to the Government and people of the Philippines, to President Ramos, the translators, interpreters, the Executive Director, the Secretariat, his colleagues and the Bureau members and concluded with personal thanks to the Chairman, Mr. Wijewardana, and the Producer Spokesman, Mr. Amha Buang.

174. The Representative of Colombia, Mr. Antonio Villa Lopera, agreed with the Consumer and Producer Spokesmen, and said that he was particularly satisfied with Decisions 3(XX) and 8(XX). He expressed his thanks for the support he had received from the Secretariat, the Executive Director, the Chairman and local staff.

175. The Representative of the E.U., Mr. Enzo Barattini, offered his congratulations to the Chairman for his work. This Session had concluded a dialogue on the Mid-term Review begun at the last Session with a decision that gave him great satisfaction. On the project cycle, he said that the decision on this would allow the Organization to extract more benefit from one of its core activities. He deeply regretted that the work on strengthening the Organization was not concluded because this was particularly important to E.U. members. It was indispensable to increase the efficiency of the Organization and Secretariat, and he greatly appreciated the Executive Director's presentation in this regard. He pledged to support any work that would facilitate the work of the Executive Director and Secretariat along these lines. On the issue of market access, Mr. Barattini said that the new formula of informal sessions had enabled a frank debate, but the European Union believed that the natural solution to the issue would be achieved through market instruments such as certification. He said that thanks to a spirit of cooperation an agreement to pursue the issue of certification had been reached. The decision on cooperation between ITTO and CITES would direct the relationship between the two organizations. He awaited the entry into force of the ITTA, 1994 with impatience. The European Union had already announced that it was a signatory and he hoped that those countries that had not yet completed their internal procedures would do so soon. He concluded by thanking all those involved with the running of the Session.

176. The Representative of Japan, Mr. Kenji Shimizu, said that the Session had had a positive dimension and he asked all members to maintain this spirit of partnership, which was the core of dialogue and negotiation. He said that the outcomes of this Session were due to the efforts of the Chairmen, other members of the Bureau, the Spokesmen, the Executive Director and the Secretariat. His delegation was ready to support the Executive Director's report in accordance with Decision 4(XIX) and he would advise Tokyo to support action, in particular to help some developing countries to participate in the compilation of the report.

177. The Representative of Australia, Mr. Mike Drynan, endorsed the comments of previous delegations, in particular the words of thanks to all those who had helped make the Session so successful. On the entry into force of the new Agreement, he said that Australia's commitment to ITTO was based on the need to ensure that the Organization operated in an efficient way. It was important that scarce resources be used in the most effective way possible and it was critical that the Organization was fully professional. The best way to ensure this was through a process of independent review of its administration and operational arrangements. He welcomed the comments of the Executive Director and looked forward to substantial discussion on this matter at the next Session.

178. The Representative of the Philippines, Mr. Sabado Batcagan, said that the organization of the Session had taken months of hard work, but it had been made possible by the help of the Secretariat. He thanked delegates for bearing with them in the light of any shortcomings.

179. The Executive Director summarized the outcomes of the Session, emphasizing the importance of the mid-term review. He called on all members to show their commitment to the Organization by paying their contributions to the Administrative Budget and to the donor community to join the exemplary efforts of Japan in providing support to producer countries in their efforts to achieve the Year 2000 Objective. He concluded by thanking those who made the Session successful, including the Government and people of the Philippines, the interpreters and translators, the conference assistants and all others who had facilitated the organization of the Session.

180. The Chairman, Mr. Wijewardana, said that the Organization had matured since the Nineteenth Session. Some important decisions had been reached and there had been improvements

in the efficiency of the proceedings. The cancellation of tea and coffee breaks had saved the equivalent of a day in time and had eliminated the disruption caused to discussions. The informal sessions had improved the transparency of the Council's work, and the Bureau would meet at the end of the Session to discuss further improvements for the next Session. He thanked the Executive Director, the Chairmen and Vice-chairmen of the various committees, members of the Bureau, the Secretariat, conference assistants, translators and interpreters, and the Government and people of the Philippines for their contributions. He ended by urging those who had not done so to ratify the new Agreement and to pay outstanding contributions. He wished delegates a safe trip home and declared the Session closed.

## **ANNEX I**

### **LIST OF PARTICIPANTS**

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15-23 May 1996  
Manila, Philippines

**PROVISIONAL LIST OF PARTICIPANTS**

**TWENTIETH SESSION OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL  
AND EIGHTEENTH SESSIONS OF THE PERMANENT COMMITTEES**

**Manila, Philippines, 15-23 May 1996**

Note: The data of the entries in this list are as provided to the Secretariat.



## MEMBERS

### AUSTRALIA

- |                   |   |
|-------------------|---|
| * Mr. Mike Drynan | Section Head, Forest Assessment<br>Branch, Department of Primary<br>Industries & Energy, Canberra |
| ** Mr. Greg Dodd  | Forest Branch, Department of Primary<br>Industries & Energy, Canberra                             |

### BOLIVIA

- |                               |  |
|-------------------------------|--|
| * Lic. José Antonio Escalante | Subsecretario de Recursos Naturales,<br>La Paz   |
| ** Ing. César Sandoval Peña   | Subsecretario de Desarrollo Forestal,<br>Recolección y Pesca, Secretaría<br>Nacional de Agricultura y Ganadería,<br>La Paz |
| Ing. Javier Lopez             | Especialista en Política Forestal,<br>BOLFOR/MDSMA, La Paz   |
| *** Dr. Fernando Antelo Gil   | Presidente, Cámara Nacional<br>Forestal, Santa Cruz  |
| Lic. Arturo Bowles Olhagaray  | Gerente General, Cámara Nacional<br>Forestal, Santa Cruz   |

### BRAZIL

- |                                      |   |
|--------------------------------------|---|
| * Mrs. Maria Ercilia Borges Murakami | Head of the Agriculture and<br>Commodities Division, Ministério das<br>Relações Exteriores, Brasília  |
| ** Mr. Paulo Jose Prudente de Fontes | Forestal Management Coordinator,<br>IBAMA, Brasília   |
| Ms. Cecília G. Malaguti de Souza     | Manager of Received Multilateral<br>Technical Cooperation, Agencia<br>Brasileira de Cooperação, Ministério<br>das Relações Exteriores, Brasília |
| Mr. Paulo Márcio Neves Rodrigues     | Adviser/Agriculture and Commodities<br>Division, Ministry of External<br>Relations, Brasília  |
| *** Prof. Ronaldo Viana Soares       | Federal University of Paraná, Brazil,<br>Curitiba   |
| Mr. Ovidio Gasparetto                | President, SINDIMAD, Director,<br>AIMEX   |
| Dr. Ivan Tomaselli                   | Director, ABIMCI/SIND. MAD. Parana  |

### CAMEROON

- |                      |  |
|----------------------|--|
| * M. Batoum Themotio | Attache de Direction, ONADEF,<br>Yaoundé |
|----------------------|--|

- 
- \* Representative/Représentant/Representante  
 \*\* Alternate representatives/Représentants suppléants/Representantes Suplentes  
 \*\*\* Advisers/Conseillers/Asesores

## CANADA

- \* Mr. David Drake  
Director, International Affairs,  
Canadian Forest Service, Ottawa
- \*\* Mr. Mike Fullerton  
Senior Policy Adviser, International  
Affairs, Canadian Forest Service,  
Ottawa
- \*\*\* Mr. Tony Rotherham  
Director, Woodlands Division,  
Canadian Pulp and Paper  
Association, Montreal

## CHINA, PEOPLE'S REPUBLIC OF

- \* Mr. Zou Yun-Er  
Counsellor, The Economic and  
Commercial Counsellor's Office,  
Embassy of the People's Republic of  
China in Philippines, Manila
- \*\* Ms. Tian Shuwen  
Deputy Director, Department of  
International Trade & Economic  
Affairs, Ministry of Foreign Trade &  
Economic Cooperation, Beijing
- \*\*\* Mr. Zhang Zhongtian  
Programme Officer, Department of  
International Cooperation, Ministry of  
Forestry, Beijing
- Mr. Hu Hai  
Official, Department of International  
Trade & Economic Affairs, Ministry of  
Foreign Trade & Economic  
Cooperation, Beijing
- Mr. Ye Kelin  
Director, Research Institute of Wood  
Industry, Chinese Academy of  
Forestry, Beijing

## COLOMBIA

- \* Sr. Antonio Villa Lopera  
Director General Forestal y de Vida  
Silvestre, Ministerio del Medio  
Ambiente, Bogotá
- \*\*\* Sr. José Miguel Orozco Muñoz  
Coordinador Nacional, Anteproyecto  
PPD 11/93, Concesiones y Permisos  
Forestales, Bogotá
- Ing. Heliodoro Sanchez  
Project Coordinator, Ministry of  
Environment, Bogota

## CONGO

- \* M. Ebondzo Rigobert  
Directeur Général des Eaux et Forêts,  
Brazzaville

## COTE D'IVOIRE

- \* Mr. Mamadou Sangare  
Directeur du Développement et des  
Projets, SODEFOR, Abidjan

## ECUADOR

- \* Ing. Jorge Barba Gonzalez  
Director Ejecutivo, INEFAN, Quito

## EGYPT

- \* Dr. Mamdouh Riad

Undersecretary of State for  
Afforestation, Ministry of Agriculture  
and Land Reclamation, Dokki, Cairo

## EUROPEAN COMMUNITY/EUROPEAN UNION

- \* Mr. Enzo Barattini

Deputy Head of Unit - Commodities,  
DG Development, Brussels

## BELGIUM/LUXEMBOURG

- \* Mr. J.L. Tordeur

Counsellor, Ministry of Foreign  
Affairs, Brussels

## DENMARK

- \* Mr. Michael Søndergaard
- \*\* Mr. Morten Bjørner

Head of Section, Ministry of Foreign  
Affairs, Copenhagen  
President, UCBD

## FINLAND

- \* Ms. Aulikki Kauppila

Forestry Adviser, Ministry of  
Agriculture and Forestry, Helsinki

## FRANCE

- \* Mlle. France Auer
- \*\* M. Martin de Lagarde Olivier
- \*\*\* M. Jean Estève

Secrétaire des Affaires Etrangères,  
Ministère des Affaires Etrangères,  
Paris  
Sous Directeur des Industries du Bois,  
Ministère de l'Agriculture, de la Pêche  
et de l'Alimentation, Paris  
Chargé de Mission, International  
Department, Office National des  
Forêts

## GERMANY

- \* Mr. Gerhard Schmok
- \*\* Mr. Peter Fahrenholtz  
Mr. Markus Weichert  
Dr. Ulrich Hoenisch  
  
Dr. Dieter Speidel
- \*\*\* Prof. Dr. Horst Dieter Brabaender

Federal Ministry of Economics, Bonn  
Ministry of Foreign Affairs, Bonn  
Federal Ministry of Economics, Bonn  
Federal Ministry of Food, Agriculture  
and Forests, Bonn  
Federal Ministry for Economic  
Cooperation and Development, Bonn  
Univ. Prof. Em., Institute for Forest  
Economics, Goettingen

## ITALY

- \* Mr. Antimo Campanile
- \*\* Mr. Di Virgilio Roberto

First Secretary, Italian Embassy,  
Manila  
Commercial Attaché, Italian Embassy,  
Manila

## NETHERLANDS

- |                              |  |
|------------------------------|--|
| * Mr. Marco J. Braeken       | Senior Policy Adviser, Ministry of<br>Economic Affairs, The Hague                            |
| ** Mr. Derk de Groot         | Head, Division of Forests, National<br>Reference Centre for Nature<br>Management, Wageningen |
| Drs Isabelle A.V. van Tol    | Desk Officer, Ministry of Foreign<br>Affairs, The Hague                                      |
| *** Mr. Alle H. Stoit        | President, Netherlands Timber Trade<br>Association, Almere                                   |
| Mr. Erik Lammerts van Bueren | Director, The Tropenbos Foundation,<br>Wageningen  |

## SPAIN

- |                         |   |
|-------------------------|---|
| * Mr. Luis Alvarez Ruiz | Commercial Attaché, Embassy of<br>Spain, Manila                   |
| ** Mr. Vicente Locsin   | Marketing Analyst, Commercial<br>Office, Embassy of Spain, Manila |

## SWEDEN

- |                        |  |
|------------------------|--|
| * Ms. Astrid Bergquist | Deputy Assistant Under-Secretary,<br>Ministry of Industry and Commerce,<br>Stockholm |
|------------------------|--|

## UNITED KINGDOM OF GREAT BRITAIN & NORTHERN IRELAND

- |                           |               |
|---------------------------|---------------|
| *** Mr. Geoffrey Pleydell | Trade Adviser |
|---------------------------|---------------|

## FIJI

- |                    |   |
|--------------------|---|
| * Mr. Adriu Nabora | Principal Forestry Officer (HQ),<br>Forestry Department, Suva |
|--------------------|---|

## GABON

- |                               |   |
|-------------------------------|---|
| * M. Ondo Obame Clément       | Secrétaire Général du Ministre des<br>Eaux et Forêts, Libreville                                      |
| ** M. Bile-Allogho Joachim    | Directeur des Inventaires et<br>Aménagement et de la Régénération<br>des Forêts, Libreville           |
| M. Owele Alphonse             | Directeur des Industries des Bois,<br>Libreville  |
| M. Boucah Orumbongany Jacques | Directeur des Relations Extérieures à<br>la Société Nationale des Bois du<br>Gabon (SNBG), Libreville |

## GHANA

- |                          |   |
|--------------------------|---|
| * H.E. Dr. Kwabena Adjei | Minister of Lands and Forestry, Accra                           |
| ** Mr. E.O. Nsenkyire    | Ag. Chief Conservator of Forests,<br>Forestry Department, Accra |
| Mr. Moses Adigbli        | Manager, GTEDB, London Office                                   |
| Mr. Alhassan Atta        | Chief Executive, Forest Products<br>Inspection Bureau, Takoradi |
| Ms. Sherry Ayithey       | Coordinator of 31 December<br>Women's Movement                  |

\*\*\* Mr. Benjamin Kuffuor

Managing Director, Ghana Primewood  
Company

## HONDURAS

\* Ing. Angel Murillo

Asesor Técnico, Gerencia General,  
COHDEFOR  
Director, CATIE

\*\*\* Dr. Rubén Guevara Morcada

## INDIA

\* Mr. Ambarish Chandra Chaubey

Deputy Inspector General (Forests),  
Ministry of Environment and Forests,  
New Delhi

## INDONESIA

\* Hon: Eng'r. Titus Sarijanto, M.Sc.

\*\* H.E. Mr. Wisber Loeis

Dr. Benni H. Sormin

Eng'r. Yuyu Rahayu, M.Sc.

Eng'r. Koes Saparyadi

Eng'r. Aryanto Seno

Mr. Dani Pitoyo

Prof. Dr. Achmad Sumitro

Dr. Silver Hutabarat

Dr. R.M. Talib Puspokusumo, SH

Mr. Achmadi

Director General of Forest Utilization,  
Ministry of Forestry, Jakarta  
Ambassador to Japan, Embassy of  
the Republic of Indonesia, Tokyo  
Head, Division of Multilateral  
Cooperation, Ministry of Forestry,  
Jakarta  
Staff of Directorate General of Forest  
Inventory and Land Use Planning,  
Ministry of Forestry, Jakarta  
Forestry Attaché, Embassy of the  
Republic of Indonesia, Tokyo  
Senior Official, Ministry of Industry  
and Trade, Jakarta  
Official, Indonesian Forestry  
Community (MPI), Jakarta  
Expert Member Indonesian Forestry  
Community (MPI), Jakarta  
Head, Division of Technical  
Cooperation, D.G. of Forest  
Utilization, Ministry of Forestry,  
Jakarta  
Minister-Counsellor, Chief of  
Economic Affairs, Embassy of the  
Republic of Indonesia in Manila  
Commercial Attaché, Embassy of the  
Republic of Indonesia in Manila

## JAPAN

\* Mr. Yoshio Yamane

\*\* Mr. Kenji Shimizu

Mr. Harumitsu Hida

Mr. Atsuo Ida

Director, Wood Products Trade  
Office, Forestry Agency, Tokyo  
Senior Assistant for Trade and  
Development, Ministry of Foreign  
Affairs, Tokyo  
Assistant Director, Developing  
Economies Division, Economic Affairs  
Bureau, Ministry of Foreign Affairs,  
Tokyo  
Assistant Director, Office of Wood  
Products Trade, Wood Distribution  
Division, Forest Policy Planning  
Department, Forestry Agency, Tokyo

Mr. Kiyohito Onuma	Official, International Forestry Cooperation Office, Forestry Agency, Tokyo
Mr. Masaya Sagawa	Developing Economies Division, Economic Affairs Bureau, Ministry of Foreign Affairs, Tokyo
Mr. Takeshi Goto	Assistant Director, International Forestry Cooperation Office, Forestry Agency, Tokyo
Mr. Yoshikazu Ikeda	Officer in Charge of Natinoal Surveys on Natural Environment, Nature Conservation Bureau, Environment Agency, Tokyo
*** Mr. Minoru Yasuda	Executive Director, JapanLumber Importers' Association, Tokyo
Mr. Akio Omori	Director, General Affairs Bureau, City of Yokohama

## MALAYSIA

* Mr. Amha bin Buang	Principal Assistant Secretary, Forestry and Timber Division, Ministry of Primary Industries, Kuala Lumpur
** Mr. Shaharuddin bin Mohamad Ismail	Assistant Director General, Forestry Department, Peninsular Malaysia, Kuala Lumpur
Mr. Nik Adnan Nik Abdullah	Assistant Secretary, Forestry and Timber Division, Ministry of Primary Industries, Kuala Lumpur
Mr. Ahmad Zaharuddin Salim	Second Secretary, Embassy of Malaysia, Manila
Mr. Masran Md. Salleh	Director, Forest Management, Forestry Department, Peninsular Malaysia, Kuala Lumpur
Dr. Roszehan Mohd. Idrus	Director of Marketing, Malaysian Timber Industry Board, Kuala Lumpur
Dr. Abdul Rahim Hj. Nik	Director, Technoeconomic Division, Forest Research Institute, Malaysia, Kuala Lumpur
Dr. Abdul Rashid Ab. Malik	Director, Forest Products Technology Division, Forest Research Institute Malaysia, Kuala Lumpur
Mr. Zaidi Khaldin Zainie	Permanent Secretary, Ministry of Resource Planning, Sarawak
Mr. James Dawos Mamit	Controller of Environmental quality, Natural Resources and Environment Board, Sarawak
Mr. Cheong Ek Choon	Senior Assistant Director, Forest Department, Sarawak
Mr. Mohd. Jaafar Nyiro	Assistant Director of Forestry, Forestry Department, Sabah
Mr. Samsulkamar Ali	Officer, Trade Promotion Unit, Malaysian Timber Council, Kuala Lumpur
Mr. Barney Chan	Manager, Sarawak Timber Association, Sarawak

## MYANMAR

- \* U Than Swe

Director, Planning & Statistics  
Department, Ministry of Forestry,  
Yangon

## NEW ZEALAND

- \* Mr. Don Wijewardana
- \*\* Mr. Dougal Morrison

Director, International Policy, Ministry  
of Forestry, Wellington  
Senior Policy Analyst, Ministry of  
Forestry, Wellington

## NORWAY

- \* Mr. Olav Bakken Jensen

Senior Executive Officer, Ministry of  
Environment, Oslo

## PANAMA

- \* Sr. Rolando Guillén Sanchez
- \*\* Ing. Juan Carlos Navarro

Director General, Instituto Nacional de  
Recursos Naturales Renovables,  
Paraíso  
Ambassador for the Environment,  
Panama

## PAPUA NEW GUINEA

- \* Mr. Bitan Kuok
- \*\* Mr. Guao Zurenuoc
- \*\*\* Mr. Alan Ross

Mr. Michael Yagro

Vice-Minister for Forests  
Managing Director, National Forest  
Service, Papua New Guinea Forest  
Authority, Boroko  
Special Projects Officer, National  
Forest Service, Papua New Guinea  
Forest Authority, Boroko  
Manager Extension, National Forest  
Service, Papua New Guinea Forest  
Authority, Boroko

## PERU

- \* Ing. Antonio Morizaki Taura
  - \*\* Ing. Miguel Angel Ocampo Pizarro  
Sr. Jaime Pomareda Montenegro
- Sr. Agustín Palacios

Director General Forestal del  
INRENA, Lima  
Jefe Proyecto PD 18/94 (F)  
Ministro Consejero, Encargado de  
Negocios a.i., Embajada del Perú en  
Filipinas, Manila  
Segundo Secretario, Embajada del  
Perú en Filipinas, Manila

## PHILIPPINES

- \* Mr. Delfin J. Ganapin, Jr.
- \*\* Mr. Sabado T. Batcagan

Undersecretary, Environment and  
Programs Development Office,  
Department of Environment and  
Natural Resources (DENR), Quezon  
City  
Assistant Secretary, Planning and  
Policy Studies Office, DENR, Quezon  
City

Mr. Romeo T. Acosta	Director, Environmental and Natural Resources, Sectoral Adjustment Loan Program (ENRSECAL), Quezon City
Mr. Eriberto C. Argete	Director, Planning and Policy Studies Office, Quezon City
Mr. Jose D. Malvas, Jr.	Forest Management Bureau, DENR, Quezon City
Mr. Celso Diaz	Director, Ecosystems Research and Development Bureau, DENR, Quezon City
Mr. Emmanuel D. Bello	Director, Forest Products Research and Development Institute (FPRDI), Los Baños
Mr. Dominador Alonzo	Assistant Director, FPRDI, Los Baños
Mr. Romulo C. Eala	Engineer, FPRDI, Los Baños
Mr. Arnaldo P. Mosteiro	Engineer, FPRDI, Los Baños
Mr. Edgardo A. Aquino	Project Director, ITTO Project "Plantation Establishment Methods - Phase I"
*** Mr. Elias R. Seraspi	Regional Director, Region 2, DENR
Mr. Vicente S. Paragas	Regional Director, Region 10, DENR
Mr. Bayani S. Nera	Assistant Director, Forest Management Bureau, DENR
Mr. Oscar A. Suguitan	RTD, Cordillera Autonomous Region, DENR
Mr. Rogelio O. Andrada	RTD, National Capital Region, DENR
Mr. Antonio M. Mendoza	RTD, Region 3, DENR
Mr. Primitivo C. Galinato, Jr.	RTD, Region 4A, DENR
Mr. Rodolfo V. Aguilar	RTD, Region 5, DENR
Mr. Jose L. Lechoncito	RTD, Region 7, DENR
Mr. Teotimo M. Redulla	RTD, Region 9, DENR
Mr. hardinado V. Patnugot, Jr.	RTD, Region 10, DENR
Mr. Ernesto Lezada	RTD, Region 11, DENR
Mr. Ali M. Bari	RTD, Region 12, DENR
Mr. Lucrecio L. Rebugio	Dean, UP Los Baños, College of Forestry
Ms. Florence P. Soriano	FPRDI, Los Baños
Ms. Feurdeliz M. Lauricio	FPRDI, Los Baños
Mr. Wilfredo America	FPRDI, Los Baños
Mr. Oscan Gendrano	President, Society of Filipino Foresters (SFF)
Mr. Bert Dormendo	Vice-President for Forestry, Paper Industries Corporation of the Philippines
Mr. Antonio C. Olizon	Chairman, Philippine Wood Producers Association (PWPA), Manila
Mr. Ramon A. Razal	Associate Professor and Chair, Wood Science and Technical Department, UPLB College of Forestry
Mr. Bernardo B. Jasmin	Project Consultant, DENR - ITTO Project
Mr. Feliciano T. Opeña	Vice-Presidente for Operations, Sustainable Ecosystems International Corp.
Mr. Louis L. Laudencia	Society of Filipino Foresters



## REPUBLIC OF KOREA

\* Mr. Kim Young-Han

\*\* Mr. Jeon Jin-Pyo

Mr. Chan-Woo Kim

Deputy Director General, International  
Cooperation Division, Forestry  
Administration, Seoul  
Deputy Director, International  
Cooperation, Forestry Administration,  
Seoul  
First Secretary, Korean Embassy in  
Manila

## SWITZERLAND

\* Mrs. Manuela Jost Ernst

\*\*\* Mr. Jürgen Blaser

Mr. James Gasana

Scientific Assistant, Federal Office for  
Foreign Economic Affairs, Berne  
Project Manager and Forestry  
Adviser, Intercooperation, Berne  
Forestry Adviser, Intercooperation,  
Berne

## THAILAND

\* Mrs. Wanida Subansanee

\*\* Dr. Chamniern P. Vorrahnchaiphan

Senior Forest Products Expert, Forest  
Products Research Division, Royal  
Forest Department, Bangkok  
Director, Grassroots Action Program,  
SCONTE

## TOGO

\* M. Agogno Koffi

M. Folly Yao Djiwonu

Directeur Général de l'ODEF, Chef du  
Projet PD 30/96 (F), Lomé  
Directeur-Adjoint de la Flore  
(DPCEF), Lomé

## TRINIDAD AND TOBAGO

\* Mr. Seuram Jhilmit

Ag. Deputy Director, FRIM, Forestry  
Division, Port-of-Spain

## UNITED STATES OF AMERICA

\* Ms. Jan McAlpine

\*\* Mr. Robert J. McSwain

\*\* Ms. Stephanie Caswell

\*\*\* Mr. Franklin C. Moore

Mr. Walter Dunn

Director for Multilateral Trade and  
Environment Policy, Office of the U.S.  
Trade Representative, Executive  
Office of the President, Washington,  
D.C.  
International Economist, U.S.  
Department of State, Washington  
Senior Conservation Officer, U.S.  
Department of State, Washington,  
D.C.  
Biodiversity and Forestry Advisor,  
Agency for International  
Development, Environment Center,  
Washington, D.C.  
USDA Forest Service, International  
Forestry Operations Staff,  
Washington, D.C.

Mr. Michael Hicks

Mrs. Wendy H. Baer

Ms. Julie Jack

Coordinator, Trade Policy, U.S.  
Foreign Agricultural Service,  
Washington, D.C.  
Executive Vice President,  
International Wood Products  
Association (IHPA), Virginia  
Manager, Sustainable Forestry  
Initiative, American Forest & Paper  
Association, Washington, D.C.

## **OBSERVERS**

### **Potential Members**

#### **MEXICO**

Ms. Diana Ponce Nava

Coordinator of International Policy,  
Subsecretaría de Recursos Naturales

#### **VANUATU**

Mr. Tony Bartlett

Principal Forest Utilisation Officer,  
Department of Forests

### **Specialized Agencies**

#### **FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO)**

Dr. I.J. Bourke

Senior Forestry Trade Analyst

#### **INTERNATIONAL TRADE CENTRE UNCTAD/WTO (ITC)**

Mr. Paavo Lindholm

Officer-in-Charge, Division of  
Products and Market Development  
Senior Market Development Adviser

Mr. José Luis Albaladejo

### **Inter-Governmental Organizations**

#### **AFRICAN TIMBER ORGANISATION (ATO)**

Mr. Mohammed Lawal Garba

Secretary General

#### **COMMON FUND FOR COMMODITIES**

Mr. Dominique Lelièvre

Project Officer

#### **CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES OF WILD FAUNA AND FLORA (CITES)**

Mr. Ger van Vliet

Plants Officer

### **Non-Governmental Organizations**

#### **ASEAN INSTITUTE OF FOREST MANAGEMENT**

Mr. Haron bin Hj. Abu Hassan

Director

**ASSOCIATION TECHNIQUE INTERNATIONALE DES BOIS TROPICAUX (ATIBT)**

M. Landrot Jean-Jacques

General Secretary

**DEUTSCHE GESELLSCHAFT FUR TECHNISCHE ZUSAMMENARBEIT (GTZ) GmbH**

Dr. Navin K. Rai

Team Leader

**FRIENDS OF THE EARTH, U.S.**

Mr. William E. Mankin

Coordinator - Global Forest Policy  
Project

**FTP INTERNATIONAL LTD.**

Mr. Timo J. Korhonen

Project Manager

**INTERNATIONAL UNION OF FORESTRY RESEARCH ORGANIZATIONS (IUFRO)**

Mr. Emmanuel D. Bello

Director, Forest Products Research &  
Development Institute

**INTERNATIONAL WOOD PRODUCTS ASSOCIATION (IHPA)**

Dr. Donald A. Thompson  
Mr. Robert Waffle

President  
Staff V.P., Government and  
Environmental Affairs

**JAPAN OVERSEAS FORESTRY CONSULTANTS ASSOCIATION (JOFCA)**

Mr. Susumu Miyatake  
Mr. Patrick Dugan

Senior Research Officer  
Senior Forestry Expert

**MARKET DEVELOPMENT AND INFORMATION SERVICES - FOREST INDUSTRIES**

Mrs. Marion Pleydell

Research Assistant

**NATIONAL WILDLIFE FEDERATION**

Mr. William E. Mankin

Coordinator - Global Forest Policy  
Project

**SIERRA CLUB**

Mr. William E. Mankin

Coordinator - Global Forest Policy  
Project

**SOCIETY FOR THE CONSERVATION OF NATIONAL TREASURE AND ENVIRONMENT  
(SCONTE)**

Mr. Charmniern Vorratnchaiphan

Director, Grass-roots Action  
Programme

Mr. Colin Ian McQuistan

Project Coordinator

**TROPICAL FOREST FOUNDATION**

Mr. O. Keister Evans

Executive Director

**UNION POUR LE COMMERCE DES BOIS DURS DANS L'U.E. (UCBD) - EUROPEAN  
HARDWOOD FEDERATION**

Mr. Morten Bjørner

President

**AUTHORIZED INVITEES**

H.E. Prof. Emil Salim

Co-chair of the World Commission of  
Forests and Sustainable Development  
Consultant

H.E. Mr. Kiyoaki Kikuchi

Leader, Bolivia Mission

Dr. Kenneth F.S. King

Consultant

Dr. Markku Simula

Consultant

Mr. Márcio de Paula Fernandes

Director - F.C.S. Consultant Company

Mr. Mauro Silva Reis

Consultant

Dr. Russell John Haines

ITTO Resident Adviser PD 89/90 (F)

Ir. M. Kuswanda

## **LANGUAGE TEAM**

### **Interpreters**

Mr. Leo Scherman  
Mr. Jean Pierre Allain  
Ms. Odile Bertin-Faull  
Mrs. Socorro Botero-Browning  
Mrs. Patricia Duncombe-Kennedy  
Mrs. Helene Hosske  
Mrs. Jolyn Jeelof-Wuhrmann  
Mr. Manuel Pastor  
Mr. Jon Porter  
Mrs. Catherine Pouget-Alderton

### **Translators**

Ms. Claudia Adan  
Ms. Yvonne Cunnington  
Mrs. Beatriz Dorronsoro  
Mr. Francis Marche

## ITTO SECRETARIAT

Dr. B.C.Y. Freezailah  
Executive Director

Mr. J.E.K. Aggrey-Orleans  
Assistant Director of Economic Information and Market Intelligence

Dr. Manoel Sobral Filho  
Assistant Director of Forest Industry

Dr. Svend Korsgaard  
Assistant Director of Reforestation and Forest Management

Dr. Michael Adams  
Market Information Service Coordinator

Mr. Takeichi Ishikawa  
Information Officer, Management Services

Dr. Steven E. Johnson  
Statistician, Economic Information and Market Intelligence

Mr. Charas Mayura  
Finance/Administrative Officer, Management Services

Mr. Emmanuel Ze Meka  
Projects Manager, Reforestation and Forest Management

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

Dr. Douglas C. Pattie  
Projects Manager, Forest Industry

Dr. Efransjah  
Projects Manager, Reforestation and Forest Management

Mr. Alistair Sarre  
Editor/News Letter Coordinator

Dr. Hwan-Ok Ma  
Projects Manager, Forest Industry

Mr. Nobuaki Fukui  
Statistical Assistant

Ms. Patricia Hanashiro  
Secretary

Ms. Akemi Yamane  
Secretary

Ms. Masako Ochiai  
Secretary

Ms. Azusa Miyashita  
Secretary

Mr. Mamoru Sugiyasu  
Document Clerk

## **ANNEX II**

### **AGENDA**

**{Document ITTC(XX)/1}**



Distr.  
GENERAL

ITTC(XX)/1  
29 February 1996

Original: ENGLISH

TWENTIETH SESSION  
15-23 May 1996  
Manila, Philippines

### PROVISIONAL 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. Proposed Distribution of Votes
6. Admission of Observers
7. Appointment of the Credentials Committee
8. Statement by the Executive Director
9. 1995 Mid-Term Review of Progress Towards the Achievement of the Year 2000 Objective - Decision 3(X)
10. a) CITES Listing Proposals by Members - Decision 3(XVI);  
b) ITTO Participation in the CITES Timber Working Group - Decision 5(XVIII).
11. Report of the Consultants on Possible Ways to Strengthen the Project Cycle - Decision 8(XVIII)
12. Report of the ITTO Mission to Bolivia
13. Report of the Credentials Committee
14. Review of Contributions to the Administrative Budgets
15. Review of Resources of the Special Account:
  - a) Review of the Pre-Project Sub-Account;
  - b) Review of the Project Sub-Account.

16. Auditor's Report on 1995 Accounts
17. Pledges to the Special Account
18. Annual Report of the Organization for 1995
19. Projects:
  - a) Reports of the Eighteenth Sessions of the Permanent Committees;
  - b) Consideration of Project and Pre-Project Proposals.
20. Dates of the Twenty-third Session of the Council and the Twenty-first Sessions of the Permanent Committees
21. Other Business
22. Decisions and Report of the Session
23. Closing Session

## **ANNEX III**

### **MEMBERSHIP OF COUNCIL**

# PROPOSED DISTRIBUTION OF VOTES

	<u>No. of Votes</u>	
	<u>1995</u> (actual)	<u>1996</u> (proposed)
<b><u>PRODUCERS</u></b>		
<b>Africa</b>		
Cameroon .....	28	27
Congo .....	28	27
Côte d'Ivoire .....	28	27
Gabon .....	28	27
Ghana .....	28	27
Liberia .....	28	27
Togo .....	28	27
Zaïre .....	28	27
<b>Asia &amp; Pacific</b>		
Fiji* .....	17	17
India .....	32	26
Indonesia .....	163	164
Malaysia .....	135	131
Myanmar .....	36	36
Papua New Guinea .....	29	35
Philippines .....	21	19
Thailand .....	18	19
<b>Latin America</b>		
Bolivia .....	26	27
Brazil .....	139	143
Colombia .....	29	29
Ecuador .....	18	18
Guyana .....	19	19
Honduras .....	14	14
Panama .....	15	14
Peru .....	30	34
Trinidad and Tobago .....	14	13
Venezuela .....	21	26
Total:	<hr/> 1,000	<hr/> 1,000

\* New Member, 1995

	<u>No. of Votes</u>	
	<u>1995</u>	<u>1996</u>
	(actual)	(proposed)
<u>CONSUMERS</u>		
Australia .....	16	16
Canada .....	12	13
China .....	76	112
Egypt.....	15	15
European Union		
Austria.....	11	10
Belgium/Luxembourg .....	21	21
Denmark .....	12	12
Finland .....	10	10
France.....	42	40
Germany .....	34	30
Greece .....	13	13
Ireland.....	12	12
Italy .....	35	32
Netherlands.....	33	32
Portugal.....	17	17
Spain.....	28	24
Sweden .....	11	11
United Kingdom.....	46	44
Japan .....	342	337
Nepal .....	10	10
New Zealand .....	10	10
Norway.....	11	10
Republic of Korea.....	109	101
Russian Federation. ....	12	11
Switzerland .....	11	11
United States of America.....	51	46
 Total:	 1,000	 1,000

## **ANNEX IV**

### **TEXT OF MAIN DECISIONS ADOPTED BY THE COUNCIL AT ITS TWENTIETH SESSION**

**{Documents: ITTC(XX)/11  
ITTC(XX)/12  
ITTC(XX)/13  
ITTC(XX)/14  
ITTC(XX)/15  
ITTC(XX)/16  
ITTC(XX)/17  
ITTC(XX)/18}**

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ITTC(XX)/11  
23 May 1996

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TWENTIETH SESSION  
15-23 May 1996  
Manila, Philippines

**DECISION 1(XX)**  
**PROJECTS AND PRE-PROJECTS**

The International Tropical Timber Council,

Having considered at its Twentieth Session the recommendations of the three Permanent Committees on Projects and Pre-Projects, as contained in documents PCM(XVIII)/8 Rev.1, PCF(XVIII)/32 Rev.1 and PCI(XVII)/9.

1. Decides:

(i) To approve the following Projects:

PD 27/95 Rev.3 (M)	Establishment and Operation of a Forest Strategic Information Center (CIEF) (Phase I - \$674,274.00, Phase II - \$972,238.00)
PD 29/96 Rev.1 (M)	Reinforcement of the National System for the Collection and Processing of Forest Statistics and Support for the Training of Field Units (\$231,045.00)
PD 8/96 Rev.1 (F)	Conservation and Pest Management for Realizing the Potential of Mahogany as a Sustainable Managed Crop (\$1,203,532.00)
PD 13/96 Rev.1 (F)	Multiple-Use Management in the Macauá National Forest Based on Rubber Estates - Phase I: Development of Master Plan to Support Community Organization (\$824,493.00)
PD 19/96 Rev.1 (F)	Forest Plantations for Commercial Purposes in Areas of "Chaca-Chacales" in the Province of Satipo (\$755,981.00)
PD 27/96 Rev.1 (F)	Forestry and Genetic Improvement of the Okoume ( <i>Aucoumea Klaineana</i> , Pierre) - Phase II (\$301,100.00)
PD 28/96 Rev.1 (F)	Inventory and Preparations for the Management of the Minkebe-Forest Area of Gabon (\$946,983.00)
PD 35/96 Rev.2 (F)	Conservation and Maintenance of Biological Diversity in Tropical Forests Managed Primarily for Timber Production, Surigao del Sur, Philippines (\$1,481,011.00)

PD 37/94 Rev.3 (I)	Strengthening of the Forest Products Laboratory of IBAMA (\$556,703.00)
PD 13/95 Rev.3 (I)	Capacity Building in Training in Planning and Management of Forest Industries in ITTO Producer Member Countries (\$1,090,000.00)
PD 3/96 Rev.2 (I)	Development and Extension of Rubberwood Processing and Utilization Technology (\$214,798.00)
PD 15/96 Rev.2 (M,I)	Utilization, Collection and Trade of Tropical Non-Wood Forest Products in the Philippines (\$345,196.00)
PD 31/96 Rev.2 (M,F,I)	Introducing Myanmar's Lesser-Known Timber Species to the World Market (\$495,533.50)
PD 33/96 Rev.2 (I)	Workshop on Nondestructive Testing of Tropical Timber (\$139,787.50)

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

PD 27/95 Rev.3 (M) Phase I	(\$674,274.00)
PD 13/96 Rev.1 (F)	(\$824,493.00)
PD 28/96 Rev.1 (F)	(\$946,983.00)
PD 35/96 Rev.2 (F)	(\$1,481,011.00)
PD 3/96 Rev.2 (I)	(\$214,798.00)
PD 15/96 Rev.2 (M,I)	(\$345,196.00)

(iii) To authorize the release of additional funds to allow the continued implementation of the following Projects:

PD 73/89 (M,F,I)	(\$100,000.00)
PD 1/93 Rev.1 (M,F,I)	(\$459,680.00)
PD 17/93 Rev.3 (M,F,I)	(\$700,000.00)

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

PD 27/95 Rev.3 (M) Phase II
PD 29/96 Rev.1 (M)
PD 8/96 Rev.1 (F)
PD 19/96 Rev.1 (F)
PD 27/96 Rev.1 (F)
PD 37/94 Rev.3 (I)
PD 13/95 Rev.3 (I)
PD 31/96 Rev.2 (M,F,I)
PD 33/96 Rev.2 (I)

## 2. Decides:

(i) To approve the recommendations of the Permanent Committees to implement the following Pre-Projects:

PPD 6/96 (M)	Workshop on Ecological, Social and Political Issues in Certification of Forest Management (\$78,508.00)
PPD 14/95 Rev.3 (F)	Identification and Planning of Measures for the Sustainable Management of Teak Plantations in Togo (\$40,090.00)
PPD 3/96 Rev.1 (F)	Design of a Socially Sustainable Forest Management Model (\$193,593.00)



PPD 4/96 Rev.1 (F)	Development of a Master Plan for Forest Management in Congo (\$44,385.00)
PPD 5/96 (F)	Buffer Zone Development for Sustainable Forest Management (\$41,878.00)
PPD 8/96 (F)	Sustainable Forest Management in the Rapiran Bolson, Bolivian Amazon Region (\$45,753.00)
PPD 2/96 Rev.2 (I)	Development of the Indian Rubberwood Industry (\$58,025.00)
PPD 7/96 Rev.1(I)	Upgrading Production Efficiency in Furniture Manufacturing (\$57,497.50)

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

PPD 14/95 Rev.3 (F)	(\$40,090.00)
PPD 3/96 Rev.1 (F)	(\$193,593.00)
PPD 4/96 Rev.1 (F)	(\$44,385.00)
PPD 5/96 (F)	(\$41,878.00)
PPD 8/96 (F)	(\$45,753.00)
PPD 2/96 Rev.2 (I)	(\$58,025.00)
PPD 7/96 Rev.1 (I)	(\$57,497.50)

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

PPD 6/93 Rev.1 (F)	(\$47,475.00)
PPD 12/93 (F)	(\$45,915.00)

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

PPD 6/96 (M)

3. Decides to approve the following activities and to authorize financing for immediate implementation:

- Twelfth Expert Panel for Technical Appraisal of Project Proposals, 26 August - 1 September 1996 (\$122,100.00)
- Continued Consultancy Work to Strengthen the ITTO's Project Cycle (\$86,600.00)
- Consultancy to investigate Patent and Copyright Procedures of International Organizations (\$45,000.00)

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

5. 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 and Pre-Projects, and furthermore decides that such unearmarked contributions shall not be allocated without the prior authorization of the Council.

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

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TWENTIETH SESSION  
15-23 May 1996  
Manila, Philippines

**DECISION 2(XX)**  
**ENTRY INTO FORCE OF**  
**THE INTERNATIONAL TROPICAL TIMBER AGREEMENT, 1994**

The International Tropical Timber Council,

Recalling its Decision 1(S-II) of 21 January 1994 by which it extended the ITTA, 1983, until the entry into force of the ITTA, 1994;

Noting that many members have taken the necessary measures to bring the ITTA, 1994, into force;

Recognizing, however, that some members require more time to complete their national constitutional procedures in relation to the entry into force of the ITTA, 1994;

Recognizing the need to continue further consultations with respect to a proposal that the Agreement be brought into force on 1 January 1997; coinciding with the beginning of the new fiscal year;

Decides to:

1. Urge all members who have not yet done so, to expedite action to comply with the procedures and requirements for the entry into force of the ITTA, 1994, as soon as possible;
2. Authorizes the Executive Director to request the Secretary General of the United Nations Conference on Trade and Development (UNCTAD) to convene a conference, in accordance with paragraph 3 of Article 41 of the ITTA, 1994, sometime during the Third Session of the Inter-governmental Panel on Forests of the U.N. Commission for Sustainable Development, which is scheduled in Geneva from 9 to 20 September 1996;
3. Further authorize that the partial costs of attendance of some developing member countries may be met from earmarked voluntary contributions to the Special Account.

\* \* \*

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15-23 May 1996  
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**DECISION 3(XX)**  
**STRENGTHENING THE PROJECT CYCLE**

The International Tropical Timber Council,

Recalling Decision 8(XVIII) on Strengthening the Project Cycle;

Welcoming the interim report of the independent consultants on the strengthening of the ITTO Project Cycle;

Decides to:

1. Invite Members to submit their views on possible ways of strengthening the Project Cycle to the Executive Director by 20 July 1996;
2. Request the Executive Director to continue engaging the consultants to explore possible ways to strengthen the Project Cycle, including project assessment, drawing on views expressed by all members, including those expressed during the Twentieth Session of the Council, and in close collaboration with the Panel of Experts for Technical Appraisal of Project Proposals;
3. Extend the August 1996 meeting of the Expert Panel by two days in order to enable them to identify and elaborate options for improving the Project Cycle and to undertake further discussions with the consultants on their report;
4. Request the consultants to prepare a final report, based on input from member countries and the Expert Panel and including operational recommendations, in time for members to study the report prior to its discussion by the Council at its Twenty-first Session in November, 1996;
5. Encourage members to contribute to the Special Account for implementation of the consultancy and the two-day extension of the Twelfth Meeting of the Expert Panel.

\* \* \*

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15-23 May 1996  
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**DECISION 4(XX)**

**UPDATE OF STUDY ON CERTIFICATION  
OF ALL INTERNATIONALLY TRADED TIMBER  
AND TIMBER PRODUCTS**

The International Tropical Timber Council,

Recognizing the potential role of timber certification in relation to forest management and market access for timber products;

Noting the on-going international debate on timber certification;

Recognizing further the work of the Open-ended Intergovernmental Panel on Forests (IPF) and other relevant institutions on the issue of trade and environment in relation to forest products and services;

Mindful of the importance to continue dialogue on timber certification in the light of the various schemes and initiatives on timber certification;

Taking note of the "Study of the Developments in the Formulation and Implementation of Certification Schemes for All Internationally Traded Timber and Timber Products" which was the subject of consideration at its Twentieth Session;

Decides to:

1. Continue to follow relevant developments in the formulation and implementation of certification schemes for internationally traded timber and timber products;
2. Authorize the Executive Director to engage two consultants (one from a producer member country, the other from a consumer member country) to prepare a comprehensive update;

3. Authorize the Executive Director to arrange for financing the consultancy report from the Special Account and invite members to contribute to the financing and implementation of this ITTO activity;
4. Request the Executive Director to table the report for consideration at its Twenty-third Session.

\* \* \*

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15-23 May 1996  
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**DECISION 5(XX)**

**ITTO PARTICIPATION IN COUNTRY SPONSORED INITIATIVES  
RELATED TO THE INTERGOVERNMENTAL PANEL ON FORESTS (IPF)**

The International Tropical Timber Council,

Recalling Decision 7(XVIII) on the contribution of ITTO to the work of the UNCSD Intergovernmental Panel on Forests (IPF);

Welcoming the Report of the Executive Director on ITTO Participation in the Work of the IPF provided in document ITTC(XX)/5;

Recognizing initiatives by members to provide inputs through various meetings and consultations to the IPF process;

Having been Informed by the Governments of Japan and Canada that they will host an International Workshop on Integrated Application of Sustainable Forest Management Practices in November 1996 in support of the work of the IPF, and would welcome the participation of the ITTO;

Recalling that the ITTO has undertaken and gained experience from a number of projects on sustainable forest management in producer member countries, and could make a useful contribution to the Workshop;

Decides to:

1. Request the Executive Director to provide ITTO input and participation in member sponsored initiatives relevant to ITTO's mandate and experience, among others in the International Workshop on Integrated Application of Sustainable Forest Management Practices;
2. Invite members to contribute to the Special Account to facilitate this input and participation by ITTO.

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# DECISION 6(XX)

## MANAGEMENT OF THE ADMINISTRATIVE BUDGET FOR 1996

The International Tropical Timber Council,

Appreciating the continuing efforts made by the Executive Director and his staff in exercising economies in the expenditures in the Administrative Budget for the year 1996;

Noting with concern the total receipts of contributions from members to the Administrative Budget for 1996;

Recognizing that the possible receipts of contributions from members to the Administrative Budget for the remainder of 1996 might fall short of the estimated total expenditures by approximately \$200,000.00;

Noting further that the balance of the Working Capital Account at present stands at \$1,042,226.03;

Decides to:

1. Authorize the Executive Director to transfer the sum of \$200,000.00 from the Working Capital Account to the current account in the Administrative Account to meet the anticipated shortfall of funds necessary to implement the work programme of the Organization for the year 1996;
2. Request members to pay as early as possible and in full their contributions to the Administrative Budget for 1996 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.

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15-23 May 1996  
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### DECISION 7(XX)

#### COOPERATION BETWEEN ITTO AND CITES

The International Tropical Timber Council,

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

Noting with satisfaction that the First Meeting of the CITES Timber Working Group was held in the United Kingdom from 27 to 29 November 1995;

Aware of the concern expressed by producer member countries regarding the inclusion of *Swietenia macrophylla* in Appendix III of CITES before the issue regarding the inclusion of commercial timber species in the Appendices of CITES could have been considered by its Timber Working Group;

Taking note with appreciation of the ITTO Secretariat report on the First Meeting of the CITES Timber Working Group [document ITTC(XX)/9] and of ITTO participation in its work;

Concerned with initiatives that may adversely affect the status of species traded worldwide;

Decides to:

1. Request the Executive Director to ensure the effective participation of ITTO in all meetings of the CITES Timber Working Group, particularly in order to:
  - a) emphasize the importance of commercial tropical timber species to the economies of tropical timber producing countries and the need to avoid obstacles to the international trade in tropical timber;
  - b) provide information on the international trade in commercial tropical timber species and, where available, information regarding the conservation status of these species;
  - c) provide recommendations on practical, technical and procedural solutions to specific problems related to the implementation of CITES for tropical timber species;



- d) foster a close working relationship between ITTO and CITES with a view to promoting cooperation within their respective mandates on issues affecting the international trade in tropical timber.
  - e) Review the effects of the inclusion of *Swietenia macrophylla* in Appendix III of CITES.
2. Further request the Executive Director to present a report on the proceedings and results of the Second Meeting of the CITES Timber Working Group to be held in Panama from 7 to 11 October 1996 for the consideration of the Council at its Twenty-first Session, if possible.

\* \* \*

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15-23 May 1996  
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### DECISION 8(XX)

#### MID-TERM REVIEW OF PROGRESS TOWARDS THE ACHIEVEMENT OF THE YEAR 2000 OBJECTIVE

The International Tropical Timber Council,

Reaffirming its commitment to the Year 2000 Objective;

Recalling Decision 3(X) in which it decided to undertake a Mid-term Review of the Progress towards the Achievement of the Year 2000 Objective;

Also recalling Decision 2(XVIII) which requested the Executive Director to reconvene the Panel of Experts to Recommend an Approach and Methodology for Estimating Resources Needed and Costs Incurred to Achieve the Year 2000 Objective, and prepare a report on members' progress towards attaining the Year 2000 Objective, on the basis of national reports submitted;

Welcoming the report of the Expert Panel which contains an approach and methodology for estimating resources and costs incurred to achieve the Year 2000 Objective;

Also welcoming the Consultants' report on the Mid-term Review;

Noting the importance of the Mid-term Review as a means of identifying progress made, difficulties encountered and practical solutions for the achievement of the Year 2000 Objective;

Aware that less than four years remain until the Year 2000 and also aware of the magnitude of the work involved and resources needed for the achievement of the Year 2000 Objective;

Recognizing that members have differing levels of capacity to achieve the Year 2000 Objective;

Decides to:

1. Request producer members to submit to the Executive Director estimates of resources needed and costs incurred to achieve the Year 2000 Objective by 30 September 1996, using the approach and methodology outlined in Annex A. Upon request, members are invited to provide financial assistance to producing member countries in preparing their estimates and costs;

2. Request the Executive Director to reconvene the Panel of Experts as requested in Council Decision 3(XVIII) to assess the accuracy and completeness of the estimates and costs in the previous paragraph and to make recommendations for the mobilization of resources to assist producing member countries to accelerate the progress in achieving the Year 2000 Objective, and to report their assessment and recommendations to the Council at its Twenty-first Session;
3. Encourage ITTO members to contribute to the Special Account for this purpose;
4. Consider the report of the Panel of Experts in 2 above and any further appropriate measures for attaining the Year 2000 Objective at the Twenty-first Session of the Council;
5. Encourage producer members to continue to develop national strategies towards the achievement of the Year 2000 Objective based on the priorities set out in Annex B;
6. Request producer members to submit project proposals, particularly in the fields of forest management, human resource development and transfer and application of technology, as priorities for the achievement of the Year 2000 Objective;
7. Encourage efforts to improve public understanding of the positive role that the international trade in tropical timber can have in giving value to tropical forests and generating financial resources for the sustainable management of tropical forests;
8. Encourage governments and the private sector to promote trade in tropical timber products from sustainably managed sources with the view to increasing social and economic benefits to member countries and their people;
9. Encourage contacts by the ITTO Secretariat with NGOs and the private sector with a view to their increased participation and support for ITTO activities and promoting priority action to achieve the Year 2000 Objective.

## ANNEX A

ITTC(XX)/19  
page 62

TABLE VI

**A METHODOLOGY TO ESTIMATE RESOURCES  
NEEDED BY PRODUCER COUNTRIES TO ATTAIN  
SUSTAINABLE MANAGEMENT OF TROPICAL FORESTS**

**Sustainability at the National Level**

Criteria	Examples of Indicators	ITTO Guidelines*		Examples of Required Activities**	Cost Components Used
		Principle	Possible Action		
<b>The Forest Resource Base</b>	Comprehensive land use planning and provision for the Permanent Forest Estate (PFE).	1 3	1-3 5-6	<ul style="list-style-type: none"> <li>Consult with interested groups.</li> <li>Formulate and implement national land use policy.</li> <li>Monitor and conduct research on valuation.</li> </ul>	
	Present area of the PFE in relation to national goals and targets.	4-5 6-7	12 7	<ul style="list-style-type: none"> <li>Conduct national forest inventory.</li> <li>Identify PFE and demarcate boundaries.</li> <li>Identify present and future needs for agricultural and customary land use.</li> </ul>	
	Plantation establishment targets, present age class distributions, and annual planting regimes.	1 (planted TF guidelines)	R.A.	<ul style="list-style-type: none"> <li>Identify areas and establish forest plantation.</li> <li>Formulate and apply silvicultural prescriptions.</li> <li>Protect and expand forest plantations.</li> <li>Establish reporting system and record maintenance.</li> </ul>	
	Areas of Protection Forests and Production Forests within the PFE.	7	7	<ul style="list-style-type: none"> <li>Identify and allocate protected forest and production forest in PFE.</li> </ul>	
	The representativeness of the protected areas network and the current or planned reservation programme.			<ul style="list-style-type: none"> <li>Identify and establish protected area.</li> <li>Maintain boundary.</li> </ul>	
<b>The Continuity of Flow</b>	National production statistics of Forest Products over time.			<ul style="list-style-type: none"> <li>Establish reporting system and record maintenance.</li> <li>Train personnel.</li> </ul>	

\* ITTO Guidelines for the Sustainable Management of Natural Tropical Forests

\*\* Exhaustive list has to be prepared by national forest services.

	Documentation of logging (area) histories over time.		<ul style="list-style-type: none"> <li>Report area opened for logging;</li> <li>Establish report system and record maintenance</li> </ul>	
	Proposed cutting cycle lengths for major forest types, and standard concession lengths.	17	<ul style="list-style-type: none"> <li>Undertake research and determine cutting cycle and concession length for various types of forest.</li> </ul>	
	Regulation of initial harvesting rates in relation to defined cutting cycles and net area of production forest.	17 13-14	<ul style="list-style-type: none"> <li>Determine AAC on all production forests.</li> <li>Train personnel in sound forest harvesting.</li> </ul>	
	Regulation of subsequent harvesting in relation to increment data and the net area of production forest.	25 13, 25, 30-32	<ul style="list-style-type: none"> <li>Conduct post-harvest inventory.</li> <li>Establish permanent sample plot (PSP).</li> <li>Analyze increment data.</li> </ul>	
	Steps taken to harmonize the first and subsequent cutting cycles and manage the transition from the first to the second cutting cycle.	16 10-12, 30-32	<ul style="list-style-type: none"> <li>Conduct pre-harvest inventory.</li> <li>Prescribe harvesting regimes.</li> <li>Determine the necessity and level of silvicultural treatments.</li> <li>Apply the results from PSP.</li> </ul>	
	Wood production targets over time from various sources.		<ul style="list-style-type: none"> <li>Assess domestic and export demands.</li> <li>Assess production targets from various forests.</li> </ul>	
	The availability of silvicultural prescriptions for the major forest types.	16, 33 12, 30-31	<ul style="list-style-type: none"> <li>Formulate silvicultural prescriptions for major forest types.</li> <li>Implement where appropriate.</li> </ul>	
The Level of Environmental Control	Management prescriptions for other non-production components of the PFE.	R.A.5 (ITTO Guidelines on CBD in TPF*)	<ul style="list-style-type: none"> <li>Develop complementary management plans for the non-production components of PFE.</li> </ul>	
	The availability of engineering, watershed protection and other environmental management prescriptions for production forests.	23-24 20-21	<ul style="list-style-type: none"> <li>Formulate and implement environmental management prescriptions in forest harvesting operations.</li> </ul>	

	The availability of environmental assessment procedures.	20	17-18	<ul style="list-style-type: none"> <li>Specify conditions for EIA.</li> <li>Design, implement and monitor EIA procedures and provide for trained personnel.</li> </ul>	
<b>Socio-Economic Effects</b>	Employment patterns and trends.			<ul style="list-style-type: none"> <li>Establish reporting system and record maintenance.</li> </ul>	
	Income generation and distribution patterns.	34		<ul style="list-style-type: none"> <li>Report on revenues and expenditures for principal participants including national and local governments, and local communities.</li> </ul>	
	National revenue and expenditure budgets for forest management.	37-40	36	<ul style="list-style-type: none"> <li>Report revenues from the forestry sector.</li> <li>Report expenditures for forest management.</li> </ul>	
<b>Institutional Frameworks</b>	Existence of a national forest policy	1	2	<ul style="list-style-type: none"> <li>Formulate, implement, monitor and assess adequacy of national forest policy aimed at SFM.</li> </ul>	
	The relationship of national policy to ITTO Guidelines.			<ul style="list-style-type: none"> <li>Prepare progress report to ITTO on sustainable forest management.</li> </ul>	
	Adequacy of the legislative framework to implement national forest policies and management plans.	2	4	<ul style="list-style-type: none"> <li>Formulate, implement and assess the adequacy of legislations and regulations.</li> <li>Enhance public and political awareness.</li> </ul>	
	Adequacy of legislation to regulate harvesting an specific instruments e.g. concession agreements.	29	26	<ul style="list-style-type: none"> <li>Legislate, regulate and assess adequacy of harvesting and specific instruments.</li> </ul>	
	Adequacy of human and financial resources to meet legislative and administrative responsibilities in sustainable forest management.	10, 38-40	36	<ul style="list-style-type: none"> <li>Assess the necessity for human and financial resources.</li> <li>Provide for adequate resources, manpower and training.</li> </ul>	
	Community consultation.	35-36	34	<ul style="list-style-type: none"> <li>Establish mechanism for consultation with local communities.</li> <li>Assess the effectiveness of consultation.</li> <li>Integrate local communities in SFM where applicable.</li> </ul>	
	Existence of management plans and provisions for their implementation.	11		<ul style="list-style-type: none"> <li>Assess existence of forest management plans and adequacy of provisions for their implementation.</li> </ul>	

## Sustainability at the Level of the Forest Management Unit

Criteria	Examples of Indicators	ITTO Guidelines		Examples of Required Activities	Cost Components Used
		Principle	Possible Action		
Resource Security	The legal establishment of forest areas or management units.	6-7	7	<ul style="list-style-type: none"> <li>Establish forest management unit in accordance with legal and administrative requirements.</li> </ul>	
	Existence of a management plan.	14-15		<ul style="list-style-type: none"> <li>Formulate and assess adequacy of management plan.</li> </ul>	
	Clear demarcation of boundaries in the field.	7	7	<ul style="list-style-type: none"> <li>Identify and demarcate boundaries.</li> </ul>	
	The presence or absence of illegal exploitation and encroachment.	26	23	<ul style="list-style-type: none"> <li>Provide for appropriate mechanism to control access to management unit.</li> </ul>	
	The duration of concession agreements.	29	26	<ul style="list-style-type: none"> <li>Assess adequacy of the duration of the concession length.</li> </ul>	
The Continuity of Timber Production	The presence of clear, official harvesting rules.	21-24	19-21	<ul style="list-style-type: none"> <li>Formulate, implement and monitor forest harvesting rules.</li> <li>Train personnel in sound forest management.</li> </ul>	
	Long term soil productivity.	21		<ul style="list-style-type: none"> <li>Apply harvesting rules with emphasis on soil productivity.</li> </ul>	
	A pre-logging stand inventory.	18	15	<ul style="list-style-type: none"> <li>Conduct pre-harvest inventory.</li> </ul>	
	The number of trees and/or volume of timber per hectare harvested.	22	19	<ul style="list-style-type: none"> <li>Formulate pre-harvest prescriptions on number of trees and/or volume of timber harvests.</li> </ul>	
	Provision for monitoring the residual growing stock after logging.	25	22	<ul style="list-style-type: none"> <li>Conduct post harvest inventory.</li> </ul>	
	Records of annual product output over time.	33		<ul style="list-style-type: none"> <li>Establish reporting system and record maintenance.</li> </ul>	

	Net productive area.	15	<ul style="list-style-type: none"> <li>• Monitor net productive area.</li> </ul>	
	Records of annual areas cut over time.		<ul style="list-style-type: none"> <li>• Report on area opened for logging.</li> <li>• Maintain record.</li> </ul>	
<b>The Conservation of Flora and Fauna</b>	Protection of eco-systems in the concession or management unit.	20 23	<ul style="list-style-type: none"> <li>• Design, implement and monitor EIA where necessary.</li> <li>• Apply ITTO Guidelines on CBD in TPF where relevant and monitor such efforts.</li> </ul>	
	The extent of vegetation disturbance after logging.	20,25	<ul style="list-style-type: none"> <li>• Conduct post-harvest inventory.</li> <li>• Undertake rehabilitative measures where necessary.</li> </ul>	
<b>An Acceptable Level of Environmental Impact</b>	The extent of soil disturbance.	21,24 20	<ul style="list-style-type: none"> <li>• Conduct survey on soil disturbance.</li> <li>• Undertake rehabilitative measures where necessary.</li> </ul>	
	The extent and spatial distribution of riparian and other watershed protection areas.	21 20-21	<ul style="list-style-type: none"> <li>• Conduct survey on the extent of disturbance on watershed.</li> <li>• Undertake rehabilitative measures where necessary.</li> </ul>	
	The extent and severity of soil erosion.	21,24 20	<ul style="list-style-type: none"> <li>• Conduct survey on soil disturbance.</li> <li>• Undertake rehabilitative measures where necessary.</li> </ul>	
	Provision for protection of bodies of water.	21,24 21	<ul style="list-style-type: none"> <li>• Assess adequacy of harvesting rules in protecting water bodies.</li> </ul>	
<b>Socio-economic Benefits</b>	The number of people employed.		<ul style="list-style-type: none"> <li>• Establish reporting system and record maintenance.</li> </ul>	
	The nature and extent of benefits from forestry activities.	34-35,37-38 34-35	<ul style="list-style-type: none"> <li>• Report revenues and expenditures for principal participants including national and local governments and local communities.</li> <li>• Conduct marketing efforts and improve utilization.</li> </ul>	
<b>Planning and Adjustment to Experience</b>	Community consultation.	35-36 34	<ul style="list-style-type: none"> <li>• Establish mechanism for consultation with local communities.</li> <li>• Assess the effectiveness of consultation.</li> <li>• Integrate local communities in SFM where applicable.</li> </ul>	
	Arrangements for Forest Management to take into account traditional forest utilization.	35-36 34	<ul style="list-style-type: none"> <li>• Formulate forest management plan taking into due consideration for continued exercise of customary rights where applicable.</li> </ul>	



## ANNEX B

### PRIORITY ACTIONS

- To adopt a forest policy and enforce legislation.
- To establish and secure a Permanent Estate (PFE).
- To reduce the damage done by timber harvesting to the physical and social environments and to the forest eco-system.
- To train the work force to accelerate the use of reduced impact logging thus becomes of the utmost priority and urgency.
- To limit harvest levels to the sustained yield capacity.
- To raise political and consumer awareness of the fact that timber harvesting can be consistent with the sustainability of the tropical forest.
- To concentrate research on the analysis and application of existing data and knowledge so as to ascertain what is or can be made relevant to the operational knowledge of forest eco-system behaviour and put that information into preliminary management prescriptions.

## **ANNEX V**

### **REPORTS OF THE EIGHTEENTH SESSIONS OF THE THREE PERMANENT COMMITTEES**

**{Documents:   PCM(XVIII)/8 Rev.1  
                  PCF(XVIII)/32 Rev.1  
                  PCI(XVIII)/9}**

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**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL  
EIGHTEENTH SESSION OF THE PERMANENT COMMITTEE ON  
ECONOMIC INFORMATION AND MARKET INTELLIGENCE**

**Table of Contents**

**Report**

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

**Appendix B: Summary of Market Discussion**

**Appendix C: IHPA Position Statement on Certification**

## REPORT

### 1. Opening of the Session

The Eighteenth Session of the Committee was opened on 15 May 1996 at a Joint Session of all three Permanent Committees under the Chairmanship of Dr. Achmad Sumitro (Indonesia). The list of participants is reproduced in document ITTC(XX)/Info.2 Rev.1.

### 2. Adoption of Agenda and Organization of Work

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

### 3. Admission of Observers

The list of observers admitted by the Committee is reproduced in document ITTC(XX)/Info.3.

### 4. Market Discussion (Joint Session of Permanent Committees)

The theme of the 1996 Market Discussion was "Changing Trade Flows in the Light of Sustainable Tropical Forest Management". The Moderator was Mr. Morten Bjørner, President, European Hardwood Federation (UCBD) and the Rapporteur was Dr. Michael J. Adams, Market Information Services (MIS) Coordinator, Economic Information and Market Intelligence Division of ITTO. The following were the discussion leaders and the topics of their presentations:

Mr. Geoffrey Pleydell Trade Adviser to U.K. Delegation and Vice-Chairman of the Permanent Committee on Economic Information and Market Intelligence	"Changing Trade Flows in the Light of Sustainable Tropical Forest Management: An Overview"
Mr. Antonio Bernas, President Philippine Wood Producers Association, Philippines	"Asian Perspective I"
Mr. Ovidio Gasparetto President, Association of Timber Industries of Belem (SINDIMAD); Director, Brazilian Association of Foreign Trade (AIMEX); Vice President, Federation of Industries of the State of Para, Brazil	"Latin American Perspective"
Mr. Moses Adigbli, Manager Office of the Ghana Timber Export Development Board, London, U.K.	"African Perspective"
Mr. Minoru Yasuda, Executive Director Japan Lumber Importers Association (JLIA), Japan	"Asian Perspective II"
Mr. Donald A. Thompson President, International Wood Products Association (IHPA) President, Thompson Mahogany Company, Philadelphia, USA	"North American Perspective"
Mr. Alle H. Stoit, President Netherlands Timber Trade Association, Almere, Netherlands	"European Perspective"

A summary report of the Market Discussion, synthesizing the above presentations and the ensuing discussions, is contained in Appendix B.

5. Report of Completed Pre-Projects and Project

The Committee took note of the report by the Secretariat [document PCM(XVIII)/3] containing details of the following two completed pre-projects and one completed project.

(i) **PPD 4/94 Rev.1 (M,F,I) Groundwork for an ITTO Information System (ITTO Secretariat)**

The Secretariat informed the Committee of the status of this pre-project. An Information Officer had been appointed in the Division of Management Services, who had responsibility for implementing this pre-project as from mid-1995. The public relations pamphlet, originally envisaged to be prepared under the pre-project, had been superseded by the ITTO ten-year review brochure. The document management system had also not been implemented, but a scanner had been purchased to facilitate and expedite the handling of translations, etc.

(ii) **PPD 10/95 Rev.1 (M) Analysis of Macroeconomic Trends in the Supply and Demand of Sustainably Produced Tropical Timber from the Asia-Pacific Region - Phase III (ITTO Secretariat)**

The Secretariat briefed the Committee on the successful updating of the models and conduct of the demonstration workshop under this pre-project. Attention was drawn to the recommendations of the final report, in particular for individual members to submit project proposals to assist in implementing the models at a country level. The Secretariat stressed the importance of these models in demonstrating the value of reliable forest statistics for improved planning.

(iii) **PD 27/93 Rev.3 (M) Training Workshops on Tropical Forestry and Timber Trade Statistics - Phase II (ITTO Secretariat)**

The Secretariat informed the Committee of the successful completion of the second cycle of workshops under this project, with special thanks to the host agencies in Venezuela, Côte d'Ivoire and Malaysia. It referred to the independent review of these and all earlier workshops contained in document PCM(XVIII)/6, which had found the training workshop programme very valuable.

6. Report of Completed ITTO Activities

The following completed activities on the topic of certification were considered in a Joint Session of the Permanent Committees. During this discussion, the IHPA submitted a position statement on certification, prepared by its Certification Working Group and approved at its 40th Annual Convention in April 1996. This is contained in Appendix C.

(i) **PPA 16/31 Study of the Developments in the Formulation and Implementation of Certification Schemes for All Internationally Traded Timber and Timber Products**

One of the consultants retained under this activity (Dr. Markku Simula) presented the Study. The Joint Session generally endorsed the Study. Some delegations called for such surveys to be carried out on a regular basis. In seeking the consultants' opinion on the future role of ITTO in this field, members were directed to the report's recommendations for future work (policy dialogue and development of certification schemes, capacity building, market transparency and promotion, and support to developing countries), all of which were felt to be useful areas for ITTO to focus on. Several members provided corrections or additions to information relative to their countries; these will be forwarded to the consultants who will prepare a final revision of their report for wider distribution, including circulation to impending related conferences.

Several comments and concerns regarding the report and certification in general were raised by delegates. These included: the risk of certification discriminating against small and medium-sized forestry operations; the implications of certification for plantation forestry; the competitive advantages of plantation and temperate timber over tropical timber; the necessity of undertaking chain of custody certification (as opposed to forest management certification);

the agencies to carry out certification and the extra costs involved; the relevance of certification to domestic markets; the appropriateness of industry driven (ISO) or NGO driven (FSC) schemes; and the need for ITTO to also undertake studies of life cycle analysis of timber and substitute products. Many delegations emphasized the finding that there was at best a small niche market willing to pay a green premium for certified timber.

The U.S. delegation questioned the report's assumption that certification would be an acceptable policy instrument in all countries, and that the preference for certified products existed worldwide. It cautioned against the linking of national criteria and indicators for sustainable forest management (country level) with certification performance standards (management level). The U.S. delegation also felt that any conclusions on this subject should not pre-judge on-going discussions by the IPF.

**(ii) PPA 16/32 Study of Markets and Market Segments for Certified Timber and Timber Products**

Many members felt that the revised report had still not met the Terms of Reference of the activity and still contained several shortcomings, including a lack of primary data and analysis, inadequate attention to all viewpoints and a lack of recognition of the dynamics of evolving markets. The U.S. delegation suggested that this report be classified for restricted distribution because it failed to meet the standards of ITTO.

**7. Report of Pre-Project Work in Progress**

The Committee considered a report [document PCM(XVIII)/4] prepared by the Secretariat on the progress or status of pre-projects approved for financing and implementation by the Council. The Committee took note of the progress report on the following four pre-projects:

**(i) PPD 4/95 Rev.1 (M) Management and Utilization of the "Paca" (*Guadua sarcocarpa*) (Peru)**

The representative of Peru reported that the international consultant retained under this pre-project, Prof. Zhu Shilin (China), would be shortly arriving in Peru to start work for two months.

**(ii) PPD 7/95 (M) Creation of a National System for the Collection and Processing of Congo Forestry Statistics (Congo)**

The Secretariat informed the Committee that work had just begun under this pre-project, with a Belgian consultant soon to travel to Congo.

**(iii) PPD 12/95 Rev.2 (M) Evaluation and Enhancement of ITTO's Statistical Functions and Networks (Japan)**

The Secretariat reported the results of the first meeting of the Technical Working Group (TWG) under this pre-project, and the work programme for the two consultants. The report of the TWG will be available for the Committee's consideration at its next session. The representative of Sweden commended the work of the first meeting of the TWG from reports she had received from the participating Swedish expert. The representative of Gabon gave apologies for not being able to participate in the first meeting due to overlap with the seminar organized under PD 36/92 (M). The representative of the U.S. expressed concern to ensure that trade and environmental NGOs be involved in the second meeting, or that the consultants undertake adequate contact with such groups during their travel programme. Finally, the representatives of the U.S. and UCBD expressed concern with the timing of the consultants' travel programme and urged that adequate notice be given to agencies to be visited. The Secretariat gave assurances that every effort would be made to solicit the views of NGOs which are unable to attend the Second Session of the TWG.

- (iv) **PPD 13/95 Rev.1 (M)      Creation of a Structure for Research, Collection and Publication of Economic Information with the View to Establish a Sustainable Database on the Marketing of Timber in Cameroon (Cameroon)**

The Committee noted that this pre-project was still awaiting funding. It urged the Council to make funding available as soon as possible to allow immediate implementation.

**8.      Report of Project Work in Progress**

The Committee considered a report [document PCM(XVIII)/5] prepared by the Secretariat on the progress or status of projects approved for financing and implementation by the Council. The Committee took note of progress reports on the following eight projects:

- (i) **PD 167/91 Rev.1 (M)      Diagnosis and Evaluation of the Brazilian Forestry Sector (Brazil)**

The Secretariat reported that there had been substantial delays encountered in finalizing the regional reports and the final National Report under this project, but that these were expected to be submitted soon by the implementing agencies (IBAMA/FUNATURA).

- (ii) **PD 36/92 (M)                      Collection and Computer Processing of Forest Statistics with a View to Improving the Management of the Forest Resources of Gabon (Gabon)**

The representative of Gabon reported that the project is now complete and that the French version of the final report had been submitted to the Secretariat and would be available for final consideration at the next session of the Committee. A summary of the original French and the English and Spanish versions of the report will be made available to members.

- (iii) **PD 16/93 Rev.4 (M)      Market Information Service for Tropical Timber and Timber Products (MIS) - Phase III (ITTO Secretariat)**

The coordinator of the MIS gave a status report on the service, informing the Committee that nearly 1,000 copies of the MIS are now being distributed. Funds limited the extent to which the distribution list could be expanded, but it was anticipated that a subscription system would be implemented in future to offset at least some part of the distribution costs. The representative of UCBD cautioned that interest in the MIS could drop significantly if recipients in member states were charged for the reports. The representative of Ghana questioned the relevance of finished product prices (e.g. furniture) in consumer markets to most producers and asked that the MIS focus on more basic secondary products such as mouldings. The representative of Colombia requested additional copies of the report which the Secretariat agreed to provide subject to cost limits.

- (iv) **PD 5/94 Rev.3 (M)              Development of Computerized Information System for the Forestry Commission of Ghana (Ghana)**

The representative of Ghana reported that after an initial delay, bids for the computer hardware and installation had been received and the contract awarded to a South African firm in March 1996. Installation and training seminars are underway. The representative of Switzerland requested that a detailed workplan showing progress to date and scheduled monitoring be submitted.

- (v) **PD 34/94 Rev.1 (M)              Establishment and Implementation of a Forest Statistical Information System (Colombia)**

The representative of Colombia reported that the project agreement had been signed after some delay and that work was now proceeding. In particular, he highlighted the warm welcome the project had received from the private sector, the regional autonomous corporations and

other institutions in the forest sector. He noted that the project will establish the forest component of the environmental information system of Colombia.

**(vi) PD 35/94 Rev.4 (M,I) Forest Products Marketing Organization Feasibility Study (PNG)**

The representative of PNG reported that the Australian consulting company selected to assist with implementation of this project had completed stage 1 of the project and that the report of this stage would be submitted by the end of May. As work under stage 2 will be directly related to the findings of stage 1, the representative of PNG requested that the mid-term review of the project be carried out as soon as possible to ensure the Secretariat's input for stage 2. The representative of Switzerland requested that a detailed workplan showing progress to date and scheduled monitoring be submitted. The representative of the U.S. asked when stage 2 work would commence and was informed that work would commence immediately following the mid-term review of stage 1.

**(vii) PD 50/94 (M,I) Selection and Introduction of Lesser-known and Lesser-used Species for Specific End-uses - Phase IV (The Netherlands)**

This project is still awaiting financing and will lapse under ITTO's sunset clause following this Session. The Committee urged the Council to provide financing for this project.

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

This project is still awaiting financing. The Committee took note of the report of the independent evaluation of the statistical workshop program as carried out to date, as contained in document PCM(XVIII)/6. It noted that the review suggested modifications to the workshop curriculum, and that these should be incorporated into the current proposal through consultations between the Secretariat, the implementing agencies and donor(s).

The Committee urged the Council to provide financing for this project.

**9. Consideration of Pre-project and Project Proposals**

The Committee had before it one pre-project and three project proposals evaluated by the Expert Panel for the Technical Appraisal of Project Proposals (and subsequently revised in accordance with its recommendations). The Committee decided to consider only those projects which were recommended to it by the Expert Panel at its Eleventh or earlier sessions (the technical appraisals of these projects/pre-projects are contained in Appendix A). However, the representative of China drew the Committee's attention to what he perceived as inconsistency in the Panel's conclusion that proposal PD 24/96 (M) "A Multimedia Information System on Bamboo in Tropical Areas", was not relevant to ITTO, in that the proposal had arisen from a project idea endorsed by the last Committee session. While the proposal had subsequently been withdrawn, the representative of China stressed that his government did not agree with the conclusion of the Expert Panel in this case.

**(i) PPD 6/96 (M) Workshop on Ecological, Social and Political Issues in Certification of Forest Management (Malaysia/Canada)**

The Secretariat provided details of the origin of this pre-project which was submitted directly to this session of the Committee following the recommendation of the Expert Panel in its review of an earlier project proposal [PD 7/96 (M)]. The representative of Canada gave a detailed introduction of the proposal concluding that it offered an economical way for ITTO and others to keep abreast of developments in this field. The representative of the U.S. requested details of the eight related conferences to be attended; details of four were provided with the others still to be finalized. Concern was expressed that some proposed meetings may not be relevant, and that the budgeted amount for monitoring and evaluation was too low. The Committee recommended this (further revised) pre-project for immediate funding and implementation.



- (ii) **PD 1/95 Rev.2 (M) Training Development on Assessment of Sustainable Forest Management in Indonesia (Indonesia)**

This revised project was deferred by the Government of Indonesia for consideration at the Committee's next session. Several members of the Committee asked for further details of the criteria and indicators to be used to assess sustainable forest management under the project, and of the institutional situation for eco-labelling in Indonesia. The representative of Indonesia assured the Committee that these issues would be addressed in the third revision of the proposal.

- (iii) **PD 27/95 Rev.3 (M) Establishment and Operation of a Forest Strategic Information System (CIEF) (Peru)**

The representative of Peru presented the proposal and gave details of its background. A steering committee including all relevant agencies and ITTO would be established to oversee project progress. The Secretariat drew attention to the third revision of the proposal as itemized in document PCM(XVIII)/7, and informed the Committee that all of the recommendations of the Expert Panel had been taken into account in this revision. The Committee decided to recommend this (further revised) project for immediate funding and implementation.

- (iv) **PD 29/96 Rev.1 (M) Reinforcement of the National System for the Collection and Processing of Forest Statistics and Support for the Training of Field Units (Gabon)**

The representative of Gabon gave a detailed introduction of the proposal which follows on from work under PD 36/92 (M). He indicated how the revised proposal had taken account of the recommendations of the Expert Panel. The representative of Canada noted that the project would receive limited support from the Canadian Embassy in Libreville and supported approval of the proposal. The representative of Ghana noted that computerization of data collection/processing in his country had led to Ghana being able to provide timely, reliable information to ITTO and to Ghana being cited as one of the few ITTO members making good progress towards the Year 2000 Objective. He strongly supported approval of the proposal. The representative of the U.S. questioned the purchase of a 4-wheel drive vehicle with project funds and asked whether in-kind funds could be used for this. The representative of Gabon replied that dependence on national funds for this purpose might delay project implementation by restricting field access. The Committee decided to recommend this (further revised) project for immediate funding and implementation.

10. Decision on Fellowship Applications under Project PD 1/93 Rev.1 (M,F,I)

A selection panel, comprising the Vice-Chairman of the Council, and the Chairmen and Vice-Chairmen of the Permanent Committees, reviewed 109 applications received for fellowships. The Selection Panel's recommendations appear under the appropriate section of the report of the Permanent Committee on Forest Industry.

11. Dates of the Twenty-first Session of the Permanent Committee

The Twenty-first Session of the Permanent Committees will be held in conjunction with the Twenty-third Session of the International Tropical Timber Council, scheduled for Yokohama, Japan, from 12 to 20 November 1997.

The Twentieth Session of the Permanent Committees will be held in conjunction with the Twenty-second Session of the International Tropical Timber Council, scheduled for Santa Cruz, Bolivia, from 21 to 29 May 1997.

12. Any Other Business

Under this item the Secretariat reported on matters relating to ITTO's statistical coordination with other organizations. The Secretariat had participated in a review of FAO's statistical work in November 1995 and indicated that it would continue to participate in the work of the Inter-secretariat

Working Group on Forest Statistics (seen as the most appropriate existing mechanism for on-going inter-agency collaboration in this field), the next meeting of which is scheduled for September 1996 in Brussels. Finally, the Secretariat drew the Committee's attention to the availability of the revised 1995 Annual Review, and requested that all members assist in the distribution and return of the 1996 ITTO Forecasting and Statistical Enquiry.

### 13. Recommendations to the International Tropical Timber Council

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

- (i) PPD 6/96 (M) Workshop on Ecological, Social and Political Issues in Certification of Forest Management (Malaysia/Canada) (\$78,508)
- (ii) PD 27/95 Rev.3 (M) Establishment and Operation of a Forest Strategic Information System (CIEF) (Peru) (\$1,646,512)
- (iii) PD 29/96 Rev. 1 (M) Reinforcement of the National System for the Collection and Processing of Forest Statistics and Support for the Training of Field Units (Gabon) (\$231,045)

It further recommended that funding be made immediately available for the implementation of the following pre-project and projects approved at earlier Sessions:

- (i) PPD 13/95 Rev.1 (M) Creation of a Structure for Research, Collection and Publication of Economic Information with the View to Establish a Sustainable Database on the Marketing of Timber in Cameroon (Cameroon) (\$39,350)
- (ii) PD 50/94 (M,I) Selection and Introduction of Lesser-known and Lesser-used Species for Specific End-uses - Phase IV (Netherlands) (\$582,360)
- (iii) PD 25/95 Rev.1 (M) Training Workshops on Tropical Forestry and Timber Trade Statistics (ITTO Secretariat) (\$1,013,960)

## APPENDIX A

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

#### 1. PPD 6/96 (M,F) Workshop on Ecological, Social and Political Issues in Certification of Forest Management

This pre-project was submitted directly to the Committee following the recommendation of the Expert Panel in its review of an earlier project proposal [PD 7/96 (M,F)] submitted by Canada and Malaysia (see document PCM(XVIII)/2). The following brief relates to the original project proposal.

The project requests ITTO's financial assistance to convene a 4-day international workshop in Kuala Lumpur on the topic of timber certification. The workshop has set as its objectives, inter alia:

- i) to probe the issue of whether universally applicable standards can be developed to support "green labelling" of forest products.
- ii) to contribute significantly to the development of objective, systematic and scientifically based standards for the certification of forestry operations.
- iii) to contribute constructively to the international debate on the certification of forest products, in particular, its implications for policy issues which have been raised at the United Nations Commission on Sustainable Development.

A report of the workshop will be submitted to ITTO, which will contain an essay by the co-chairs of the workshop and a collation of papers presented during the meeting.

#### Secretariat Comments for the Eleventh Expert Panel

It is worthy of note that this proposal reflects the cooperative effort of two academic institutions; one from a producer, the other from a consumer country. On present information, it appears that the proposed workshop is due to take place in May 1996 before the next Council Session will have had the opportunity to appraise the project proposal. Furthermore, to enable an accurate assessment of costs, it will be necessary to show how the stated budget lines and scenarios add up to the total estimated figure of US\$210,000 as indicated on the title page.

#### Comments of the Eleventh Expert Panel

The Panel noted that the workshop apparently was due to take place before the Permanent Committee and the Council would have had the opportunity to appraise the project. It expressed concern that many elements of the proposal (which could have benefited in its presentation from following the ITTO format) had been put together without much clarity and coherence. Several examples may be cited: no details were provided on the workshop agenda; there was no logical correlation between the stated objectives, outputs and activities; the presentation of the budget on the basis of three different scenarios gave an unclear impression of actual cost estimates including the extent of support requested from the ITTO.

The Panel further noted that there are many other international meetings underway or planned on the subject of timber and forest certification; it felt, therefore, that more information should be provided on how this workshop could provide useful inputs into these initiatives. From the foregoing considerations, the Panel felt unable to undertake any conclusive appraisal of the project proposal.

The Panel urged the submitting governments to consider an alternative option of submitting, for consideration at the Twentieth Session of ITTC in May 1996, a pre-project proposal formulated in accordance with the ITTO format, which could request funding for the publication and dissemination of the workshop proceedings to as wide an audience as possible.

### Conclusion of the Eleventh Expert Panel

The Panel concluded that a pre-project is necessary in order to assess the situation and the viability of the proposed work and the possible formulation of a project proposal.

### Assessment by the Eighteenth Session of the Committee

The Committee decided to recommend this pre-project for immediate funding and implementation.

## **2. PD 1/95 Rev.2 (M) Training Development on Assessment of Sustainable Forest Management in Indonesia (Indonesia)**

The Indonesian Ecolabelling Institute has already established country specific Criteria and Indicators of Sustainable Forest Management based on the ITTO Criteria. The development objective of this project is to accelerate sustainable forest management in Indonesia through an Indonesian ecolabelling scheme. The project proposes to establish and implement an improved system for certification related to data collection and analysis and a standard system for training sustainability assessors and their trainers. The project will result in a pool of Indonesian assessment trainers and assessors, and will also bring together all concerned stakeholders through a series of workshops to promote acceptance and understanding of the scheme. The proposal follows the format proposed in the ITTO Manual for Project Formulation.

The project meets the objectives outlined under Programme Areas 1 (Information Collection, Analysis and Dissemination) and 4 (Situation, Trends and Prospect Studies) of the EIMI Work Program, plus many of the objectives for RFM and FI contained in the ITTO Action Plan. The project is consistent with and will directly contribute to the achievement of ITTO's 2000 Objective. The project also meets the Objectives (b), (d), (f), (g) and (h) of Article 1 of the ITTA.

### Comments of the Ninth Expert Panel

The Panel felt that the project is relevant to the objectives and priorities of ITTO. It noted that ecolabelling could be one of a number of tools to assist in the achievement of sustainable forest management and other wider environmental objectives. It felt that within this context the project might be regarded as setting an example for other tropical timber producing countries in Asia. However, in its implementation the project should take due account of the outcome of any work undertaken by ITTO on timber certification and labelling. The Panel noted that whilst the project presentation attempted to follow the format established in the ITTO Manual for Project Formulation, some items of information in the proposal were missing or given in insufficient detail. In particular, the Panel requested that the following information should be incorporated into the proposal:

- i. The Institute's relationship with the Indonesian Government and the latter's view on ecolabelling.
- ii. The Institute's relationship with other national and international eco-labelling schemes and the degree of convergence between the Indonesian eco-labelling scheme and other.
- iii. The Institute's administrative structure, infrastructure and legal status.
- iv. The selection procedures for training.

### Recommendations

Revision of the proposal should:

- i. Follow the format stipulated in the ITTO Manual for Project Formulation.
- ii. Provide an overview of the Institute's criteria and indicators for sustainable forest management.
- iii. Indicate the degree of convergence of the Institute's criteria and indicators for sustainable forest management with those developed by ITTO and other national and international agencies.
- iv. Provide information on the Institute's relationship and linkages with other agencies working on eco-labelling schemes in Indonesia.
- v. Describe the methodological approach for the field implementation of the criteria and indicators.
- vi. Provide more details on existing human resources and training requirements and describe the selection procedures.
- vii. Include the terms of reference for key personnel involved in the project.

- viii. Present, as an annex, the Indonesian Eco-labelling Institute's objectives, legal status, staffing financing, international support and the criteria and indicators for sustainable forest management.
- ix. Provide for the establishment of a Steering Committee as prescribed in the ITTO Manual for Project Monitoring, Review and Evaluation, in view of the project's importance.
- x. Reformulate the budget to comply with the ITTO Guidelines for the Selection and Employment of Consultants and Guidelines for the Procurement and Payment of Goods and Services Financed from the Special Account and to include the following:
  - presentation of the budget by activities and by components
  - allocation of ITTO monitoring and evaluation costs
  - allocation of 5.5% ITTO programme support costs

#### Conclusion

The Panel concluded that, with the incorporation of the above essential modifications, which are necessary for the project to succeed, the project should be commended to the Permanent Committee for final appraisal.

#### Assessment by the Sixteenth Session of the Committee

A revised proposal [PD 1/95 Rev.3 (M)] will be considered by the Committee at its Seventeenth Session.

#### Assessment by the Eighteenth Session of the Committee

The Committee noted that the revised proposal had not been submitted to its Seventeenth Session. The Committee was informed that a revised proposal [PD 1/95 Rev.3 (M)] would be submitted to the Committee at its Nineteenth Session.

### **3. PD 27/95 Rev.2 (M) Establishment and Operation of a Forest Strategic Information System (CIEF) (Peru)**

The formulation of this project proposal originally emanated from the pre-project PPD 5/94 (M) "Implementation of a Forest Statistical Information System", which was recommended by the Eighth Expert Panel following its appraisal of an earlier proposal [PD 22/94 (M)]. The first version of this project was reviewed by the Tenth Expert Panel, which called for a complete reformulation.

The objective of this reformulated project is to support the establishment and operation of "a Forest Strategic Information Center" (Centro de Informacion Estrategica Forestal - CIEF). The Center will have the task of providing information services compatible with the ITTO information system, through a computer network, with access to statistical/economic, textual and imagery/cartographic databases. It is based on a "work station" system, which will allow users to communicate and manage information from the databases. It is envisaged that the productivity of the sector will be increased, investments will be encouraged and sectoral revenues will increase, leading to re-investments for the development of industrial plantations, sustainable tropical forest management, research and technology transfer. In addition, CIEF will publish and disseminate timely and reliable information on the forest sector at the national and international levels.

The project's development objective is to contribute to the socio-economic and environmental development of the country through the sustained growth of the forest sector and by providing reliable, timely and readily accessible information to institutions and agencies related to the forest sector, as well as to potential investors and consumers at the national and international levels. The project's specific objective is to establish and operate a national forest strategic information center comprising statistical/economic, textual and imagery databases.

The project is consistent with the Objectives (a) to (h) of Article 1 of the ITTA, 1983 and with the program elements of the ITTO Action Plan in the field of Economic Information and Market Intelligence, specifically information collection, analysis and dissemination, and technical assistance in the establishment and improvement of statistical services.

The six paragraphs which follow reproduce, for ready reference, the relevant texts of the comments and recommendations of the Panel at two of its previous sessions.

Comments and Recommendations of the Eighth Expert Panel on PD 22/94 (M)

The Panel noted the importance of the project to improved forest statistics in Peru. It acknowledged that the project format followed the ITTO format for the most part, and that the objectives were clearly stated and relevant to ITTO's objectives and priorities. However, the Panel felt that the proposal itself was not fully thought through and needed reformulation to address the requirements for data collection and processing.

The Panel noted that the present proposal did not cover the extent the ITTO would be involved in the consultation process or the kind of support the Universidad Nacional Agraria La Molina would provide. No specific explanation had been given as to the inputs into the system and how the outputs would be utilized nor how the proposed new system would be developed from the present system. The Panel also questioned how the proposed new system would be sustained after project completion. Queries were raised on why the salaries for key personnel at both the headquarters and regional offices are slated to be covered under the ITTO budget. The Panel suggested that it would be preferable for the government of Peru to assume this responsibility as part of their counterpart contribution to the project and that the personnel be retained after project completion.

The Panel recommended that, with the assistance of a consultant, a pre-project be formulated to analyze the current forestry statistical data compilation, processing and dissemination system and to develop a project proposal following the ITTO format as an initial step in the creation of a sustainable forestry statistical service in Peru.

Conclusion of the Eighth Expert Panel on PD 22/94 (M)

The Panel concluded that a pre-project incorporating the aforementioned recommendations be formulated for the consideration of the Permanent Committee of Economic Information and Market Intelligence.

Secretariat Comments for the Tenth Expert Panel on PD 27/95 (M)

The current project provides greater details on the roles of ITTO and UNALM in the sections dealing with Outputs and the Project Steering Committee, which will include one representative from each organization and which will meet at least twice a year. A clearer description of project inputs/outputs is provided, including a detailed description of the system development and potential users. Continuity of the project work and CIEF is to be ensured by funding from the Government and the private sector, with the possibility of forest fees offsetting some administrative costs (p. 14). 30% of the costs for national personnel during the course of the project will be met by the Government of Peru's in-kind contribution. The need to retain qualified personnel after project completion is also addressed (p. 38).

Comments of the Tenth Expert Panel on PD 27/95 (M)

The Panel noted that the proposal was well presented in the ITTO format and of direct relevance to ITTO's core objectives. It expressed four major concerns, however. These were that:

- \* The proposal seemed quite ambitious given the scope of work envisaged and the existing capacity.
- \* The time allocated for development and integration of the three databases proposed is too short.
- \* The duration of the input from the international consultant is too short and the monthly budget for this input too low.
- \* There is insufficient information given on steps that will be taken by the Government of Peru to ensure sustainability of the CIEF following completion of the proposed project.

The Panel also made the following specific comments on the proposal:

- \* It was felt that the specific objective, as at present singly stated, could be split into several more detailed objectives.

- \* The Activities and Inputs section should be laid out in tabular form as per the ITTO format, with the activities numbered by outputs.
- \* Means of verification and assumptions should be included for Activities in the logical framework worksheets.
- \* The headings for sections 3.6.3.2.2 and any following sections (page 18) are missing. The numbering of Sections from page 20 (section 3.6.3.2 should be 3.6.3.3) to 25 is out of sequence.
- \* More information should be given about the role of the private sector in the implementation of the project and in continuation of the work following project completion.
- \* More information should be given regarding the availability of the local staff to begin project implementation (i.e., CVs should be provided).
- \* Reference should be made to how information generated from any TFAP activities in Peru may be used in the implementation of this project, as well as the activities of REDINFOR (referred to briefly in Section 5.0, paragraph C2 of the proposal) which deserve to be mentioned in Section 3.7.2 (Relationship to relevant actions funded by other donors).
- \* The budget by activity should be given on an annual basis. Unit costs for all equipment should also be stated. The budget should also provide for the reimbursement to ITTO of US\$48,003, the cost of the pre-project (PPD5/94 (M)) which gave rise to the project.

#### Recommendations of the Tenth Expert Panel on PD 27/95 (M)

The Panel recommended that:

- \* The project be scaled down or implemented in phases. This could involve, for example, an initial pilot phase designed to focus on training and establishment of the central CIEF facility and covering one or two of the regional offices, with the possible extension to all of the regional offices, in a subsequent phase.
- \* More time and resources be allocated for database development and integration.
- \* More time and resources be allocated for the work of the international consultant.
- \* More details be given on the steps to be taken by the Government of Peru (and the private sector) to ensure continuity of the work following project completion.
- \* The project be further revised in light of the specific comments given above with respect to presentation, budget, related activities and details of local staff.

#### Conclusion of the Tenth Expert Panel on PD 27/95 (M)

Complete reformulation of the proposal was essential, and the Panel would need to further assess such a reformulation before it could commend the proposal to the Committee for its appraisal.

#### Secretariat Comments for the Eleventh Expert Panel on PD 27/95 Rev.2 (M)

The reformulated proposal takes account of most of the Tenth Expert Panel's recommendations, particularly with respect to phasing the project. Two nodes will be established in the pilot phase, with the remaining four to come on-line under Phase II. More time and resources have been allocated for the work of the international consultant and for the database development. The budget still does not, however, provide for reimbursement of the cost of the pre-project PPD5/94 (M) into ITTO's pre-project sub-account in accordance with ITTO's financial rules under the project cycle.

#### Comments of the Eleventh Expert Panel

The Panel noted that most of the recommendations made at its previous session regarding the first version of this proposal had been incorporated, particularly the phasing of the project and the allocation of more time and resources for database development and for the work of the international consultant. It pointed out, however, that several of its specific comments had still not been incorporated in the revised proposal as follows:

- i) It was felt that the specific objective, as at present singly stated, could be split into several more detailed objectives.
- ii) More information should be given about the role of the private sector in the implementation of the project and in continuation of the work following project completion.
- iii) More information should be given regarding the availability of the local staff to begin project implementation (i.e., CVs should be provided).

- iv) Reference should be made to how information generated from any TFAP activities in Peru may be used in the implementation of this project, as well as the activities of REDINFOR (referred to briefly in Section 5.0, paragraph C2 of the proposal) which deserve to be mentioned in Section 3.7.2 (Relationship to relevant actions funded by other donors).
- v) The budget by activity should be given on an annual basis. Unit costs for all equipment should also be stated. The budget should also provide for the reimbursement to ITTO of US\$48,003, the cost of the pre-project (PPD5/94 (M)) which gave rise to the project.

The Panel also requested that more information on Peru's existing statistical infrastructure be given in the proposal together with details of any legislation which provides for statistical disclosure by forestry enterprises. Finally, it sought a clearer presentation of unit costs, by activity, for project personnel.

#### Recommendations of the Eleventh Expert Panel

The Panel recommended that:

- i) The project be revised to take account of points i)-v) above;
- ii) More information on existing statistical infrastructure be included in the proposal.

#### Conclusion of the Eleventh Expert Panel

The Panel concluded that, with the incorporation of these minor amendments, the project should be commended to the Permanent Committee for final appraisal and approval.

#### Assessment by the Eighteenth Session of the Committee

The Committee decided to recommend this project for immediate funding and implementation.

#### **4. PD 29/96 (M)                      Reinforcement of the National System for the Collection and Processing of Forest Statistics and Support for the Training of Field Units (Gabon)**

This project is a follow-up to an on-going ITTO project in Gabon, PD 36/92 (M) "Collection and Computer Processing of Forest Statistics with a View to Improving the Management of the Forest Resources of Gabon". The project intends to address several problems which were identified during the implementation of PD 36/92 (M), notable among which is the manual collection and processing of data at the local and regional level. These problems lead to delays in the collection and production of national statistics, thereby reducing their usefulness. The project proposes to establish a central system for computerized data collection and processing, equip regional offices with micro-computers and to train 10 staff members.

The specific objectives of the project are:

- i) The installation of computer equipment in regions with a view to improving the central statistical information system in Libreville, the national capital.
- ii) The strengthening of regional capabilities in computerised collection and processing of the basic data from the district inspectorates of the forestry administration.
- iii) Training of the local forestry personnel in the use of the computer equipment and the new procedures for collection and processing of forestry data.
- iv) The establishment of efficient coordination and communication between the forest statistics system of the Ministry of Forestry, Post and Telecommunications and the Environment and the other sources of forest sector data available within both the public and private sectors of the country.

#### Comments of the Eleventh Expert Panel

The Panel felt that the proposal was relevant to ITTO's mandate in the area of statistical development. As the proposal is a follow-up to PD 36/92 (M) "Collection and Computer Processing of Forest Statistics with a View to Improving the Management of the Forest Resources of Gabon", the Panel felt that this should be more accurately reflected in the title of the proposal as Phase II and that more details on the results of PD 36/92 (M) should be given. It felt that section 3.5.3 should be



expanded to include more details on the type of data to be collected and on the types of hardware and software to be purchased. The mechanism(s) to be employed for transferring data from the provinces to the central processing facility should also be clearly explained in this section. In section 3.5.4, a clear description of the operational organization of the project should be given. In section 3.7, the risk of unobtainable and/or inaccurate data should be identified. This risk should also be addressed under Activity 2.2, with some description of mechanisms to allow the collection of viable statistics from forest operators / harvesting enterprises. A discrete activity for data collection should also be included. The Panel questioned the justification for the purchase of several items of permanent equipment by the project, including a vehicle, and requested that further details on all relevant equipment already purchased through PD 36/92 (M) be included in the proposal. It also requested clarification on the nature of the 2 field compilers, listed under permanent equipment. The reference to the ITTO/ITC Market News Service in the proposal was incorrect. The implementing agency for this project, which ITTO is no longer supporting, was the International Trade Center (UNCTAD/WTO) in Geneva.

Finally, the Panel requested that the proposal provide a clear description of measures to be taken by Gabon to ensure the sustainability of the statistical system following project completion. In this regard, it felt that the computer operators, who will be required to continue operating and maintaining the system after project completion, should be funded from the contribution of the Government of Gabon.

#### Recommendations of the Eleventh Expert Panel

The Panel recommended that:

- i) More details of the results of PD 36/92 (M), including hardware and software purchased, be included in the proposal.
- ii) Sections 3.5.3, 3.5.4 and 3.7 of the project document should be revised as indicated above.
- iii) Activity 2.2 should be revised as indicated and a new activity added for data collection.
- iv) Purchase of items of permanent equipment should be clarified and justified.
- v) Measures to ensure the sustainability of the system following project completion, should be included in the proposal.

#### Conclusion of the Eleventh Expert Panel

The Panel concluded that, with the incorporation of the above essential modifications, which are necessary for the project to succeed, the project could be commended to the Permanent Committee for final appraisal.

#### Assessment by the Eighteenth Session of the Committee

The Committee decided to recommend this project for immediate funding and implementation.

### SUMMARY TABLE

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

PROJECT DOCUMENT	ITTA OBJECTIVES Article 1	AREA OF ACTIVITY		CRITERIA	ITTO BUDGET US\$	DURATION	GEOGRAPHIC COVERAGE	RECOMMENDATION (*)
		Art.23 Para.2	Art.23 Para.5	Art.23 Para.6				
PD 1/95 Rev.2 (M)	b,d,f,g,h		a,b,c,d,e		672,774	2 years	Indonesia	(deferred)
PD 27/95 Rev.3 (M)	a-h				1,646,512	years	Peru	4
PD 29/96 Rev.1 (M)	a-h		a,b,c,d,e		231,045	15 months	Gabon	4
PPD 6/96 (M,F)	b,d,f,g,h		a,b,c,d,e		78,508	1 year	Global	4

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

## **APPENDIX B**

### **SUMMARY OF MARKET DISCUSSION ON CHANGING TRADE FLOWS IN THE LIGHT OF SUSTAINABLE TROPICAL FOREST MANAGEMENT**

#### **Introduction**

The Market Discussion at the Twentieth Session of the International Tropical Timber Council was for the first time organized and moderated by the Trade. An overview presentation was made by Mr. Geoffrey Pleydell (U.K.). Other presentations were made by speakers from Brazil, Ghana, Japan, the Netherlands, the Philippines and the U.S. These were well received and a stimulating discussion, summarized below, followed.

The title of the Market Discussion implicitly links changing trade flows with the issue of sustainable forest management. That this belies the complexity of the issues in today's tropical timber trade became very clear from the presentations and discussion. The pattern of trade in tropical timber is influenced by many factors: availability (which is itself influenced by declining resources and legal and fiscal measures); stage of economic development; market perceptions; market demand and the widely divergent forces acting in the different consuming markets. The level of demand, the products demanded and the market constraints and opportunities in such diverse markets as the European Union, U.S. and Japan - have all had an impact on trade patterns. Against this background the impact of sustainable forest management on trade is only a small factor of varying significance.

#### **Trade Flows**

The most significant feature of current trade in tropical timber is the rapid emergence of Asian countries, other than Japan, firstly as major importers of all types of timber and secondly as major players in logging operations in the remaining tropical forests of the world.

African and South American producers find themselves increasingly doing business with the newly industrialized economies of Asia at a time when the traditional markets, notably in Europe and the U.S., are not very active. The pace of economic growth in Asia, coupled with the severe depletion of natural forest resources, is fueling tremendous demand.

During the discussion, specific examples and some implications of this new trend in trade were raised and debated. With regard to Brazil, in the short to medium term its exports to Asia will continue and other new markets will probably emerge. Ultimately the Brazilian domestic market will become more important. The purchasing power of Brazil's, 155 million people is growing as the economy strengthens. Inflation is being brought under control and the brakes have been applied to stabilize the economy. The forecast is for a sustained turnaround in the economy within two years. The domestic market will absorb greater volumes and will absorb more of the lesser known species and non-export grades, mainly primary grades will be exported. Alongside this is the growing realization in industry of the need to replant if the future of the timber sector is to be assured.

Exports continue to be an important feature of the Brazilian forestry sector. The country has vast forest resources of some 400 million hectares of virgin forests and the new export markets are accepting lesser known species. There are good economic reasons why exports will continue. For many companies logging far from consuming centres (sometimes up to 1,000-1,500 km) it is more profitable to export rather than to pay the huge transportation costs involved in getting products to the markets within Brazil. An added incentive to exporters is that new Asian markets are prepared to accept many more species, many of which could not be readily sold in the Brazilian market.

The newly industrialized economies of Asia are also importing from Africa and some private sector operators from certain Asian countries, have logging operations in Africa. The rich raw material base and relative proximity to the market was foreseen by African governments as attracting downstream processing mills. Sadly, this opportunity has not yet been seriously taken up by Asian investors. This lack of interest on the part of countries to invest in Africa is a source of

disappointment. African countries, justifiably, see that they must rely on their own initiatives and are aware that the remaining natural resources must be saved to sustain their own industrial development. The current temporary ban on log exports from Ghana, for example, is expected to become a permanent feature and such a move is also being considered in Gabon.

### **Relocated Logging Operations**

The phenomenon of the relocation of some Asian logging and processing operations to resource rich countries is relatively new. With the strong financial power of Asian businesses, with their experience in logging and, faced with declining availability of forest concessions at home, the move offshore makes good financial sense.

As experienced operators move into the resource rich countries the opportunity exists to get things right from the beginning and to implement sustainable forest management. Unfortunately, there are risks too. The operations of some of these companies have drawn criticism to such an extent that the term "trans-national predators" has been coined. The trade and ITTO has a role to play alongside the countries involved to develop and adopt codes of good practice for this type of operation. The opportunity exists to apply good and sound sustainable forest management to these newly opened forest resources and it would be a sad reflection on the trade if this opportunity was not seized.

### **Plantations, A Source of Raw Material**

The issue of plantation forestry was raised from two perspectives, firstly teak and other high value timber plantations and secondly rubber plantations. Plantations are becoming more extensive and important in the tropics and from the point of market acceptability. It would seem that having tropical plantations may be the way to deflect the negative perceptions in the market towards tropical wood.

In order to strengthen their resource base many countries have established plantations, some of high value timbers which are already entering the international trade. One such timber is teak, which is widely planted in the tropics. In Ghana, for example, much of the log exports, prior to the national ban, was of teak thinnings. In Ghana much of the plantation areas are of teak (as much as 70%). Teak is found to be easily established and is resistant to periodic fires which occur in the dry season. Other species planted include cedrella and gmelina. The teak in Ghana is now 20-30 years old and is managed on a 40-45 year rotation and the first sawlogs are expected in the year 2005-2008. In 1980 thinning began and poles were harvested, some of which were exported to India and Taiwan Province of China. Now incentives are provided to investors willing to install teak processing capacity and to those wishing to establish teak plantations. It is recognized in Ghana that plantation timbers will play an important role in the future of the industry.

In Trinidad and Tobago teak has been planted since 1915. The country has presently around 9,000 ha of teak on a 50 year rotation for class 1 teak. Information is needed on the best practices for the second rotation and an opportunity exists for cooperation among member countries. Teak has been found to be environmentally devastating in Trinidad and Tobago. The severe fires in the dry season, fueled by heavy leaf fall, denude the forest floor. When these fires are followed by heavy rain, erosion becomes a problem.

Teak planting in Togo goes as far back as 1807 and the teak areas in the country were extended from 1960. Now Togo has some 15,000 ha. of teak plantations, but only a part of it is under what is considered appropriate management. Teak is foreseen as a foundation for a future international trade. Indonesia has vast teak plantations and the delegate from Indonesia expressed a willingness to share information on teak silviculture and management with member countries. Some 850,000 ha. of Indonesia's 1.3 million ha. of plantations are of teak. Most of the teak is in Java. Teak grown in Outer Java is reportedly faster grown but of lower quality. There is considerable interest in extending the teak plantations in many countries and in Ecuador a recent study identified a potential area of some 650,000 ha. suitable for teak. Natural teak from Myanmar is managed and traded and the country produces 500,000 m<sup>3</sup> of teak annually. Plantations are established at a rate of 10-12,000 ha. per year by direct seeding or by stump planting. Thinning takes place at 6-8 years and again at roughly 5 year intervals up to the age of 40 years, thereafter the crop is left at stocking of about 100 trees per ha.

Rubber is a highly important plantation crop in Asia which not only produces latex but its timber also constitutes an important raw material for wood industries including furniture and wood-based panels. In the Philippines it has been proposed as a forest plantation crop. As the management of rubber plantations is labour intensive, this would make it highly suitable in the Philippines. The fact that rubberwood is not more extensively planted in the Philippines is due partly to government policies regarding private land ownership. Strong arguments have been advanced for a review of the land ownership laws and for privatization of much of the forestry sector in the Philippines.

### **Markets for Sustainably Managed Timber and Added-Value Products**

In as much as trade flows have changed, so too has the pattern of trade. The once apparently clear borderlines between the markets for hardwoods and softwoods and between the markets for tropical woods and temperate woods are merging. Traders and importers are now, of necessity, having to deal in a wider supply catchment. If the volume of the tropical timber trade side of business drops, it has to be replaced by something else if turnover is to be maintained. Some tropical countries are now importing temperate woods in unprecedented quantities. Today we are seeing countries which were once net exporters becoming importers of temperate woods, softwoods and hardwoods from their neighbours. Within this complex matrix is the gradual shifting position of plywood, MDF, OSB and particleboard in the wood based panel sector. Tropical producers of reconstituted boards from tropical timbers are effectively trading in the once exclusive domain of the softwood panel industry. The changes that are taking place are the result of complex forces in which resource availability, technological developments, market taste and environmental awareness, amongst others, all play a part.

The changing trade is creating new opportunities and new risks and there are very distinct differences in the various markets. The issue of certification of tropical timber in particular is an important feature of trade in some European countries. At present, it is far less significant in influencing consumer purchasing habits in the U.S. and Japan. If the issue of certification gains firm ground in Europe, then, from the tropical timber producers' point of view, the European market will become more fickle, restrictive, difficult to access and potentially less profitable. Alarm has been sounded by producers and the European trade that, despite the efforts towards (and successes) in sustainable forest management, market access in Europe is not getting easier. In continental Europe, a number of municipal authorities have taken steps to place restrictions and bans on the use of tropical timber products within the limits of their own democratic competence. Perhaps it is time once again to signal that, if the markets for timber from well managed forests become so demanding so as to become unattractive and unprofitable, then other less demanding markets, will be sought. This could slow the momentum towards sustainable management.

The promises of resources, technology and assistance for the development of sustainable forest management have been slow to materialize. The producer countries once again alert the consumers, that, if meaningful change is to take place and if sustainable forest management is to become a reality, then the markets must remain open. To maintain the momentum towards sustainable forest management, the markets for primary products and, equally important, for added-value products, must remain unrestricted. While there is evidence that the U.S. market is receptive to imports of furniture and manufacture goods from tropical producers, the perception is that both Europe and Japan are less open to this trade. However, recent developments indicate a rapidly growing market for garden furniture of teak, nyatoh and meranti in Europe.

### **Suggestions for Follow-up Action**

The active and stimulating discussion following the presentations by speakers resulted in several suggestions being made as follows:

- Ways need to be found to disseminate information on ITTO efforts and successes in sustainable forest management;
- There is a need to strengthen guidelines and criteria for sustainable forest management, making it easier to implement them in practice at the forest level;
- A code of conduct should be considered to guide logging companies when they operate "offshore" logging operations;

- There is considerable experience in tropical plantation establishment and management amongst member countries and ways need to be explored to share this experience. Existing information networks for teak and rubberwood offer immediate opportunities for member countries to share information and experiences and access to these networks should be encouraged.
- As the future of the tropical timber trade will be in downstream production there is a need to create greater transparency in the market for added value products and a need to ensure that market access is not hindered in any way;
- Finally, there was a very strong desire expressed by participants that the style and management of future market discussions should follow the model established at this Twentieth Session of the Council.

## APPENDIX C

### IHPA POSITION STATEMENT ON CERTIFICATION

IHPA - The International Wood Products Association, through its Certification Working Group (CWG) (a Sub-Committee of the C.U.R.E. Committee), has studied the issue of certification of forest management and wood products. IHPA has found that there is no demand for certification on the part of the vast majority of end-users of these products, especially if there is an expectation that the end-user help pay for the additional costs associated with certification. IHPA also finds that current self-described "third-party, independent" certification programs are very expensive, contain criteria addressing social and other issues that are non-quantifiable and often beyond the control of forest managers, and make little, if any, positive contribution towards addressing the real issues affecting forest management and/or deforestation. Therefore, IHPA recommends that each individual company consider whether the pursuit of certification, in any manifestation, is in their best interest.

IHPA recognizes the sovereignty of the producing nations and applauds their progress towards the implementation of the International Tropical Timber Organization (ITTO) Objective Year 2000 goal of sustainable forest management. IHPA strives to assist the forest products industries in these regions to enhance and publicize these efforts. IHPA believes that consuming countries can best bolster these improvements in forest management by providing open markets for forest products and by providing the necessary technical and financial assistance for continued advancement. IHPA seeks to encourage the continuous improvement of forest management and feels that the International Standards Organization (ISO) approach that takes into account local conditions and needs, is worthy of consideration if certification is being contemplated.

IHPA urges other groups studying the issue of certification of forest products, including the ITTO, the U.N. Commission on Sustainable development (UNCSD), Intergovernmental Panel on Forests (IPF), and the Tropical Forest Foundation (TFF) to adopt or endorse a similar position.

(This position statement was voted-on and approved by the Board of Directors of IHPA - The International Wood Products Association at its Adjournment Meeting at the IHPA's 40th Annual Convention, 26 April 1996)

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**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL  
EIGHTEENTH SESSION OF THE PERMANENT COMMITTEE ON  
REFORESTATION AND FOREST MANAGEMENT  
15 - 23 May 1996**

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## REPORT

### 1. Introduction

The Eighteenth Session of the Committee was opened, on 15 May 1996 by the Vice Chairman of the Permanent Committee on Reforestation and Forest Management, Dr. Jürgen Blaser (Switzerland). The Chairman, Ing. Angel Murillo Reina (Honduras), was absent during the first three days with apology. The list of Participants is reproduced in Document ITTC(XX)/Info.2 Rev.1.

### 2. Adoption of Agenda and Organization of Work

At the first meeting on 15 May 1996, the Committee formally adopted the Agenda of its Eighteenth Session as contained in Document PCF(XVIII)/1 Rev.1.

### 3. Admission of Observers

A list of observers admitted by the Committee to attend its Eighteenth Session is contained in Document ITTC(XX)/Info.3.

### 4. Annual Review and Assessment of the World Tropical Timber Situation

Joint Session with the Permanent Committee on Economic Information and Market Intelligence (PCM) and the Permanent Committee on Forest Industry (PCI); to be reported by PCM.

### 5. Report on Completed Projects

The Secretariat explained that the projects listed in Document PCF(XVIII)/3, Report on Completed Projects, are considered technically completed. The field activities for these projects have been concluded and the final report and the audited financial report has been submitted to the Secretariat. However, the Secretariat explained that some administrative issues may still be pending such as the acceptance of the audited financial report. With this in mind, the Committee reviewed the following completed projects found in PCF(XVIII)/3.

#### 1) PD 15/87 Rev.1 (F) The Biology of Okoume (Aucoumea klaineana Pierre) in Gabon (Gabon)

The Committee noted that the Final Report of the Project had been circulated as PCF(XVIII)/12. The audited financial report had also been submitted to the Secretariat. Therefore this project will be closed as soon as the review of the financial report is completed and accepted by the Secretariat.

#### 2) PD 204/91 Rev.1 (F) Identification and Study of a Plantation Project for the Production of Timber (2500) in the Reserved Forest of Hahobaloe (Plateau Region) (Togo)

The Committee noted that the Final Report of the Project had been circulated as PCF(XVIII)/11. The audited financial report had also been submitted to the Secretariat. Therefore this project will be closed as soon as the review of the financial report is completed and accepted by the Secretariat.

#### 3) PD 39/92 Rev.1 (F) Dissemination and Training on ITTO Guidelines and Criteria (Brazil)

The Committee noted that the Final Report of the Project had been circulated as PCF(XVIII)/10. The audited financial report had also been submitted to the Secretariat. Therefore this project will be closed as soon as the review of the financial report is completed and accepted by the Secretariat.

**4) PD 5/93 Rev.1 (F) Ten-Year Production of Treated Residual Dipterocarp Forest Stands (Philippines)**

The Committee noted that the Final Report of the Project had been circulated as PCF(XVIII)/9. The audited financial report had also been submitted to the Secretariat. Therefore this project will be closed as soon as the review of the financial report is completed and accepted by the Secretariat.

**5) PD 36/93 Rev.1 (F) Securing the Implementation of Improved and/or New Established Nurseries in Egypt (Egypt)**

The Committee noted that the Final Report of the Project had been circulated as PCF(XVIII)/13. The audited financial report had also been submitted to the Secretariat. Therefore this project will be closed as soon as the review of the financial report is completed and accepted by the Secretariat.

**6. Report on Completed Pre-Projects**

The Secretariat informed the Committee that since its last session in Yokohama, Japan in November 1996, one pre-project has been completed as described in Document PCF(XVIII)/4, Report on Completed Pre-Projects.

**1) PPD 43/91 Rev.1 (F) Rehabilitation of Degraded Forest Land in the Amazon - A Case Study in the Carajas Mineral Province (Brazil)**

The Committee noted that the Final Report of the Pre-Project had been circulated as PCF(XVIII)/19. The audited financial report had also been submitted to the Secretariat. Therefore this pre-project will be closed as soon as the review of the financial report is completed and accepted by the Secretariat.

**7. Review of Project Work in Progress**

The Committee took note of a status report (Document PCF(XVIII)/5) by the Secretariat on the 68 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 (54), b) awaiting the signing of an Agreement (6), c) pending finance (8), or d) falling under the sunset provision since last Session (2).

**A) *Projects under implementation***

- 1) PD 52/89 Rev.4 (F) Forestry Treatment by Thinning-Out in the Context of a Pilot Forest Development Scheme in the Reserve Forest of Sud-Bakundu (Cameroon)
- 2) PD 68/89 Rev.1 (F) Management of Tapaj s National Forest for Sustainable Production of Industrial Timber (Brazil)
- 3) PD 77/90 (F) Establishment of A Pilot Area for Silviculture in Closed Forests in Congo
- 4) PD 89/90 (F) Sustainable Forest Management and Human Resources Development in Indonesia - Phase I
- 5) PD 95/90 (F) Forest Management in the Alexander von Humboldt National Forest, Phase I, II, and III (Peru)
- 6) PD 99/90 Rev. 1 (F) Establishment of Rio Preto National Forest (Brazil)
- 7) PD 103/90 Rev. 1 (F) Training and Manpower Development in Community Forestry Management (Nepal)

- 8) PD 104/90 Rev. 2 (F) Studies of the Management Standards of Hill Dipterocarp Forest in Sarawak from a Watershed Management Point of View - Phase I (Malaysia)
- 9) PD 105/90 Rev. 1 (F) Model Forest Management Area, Phase I (Malaysia)
- 10) PD 106/90 Rev.1 (F) Development of the Lanjak Entimau Wildlife Sanctuary as a Totally Protected Area - Phase I (Malaysia)
- 11) PD 115/90 Rev.1 (F) Rehabilitation of Natural Forests (Malaysia)
- 12) PD 120/91 Rev.4 (F,I) Development of Operational Model for Sustainable Management of Natural Tropical Forests (Malaysia)
- 13) PD 128/91 Rev.1 (F) Management, Conservation and Development of Mangrove Forests in Panama
- 14) PD 130/91 Rev.2 (F) Plantation Establishment Methods (First Phase) (Philippines)
- 15) PD 131/91 Rev.2 (F) Pilot Project for the Sustained Management of the So'olala Forest (Cameroon)
- 16) PD 162/91 Rev.1 (F) Intensification of Growth and Yield Studies in Previously Logged Forests (Papua New Guinea)
- 17) PD 171/91 Rev.2 (F) Conservation and Management for Multiple Use and development of Colombian Mangrove Swamps - Phase I
- 18) PD 172/91 Rev.2 (F) The Recovery of Natural Systems of the Hillsides of Caqueta - Phase I (Colombia)
- 19) PD 176/91 Rev.1 (F) Sustained Management for Production, Conservation, Demonstration, Diffusion and promotion Activities In Moist Tropical Forests in Ecuador's Northwest
- 20) PD 185/91 Rev.2 (F) Sustainable Forest Management and Development in Peninsular Malaysia - Phase I
- 21) PD 186/91 Rev.2 (F) Tree Flora of Sabah and Sarawak (Malaysia)
- 22) PD 202/91 Rev.1 (F) Sustainable Forest Management Through Collaborative Efforts (Thailand)
- 23) PD 8/92 Rev.2 (F) Study on the Growth of Native Species of Commercial Interest in Honduras
- 24) PD 9/92 Rev.1 (F) Forest Management in Islas de la Bahia, Honduras, Central America
- 25) PD 11/92 Rev.1 (F) Development and Dissemination of Re-afforestation Techniques of Mangrove Forests (Japan/Thailand)
- 26) PD 14/92 Rev.2 (F) A Demonstration Program of Sustainable Utilization of Tropical Forests by Means of Differentiated Management in Hainan Island, China - Phase II
- 27) PD 18/92 Rev.2 (F) Determination of Forest Typology Related to Silvicultural Systems (Côte d'Ivoire)
- 28) PD 26/92 Rev.2 (F,I) Development of Methods and Strategies for Sustained Management of Moist Tropical Forests in Cameroon

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|-----|--------------------|--|
| 29) | PD 37/92 Rev.1 (F) | Preliminary Studies and Preparation of a Management Plan for the Bokoue Forest (Gabon)   |
| 30) | PD 42/92 Rev.1 (F) | Reforestation and Sustainable Management and Utilization in the Natural Cloud Forests of Jaen-San Ignacio - Phase II (Peru)                                  |
| 31) | PD 2/93 Rev.1 (F)  | Integrated Pilot Management of the Ngoua II Forest North-Phase I: The Preparation of the Management Plan (Congo)   |
| 32) | PD 6/93 Rev.2 (F)  | Manual and World Natural Mangrove Atlas for Mangrove Ecosystem Restoration (Global)  |
| 33) | PD 11/93 Rev.1 (F) | A Strategy for the Sustainable Management and Harvesting Forest Resources Leading to the Consolidation of the Indigenous Territories in the Colombian Amazon |
| 34) | PD 20/93 Rev.1 (F) | Development of National Guidelines for the Sustainable Management of Natural Tropical Forests in Cameroon  |
| 35) | PD 22/93 Rev.4 (F) | Forest Management, Community Participation and Sustainable Utilization in Si-Kop Forest Area, Coastal Province, Cameroon                                     |
| 36) | PD 24/93 Rev.2 (F) | Forest Management of Natural Forest in Malaysia - Phase II   |
| 37) | PD 25/93 Rev.1 (F) | Evaluation of Progress Made by Ecuador Towards Achievement of ITTO Target 2000   |
| 38) | PD 26/93 Rev.1 (F) | Development of Bentuang Karimun Nature Reserve as National Park - Phase I (Indonesia)  |
| 39) | PD 32/93 Rev.2 (F) | Rehabilitation of Logged-over Forests in Asia/Pacific Region (Sub Project III) (Regional)  |
| 40) | PD 33/93 Rev.1 (F) | Conservation, Management, Harvesting and Integrated and Sustained Use of Forests in the Chimanes Region, Beni, Bolivia - Phases I                            |
| 41) | PD 35/93 Rev.4 (F) | Forestry Management, Community Development and Sustained Use of Forest on the Punta Patiño Nature Reserve, Darien Region, Republic of Panama - Phase I       |
| 42) | PD 4/94 Rev.3 (F)  | East New Britain Balsa Industry Strengthening Project (Papua New Guinea)   |
| 43) | PD 8/94 Rev.2 (F)  | Evergreen Club of Ghana/ITTO Youth in Forestry Project (Ghana)   |
| 44) | PD 16/94 Rev.1 (F) | Reforestation for Production of Valuable Timber and Non-Timber Products (Peru)   |
| 45) | PD 18/94 Rev. 1(F) | Participatory Forest Development in the Alto Mayo Region for the Sustainable Management of Moist Tropical Forest - Phase I                                   |
| 46) | PD 27/94 Rev.2 (F) | Women and Tropical Forest Development Program (Ghana)  |
| 47) | PD 28/94 Rev.1 (F) | Continuation of the Publication of the Journal "Bosques y Desarrollo" and Organization of a Communication and Information Service (Andean Region)            |

- 48) PD 31/94 Rev.1 (F) Planning Practical and Cost-Effective Strategies for Genetic Resource Conservation of Commercial Tree Species in Tropical Asia (Regional, Malaysia)
- 49) PD 2/95 Rev.1 (F,I) Book and Databank on the Lesser-Known Timbers of South-East Asia: Volume 5(3) within the PROSEA Programme (Regional, Indonesia)
- 50) 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)
- 51) PD 8/95 Rev.1 (F) Multiple Resources Stratification, Mapping and Inventory for the Management of the First Forest Zone in Gabon - Phase I
- 52) PD 9/95 Rev.2 (F) Reforestation Using High-Value Tropical Species in Agroforestry Systems of the Province of Tambopata (Peru)
- 53) PD 16/95 Rev.2 (F) Forest Health Monitoring to Monitor the Sustainability of Indonesian Tropical Rain Forest (Indonesia)
- 54) PD 28/95 Rev.1 (F) International Conference on Community Forestry: A Tool for Sustainable Forest Management (Philippines)

**B) Projects awaiting implementation agreement**

- 1) PD 172/91 Rev.2 (F) The Recovery of Natural Systems of the Hillsides of Caqueta - Phase II (Colombia)
- 2) PD 12/93 Rev.3 (F) Integrated Forest Fire Management in Indonesia - Phase I: National Guideline on the Protection of Tropical Forests Against Fire
- 3) PD 14/95 Rev.2 (F) Model Forest Management Area - Phase II (Malaysia)
- 4) PD 37/95 Rev.1 (F) Management of Cativo Forests and Non-Timber Products with the Participation of Rural and Indigenous Communities, Darien, Panama
- 5) PD 39/95 Rev.1 (F) Institutional Strengthening for the Sustainable Management of Forest Plantations (Colombia)
- 6) PD 41/95 Rev.1 (F) Piloting Collaborative Forest Management Systems for Off-Reserve Areas in Southern Ghana

**C) Projects awaiting financing**

- 1) PD 171/91 Rev.2 (F) Conservation and Management for Multiple Use and development of Colombian Mangrove Swamps - Phase II
- 2) PD 33/92 Rev.4 (F) The Establishment of a Demonstration Area for Sustainable Use in the Wood Resources Base of the Forest Enterprise in N'Lobo (Cameroon)
- 3) PD 35/93 Rev.4 (F) Forestry Management, Community Development and Sustained Use of Forests on the Punta Patino Nature Reserve, Darien Region, Republic of Panama - Phase II
- 4) PD 2/94 Rev.2 (F) Dissemination of Silvicultural Experiences with Promising Forest Species in the Peruvian Amazon Region

- 5) PD 49/94 Rev.1 (F) Establishment of an Ongoing Forest Monitoring Network (Permanent Growth Plots) in the Forest Reserves and Woodlots of the Guiana Region (Venezuela)
- 6) PD 10/95 Rev.2 (F) Evaluation of Silvicultural Trials of Indigenous Timber Species for Developing Forest Plantations in Gabon
- 7) PD 30/95 Rev.1 (F) Dissemination and Training on ITTO Guidelines and Criteria - Phase II (Brazil)
- 8) PD 43/95 Rev.1 (M,F,I) First Latin American Workshop on Tropical Forests Within the Framework of the International Tropical Timber Agreement (Venezuela/Peru)

**D) Projects coming under the sunset provisions since last Session**

- 1) PD 23/94 Rev.1 (F) Rehabilitation of Fire Affected Forests in East Kalimantan
- 2) PD 26/94 Rev.1 (F) Conservation and Sustainable Management of Mangrove Genetic Resources - Phase II: Establishment of Four Conservation Centers, Human Resources development and Preparation of Guidelines for the Sustainable Management of Tropical Tidal Forests

**Permanent Committee's Recommendations on the implementation of Specific Projects**

The Committee noted the reports on the progress of these projects in Document PCF(XVIII)/5 and further discussed the substantive issues associated with a number of Projects in depth. Details of these discussions are as follows:

- 1) PD 52/89 Rev.4 (F) **Forestry Treatment by Thinning-Out in the Context of a Pilot Forest Development Scheme in the Reserve Forest of Sud-Bakundu (Cameroon)**

The Committee expressed concern over the continued delay in project implementation. It acknowledged that a revised project workplan, taking into account all belated activities would be submitted to the Secretariat by end of June 1996. In the meantime, the Committee accepted to grant the project with an extension of one year until August 1997, at no extra costs.

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

The Secretariat informed the Committee on the results of the Second Review of the Project which was conducted jointly by the ITTO Secretariat and the Indonesia Ministry of Forestry. It further noted that the report of the Review had been distributed to the Members as document PCF(XVIII)/14. The Resident Adviser of the Project, Mr. M. Kuswanda, briefed the Committee on the highlight of the activities and current progress of the project. He stressed that the programme for Ph.D. and Masters education will likely not be completed under the schedule of the Phase I, hence, further extension is required.

The Indonesian Delegation expressed appreciation to the Secretariat for the successful conduct of Second Review and suggested that the Phase I of the Project be completed and the remaining activities which pertain to monitoring of post-graduated students, be carried forward and continued under Phase II. The Indonesian Delegation also proposed to engage a consultant using the available budget, to develop the operational plan for Phase II, taking into consideration the outcome of Phase I. This proposal was supported by the Delegations from Malaysia, India and USA. The Committee agreed to the proposal for hiring consultant(s) within the available budget and suggested that the entering into Phase II of the Project be solicited at a later stage.

**3) PD 95/90 (F) Forest Management in the Alexander von Humboldt National Forest, Phase I, II, and III (Peru)**

The Committee noted the progress achieved in project implementation and recommended the executing agency give a formal presentation of the project's accomplishments at the next Session of the Permanent Committee to be held in Yokohama in November 1996.

**4) PD 104/90 Rev.2 (F) Studies of the Management Standards of Hill Dipterocarp Forest in Sarawak from a Watershed Management Point of View (Malaysia)**

The Chair questioned to the Malaysian Delegation whether an extension is needed for the project taking into account the implementation of the additional activities under PCF(XVIII)/12 as approved in the Seventeenth Session. The Malaysian Delegation clarified that signing of the Addendum has just been done this month. Since an extension of eight months had been granted in the previous Session, the project is expected to be completed in December 1996, and there is no additional extension needed.

**5) PD 105/90 Rev.1 (F) Model Forest Management Area Phase I (Malaysia)**

The Committee noted that Phase I of the project is towards the end of its implementation and all related project reports are being finalized. The Secretariat informed the Committee that the Agreement regulating the Phase II of the project (PD 14/95 Rev.2 (F)) has just been signed. The Committee requested that the Phase I of the project to be finalized, and the second phase of the Project, PD 14/95 Rev.2 (F) be started as of 1st June of 1996.

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

The Committee noted that the Final Report of the Project has been submitted to the Secretariat and its Executive Summary had been distributed as document PCF(XVIII)/21. The Malaysian Delegation reiterated the importance of this project in view of its trans-boundary nature with Bentuang Karimun Project (PD 26/93 Rev.1 (F)), both supported by ITTO.

The Malaysian Delegation also informed the Committee that the revision of the proposal for Phase II of the project is still being undertaken. In this respect, the Malaysian Delegation expressed concerns that some comments given by the Expert Panel were irrelevant to the local situation. This included the Panel's comments on training needs which was viewed as based loosely on a well-known programme in Costa Rica. Malaysia felt that the need to "train local forestry staff" in connection with this project is not necessary, since they are already skilled and qualified. Thus, they will benefit most from participation as counterparts to project experts which is a key feature of the Phase II.

Malaysia strongly felt that the Panel's ideas on "Community Forestry" are somewhat out of date, and not applicable to Lanjak-Entimau as a Totally Protected Area. Despite the best intentions, such project eventually amount to not much more than a subsidiary program that can be increasingly both unproductive and uneconomical, and may lead to a potential risk of a conversion to other purpose than conservation. The Sociologist Report produced under Phase I has shown that the communities near the project would want the area to remain a conservation area. It further added that the model chosen for Lanjak Entimau Conservation (Sarawak - Malaysia) is different from that of Bentuang Karimun (Indonesia); therefore, "duplication" of results is not possible, while duplication of field procedures is undeniably valuable, i.e. to allow for comparisons to be made.

The Delegations of Indonesia and Ghana shared the views of Malaysia and reiterated the importance to consider the local situation in Sarawak, while the US Delegation stated that development of a community program should not necessarily conflict with the aim of conservation.

The Committee took note of all the comments and will convey these to the Twelfth Expert Panel Meeting scheduled for August 1996.

**7) PD 120/90 Rev.4 (F,I) Development of Operational Model for Sustainable Management of Natural Tropical Forests (Malaysia)**

The Secretariat informed the Committee that the Final Report has not been submitted. The Malaysian Delegation explained that the Report is in the process of editing and to be reproduced soon. In this regard Malaysia requested re-allocations of US\$ 21,500 from the unspent budget for cost of reproduction of the Final Report. The cost was not covered under the available budget items. The Delegation of Ghana and USA seconded the request.

The Committee granted the re-allocation of US\$ 21,500 for production cost of the Final Report and Requested that the Executing Agency submit to the Secretariat the details of the cost implication. In this connection, the committee granted the extension of the Project until August 1996. The Committee also noted that the remaining unspent project budget should be returned to ITTO.

**8) PD 128/91 Rev.1 (F) Management, Conservation and Development of Mangrove Forests in Panama**

The Committee noted the progress achieved in project implementation and recommended the executing agency give a formal presentation of the project's accomplishments at the next Session of the Permanent Committee to be held in Yokohama in November 1996.

**9) PD 162/91 Rev.1 (F) Intensification of Growth and Yield Studies in Previously Logged Forest (Papua New Guinea)**

The Committee noted that the project is progressing on schedule and that the process of hiring a consultant in data analysis and interpretation is in progress. The Committee was informed that two of the Project staff is currently undergoing attachment training in Malaysia (refer to the Project's heading in PCF(XVIII)/5). Ghana requested further information on technical details of the plot layout and parameters measured. The relevant reports on these matters will be send to Ghana as well as Togo who also requested this information.

**10) PD 171/91 Rev.2 (F) Conservation and Management for Multiple Use and Development of Colombian Mangrove Swamps - Phase I**

The Committee noted the progress achieved in project implementation and recommended the executing agency give a formal presentation of the project's accomplishments at the next Session of the Permanent Committee to be held in Yokohama in November 1996. The Committee also approved an extension of the project for a period of four and a half months until end of the October 1996, without additional funds, to allow for the completion of project activities.

**11) PD 176/91 Rev.1 (F) Sustained Management for Production, Conservation, Demonstration, Diffusion and promotion Activities In Moist Tropical Forests in Ecuador's Northwest**

The Committee noted the progress achieved in project implementation to date and endorsed an extension of the project until the end of October 1996, without additional funds, to allow for the completion of project activities.

**12) PD 9/92 Rev.1 (F) Forest Management in Islas de la Bahia, Honduras, Central America**

The Committee noted the progress achieved in project implementation and recommended the executing agency give a formal presentation of the project's accomplishments at the next Session of the Permanent Committee to be held in Yokohama in November 1996.

**13) PD 14/92 Rev.2 (F) A Demonstration Program of Sustainable Utilization of Tropical Forests by Means of Differentiated Management in Hainan Island, China - Phase II**

The Secretariat informed the Committee that the first Steering Committee Meeting for the Phase II has been conducted on 22 March 1996 with participation of ITTO Secretariat and



representatives of Japan and Switzerland, as donor countries. Prior to the Steering Committee Meeting, a field visit was undertaken to the project sites in Hainan Island.

The Chinese Delegation expressed appreciation to the Governments of Japan and Switzerland for their contributions in financing the Phase II and to the Secretariat for their support and cooperation in implementing the Project.

**14) PD 26/92 Rev.2 (F,I) Development of Methods and Strategies for Sustained Management of Moist Tropical Forests in Cameroon**

The Committee acknowledged that the technical implementation of the project is being pursued at a steady pace with the cooperation of the Tropenbos Foundation. It also acknowledged that the project is facing some management and coordination problems that have been taken up to the meeting of the Project Steering Committee that took place in April 1996. Finally the Committee acknowledged the declaration made by the Director of the Tropenbos Foundation, the Technical Partner in this project, indicating that the project is still facing some managerial and administrative problems that would be discussed with the Secretariat.

**15) PD 6/93 Rev.2 (F) Manual and World Natural Mangrove Atlas for Mangrove Ecosystem Restoration (Global)**

The Secretariat informed the Committee on the latest progress of the project. The Committee noted that the non-technical manual titled "Journey amongst Mangroves" as the first output of the project, has been published.

**16) PD 11/93 Rev.1 (F) A Strategy for the Sustainable Management and Harvesting Forest Resources Leading to the Consolidation of the Indigenous Territories in the Colombian Amazon - Phase I**

The Committee noted the difficulties the executing agency had in initiating the implementation of the project, as described under the project's heading in PCF(XVIII)/5. In this light, the Committee endorsed the executing agency's request to restructure the project's activities, with the understanding that the development objective and funds allocated will not be modified, in order to address the requests made by the Indigenous Communities in the project area. Furthermore, the newly proposed project activities are to be tabled before the Steering Committee at its next meeting for its review and approval, prior to actual implementation.

**17) PD 20/93 Rev.1 (F) Development of National Guidelines for the Sustainable Management of Natural Tropical Forests in Cameroon**

The Committee noted the progress achieved in project implementation. It noted that the development of a plan for an awareness campaign, and the formulation of project proposals to apply and test the guidelines, and to initiate practices for the long term management of forest resources by local communities, as outlined in the project document have not yet been realized. The Committee accepted to grant an extension to the project, until August 1996 in order to complete these activities. The Committee also requested that the national guidelines developed under the project should be included in the final report of the project and circulated to Members.

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

The Committee took note of the additional explanation given by Malaysia on the question regarding the training programme where the technical field staff receive regular on the ground training in connection with the plot remeasurements. The fellowship training programme will give the opportunity for further education to staff of the Federal and State Forest Departments at various levels including M.Sc. and Ph.D. programmes, where analysis of the data collected will form an important element. The selection procedure is still in progress. The Committee was further informed that two professional foresters from the Forest Research Institute in Lae, Papua New Guinea working on a similar ITTO Project (PD 162/91 Rev.1 (F)) are currently undergoing attachment training at the Federal Forest Department, the Forest Research Institute Malaysia and the Malaysia Agricultural University sponsored through the ASEAN Institute of Forest Management (AIFM). The Committee

praised this example of regional cooperation. The committee took note with interest of the information that wild elephants are common in several of the ITTO plots and that even footprints of the extremely rare Sumatran Rhinoceros was spotted in one of the ITTO plots.

**19) PD 25/93 Rev.1 (F) Evaluation of Progress Made by Ecuador Towards Achievement of ITTO Target 2000**

The Committee noted the progress achieved in project implementation and recommended the executing agency give a formal presentation of the project's accomplishments at the next Session of the Permanent Committee to be held in Yokohama in November 1996.

**20) PD 26/93 Rev.1 (F) Development of Bentuang Karimun Nature Reserve as National Park - Phase I (Indonesia)**

The Indonesian Delegation reiterated the importance of this project in view of its particularity to be coordinated jointly with Lanjak Entimau Project (PD 106/90 Rev.1(F)). He further recalled that the Project, with involvement of WWF Indonesia, had just been operational since December 1995; therefore, Indonesia requested a one-year extension without additional funding. The Committee accepted and granted the extension of the Project until December 1997, without additional funding.

**21) PD 4/94 Rev.3 (F) East New Britain Balsa Industry Strengthening Project (Papua New Guinea)**

The Committee noted that the project, that was severely delayed due to a volcanic eruption, is now progressing and that the procedure for hiring of the consultant is almost completed.

**22) PD 8/94 Rev.2 (F) Evergreen Club of Ghana/ITTO Youth in Forestry Project (Ghana)**

The Committee acknowledged the report made by the Forestry Department of Ghana, indicating that all issues raised during the project review meeting of 24 January 1996 in connection with project implementation have been resolved. The Committee was informed that coordination meetings with institutions and Government Ministries involved in project implementation were organized in order to secure their assistance and contributions as outlined in the project document. The Committee also acknowledged the commitment made by the Forestry Department of Ghana to provide more assistance to the Evergreen Club of Ghana in connection with the transportation of seedlings, the transportation of children and training activities.

**23) PD 27/94 Rev.2 (F) Women and Tropical Forest Development Program (Ghana)**

The Committee was briefed on recent progress in project implementation by the representative of the 31st December Women Movement. The Committee noted that the planning workshops outlined in the project document have been organized; the first nursery in the Accra region has been established and the production and distribution of seedlings is in progress, as well as plantation activities. The Committee also acknowledged that children are being involved in the implementation of project activities through the participation of the Evergreen Club of Ghana, the Executing Agency of project PD 8/94 Rev.2 (F). The Committee encouraged this cooperation established between two ITTO supported projects.

**24) PD 31/94 Rev.1 (F) Planning Practical and Cost-Effective Strategies for Genetic Resource Conservation of Commercial Tree Species in Tropical Asia (Regional, Malaysia)**

The Secretariat informed the Committee that the project is now being implemented by the ASEAN Institute of Forest Management. In view of this, certain adjustments are required for the project budget. The Executing Agency submitted a Revised Budget proposal which contains budget re-alignment without affecting the total amount. The Committee accepted and approved the revised budget as contained in the document PCF(XVIII)/16.

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

The Secretariat informed the Committee that the Agreement regulating the project implementation has just been signed, therefore the Committee considers the project as operational starting from 1st June 1996.

**26) PD 28/95 Rev.1 (F) International Conference on Community Forestry: A Tool for Sustainable Forest Management (Philippines)**

The Committee took note that the conference will be organized by the Department of Environment and Natural Resources from 24 to 26 May, in Manila.

**8. Review of Pre-Project Work in Progress**

Twelve (12) Pre-projects have been approved by the Committee and are under implementation, in preparatory stages or awaiting funding. The Committee took note of a status report of these Pre-projects submitted by the Secretariat in Document PCF(XVIII)/6.

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

**1) PPD 1/93 Rev. 1 (F) Feasibility Study for the Preparation of Management Plan for the Souanke-Sembe-Kelle Area in North West, Congo (Congo)**

The Committee acknowledge the declaration made by the delegate of Congo indicating that all pre-project activities have been concluded and the final reports dispatched to the Secretariat. The pre-project should then be declared completed during the next Session of the Committee.

**2) PPD 6/93 Rev.1 (F) The Development of Guidelines for the Protection of Tropical Forests Against Fire**

The Secretariat informed the Committee that a revised draft of the "Guidelines on Fire Management in Tropical Forests" prepared by the consultant taking into account comments submitted by ten Member Countries had been circulated as document PCF(XVIII)/8.

The Brazilian Delegates felt that the revised draft appears redundant and too extensive. Brazil suggested that the draft could have been more concise, in this respect, Brazil submitted document PCF(XVIII)/18/Add. in order to simplify the proposed 45 principles into 22 principles. The Delegation of France seconded this proposition, while Colombian Delegation viewed that particularity in different regions should be appropriately addressed in revising the draft. The Secretariat briefed the Committee on the process of preparing the draft of the Guidelines since the commencement of Pre-project PPD 6/93 Rev.1 (F) in 1995.

The Delegates from Indonesia and Germany stated that in view of the importance of the Guidelines, the process to adopt the draft should be expedited. It further noted that specific countries such as Indonesia and Brazil may be consulted to cross check the proposed principles under the Guidelines. The Committee decided to approve the extension of 8 months in order to complete the draft Guidelines and granted additional funding of US\$ 47,475 as contained in PCF(XVIII)/30.

**3) PPD 8/93 (F) Demonstration Areas for Sustainable Management of Production Forest (Global)**

The Committee noted the slow progress in this project implemented directly under the Secretariat with assistance from the regional consultants. One potential site was visited in Indonesia since the last Council Session. The Netherlands informed the Committee that several such initiatives are being conducted by other organizations and that some form of liaison between ITTO and these initiatives would be beneficial. The Secretariat will prepare a progress report to be tabled before the next Session of the Committee in November 1996 in Yokohama.

**4) PPD 12/93 (F) Biotechnology and Sustainable Production of Tropical Timber (Global)**

It was recalled that the first version of the desk study on Biotechnology and Sustainable Timber Production was first tabled during the Sixteenth Session of the Committee. The Review of the study resulted in full discussion during the Sixteenth Session of the Committee. This discussion was pursued during the Seventeenth Session, and the Committee instructed the Secretariat to request the consultant to revise the study, consistently with the approved TOR, and taking into account contributions, comments and recommendations so far received from Member Countries, so that the revised version could be tabled during the Eighteenth Session of the Committee for consideration.

The Secretariat informed the Committee that the revised version of the study was sent to Members as document PCF(XVIII)/17. However a latest version of the report, based on observations made by the Secretariat has not yet been widely circulated, but is available in a few number of copies.

These introductory remarks by the Secretariat were followed by the introduction made by Dr. Russell Haines, the Principal Consultant of this desk study. The introduction covered the general approach of the study, its scope and the major changes that have been introduced in the first version of the study report.

From the discussion that followed, the following points could be highlighted:

1. The report has been substantially improved. However it was felt that more information is needed for the following sections or issues:
  - clear examples of biotechnology applications worldwide. In particular the section concerning developed countries should be expanded in order to allow developing countries to draw from their experiences;
  - transfer of novel biotechnologies and necessity of collaboration between developed and developing countries in this field;
  - the extent to which novel biotechnologies are being applied in plantation establishment and management;
2. Some crucial short-comings, common for most developing countries and which impede biotechnology development and applications have been identified in the report, namely the lack of funds, infrastructures and human resources. The report should include clear suggestions on how these shortcomings could be overcome;
3. Information on some major biotechnology research institutes/projects/programmes in developed countries should be provided in the report. Countries and institutions should be listed;
4. The important issue of negative impacts of biotechnology on marketing of traditionally harvested products was raised in the report. Members of the Committee expressed interest in having this section expanded.
5. Overall, the Panel noted that some biotechnology applications have the potential for contributing to sustainable timber production. Projects related to biotechnology should therefore be encouraged by ITTO. However the relevance of each project to ITTO's objectives should be assessed on its own merit and its potential for contributing to sustainable timber production.
6. Members of the Committee expressed interest in being informed on forthcoming seminars and training activities related to biotechnology. The Committee was informed that a seminar on Tree Improvement and Sustainable Forestry will be held in October 1996 in Australia.

To conclude, The Committee instructed the Secretariat to request the Consultant to further revise the report in order to address comments and recommendations made during this Session. The Committee also requested the Secretariat to translate the final report of the study into French and Spanish, and to ensure its publication and distribution to Member Countries. Finally it recommended to the Council to provide funds amounting to \$45,915 in order to meet costs related to these activities as contained in the document PCF(XVIII)/31.

**5) PPD 8/95 Rev.2 (F) Mangrove Resource Information System Evaluation of the Scope and Content of Existing Databases (Global)**

The Secretariat informed the Committee that the pre-project had been fully funded between Sessions, and therefore it is now considered as operational.

**9. Consideration of Project Proposals**

Twenty-five project proposals entered the project cycle leading up to the Eighteenth Session of the Permanent Committee of Reforestation and Forest Management. 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 this light seven project proposals were considered by the Committee.

**Project List**

***Projects Assessed by the Committee***

<b>Project Number</b>	<b>Country</b>	<b>Project Title</b>
PD 8/96 Rev.1 (F)	Bolivia & Honduras	Conservation and Pest Management for Realizing the Potential of Mahogany as a Sustainable Managed Crop
PD 13/96 Rev.1 (F)	Brazil	Multiple-Use Management in the Macauã National Forest Based on Rubber Estates - Phase I: Development of Master Plan to Support Community Organization
PD 17/96 Rev.1 (F)	Indonesia	Technical Assistance to the National Forest Inventory (NFI) Project
PD 19/96 Rev.1 (F)	Peru	Forest Plantations for Commercial Purposes in Areas of "Chaca-Chacales" in the Province of Satipo
PD 27/96 Rev.1 (F)	Gabon	Forestry and Genetic Improvement of the Okoume ( <i>Aucoumea Klaineana Pierre</i> ) - Phase II
PD 28/96 Rev.1 (F)	Gabon	Inventory and Preparations for the Management of the Minkebe-Forest Area of Gabon
PD 35/96 Rev.2 (F)	Philippines	Conservation and Maintenance of Biological Diversity in Tropical Forests Managed Primarily for Timber Production

Details of the technical evaluation of these proposals are presented in Appendix 1 of this report. The Committee's recommendations regarding approval of these proposals are presented in item 15 below.

***Projects not Assessed by the Committee***

<b>Project Number</b>	<b>Country</b>	<b>Project Title</b>
PD 1/94 Rev.2 (F)	Thailand	Buffer Zone Management for Developing Conservation of Tropical Forest Resources (see PPD 5/96)
PD 23/94 Rev.2 (F)	Indonesia	Rehabilitation of Fire Affected Forests in East Kalimantan

PD 15/95 Rev.2 (F)	Malaysia	Development of the Lanjak Entimau Wildlife Sanctuary as a Totally Protected Area - Phase II
PD 31/95 Rev.1 (F)	Malaysia	A Model Project for Cost Analysis to Achieve Sustainable Forest Management
PD 44/95 Rev.1 (F)	Honduras	Management and Conservation of Mangrove Forests in the Gulf of Fonseca, Honduras
PD 1/96 (F)	Panama	Integrated Land Management for the Conservation of Forests in the Kuna Yala Indigenous Territory
PD 4/96 (F)	Bolivia	Sustainable Forest Management in the Rapiran Bolson, Bolivian Amazon Region (see PPD 8/96)
PD 5/96 (F)	Bolivia	Sustainable Forest Management in the North of La Paz
PD 6/96 (F)	Togo	Preliminary Study for a Project on the Production of Timber by the Agroforestry Method in the Wawa Prefecture
PD 9/96 (F,I)	Liberia	Institutional Strengthening for Sustainable Development of the Forest Resources
PD 12/96 (F)	Congo	Development of a Sustainable Management Plan for the Souanke-Sembe-Kelle Area (Phase II)
PD 16/96 (F)	Indonesia	<i>Ex Situ</i> Conservation of <i>Shorea Javanica</i> , <i>Diospyros Celebica</i> , and <i>Santalum Album</i> and Their Use for Future Breeding and Biotechnology
PD 18/96 (F)	Peru	Validation of Studies, Development of Management Plans and Proposal for Sustainable Forest Production Modules
PD 21/96 (F)	Ecuador	Strengthening of Sustainable Management in La Mayrunga and the North-Western Region of Ecuador
PD 22/96 (F)	Honduras	Forest Development Project in Islas de La Bahia - Phase II
PD 26/96 (F)	Malaysia	Studies on the Management Standards of Hill Dipterocarp Forests in Sarawak from a Watershed Management Point of View, Phase II
PD 30/96 (F)	Togo	Project for 2,500 ha Timber Production Plantation in the Reserved Forest of Haho-Baloe
PD 36/96 (F)	Cameroon	Selection and Testing of Clonal Hardwoods in Species Rich Systems: Enrichment Plantings and Multi-Strata Agroforests

#### 10. Consideration on Pre-project Proposals

The Committee noted that four Pre-projects were evaluated by the Eleventh Expert Panel. In addition, on the recommendation of the Expert Panel, two Project proposals were revised and submitted as Pre-project proposals.

## Pre-Project List

### *Pre-Projects Assessed by the Committee*

Project Number	Country	Project Title
PPD 14/95 Rev.3 (F)	Togo	Identification and Planning of Measures for the Sustainable Management of Teak Plantations in Togo
PPD 3/96 Rev.1 (F)	Peru	Design of a Socially Sustainable Forest Management Model
PPD 4/96 Rev.1 (F)	Congo	Development of a Master Plan for Forest Management in Congo
PPD 5/96 (F)	Thailand	Buffer Zone Development for Sustainable Forest Management (see PD 1/94 Rev.2 (F))
PPD 8/96 (F)	Bolivia	Enhancement of the Original Proposal for Project "Sustainable Forest Management in the Rapiran Bolson, Bolivian Amazon Region" (see PD 4/96 (F))

Details of the technical evaluation of these proposals are presented in Appendix 1 of this report. The Committee's recommendations regarding approval of these proposals are presented in item 15 below.

### *Pre-Projects not Assessed by the Committee*

Project Number	Country	Project Title
PPD 1/96 (F)	Togo	Identification and Planning of a Project of Contractual Plantations for the Production of Timber in the Area of the Nangbeto Dam

## **11. Decision on Fellowship Applications under Project PD 1/93 Rev.1 (M,F,I)**

Successful applicants for ITTC fellowships under Project PD 1/93 Rev.1 (M,F,I) are presented in the Report on the Permanent Committee on Forest Industry.

## **12. Project Cycle (Joint Session)**

Joint Session with the Permanent Committee on Economic Information and Market Intelligence (PCM) and the Permanent Committee on Forest Industry (PCI); to be included in the report of the XXth Council Session. However, during the Session of the PCF, some of the delegates, USA and the Netherlands, observed that several projects had requested extensions from few month to one year in order to finish the project activities. In view of this, it was suggested to look into the possibility of annual independent financial auditing to monitor the projects progress in addition to the technical evaluation missions. This suggestion will be reviewed in connection with review of the project cycle for the whole organization.

## **13. Dates and Venue of the Twenty-first Session**

The Committee decided that the dates and venue of its Twenty-first Session will be agreed upon by ITTC in relation to the dates and venue fixed for its Twenty-third Session.

**14. Any Other Business**

**A) Special Presentations**

Special Presentations on the following PCF projects were held as follows during the Council Session.

**PD 39/92 Rev.1 (F): Dissemination and Training on ITTO Guidelines and Criteria (Brazil)**

**PPD 11/93 Rev.2 (F): Evaluation and Diagnosis of Current Forest Harvesting Licensing, Concession and Control Systems within a Framework of Sustainable Forest Resource Management (Colombia)**

**B) Special Poster Presentations**

Special Poster and Video Presentations on the following PCF projects were held as follows during the Council Session.

**PD 105/90 Rev.1 (F): Model Forest Management Area, Phase I (Malaysia) (Video Presentation)**

**PD 128/91 Rev.2 (F): Management, Conservation and Development of the Mangrove Forests in Panama**

**PD 171/91 Rev.1 (F): Conservation and Management for Multiple Use and Development of Colombian Mangrove Swamps, Phase I**

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

**C) Unfunded Projects**

The Committee noted with concern the number of approved projects that remained unfunded and the increasing number of unfunded projects passing through the sunset provisions of Decision to 2(X), Annex 2, Paragraph 2. The Committee therefore urged member countries to contribute funds for these unfunded approved projects. The list of such projects is included in Section C of Agenda Item number 7.

**D) Project Catalogue**

The Secretariat informed the Committee that the project catalogue of the Reforestation and Forest Management Division has been updated and is being circulated as PCF(XVIII)/7. A new format for the project catalogue is being developed and will be tabled before the next Session of the Committee in November 1996 in Yokohama.

**15. Recommendations to the International Tropical Timber Council**

**A) The Committee made the following recommendations regarding Project Proposals:**

1. The Committee recommended that the Council approve PD 8/96 Rev.1 (F) and allocate \$ 1,203,532 for its implementation.
2. The Committee recommended that the Council approve PD 13/96 Rev.1 (F) and allocate \$ 824,493 for its implementation.
3. The Committee recommended that the Council approve PD 19/96 Rev.1 (F) and allocate \$ 755,981 for its implementation.
4. The Committee recommended that the Council approve PD 27/96 Rev.1 (F) and allocate \$ 301,100 for its implementation.



5. The Committee recommended that the Council approve PD 28/96 Rev.1 (F) and allocate \$ 946,983 for its implementation.
6. The Committee recommended that the Council approve PD 35/96 Rev.2 (F) and allocate \$ 1,481,011 for its implementation.

**B) *The Committee made the following recommendations regarding Pre-project Proposals:***

7. The Committee recommended that the Council approve PPD 14/95 Rev.3 (F) and allocate \$ 40,090 for its implementation.
8. The Committee recommended that the Council approve PPD 3/96 Rev.1 (F) and allocate \$ 193,593 for its implementation.
9. The Committee recommended that the Council approve PPD 4/96 Rev.1 (F) and allocate \$ 44,385 for its implementation.
10. The Committee recommended that the Council approve PPD 5/96 (F) and allocate \$ 41,878 for its implementation.
11. The Committee recommended that the Council approve PPD 8/96 (F) and allocate \$ 45,753 for its implementation.

**C) *The Committee made the following recommendations regarding extensions of ongoing Pre-projects with additional funds:***

12. The Committee recommended that the Council approve the extension of PPD 6/93 Rev.1 (F) and allocate additional funds amounting to \$ 47,475.
13. The Committee recommended that the Council approve the extension of PPD 12/93 (F) and allocate additional funds amounting to \$ 45,915.

**16. Report of the Session**

The Committee accepted this Report for submission to the Council.

## Appendix I

### TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

- 1) PD 8/96 Rev.1 (F) Conservation and Pest Management for Realizing the Potential of Mahogany as a Sustainable Managed Crop (Bolivia & Honduras)

#### Conclusion of the Eighteenth 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 8/96 Rev.1 (F) and recommended the Council to allocate US\$ 1,203,532 for its immediate implementation.

- 2) PD 13/96 Rev.1 (F) Multiple-Use Management in the Macaú National Forest Based on Rubber Estates - Phase I: Development of Master Plan to Support Community Organization (Brazil)

#### Conclusion of the Eighteenth 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 13/96 Rev.1 (F) and recommended the Council to allocate US\$ 824,493 for its immediate implementation.

- 3) PD 17/96 Rev.1 (F) Technical Assistance to the National Forest Inventory (NFI) Project (Indonesia)

#### Conclusion of the Eighteenth Committee

The Committee noted that the proposal has been revised taking into account the comments made by the Expert Panel. However, the Indonesian Delegation informed the Committee that there is still essential improvement to be made in the proposal, pertaining to the budget presentation. As suggested by the Indonesian Delegation and supported by Japan and USA, the Committee differed the decision on this proposal to the next Committee Session to be held in Yokohama in November 1996.

- 4) PD 19/96 Rev.1 (F) Forest Plantations for Commercial Purposes in Areas of "Chaca-Chacales" in the Province of Satipo (Peru)

#### Conclusion of the Eighteenth 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 19/96 Rev.1 (F) and recommended the Council to allocate US\$ 755,981 for its immediate implementation.

- 5) PD 27/96 Rev.1 (F) Forestry and Genetic Improvement of the Okoume (*Aucoumea Klaineana Pierre*) - Phase II (Gabon)

#### Conclusion of the Eighteenth 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 27/96 Rev.1 (F) and recommended the Council to allocate US\$ 301,100 for its immediate implementation.

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

Conclusion of the Eighteenth 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 28/96 Rev.1 (F) and recommended the Council to allocate US\$ 946,983 for its immediate implementation.

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

Conclusion of the Eighteenth Committee

The Delegation of the Philippines expressed gratitude to the Representative of the Global Forest Policy Project, the representatives of the Netherlands, USA, Norway and Switzerland for joining an informal consultation to discuss how the project will address the rights and involvement of indigenous peoples and tenured migrants. All participants of the consultation expressed satisfaction on the deliberations and praised the Delegation of the Philippines for their full understanding on some concerns expressed by NGO communities. The Delegation of the Philippines, therefore, submitted an addendum to the Project document PD 35/96 Rev.2 (F) as contained in PCF(XVIII)/33 to reflect how the issues could be appropriately addressed during the project implementation. The Representative of the Global Forest Policy Project expressed appreciation to the Philippines and other Members involved, for their sympathetic consideration to the views put forward by the NGO communities, who viewed the Addendum document presented by the Philippines as very helpful and which clarified the issues discussed. The Representative of the Global Forest Policy Project looks forward to the cooperation with the Government of the Philippines in particular on the involvement of local NGOs during the project implementation.

The Committee noted the views of the Global Forest Policy Project and adopted the document PCF(XVIII)/33 as an Addendum to be attached to the Project Document PD 35/96 Rev.2 (F).

Noting that the revised project proposal has already addressed the Expert Panel's comments and recommendations, the Committee approved the project PD 35/96 Rev.2 (F) and recommended the Council to allocate US\$ 1,481,011 for its immediate implementation.

**TECHNICAL ASSESSMENT OF PRE-PROJECT PROPOSALS**

- 1) **PPD 14/95 Rev.3 (F) Identification and Planning of Measures for the Sustainable Management of Teak Plantations in Togo**

Conclusion of the Eighteenth 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 14/95 Rev.3 (F) and recommended the Council to allocate US\$ 40,090 for its immediate implementation.

- 2) **PPD 3/96 Rev.1 (F) Design of a Socially Sustainable Forest Management Model (Peru)**

Conclusion of the Eighteenth 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 3/96 Rev.1 (F) and recommended the Council to allocate US\$ 193,593 for its immediate implementation.

**3) PPD 4/96 Rev.1 (F) Development of a Master Plan for Forest Management in Congo**

Conclusion of the Eighteenth 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 4/96 Rev.1 (F) and recommended the Council to allocate US\$ 44,385 for its immediate implementation.

**4) PPD 5/96 (F) Buffer Zone Development for Sustainable Forest Management (Thailand)**

The Delegation of Norway was concerned that despite several revisions made to address the Expert Panel comments, the proposal is now re-formulated as a pre-project. While in favor of the pre-project proposal, Norway pointed out this as an example of an unnecessary long and time consuming procedure for a proposal to be adopted. Taking note of the intervention made by the Delegation of Norway, the Committee approved the pre-project PPD 5/93 (F) and recommended the Council to allocate US\$ 41,878 for its immediate implementation.

**5) PPD 8/96 (F) Enhancement of the Original Proposal for Project "Sustainable Forest Management in the Rapiran Bolson, Bolivian Amazon Region"**

Conclusion of the Eighteenth 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 8/96 (F) and recommended the Council to allocate US\$ 45,753 for its immediate implementation.

TABLE A

**TECHNICAL EVALUATION OF PROJECT AND PRE-PROJECT PROPOSALS  
IN THE FIELD OF REFORESTATION AND FOREST MANAGEMENT  
CONSIDERED DURING THE EIGHTEENTH COMMITTEE SESSION**

PROJECT/ PRE-PROJECT DOCUMENT	ITTA OBJECTIVES ARTICLE 1	AREA OF ACTIVITY		CRITERIA Art.23 Para.6	BUDGET ITTO CONTRIBUTION (US\$)	DURATION (Years)	GEOGRAPHICAL COVERAGE	RECOMMENDATION(*)	
		Art.23 Para.2	Art.23 Para.5					EP	PCF
PD 8/96 Rev.1	b, c, f, h	R & D	a, c, e	all	1,203,532	2	Bolivia & Honduras	2	1
PD 13/96 Rev.1	e, f, h	Facilitation Demonstration	a, b, c, d, e	a, b, c, d, e	824,493	2	Brazil	2	1
PD 17/96 Rev.1	b, c, f, h	Facilitation	b, e	a	1,141,461	2	Indonesia	2	7
PD 19/96 Rev.1	f, h	Facilitation R & D	a, c, d	all	755,981	3	Peru	2	1
PD 27/96 Rev.1	c, f, h	Diagnosis R & D	b, c	all	301,100	3	Gabon	2	1
PD 28/96 Rev.1	c, f, h	Facilitation	b, d	all	946,983	3	Gabon	2	1
PD 35/96 Rev.2	c, f, h	Demonstration R & D	b, d	a, e	1,481,011	5	Philippines	2	1
PPD 14/95 Rev.3	c, f, h	R & D Diagnosis	c, d, e	a, d, e	40,090	4 months	Togo	4/2	1
PPD 3/96 Rev.1	b, f	Diagnosis Demonstration	a, b, e	all	193,593	9 months	Peru	2	1
PPD 4/96 Rev.1	f, h	Facilitation R & D	b, d, e	all	44,385	4 months	Congo	1	1
PPD 5/96	c, h	Diagnosis	—	—	41,878	6 months	Thailand	4/2	1
PPD 8/96	c, f, h	Facilitation	b, c, d	all	45,753	3 months	Bolivia	4/2	1

\* For Categories of Recommendations see Table C.

TABLE B

TECHNICAL EVALUATION OF PROJECT AND PRE-PROJECT PROPOSALS  
IN THE FIELD OF REFORESTATION AND FOREST MANAGEMENT  
EVALUATED BY THE EXPERT PANEL BUT NOT CONSIDERED BY THE EIGHTEENTH SESSION

PROJECT/ PRE-PROJECT DOCUMENT	ITTA OBJECTIVES ARTICLE 1	AREA OF ACTIVITY		CRITERIA Art.23 Para.6	BUDGET ITTO CONTRIBUTION (US\$)	DURATION (Years)	GEOGRAPHICAL COVERAGE	RECOMMENDATION(*)	
		Art.23 Para.2	Art.23 Para.5					EP	—
PD 1/94 Rev.2	c, h	Demonstration	a, b, c,	c, d	1,074,84	3	Thailand	4/2	
PD 23/94 Rev.2	c, f, h	Demo / R & D	b, c, e	a, d, e	846,05	2	Indonesia	3	
PD 15/95 Rev.2	c, f, h	R & D	b, e	e	2,054,11	2	Malaysia	3	
PD 31/95 Rev.1	c, f	R & D	d, e	a, b, e	641,78	2	Malaysia	3	
PD 44/95 Rev.1	c, e, f, h	Facilitation	a, b, c, d, e	a, b, d, e	1,012,15	3	Honduras	3	
PD 1/96	c, e, f, h	Facilitation / Demo	a, b, c, d, e	a, b, d, e	996,75	3	Panama	3	
PD 4/96	c, f, h	Facilitation / Demo	b, d, e	all	1,749,65	5	Bolivia	4/2	
PD 5/96	c, f, h	Facilitation / Demo	b, c, d	all	1,220,04	3	Bolivia	3	
PD 6/96	c, f, h	Diagnosis / R & D	c	a, d, e	251,80	1	Togo	4	
PD 9/96	c, f, h	Facilitation	d	—	284,25	3	Liberia	3	
PD 12/96	c, f, h	R & D / Demo	b, d, e	all	1,124,92	27 months	Congo	3	
PD 16/96	c, f, h	R & D	a, c	e	724,61	5	Indonesia	3	
PD 18/96	f, h	Facilitation / R & D	a, b, c, d, e	all	927,90	3	Peru	3	
PD 21/96	c, f, h	Facilitation / Demo	b	a, e	573,26	39 months	Ecuador	3	
PD 22/96	e, f, h	Facilitation / Demo	b, c, d	a, b, d, e	1,498,97	4	Honduras	3	
PD 26/96	c, h	R & D	d	e	864,96	2	Malaysia	3	
PD 30/96	f, h	R & D / Facilitation	c	a, d, e	4,840,73	6	Togo	3	

PROJECT/ PRE-PROJECT DOCUMENT	ITTA OBJECTIVES ARTICLE 1	AREA OF ACTIVITY		CRITERIA Art.23 Para.6	BUDGET ITTO CONTRIBUTION (US\$)	DURATION (Years)	GEOGRAPHICAL COVERAGE	RECOMMENDATION(*)	
PD 36/96	c, f, h	R & D	b, c, d	a, b, d, e	1,915,77	3	Cameroon	3	
PPD 1/96	c, f, h	Diagnosis / R & D	c	a, d, e	561,12	1	Togo	6	

\* For Categories of Recommendations see Table C.

TABLE C

Categories of Decision for Expert Panel	Categories of Recommendation from PCF to the Council
<ol style="list-style-type: none"> <li>1. The Panel concluded that, with the incorporation of any minor amendments noted, the project could be commended to the Permanent Committee for final appraisal and approval.</li> <li>2. The Panel concluded that, with the incorporation of the above essential modifications, which are necessary for the project to succeed, the project could be commended to the Permanent Committee for final appraisal.</li> <li>3. The Panel concluded that a re-formulation of the proposal is essential and the Panel will need to assess the re-formulated proposal before it can commend it to the Committee for appraisal.</li> <li>4. The Panel concluded that a pre-project is necessary in order to assess the situation and the viability of the proposed work and the possible formulation of a project proposal. (The Panel will need to assess the pre-project proposal before it can commend it to the Committee for appraisal.)</li> <li>5. The Panel concluded that the project is not sufficiently relevant to the mandate of ITTO to merit ITTO support. (The Panel encourages the submitting agency to seek other sources of project support.)</li> <li>6. The Panel concluded that there is insufficient information to assess the project adequately.</li> </ol>	<ol style="list-style-type: none"> <li>1. Recommend to the ITTC to approve the (amended) proposal for implementation by ITTO.</li> <li>2. Project or Pre-project submitted directly for decision in accordance with the expedited procedure approved by Council Decision 2(X).</li> <li>3. Recommend to the ITTC that the proposal be revised.</li> <li>4. Recommend to the ITTC that the proposal should not be further considered by ITTO.</li> <li>5. Decide on Pre-project activities.</li> <li>6. Recommend to the ITTC that ITTO should approve the proposal for ITTO sponsorship without funding and refer it to other relevant financial institutions, in accordance with Article 20.</li> <li>7. Decision deferred until next session.</li> <li>8. Referred back to the Expert Panel.</li> </ol>



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Manila, Philippines

**REPORT TO THE INTERNATIONAL TROPICAL  
TIMBER COUNCIL  
EIGHTEENTH SESSION OF THE PERMANENT  
COMMITTEE ON FOREST INDUSTRY**

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Report

Appendix I      Technical Evaluation of Project Proposals

Appendix II     Fellowships and Grants Approved

## REPORT

### 1. Introduction

The Eighteenth Session was opened on 15 May 1996 by Mr. Young-han Kim (Korea) the Chairman of the Committee. The list of Participants is reproduced in Document ITTC(XX)/Info.2 Rev.1.

### 2. Adoption of Agenda and Organization of Work

At its first meeting on 15 May 1996 the Committee adopted the agenda of its Eighteenth Session as contained in Document PCI(XVIII)/1.

### 3. Admission of Observers

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

### 4. Market Discussions (Joint Session of Permanent Committees)

The theme of the 1996 Market Discussion was "Changing Trade Flows in the Light of Sustainable Tropical Forest Management". The Moderator was Mr. Morten Bjørner, President, European Hardwood Federation (UCBD) and the Rapporteur was Dr. Michael J. Adams, Market Information Services (MIS) Coordinator, Economic Information and Market Intelligence Division of ITTO. The following were the discussion leaders and the topics of their presentations:

Mr. Geoffrey Pleydell  
Trade Adviser to U.K. Delegation  
and Vice-Chairman of the Permanent Committee on  
Economic Information and Market Intelligence

"Changing Trade Flows in  
the Light of Sustainable  
Tropical Forest  
Management: An  
Overview"

Mr. Antonio Bernas, President  
Philippine Wood Producers Association, Philippines

"Asian Perspective I"

Mr. Ovidio Gasparetto  
President, Association of Timber Industries of Belem  
(SINDIMAD); Director, Brazilian Association of Foreign Trade  
(AIMEX); Vice President, Federation of Industries of the  
State of Para, Brazil

"Latin American  
Perspective"

Mr. Moses Adigbli, Manager  
Office of the Ghana Timber Export Development Board,  
London, U.K.

"African Perspective"

Mr. Minoru Yasuda, Executive Director  
Japan Lumber Importers Association (JLIA), Japan

"Asian Perspective II"

Mr. Donald A. Thompson  
President, International Wood Products Association (IHPA)  
President, Thompson Mahogany Company, Philadelphia, USA

"North American  
Perspective"

Mr. Alle H. Stoit, President  
Netherlands Timber Trade Association, Almere, Netherlands

"European Perspective"

A summary report of the Market Discussion, synthesizing the above presentations and the ensuing discussions, is contained in Appendix B.

5. Report on Completed Projects

The Committee took note of the work accomplished on the two projects completed since its last Session:

PD 46/92 (I) WORLD CONFERENCE ON TROPICAL PLYWOOD IN THE LATIN AMERICA/CARIBBEAN REGION

PD 102/90 (I) DEVELOPMENT OF WAFERBOARD PRODUCTS FROM POTENTIAL TROPICAL WOOD SPECIES FOR BUILDING PRE-FABRICATED HOUSES

The Committee expressed its satisfaction with the successful completion of these projects. A summary of the work completed under these projects is presented in Document PCI(XVIII)/3.

6. Report on Completed Pre-Projects

The Committee reviewed the work completed under the pre-project entitled "DEVELOPMENT AND EXTENSION OF RUBBERWOOD PROCESSING TECHNOLOGY" [PPD 6/94 Rev.1 (I)].

The Committee noted that this pre-project was successfully implemented by the Research Institute of Wood Industry (CRIWI) and allowed the preparation of a report reviewing the present situation of rubberwood processing and utilization in China. This report is reproduced in document PPR 38/96 (I), entitled "CURRENT SITUATION OF RUBBERWOOD PROCESSING AND UTILIZATION IN CHINA". The report contains detailed information on rubberwood resources in China, log preservation and sawing, preservatives and drying, secondary processing and utilization of rubberwood, and recommendations for the development of the Chinese rubberwood industry.

The Committee expressed its satisfaction with the work carried out under this pre-project and instructed the Secretariat to make the final report available to interested parties. The Committee noted that based on the results of this pre-project, China had submitted a revised project proposal [PD 3/96 Rev.1 (I)] to be considered in its Eighteenth Session. The Committee urged members to consider this proposal in light of the information and recommendations contained in the pre-project report.

7. Review on Project Work in Progress

The Committee reviewed the work underway in twenty-two ITTO approved and financed projects in the field of Forest Industry. The full report on project work in progress is reproduced in document PCI(XVII)/4.

Further information on implementation progress was given by the ITTO Secretariat, member countries and implementing agencies on the following projects:

PD 20/92 Rev.1 (I)	THE IDENTIFICATION, PROPERTIES AND USES OF THE TROPICAL TIMBER IMPORTED TO CHINA FROM AFRICA
PD 1/93 Rev.1 (M,F,I)	ITTO FELLOWSHIP PROGRAMME - PHASE II
PD 17/93 Rev.3 (M,F,I)	ITTO NETWORK FOR INFORMATION SHARING AND PROJECT SUPPORT
PD 20/95 Rev.2 (I)	CHEMICAL MODIFICATION OF BAMBOO CULM AND THEIR RESISTANCE TO WEATHERING
PD 21/95 Rev.2 (I)	COMPREHENSIVE STUDIES OF THE STRUCTURE AND PROPERTIES OF RATTANS FOR EFFECTIVE UTILIZATION

The Committee considered and deliberated on the extension of project PD 1/93 Rev.1 (M,F,I) "ITTO Fellowship Programme - Phase II". In its efforts to promote human resources development and institutional strengthening in the forestry sectors of producing member countries, the project has already financed 145 fellowships, granted to recipients from 23 ITTO member countries. The Committee restated its full confidence in this project as an efficient mechanism to facilitate training, technology transfer and cooperation among members, both south-south and north-south, and decided to recommend to Council a further one-year project extension with an additional allocation of US\$ 459,680.

On its review of implementation of project PD 17/93 Rev.3 (M,F,I) "ITTO Network for Information Sharing and Project Support", the Committee recalled that, at its Seventeenth Session, it recommended to the Secretariat to plan in advance and in a more systematic way the project monitoring and evaluation work effected by the regional services. The Committee was then informed by the Secretariat that the three technical committees of the Organization have been preparing 6-month evaluation and monitoring plans, which as far as possible, include project related work allocated to the regional services. However, the Committee expressed the view that the full potential for participation of the regional services in project evaluation and monitoring, as foreseen in the approved project document, has not been realized, and urged the Secretariat to increase the participation and contribution of the regional services to project evaluation and monitoring work. This is particularly needed in the Africa and Asia Pacific regions, where very few projects have benefitted from assistance of the regional services in the evaluation and monitoring work.

While praising the Secretariat's work related to the project newsletter component (publication of the quarterly *ITTO Tropical Forest Update*), the Committee urged the Executive Director to optimize the use of the regional services both in the collection of information and assistance with preparation of newsletter articles. The Committee also requested the Secretariat to make use of the Internet to increase dissemination of information on the newsletter and to make it immediately available to those connected to the network.

Although recognizing that this project has not produced all the expected outputs, the Committee agreed on the need to continue to pursue its objectives of strengthening ITTO in the three producing regions, and decided to recommend to Council its one-year extension, with an additional allocation of funds amounting to US\$ 700,000.

The Committee also discussed in detail project PD 73/89 (M,F,I) "Assistance for Project Identification and Formulation". The Committee noted that the project provided funds for the successful organization of four training workshops on the use of the "ITTO Manual for Project Formulation". The Committee also recalled that acting upon its recommendation, the ITTC Council approved at its nineteenth session supplementary project funds to finance the organization of three additional training workshops. The Committee considered the possibility of recommending a further increase in the allocated funds to allow participation of a larger number of trainees in these workshops, but decided it was premature to do so without a more detailed study of the impact of a participants increase on the budget and on the organization, management, and efficiency of workshop training activities.

Although satisfied that these workshops had been preliminarily evaluated by the participants and subcontractor in charge of their organization, the Committee decided that a more comprehensive evaluation of the project should be effected, covering also its use of the expert facility available on an *ad hoc* basis to enhance members' ability to identify and formulate project proposals. The Committee took note of the Secretariat's information that several projects were successfully prepared by members with the assistance of experts provided under this project component. The vast majority of the projects prepared with assistance of experts provided under this project component were commended by the Expert Panel and the Committee for Council approval.

The Committee then decided to recommend to Council the allocation of supplementary funds amounting to US\$ 100,000 to allow continuation of consultancy services available to assist member countries to identify and formulate proposals under the project.

Closing the discussions on the project, the Committee requested the Secretariat to take action to effect an independent evaluation of this project as soon as practical.

8. Review on Pre-project Work in Progress

The Committee took note and reviewed the progress of work under the following pre-projects:

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"
PPD 5/91 (I)	PRE-FEASIBILITY STUDY ON HARMONIZATION OF TROPICAL PLYWOOD STANDARDS
PPD 2/92 Rev.1 (I)	SUSTAINABLE DEVELOPMENT OF THE PLYWOOD INDUSTRY IN LATIN AMERICA
PPD 11/92 (I)	REVIEWING AND PREPARING SUPPORTING DOCUMENTS FOR WORK ON GUIDELINES FOR SUSTAINABLE DEVELOPMENT OF FOREST INDUSTRIES
PPD 9/93 Rev.2 (I)	EXPANSION OF THE PRODUCTION CAPABILITY OF SMALL-MEDIUM SCALE FURNITURE MANUFACTURERS FOR THE PURPOSE OF INCREASING MALAYSIA'S EXPORTS OF VALUE-ADDED TIMBER PRODUCTS
PPD 7/94 Rev.2 (I)	PRE-PROJECT FOR THE ESTABLISHMENT OF THE AIMA FOREST CORPORATION - CORFOAIMA
PPD 9/94 Rev.2 (I)	VALUE-ADDED WOOD PROCESSING OF FAST GROWING TROPICAL SPECIES

In its review of the pre-project work related to the preparation of "Guidelines for the Development of Sustainable Forest Industries" [PPD 11/92 (I)] the Committee considered the document PCI(XVIII)/5 which reproduced comments submitted by the governments of Finland, France, Japan and the United Kingdom, the United States of America, and FAO. These comments were submitted following the earlier Committee decisions to request members' views and comments on the Draft Guidelines and on their applicability and beneficiaries.

The Committee recalled that at its Seventeenth Session (November 1995) it considered the comments submitted by Finland, France, Japan, the United Kingdom and FAO. The Committee then noted that these comments could be classified in two broad categories: (i) general comments related to the need for, and usefulness of, these Guidelines, their objectives, their importance to ITTO central functions, target groups (government, enterprises, NGOs, etc.), the presentation format, duplication of certain issues covered under other ITTO Guidelines, and (ii) comments and suggestions applying specifically to one or more of the principles and recommended actions listed under the draft Guidelines, as well as, suggestions of new principles and actions.

The Committee noted that the comments submitted to this session by the United States similarly stress the need for clarifications and adequate definitions of the Guidelines scope, target audience and format. Furthermore, the United States pointed out that the focus of the Guidelines should be on the forest products industry, rather than on forest management, prioritizing national policy guidelines to encourage increased processing in producer member countries in a manner consistent with sustainable forest management and the expansion and diversification of tropical timber trade.

The Committee also considered a document submitted by the government of Brazil which revised and streamlined the basic principles listed in the Draft Guidelines report.

The Committee continued its consideration of the Draft Guidelines and agreed that the comments already submitted by some members and the FAO confirm its earlier view on the need for

further study and work on questions related to the scope of the Guidelines, their target public and audience, format, and appropriateness of specific principles and recommendations. However, no Committee consensus evolved on the question of scope and target audience of the Guidelines, with some members opposing limitations of Guidelines' scope, considering that they should be directed at forest industries in general, while others advocated limiting the Guidelines to tropical timber and, or tropical timber producing countries.

An informal working group was formed during the Session to address the scope and coverage issues. The Committee took note of the results of this informal working group, which recommended redrafting these Guidelines in a more general and less restrictive way, focusing on logging and primary processing industries. The informal working group also recommended redrafting the Guidelines to focus on the principles and recommended actions which are important to promote development of forest industries based on sustainable resources. The informal working group made the following additional suggestions, to be considered in the eventual redrafting work:

- (i) insertion of a general statement, preceding the principles, containing a statement on scope drawing directly from the last paragraph of page one in document PCI(XVI)/7,

*"As yet there are no formal parallel guidelines for other forest types. Strictly speaking therefore, the guidelines presented below relate only to those forest industries drawing on tropical forest resources. But the UNCED conventions apply to all types of forest. Thus, irrespective of the type of forest from which wood supplies are drawn, guidelines for tropical forest based industries which follow so as to create a cost effective and efficient production chain linking the forests to the end consumers of forest products."*

- (ii) clarify in the general statement, that these guidelines are not legally binding;
- (iii) include in the general statement, information on and clear specification of target groups, which include international institutions, governments, the forest industry as a whole, and the forest industry at the enterprise level; and
- (iv) ensure that restructured and redrafted principles and recommended actions clearly identify their target audiences.

Recognizing that because of time constraints and remaining divisive issues a consensus in the Session would be difficult, the Committee decided to further request members to submit to the Secretariat their comments on the subject matters considered by the informal working group, specifically on the potential, scope and coverage of these Guidelines, as well as on the nature and location of relevant target groups. The Committee urged members to offer their contribution with a view to clearly bringing out the existing options for scope and coverage of these Guidelines and on the nature and location of relevant target audiences. Members are requested to send their comments to the Secretariat by 31 July 1996.

To expedite its future work on this matter, the Committee decided to request the Secretariat to convene a meeting of a small working group (up to four members). This working group, in consultation with the Secretariat, shall consider and elaborate on the options presented by members on scope, coverage, and target audience available to the Committee. The working group should provide the basis for further discussions at the Nineteenth Session of the Committee in November 1996.

The Committee also considered in more detail the work being carried out under the pre-project study [PPD 9/94 Rev.2 (I)] on value-added wood processing of fast growing tropical species, which is nearly completed. The pre-project allowed the preparation of a report containing an overview on wood plantations in the tropics as well as technical information relevant to processing and marketing the major plantation species. The study also identified specific value-added products which have already been introduced and accepted by consumers in export markets and made several recommendations for the expansion and improvement of value-added processing. These include training, further dissemination of information of available technologies, and provision of information on potential markets for value-added products.

The Committee was informed by the implementing agency (JOFCA) that a project proposal addressing some of the study recommendations is being prepared for submission to ITTO.

The Committee reviewed the pre-project [PPD 7/94 Rev.2 (I)] on the establishment of CORFOAIMA, AIMA's Forest Corporation, in light of document PCI(XVIII)/7, which contains a request by the executing agency to reformulate the previously approved pre-project document. The Committee considered in detail the proposed modifications and decided to support the amendments proposed to reduce the scope of the study and to focus the implementation on studies on the feasibility of the corporation, covering its forestry and industrial operations. However, the Committee expressed the view that the pre-project, with the approved amendments narrowing the scope, can be successfully implemented with the previously approved budget, with the appropriate internal rearrangement of allocated funds.

9. Consideration of Project Proposals

Thirteen project proposals were submitted by member governments in time for Committee consideration and appraisal:

PROJECT NUMBER	PROJECT TITLE	SUBMITTING GOVERNMENT
PD 5/92 REV.2 (I)	ESTABLISHMENT OF A CENTRE FOR THE PROMOTION OF LESSER KNOWN TROPICAL HARDWOOD SPECIES IN EUROPE	GOVERNMENT OF CAMEROON
PD 37/94 REV.2 (I)	STRENGTHENING OF THE FOREST PRODUCTS LABORATORY OF IBAMA	GOVERNMENT OF BRAZIL
PD 13/95 REV.3 (I)	CAPACITY BUILDING IN TRAINING IN PLANNING AND MANAGEMENT OF FOREST INDUSTRIES IN ITTO PRODUCER MEMBER COUNTRIES	GOVERNMENT OF FINLAND
PD 2/96 (I)	CHEMICAL CONVERSION OF TROPICAL HARDWOOD WASTE TO CONSUMER AND INDUSTRIAL PRODUCTS	GOVERNMENT OF GHANA
PD 3/96 REV.1 (I)	DEVELOPMENT AND EXTENSION OF RUBBERWOOD PROCESSING AND UTILIZATION TECHNOLOGY	GOVERNMENT OF CHINA
PD 11/96 (I)	STRENGTHENING AND DEVELOPMENT OF NON CONVENTIONAL JOINERY TECHNOLOGY WITHIN THE CORPORATION FOR TIMBER PRODUCTION DEVELOPMENT IN THE COLOMBIAN PACIFIC REGION (CDP)	GOVERNMENT OF COLOMBIA
PD 14/96 (I)	TECHNOLOGICAL INPUTS FOR UPGRADING AND MODERNIZATION OF THE FURNITURE INDUSTRY IN THE PHILIPPINES	GOVERNMENT OF PHILIPPINES
PD 15/96 REV.1 (M,I)	UTILIZATION, COLLECTION AND TRADE OF TROPICAL NON-WOOD FOREST PRODUCTS IN THE PHILIPPINES	GOVERNMENT OF PHILIPPINES
PD 20/96 (I)	IMPLEMENTATION OF STRESS GRADING RULES FOR TROPICAL TIMBER	GOVERNMENT OF THE PHILIPPINES



PD 23/96 (I)	INTEGRATED DEVELOPMENT OF THE RUBBERWOOD INDUSTRY IN THE ASIA-PACIFIC REGION	GOVERNMENT OF THE PHILIPPINES
PD 31/96 REV.1 (M,F,I)	INTRODUCING MYANMAR'S LESSER-KNOWN TIMBER SPECIES TO THE WORLD MARKET	GOVERNMENT OF THE UNION OF MYANMAR
PD 32/96 (I)	UPGRADING PRODUCTION EFFICIENCY IN FURNITURE MANUFACTURING	GOVERNMENT OF THE UNION OF MYANMAR
PD 33/96 REV.1 (I)	WORKSHOP ON NONDESTRUCTIVE TESTING OF TROPICAL TIMBER	GOVERNMENT OF THE PHILIPPINES

The Committee considered in detail the results of the evaluation of these projects effected by the Panel of Experts for Technical Appraisal of Project Proposals, as contained in document PCM,PCF,PCI(XVIII)/1. Following a request from the respective submitting governments, the Committee decided to endorse the Panel's recommendations for the complete reformulation and resubmission of the project proposals PD 5/92 Rev.2 (I), PD 2/96 (I), PD 11/96 (I), PD 14/96 (I), PD 20/96 (I), and PD 23/96 (I).

The Committee did not appraise project PD 32/96 (I) because the Government of Myanmar requested its replacement by a pre-project, entitled "Upgrading Production Efficiency in Furniture Manufacturing" [PPD 7/96 (I)].

Project proposals PD 37/94 Rev.1 (I), PD 13/95 Rev.3 (I), PD 3/96 Rev.1 (I), PD 15/96 Rev.1 (M,I), PD 31/96 Rev.1 (M,F,I), and PD 33/96 Rev.1 (I), which were reformulated or amended taking into account the Expert Panel recommendations, were thoroughly evaluated by the Committee. The detailed results of the Committee's evaluation and appraisal of these six project proposals are presented in Appendix I.

#### 10. Decision on Pre-Project Work

The Committee considered and appraised two pre-project proposals:

PPD 2/96 Rev.1 (I)	DEVELOPMENT OF THE INDIAN RUBBERWOOD INDUSTRY (Submitted by Government of India)
PPD 7/96 (I)	UPGRADING PRODUCTION EFFICIENCY IN FURNITURE MANUFACTURING (Submitted by Government of Myanmar)

The Committee noted that these proposals were prepared in accordance with recommendations made by the Expert Panel for Technical Appraisal of project proposals. The Committee decided to approve the implementation of both proposals, which were further revised during the Session to incorporate minor amendments in the budget to appropriately cover ITTO monitoring, evaluation and administrative program support costs. The revised pre-project proposals are reproduced in documents PPD 2/96 Rev.2 (I) and PPD 7/96 Rev.1 (I), and the approved budgetary funds are included in Appendix I (Technical Evaluation of Project Proposals).

11. Decision on Fellowship Applications Under Project PD 1/93 Rev.1 (M.F.I)

The Committee authorized the establishment of a Selection Panel to evaluate fellowship applications submitted in time for the Seventeenth Session and select the successful candidates. The Selection Panel was composed of:

Mr. Wisber Loeis	Indonesia	Vice-Chairman of ITTC
Dr. Achmad Sumitro	Indonesia	Chairman of PCM
Mr. Geoffrey Pleydell	United Kingdom	Vice-Chairman of PCM
Mr. Angel Murillo	Honduras	Chairman of PCF
Mr. Jürgen Blaser	Switzerland	Vice-Chairman of PCF
Mr. Young-han Kim	Korea	Chairman of PCI
Mr. Bilé Allogho Joachim	Gabon	Vice-Chairman of PCI

The Selection Panel considered a total of 109 applications and recommended to the Permanent Committee that 34 applicants be approved, subject to the availability of funds at a total cost of approximately US\$ 156,000. The approved applications are listed in Appendix II.

12. Dates and Venue of the Twenty-first Session

The Committee decided that the dates and venue of the Twenty-first Committee Session will be agreed upon by ITTC in the Twentieth Council Session.

13. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations to the ITTC:

1. That the following project proposals be revised and, or reformulated, and when appropriate, submitted to the Expert Panel before further consideration:

PROJECT NUMBER	PROJECT TITLE	SUBMITTING GOVERNMENT
PD 5/92 Rev.2 (I)	Establishment of a Centre for the Promotin of Lesser Knowns Tropical Hardwood Species in Europe	Government of Cameroon
PD 2/96 (I)	Chemical Conversin of Tropical Hardwood Waste to Consumer and Industrial Products	Government of Ghana
PD 11/92 (I)	Strengthening and Development of Non-conventional Joinery Technology within the Corporation for Timber Production Development in the Colombian Pacific Region (CDP)	Government of Colombia
PD 14/96 (I)	Technological Inputs for Upgrading and Modernization of the Furniture Industry in the Philippines	Government of the Philippines
PD 20/96 (I)	Implementation of Stress Grading Rules for Tropical Timber	Government of the Philippines
PD 23/96 (I)	Integrated Development of the Rubberwood Industry in the Asia-Pacific Region	Government of the Philippines

2. To approve for implementation the following project proposals:

PD 37/94 Rev.3 (I)	STRENGTHENING OF THE FOREST PRODUCTS LABORATORY OF IBAMA (BRAZIL) [US\$ 500,703]
PD 13/95 Rev.3 (I)	CAPACITY BUILDING IN TRAINING IN PLANNING AND MANAGEMENT OF FOREST INDUSTRIES IN ITTO PRODUCER MEMBER COUNTRIES (FINLAND) [US\$ 1,090,000]
PD 3/96 Rev.2 (I)	DEVELOPMENT AND EXTENSION OF RUBBERWOOD PROCESSING AND UTILIZATION TECHNOLOGY (CHINA) [US\$ 214,798]
PD 15/96 Rev.2 (M,I)	UTILIZATION, COLLECTION AND TRADE OF TROPICAL NON-WOOD FOREST PRODUCTS IN THE PHILIPPINES (PHILIPPINES) [US\$ 345,196]
PD 31/96 Rev.2 (M,F,I)	INTRODUCING MYANMAR'S LESSER-KNOWN TIMBER SPECIES TO THE WORLD MARKET (MYANMAR) [US\$ 495,533.50]
PD 33/96 Rev.2 (I)	WORKSHOP ON NONDESTRUCTIVE TESTING OF TROPICAL TIMBER (PHILIPPINES) [US\$ 139,787.50]

3. To provide funds for the approved pre-projects:

PPD 2/96 Rev.2 (I)	DEVELOPMENT OF THE INDIAN RUBBERWOOD INDUSTRY (INDIA) [US\$ 58,025]
PPD 7/96 Rev.1 (I)	UPGRADING PRODUCTION EFFICIENCY IN FURNITURE MANUFACTURING (MYANMAR) [US\$ 57,497.50]

4. To allocate supplementary funds amounting to US\$ 459,680 to allow continuation of the fellowship program implemented under project PD 1/93 Rev.1 (M,F,I) "ITTO FELLOWSHIP PROGRAMME - PHASE II".
5. To allocate supplementary funds amounting to US\$ 100,000 to allow continuation of the consultancy services to assist member countries to identify and formulate project proposals under project PD 73/89 (M,F,I) "Assistance for Project Identification and Formulation".
6. To allocate additional funds amounting to US\$ 700,000 to finalize a one-year extension of project PD 17/93 (M,F,I) "ITTO Network for Information Sharing and Project Support".
7. 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:

PPD 11/92 (I)	REVIEWING AND PREPARING SUPPORTING DOCUMENTS FOR WORK ON GUIDELINES FOR SUSTAINABLE DEVELOPMENT OF FOREST INDUSTRIES (ADDITIONAL FUNDS) [US\$ 66,300]
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PPD 11/95 REV.2 (I)	INTERNATIONAL CONFERENCE ON VALUE-ADDED HARDWOOD PROCESSING AND UTILIZATION (GHANA) [US\$ 107,534]
PPD 15/95 REV.2 (I)	GHANA SEMINAR TO PREPARE AND APPROVE PROJECTS FOR NETWORKED RESEARCH INTO THE PROCESSING, UTILIZATION AND MARKETING OF SMALL DIAMETER TIMBER FROM PLANTATIONS IN AFRICA (GHANA) [US\$ 39,169.42]
PD 73/89 (M,F,I)	ASSISTANCE FOR PROJECT IDENTIFICATION AND FORMULATION [ADDITIONAL FUNDS] [US\$ 100,000]
PD 24/95 REV.1 (I)	THE IDENTIFICATION, PROPERTIES AND USES OF THE TROPICAL TIMBER IMPORTED TO CHINA FROM LATIN AMERICA (CHINA) [US\$ 112,000]

14. Report of the Session

The Committee adopted this report for submission to the Council.

## APPENDIX I

### Technical Evaluation of Project Proposals

**PD 37/94 REV.2 (I) STRENGTHENING OF THE FOREST PRODUCTS LABORATORY OF  
IBAMA  
(GOVERNMENT OF BRAZIL)**

The Committee supported the Panel's view on the value of forest product's research and development to promote and enhance utilization of tropical timber.

The Committee considered in detail the Expert Panel recommendation to focus the project in a fewer number of objectives more closely related to ITTO's priorities, and reviewed the amendments introduced by the Government of Brazil, which provided further detailed activities related to the identified priority project outputs (outputs 2, 5, 6 and 7). However, the Committee agreed with the proposal of the Government of Brazil to maintain work related to all eight outputs originally planned, as their elimination would not result in significant reduction of project inputs. These outputs, related to the Laboratory's long-term research plan and equipment modernization, though of lower priority, are necessary to optimize the work of the Laboratory and to enhance its continuation to improve tropical timber utilization.

The Committee was also satisfied with the explanations provided in the revised proposal on the role and contribution of the private sector to the project work.

The Committee decided to recommend to Council the approval of a further revised proposal [PD 37/94 Rev.3 (I)] incorporating minor amendments in the budget to appropriately account for the ITTO monitoring and evaluation and administrative program support costs.

**PD 13/95 REV.3 (I) CAPACITY BUILDING IN TRAINING IN PLANNING AND MANAGEMENT  
OF FOREST INDUSTRIES IN ITTO PRODUCER MEMBER COUNTRIES  
(GOVERNMENT OF FINLAND)**

The Committee noted that the project work planned in this proposal had already been considered and approved at its Seventeenth Session. The revision now under consideration only decreased the number of countries participating in the full training program, reducing the project cost in an attempt to facilitate its financing.

Reiterating its earlier view on the project relevance to the implementation of human resources development activities contained in the ITTO Action Plan, the Committee once again found that it could be commended for approval by the Council.

Though agreeing on the desirability of participation of a larger number of producing countries in the full training program, the Committee recognized that project financing and management constraints called for scaling down the work, now limited to four producing countries which will be selected within the first six months of project implementation. However, the Committee decided that selection criteria shall ensure that at least one country from each producing region shall be included in the list of participating countries.

The Committee decided to recommend to Council the approval of the proposal.

**PD 3/96 REV.1 (I) DEVELOPMENT AND EXTENSION OF RUBBERWOOD PROCESSING  
AND UTILIZATION TECHNOLOGY  
(GOVERNMENT OF CHINA)**

The Committee agreed on the importance of this project, which will study and discriminate timber processing and utilization technologies to improve efficiency and competitiveness of China's rubberwood industries.

The Committee expressed its satisfaction with the minor amendments introduced in the proposal in accordance with the recommendations of the Expert Panel, related to participation in international trade fairs, conferences and seminar as well as industries participation in the project; inclusion of further details on the project site; details on budget items for equipment, project personnel; elaboration on the economic, environmental and social aspects of the project; and the provision of a summary of the main outcomes of PPD 6/94 Rev.1 (I).

The Committee decided to recommend to Council the approval of a further revised proposal [PD 3/96 Rev.2 (I)] incorporating minor amendments in the budget to appropriately account for the ITTO administrative program support costs.

**PD 15/96 REV.1 (M,I)     UTILIZATION, COLLECTION AND TRADE OF TROPICAL NON-WOOD  
FOREST PRODUCTS IN THE PHILIPPINES  
(GOVERNMENT OF PHILIPPINES)**

The Committee noted that this project has been designed to collect and make available information on the production, trade and utilization of non-wood products (bamboo, rattan, palms, vines, almaciga resin, etc.) in two selected forest areas in the Philippines. The Committee further noted, with satisfaction, that the revised proposal presented by the Government of the Philippines fully met the recommendations of the Expert Panel, which mostly required streamlining the specific objectives and provision of more detailed information on project activities and inputs and on the institutional framework.

The Committee also considered and deliberated on the Expert Panel's inquiry on whether the project was within the mandate of the ITTO. The Committee recalled that in past years, acting upon its recommendation, the ITTO Council has approved several projects to study and promote non-wood products, and that there is consensus in the Organization that non-wood projects which contribute to sustainable management of natural forests are within ITTO's mandate.

In the case of this proposal, the Committee agreed that much of the proposed work will focus on studies of the sustainability of production and on the regeneration pattern and cycle of production on important non-wood products, and these are strongly linked with the sustainability and maintenance of the natural forest as a whole.

Considering the present high value of non-wood products in the Philippines, which has a strong rattan and bamboo-based furniture industry, the Committee observed that the study and promotion of these products can contribute to increasing the value of the forest in general, thus enhancing the prospects for sustainable forest management.

The Committee decided to recommend to Council the approval of a further revised proposal [PD 15/96 Rev.2 (M,I)] which incorporates minor amendments in the budget to appropriately account for the ITTO administrative program support costs.

**PD 31/96 REV.1 (M,F,I)     INTRODUCING MYANMAR'S LESSER-KNOWN TIMBER SPECIES  
TO THE WORLD MARKET  
(GOVERNMENT OF MYANMAR)**

The Committee expressed its satisfaction with the revision of this proposal made by the government of Myanmar taking into account the recommendations of the Expert Panel for Technical Appraisal of Project Proposals.

The Committee was informed by the Government of Myanmar, that though the Expert Panel recommended the implementation of a pre-project to assist full development of the project proposal, a decision was taken to reformulate the proposal at once, limiting the project work to a smaller area (50,000 ha as opposed to 500,000 ha), and that the planned inventory work will generate part of the necessary data and information which are not presently available.

The Committee agreed that the project is relevant to ITTO's objectives and activities of promoting sustainable production and use of lesser-known species (LKS).

The Committee decided to recommend to Council the approval of a further revised proposal [PD 31/96 Rev.2 (M,F,I)] incorporating minor amendments in the budget to appropriately account for the ITTO administrative program support costs.

**PD 33/96 REV.1 (I)      WORKSHOP ON NONDESTRUCTIVE TESTING OF TROPICAL TIMBER  
(GOVERNMENT OF PHILIPPINES)**

The Committee commended the government of the Philippines for the thorough revision of this proposal to take into account the comments and recommendations by the Expert Panel requiring more clearly specification of the workshop target group, increasing the number of participants to cover ITTO member countries in the Asia-Pacific region, as well as inclusion of a literature review on non-destructive testing and to eliminate unnecessary inputs.

The Committee agreed on the value of this regional workshop to promote use of non-destructive testing for improving the quality control of wood products and inspection of timber structures in producing countries.

Noting that the number of project-sponsored workshop participants had been increased from 10 to 20, following an Expert Panel suggestion to optimize workshop cost/benefit, the Committee recommended a revision on the proposed list of countries to be represented at the meeting to ensure attendance of at least one participant from each ITTO producer country from the Asia-Pacific region and participation of other specific producer countries that had expressed desire to participate during discussions on this project.

The Committee decided to recommend to Council the approval of a further revised proposal [PD 33/96 Rev.2 (I)] amending the list of workshop participating countries and incorporating minor budget amendments.

**TECHNICAL EVALUATION OF PROJECTS AND PRE-PROJECTS  
IN THE AREA OF FOREST INDUSTRY**

PROJECT DOCUMENT	ITTA OBJECTIVES Article 1	AREA OF ACTIVITY		CRITERIA Art.23 Para.6	ITTO BUDGET (US\$)	DURATION	GEOGRAPHICAL COVERAGE	RECOMMENDATION
		Art.23 Para.2	Art.23 Para.5					
PD 37/94 Rev.3 (I)	c,g	R & D	a,d	a,b,c,d,e	556,703	2 years	Brazil	4
PD 13/95 Rev.3 (I)	c,e,f,g	Forest Industry Training	a,b,c,d,e	a,b,c,d,e	1,090,000	3 years	ITTO producer countries	4
PD 3/96 Rev.2 (I)	c,g	R & D	a,d	a,b,c,d,e	214,798	2 years	China	4
PD 15/96 Rev.2 (M,I)	b,c,g	Non-Wood Products Forest Management	b,d	a,b,c,d,e	345,196	3 years	Philippines	4
PD 31/96 Rev.2 (M,F,I)	b,c,g	R & D Marketing	a,b,d	a,b,c,d,e	495,533.50	3 years	Myanmar	4
PD 33/96 Rev.2 (I)	c,g	R & D Marketing	a	a,b,c,d,e	139,787.50	1 year	Asia Pacific producers and other selected countries	4

PRE-PROJECT PROPOSALS	ITTO BUDGET (US\$)	DURATION	GEOGRAPHICAL COVERAGE	RECOMMENDATION
PPD 2/96 Rev.2 (I)	58,025	6 months	India	4
PPD 7/96 Rev.1 (I)	57,497.50	6 months	Myanmar	4

1. Recommend to the ITTO Council that the proposal should not be further considered by ITTO.
2. Recommend to the ITTO Council that the proposal be revised.
3. Decide to approve the pre-project.
4. Recommend to the ITTO Council to approve the (amended) proposal for implementation by ITTO.
5. Recommend to the ITTO Council that ITTO should sponsor the proposal in accordance with Article 20.
6. Recommend to the ITTO Council that ITTO should approve the proposal for ITTO sponsorship without funding and refer it to other relevant financial institutions.
7. Pre-project or project submitted directly to the Council for decision in accordance with the expedite procedure approved by Council Decision 2(X).



## APPENDIX II

### LIST OF FELLOWSHIPS APPROVED (Report of the Selection Panel)

#### PERMANENT COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

App. No.	Name	Nationality	Subject
009/C20/96S	Akrofi, Samuel Kumah	Ghana	Short Training Course International Public Relations Course at Park Business School, London, U.K.
073/C20/96S	Belen, Flor Exconde	Philippines	Conference Participation The 62nd International Federation of Library Associations and Institutions General Conference, Beijing, China
063/C20/96S	Wakam, Jean	Cameroon	Study Tour for a project entitled "Collection and Analysis of Forestry Statistics" in Libreville, Gabon

#### PERMANENT COMMITTEE ON FOREST INDUSTRY

App. No.	Name	Nationality	Subject
030/C20/96S	Agyeman, Eric K. Omane	Ghana	Short Training Course Practical Vocation Training for Wood Technology Students, Heirinch Freudenburg (GMBH & CO.) KG, Hamburg, Germany
070/C20/96S	Kaikai, Ibrahim Monfra	Liberia	Attachment to Institution The Department of Forests Economics, University of Helsinki, Finland
007/C20/96S	Ogyiri, Swampson Yaw	Ghana	Attachment to Institution APKINDO, Jakarta, Indonesia
080/C20/96S	Sun, Xiufang	China	Post Graduate Degree Program Masters of Science in Forest Products Marketing, Department of Wood Science and Forest Products, Virginia Polytechnic Institute and State University, Virginia, U.S.A.
019/C20/96S	Taguiling, Napoleon K.	Philippines	Post Graduate Degree Program MS Thesis at Department of Wood Science and Technology, College of Forestry, the University of the Philippines, Los Baños, Philippines

**PERMANENT COMMITTEE  
ON REFORESTATION AND FOREST MANAGEMENT**

<b>App. No.</b>	<b>Name</b>	<b>Nationality</b>	<b>Subject</b>
101/C20/96S	Agbor, Pamela Arrey	Cameroon	Short Training Course The Short Course on Community-based Land Use Planning in Rural Areas: Concepts, Methods and Experiences at German Foundation for International Development, Germany
053/C20/96S	Ansari, Firoj	Nepal	Post Graduate Degree Program M.S. in Forestry at Pakistan Forest Institute, Peshawar, Pakistan
095/C20/96S	Bambang, Hero Saharjo	Indonesia	Deliver Conference Paper 13th Conference on Fire and Meteorology: International Perspectives on Landscape Fires at Lorne, Australia
093/C20/96S	Boakye, Albert Gyamfi	Ghana	Seminar 24th International Forestry Students Symposium, Canberra, Australia
022/C20/96S	Cortes, Juan Luis	Honduras	Post Graduate Degree Program Ingeniero Agrónomo Program in the Department of Natural Resources and Conservation Biology at the Pan American School of Agriculture (Zamorano), Tegucigalpa, Honduras
11/5C20/96S	Dennis, Alexander E.	Liberia	Technical Officer Program, Asuani Farm Institute, Cape Coast, Ghana
079/C20/96S	Elliott, Stephen David	U.K.	Deliver Conference Paper World Heritage Tropical Forests Conference: Science for Better Management and Understanding, Cairns, Australia
076/C20/96S	Esguerra, Emmanuel Moralde	Philippines	Study Tour Department of Environment and Natural Resources in the Philippines, BIOTROP in Indonesia and the Forest Department in Malaysia
058/C20/96S	Eslava, Felix	Philippines	Conference Participation International Conference & Summer School on Conflict Management and Public Participation in Land Management, European Forest Institute, Joensuu, Finland

App. No.	Name	Nationality	Subject
028/C20/96S	Gaviria, Alfredo Emilio	Peru	Study Tour A New Forests Project in Guatemala, El Salvador and Honduras
083/C20/96S	Hardwick, Katherine Ann	U.K.	Deliver Conference Paper World Heritage Tropical Forests Conference: Science for Better Management and Understanding, Cairns, Australia
112/C20/96S	Karr, Aaron Zeah	Liberia	Technical Officer Program School of Forestry, Sunyani, Ghana
021/C20/96S	Koesmarno, Hari Kusuma	Indonesia	Deliver Conference Paper IUFRO Conference on Modelling Regeneration Success and Early Growth of Forest Stands, Copenhagen, Denmark
113/C20/96S	Kofa, Sampson Jumundeh	Liberia	Technical Officer Program School of Forestry, Sunyani, Ghana
029/C20/96S	Komar, Tajudin Edy	Indonesia	Deliver Conference Paper 1996 QFRI-IUFRO Conference: Tree Improvement for Sustainable Tropical Forestry, Australia, and 1996 Conference on Reproductive Biology in Systematics, Conservation and Economic Botany at Kew, U.K.
011/C20/96S	Lubungusi, Kulia Valentin	Zaire	Short Training Course Tropical Agroecology at CIEPAD, France
099/C20/96S	Massaley, Hammed A.	Liberia	Short Training Course Research Methods in Forestry at Universities of Oxford and Reading, U.K.
082/C20/96S	Mathew, Sam Paul	India	Technical Document Preparation Publication of the Flora of South Andamans and Mount Harriet National Park
001/C20/96S	Nacuray, Erwin Orbista	Philippines	Post Graduate Degree Program M.S. Program in Forestry at the University of the Philippines, Los Baños, Philippines
003/C20/96S	Narayan, L.R.A.	India	Deliver Conference Paper XVIII Congress of International Society for Photogrammetry and Remote Sensing, Vienna, Austria

App. No.	Name	Nationality	Subject
060/C20/96S	Sah, Shambhu Prasad	Nepal	Deliver Conference Paper IURFRO Conference on Modelling Regeneration Success and Early Growth of Forest Stands, Copenhagen, Denmark
039/C20/96S	Sankaran, Kavile Veettil	India	Attachment to Institution CSIRO Division of Forestry, Western Australian Forest Research Group, Wembley, Australia
114/C20/96S	Saydee, Isaac N.	Liberia	Technical Officer Program School of Forestry, Sunyani, Ghana
015/C20/96S	Silva Herrera, Luis Jairo	Colombia	Seminar 18th Session of the Advisory Committee of FAO on Forest Education, Santiago, Chile
037/C20/96S	Singh, Bijay Kumar	Nepal	Deliver Conference Paper The 6th Annual Conference of the International Association for the Study of Common Property at Berkeley, U.S.A.
096/C20/96S	Teah, George Ben	Liberia	Technical Officer Training Course at the School of Forestry, Sunyani, Ghana

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