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Seventh Session
Yokohama, 30 October - 7 November 1989

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OF THE
INTERNATIONAL TROPICAL TIMBER COUNCIL
SEVENTH SESSION

Yokohama
30 October - 7 November 1989

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Introduction

1. The Seventh Session of the International Tropical Timber Council was convened in Yokohama (Japan) from 30 October to 7 November 1989. The Session was attended by 34 Members. Representatives of some non-member Governments, specialized agencies and other organs of the United Nations, inter-governmental organizations, conservation non-governmental organizations, and timber trade and industry associations participated as Observers. The List of Participants is reproduced as Annex I to this Report. The Council held four sittings.

Opening of the Session {Item 1}

2. The Seventh Session was opened by Mr. Jaime Muñoz-Reyes Navarro (Bolivia), the Chairman of the Council. He welcomed all participants to the Session which had convened on an occasion of significance for reviewing the financing and implementation of projects. It was with great satisfaction that he welcomed current initiatives by Japan to establish within the International Tropical Timber Organization (ITTO) a Special Fund for the sustainable management of tropical forests. Bolivia and other Producing Member countries supported such moves which would provide additional funds for promoting sustainable management and utilization of their forest resources. He appealed to all Members to lend full support to the establishment of such a Fund.

3. The Chairman further appealed to the Consuming Countries to increase their investment, including technological transfer, for the development of forest industries in the Producing Countries. Such investment could only be meaningful if the Consuming Countries would also open up their markets to the value-added products from the Producing Countries. Increased resources were needed to develop forest management and reforestation programmes in the Producing Countries. In this regard, it was equally important to promote the utilization of other timber species so as to ensure selective harvesting which would be compatible with maintaining the ecological balance in the countries concerned.

4. To achieve such goals, there was need to seek co-operation and joint action among Producing and Consuming Countries. The ITTO had given proof of its dynamic growth and development and its capability as a useful forum for harmonizing the views and interests of all Producers and Consumers on the rational use and sustainable management of forest resources. It was, therefore, vital to strengthen the structures and work of the Organization. The Secretariat must be supported to provide

continuity to the work of the Organization. Non-governmental organizations had an important role to play. From his personal experience, the Chairman stressed, non-governmental organizations had the capability and potential to make such a contribution to the work of the ITTO. Lack of financial resources needed to strengthen the Organization had become a matter of great concern. It was imperative for Members to meet their financial obligations towards the ITTO. This was the only way to endow the Organization with the resources and capability to fulfil its mandate as expected. The Chairman informed the Council that the recent change of Government in Bolivia had not in any way affected Bolivia's commitment to and support for the ITTO, and Bolivia would soon fulfil all its financial obligations to the Organization.

5. The Chairman referred to the ITTO Mission to Sarawak which was about to commence its work. He appealed to all to lend their full support and co-operation to make the Mission a success.

6. He welcomed Portugal as the newest Member, and looked forward to the prospect of two Observers, Togo and the Solomon Islands, becoming full Members of the ITTO.

Ascertainment of the Quorum {Item 2}

7. The Chairman informed the Council that a quorum of Members was present as was required under Article 13, paragraph 1, of the Agreement.

Adoption of Agenda and Organization of Work {Item 3}

8. The Council considered the Provisional Agenda of its Seventh Session as contained in document ITTC(VII)/1 after including an additional Item 3 (a) "Consideration of the Proposed Amendment by U.S.A. to the Draft Report of the Council on its Sixth Session". The revised Provisional Agenda which was adopted appears as Annex II to this Report.

9. On the Organization of work, the Representative of U.S.S.R., Mr. Damir Aitkulov, requested that in view of the long-standing and unresolved issues under Item 16, that item should be given priority consideration. The Chairman suggested that since the discussion of the item required prior consultations, he intended to bring it up for consideration as soon as he had completed such a procedure. Following the proposal of the Representative of France, Mr. Philippe Dupont, it was decided not to take up the item immediately but to request the Chairman to proceed with consultations over the matters at issue before the item was brought before the Council.

10. The Chairman announced the establishment of an Ad Hoc Committee on Administrative and Financial Matters with open-ended membership under his Chairmanship to give preliminary consideration to items 12, 13, 14, and 18 in order to resolve certain issues through consultations and to expedite proceedings of the Council.

Consideration of Proposed Amendment by the U.S.A. to the Draft Report of the ITTC on its Sixth Session {Item 3(a)}

11. Following the revision requested by the U.S.A. to the Draft Report, the Secretariat proposed an amendment to paragraph 21 of the Draft Report which would replace the fourth sentence of that paragraph with the following sentence: "The Council decided to request the Executive Director to prepare a Work Programme in the area of reforestation and forest management for the years 1990 and 1991 and to propose activities for priority implementation as specified in Decision 2(VI)." The amendment, as proposed, was agreed. The Council approved the Report on its Sixth Session with the above amendment.

Report on Membership of the Council {Item 4}

12. The Council took note of the Report contained in document ITTC(VII)/3 indicating Portugal's accession on 3 July 1989 to the International Tropical Timber Agreement, its membership in the ITTO, and its assessed contribution to the 1989 Administrative Budget.

Distribution of Votes {Item 5}

13. The Council took note of the revised distribution of votes among Members consequent upon the membership of Portugal. The table of votes is contained in document ITTC(VII)/3.

Admission of Observers {Item 6}

14. The Council admitted to its Seventh Session as Observers the Representatives of Colombia, Madagascar, Nigeria, Solomon Islands, Togo and Venezuela, and of 21 non-governmental organizations. The list of Observers is contained in the List of Participants (Annex I to this Report).

Report of the Credentials Committee {Item 7}

15. The Report of the Credentials Committee was presented to the Council by its Chairman, Mr. W.A. Bastiaanse (The Netherlands). The report indicated that credentials from the 34 delegations present had been received, examined and found in good and due form. Due to delays in receiving credentials, the Committee reiterated a previous request to the Executive Director to notify all Members to comply with the procedure to

submit credentials at the latest one week before the commencement of the Sessions.

16. The Representative of U.S.S.R. expressed reservations over credentials of the delegation of the Federal Republic of Germany. He stated that the U.S.S.R. could not give recognition to any officials or persons representing any organizations or agencies illegally situated in West Berlin.

17. The Representative of U.S.A., Mr. Jeffrey R. Cunningham, speaking on behalf of the Government of the United Kingdom, France and U.S.A., placed on record the position of the Western Powers in Berlin. In their view, the establishment of the Federal Environment Agency of the Federal Republic of Germany in the western sectors of Berlin had been approved by the French, British and U.S. authorities acting on the basis of their supreme authority. The Federal Environment Agency exercised its functions under a law adopted in Berlin in accordance with established procedures. The activities of this Agency did not constitute constitutional, official acts of the state body of the Federal Republic of Germany which contradicted the provisions of paragraph 1 of Annex 2 of the Quadripartite Agreement of 3 September 1971. Neither the location nor the activities of the Federal Environment Agency in the western sectors of Berlin contravened any of the provisions of the Quadripartite Agreement.

18. The Representative of France associated his delegation with the statement of the Representative of the U.S.A.

19. The Representative of the Federal Republic of Germany, Mr. Gerhard Schmok, spoke to associate his Government with the position of the Western Powers. He affirmed the principle that each Member State of the ITTO had the sovereign right to decide which institutions or persons it wished to represent it in the work of the Organization.

20. The Report of the Credentials Committee [document ITTC(VII)/5] was approved by the Council.

Statement by the Executive Director {Item 8}

21. The Executive Director, Dr. B.C.Y. Freezailah, in his Opening Statement, welcomed all delegates to the Headquarters of the ITTO and recommended full participation in the additional activities sponsored by Japan in the form of a Study Tour and Seminar in Nagoya and Kyoto on "Sustainable Development of Tropical Forests and Tropical Timber Manufacturing Industries in Japan" (8 - 10 November 1989).

22. As this Session of the Council was the last to be held before the expiry of the first term of the ITTA, 1983, the Executive Director took the opportunity to review some of the significant developments in the Organization which marked its "smooth but eventful transition to steady growth and action". The ITTO's membership was expanding, and there were prospects of other States such as Zaire and Togo becoming Members. A compact Secretariat had been set up, an increasing number of project and pre-project activities had been approved and some were in various stages of implementation. Deliberations were proceeding on elaborating a comprehensive Action Plan for ITTO. The activities of the Organization had been carried out in co-ordination with several international organizations.

23. The activities of the ITTO were determined by its membership whose interests and concerns had been consulted and taken into account in evolving the Organization's global and holistic approaches to issues. The needs of the ITTO's global membership reflected a cluster of interests and concerns which might be summed up as follows: (i) the need to dispel the tendency to apportion blame often weighted against the tropical countries; (ii) the need to strike a rational balance in the priorities for action between utilization and conservation of tropical forests; (iii) the need for the transfer of substantial resources from the developed countries to the developing tropical countries commensurate with the task and the pressures for action; (iv) the urgent necessity for tropical countries to articulate their views in the light of their felt needs and capabilities for action; (v) the need for closer co-operation among all organizations involved in tropical forestry in order to avoid duplication of efforts; and (vi) the future of ITTO.

24. The proliferation of international conferences and the trends of thinking which emerged from these fora substantiated these interests and concerns. The Executive Director reported on what he had done to associate the ITTO with the world-wide action in the area of development, environment and tropical forestry. There was heightened international concern expressed over the tropical forests and increasing recognition of ITTO's role. These had identified the obligation to release substantial financial resources to address issues concerning tropical forestry. The Executive Director had taken every opportunity to respond to these calls for additional funds. Encouraged by the initiative of Japan in announcing its intention to allocate substantial funds to the ITTO for the

sustainable development for tropical forest resources, he had addressed letters of appeal to all Members of the ITTO and other related organizations. He had proposed, in the light of current initiatives by Japan, the creation of an ITTO Fund for the Sustainable Development of Tropical Forests. It was through such a mechanism that much needed financial resources could be released for meaningful action. It was vital for all Members to respond positively to this appeal.

25. The Executive Director indicated his intention to continue his mission to consult the Governments of Producing Countries in order to explore possibilities of ITTO assisting them in evolving a united stand on measures aimed at effective action, co-operation and international assistance. Such major tropical forest countries as Brazil, Indonesia, Malaysia and Zaire, a prospective Member, had made pronouncements indicating clearly their willingness to join in international co-operation to resolve their forestry problems. This process of consulting the interests of Producing Members should be seen within the context of ITTO's policy dialogue designed to generate a process of change on the basis of understanding, and international co-operation. World opinion should, therefore, be properly educated and informed to support such international co-operation and consequently to disavow the campaign of sanctions initiated from certain quarters against the importation of tropical timber products into Europe.

26. The vista of the future ahead of ITTO, the Executive Director concluded, was "full of potential and prospects". In the face of international expectations, it was for the ITTO "to transform the historical challenges of the present into opportunities to engage in meaningful action".

Statement of the European Economic Community

27. The Representative of the European Economic Community, Mr. Enzo Barratini, made a statement on behalf of the Members of the E.E.C. The Member States of the E.E.C. reaffirmed their commitment to playing a prominent role in finding solutions to the problem of global environmental deterioration. It was only through global action and co-operation that the twin problems of tropical forest conservation and of the economic development of the tropical peoples could be addressed. That was the rationale for the continued support of the E.E.C. for the ITTO and the recognition, as evidenced in the Communique of the Fifteenth Economic Summit of July 1989 in Paris, of its eligibility for financial assistance.

28. The E.E.C. attached great importance to ensuring that the ITTO adopted a "normative approach" in its technical functions of implementing and financing forestry projects. In this regard, the ITTO should be entrusted with the drafting of internationally recognized "Guidelines" for the long-term management of tropical forests aimed at both development and conservation. This would establish the ITTO as a world authority in such matters. The Community would propose that the ITTO establish a Working Party to prepare the Guidelines. European institutions were also planning to carry out a study in this field. When completed, its findings would be published to complement those of the ITTO.

29. The E.E.C. considered that the work of elaborating a comprehensive ITTO draft Action Plan and the Organization's priorities were questions of great importance. This aspect of the work should be completed soon since it represented an essential ingredient in the preparation of the Organization's Programme of Work.

30. As regards the harnessing of the financial resources to cope with the increased tasks before the ITTO, it was incumbent on defaulting Member States to pay up the arrears in their contributions. Furthermore, strict budgetary discipline and transparency should guide the financial administration of the Organization.

Criteria and Priority Areas for Programme Development and Project Work {Item 9}

31. The Council deliberated very briefly on this item taking into account the respective recommendations of the three Permanent Committees which had initially considered the item.

32. The Council endorsed the recommendation to establish and finance the work of two Panels of Experts to develop draft Action Plans and Work Programmes in the fields of Economic Information and Market Intelligence and Forest Industry, and to establish a Working Group to formulate recommendations and principles for preparing "Guidelines for Best Known Practice" in the management of natural tropical forests; and requested the Executive Director to arrange for the two Panels to co-ordinate elements in their work programmes. The text of this Decision 3(VII) is reproduced in Annex VI to this Report.

Reports of the Fifth Sessions of the Permanent Committees {Item 10}

33. The Chairmen of the Permanent Committees presented the Reports of their respective Committees to the Council. The Council took note of these Reports including the recommendations made by the Committees. The

Reports of the Committees are contained in documents PCM(V)/8, PCF(V)/11 and PCI(V)/5. (See Annex IV to this Report.)

Consideration of Project Proposals and Prioritization of Projects
{Items 10(b) and (c)}

34. These sub-items were the subject of discussions within the Ad Hoc Committee on Administrative and Financial Matters presided over by the Chairman. The decision of the Council took into account the consultations on available funds and pledges of funds by donors. The Council decided to approve the following Projects:

PD 66/89 (M)	Study of the Trade and Markets for Tropical Hardwoods and Derived Manufactures in North America
PD 68/89 Rev.1 (F)	Management of the Tapajos National Forest for Sustainable Production of Industrial Timber
PD 69/89 Rev.1 (F)	Workshop on Sustained Tropical Forest Management with Special Reference to the Atlantic Forest
PD 71/89 Rev.1 (F)	The Economic and Environmental Value of Mangrove Forests and Present State of the Conservation
PD 72/89 (F)	Seminar on Sustainable Development of Tropical Forests
PD 54/89 (I)	Study on Utilization Structure of Tropical Timber Products in Korea and Promotion of Processed Wood Products Supply from Tropical Timber Producing Countries
PD 65/89 (I)	Promotion of Imports of Tropical Sawnwood in China (Preparatory Phase)
PD 67/89 (I)	Training Program on Mechanical Processing Operations in the South American Sawmilling and Plywood Industries
PD 70/89 Rev. 2 (I)	World Conference on Tropical Plywood in Asia Pacific Region
PD 73/89 (M,F,I)	Assistance for Project Identification and Formulation
PD 37/88 Rev.3 (I) (Phases I & II)	Industrial Utilization of New Tropical Forest Species in Peru

35. The Council authorized immediate financing and implementation of the following Projects:

PD 69/89 Rev.1 (F)	Workshop on Sustained Tropical Forest Management with Special Reference to the Atlantic Forest (Brazil)
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- PD 72/89 (F) Seminar on Sustainable Development of Tropical Forests
- PD 73/89 (M,F,I) Assistance for Project Identification and Formulation
- PD 37/88 Rev.3 (I) Industrial Utilization of New Tropical Forest Species in Peru - Phase I
(Phase I)

36. The Council authorized financing for immediate implementation, as soon as earmarked funds are available in the Special Account, of the following Projects:

- PD 66/89 (M) Study of the Trade and Markets for Tropical Hardwoods and Derived Manufactures in North America
- PD 68/89 Rev.1 (F) Management of the Tapajos National Forest for Sustainable Production of Industrial Timber
- PD 71/89 Rev.1 (F) The Economic and Environmental Value of Mangrove Forests and Present State of the Conservation
- PD 54/89 (I) Study on Utilization Structure of Tropical Timber Products in Korea and Promotion of Processed Wood Products Supply from Tropical Timber Producing Countries
- PD 65/89 (I) Promotion of Imports of Tropical Sawnwood in China (Preparatory Phase)
- PD 67/89 (I) Training Program on Mechanical Processing Operations in the South American Sawmilling and Plywood Industries
- PD 70/89 Rev.2 (I) World Conference on Tropical Plywood in Asia Pacific Region

37. The Council requested the Executive Director to exert every effort to obtain funds for the priority implementation of Project PD 55/89 (F) "Research and Development activities in the Framework of Forest Management Operations in Côte d'Ivoire's Closed Forests: Establishment of a Typological Classification of Forests on the Basis of Silvicultural Operations" and to report to the Council at its Eighth Session.

38. The Council decided that the following Projects approved in the earlier sessions of the Council can be immediately implemented as soon as earmarked funds are available in the Special Account:

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

PD 2/87 (F)	Rehabilitation of Logged-Over Forests in Asia/Pacific Region
PD 53/89 (F)	Preparation of a Master Land-Use Plan for Forest Areas (Cameroon)
PD 58/89 (F)	Tropical Forestry Internship
PD 12/87 (I)	Research on Utilization of Tropical Timber in Construction
PD 37/88 Rev.3 (I) (Phase II)	Industrial Utilization of New Tropical Forest Species in Peru
PD 43/88 Rev.2 (I)	Study for the Marketing of Tropical Timber and Promotion of the Consumption of Less Well Known Species on International Markets: Phase I - Promotion for Selected Asian Markets
PD 48/88 Rev.1 (I)	Drying Mixtures of Tropical Hardwoods
PD 49/89 (I)	Creation of an International Promotion Center for Lesser Known Species in Europe (Preparatory Phase)

39. The Council took note of the decisions of the Permanent Committees to implement the following two Pre-Projects and authorized financing for them:

- (a) Incentives in Producer and Consumer Countries to Promote Sustainable Development of Tropical Forests (\$141,670)
- (b) Sustained Development in the Amazon Region (\$70,000) - (Brazil)

40. The Council urged Members to consider financing those approved Projects for which funds are not immediately available; appealed to Members to consider making unearmarked contributions to the Special Account and further decided that such contributions shall not be allocated for any approved Projects without the prior authorization of the Council.

41. In the discussions, preceding the approval of the text of the decision, the Chairman reiterated the concern expressed by certain Members over the accumulation of approved Projects awaiting funding due to lack of resources, in particular, unearmarked funds. In the face of the rising expectations of Producing Members and given the investment of time, energy and human resources in preparing the Projects, efforts should be made to explore all avenues to generating more contributions into the Special Account.

42. The Representative of Brazil, Mr. Marcos Caramuru de Paiva, on behalf of Producers, referred to the expectations of the Producers to secure financing for all approved projects. Given the present financial

constraints the Producers had endorsed the Resolution. The Representative of France welcomed the decision of the Council to give priority to the search for funding for Project PD 55/89 (F) approved for Côte d'Ivoire. He, however, expressed reservations over the announced intention of Italy to condition their part-financing of the project on the involvement of FAO in the implementation of the project. This would raise difficulties since FAO had not originally been cited as an executing agency.

Progress Report: The Promotion of Sustainable Forest Management - A Case Study in Sarawak, Malaysia {Item 11}

43. The Executive Director gave a Progress Report on the preparations made to put in place the ITTO Mission on Sarawak in implementation of Council Resolution 1(VI).

44. Funds for the work of the Mission had been provided by the following Member Governments: Australia, Denmark, Finland, Japan, Netherlands, Norway, Sweden, Switzerland and United Kingdom. After due process of consultations, the ten-member Mission had been constituted as follows:

The Earl of Cranbrook (Leader)	House of Lords (United Kingdom)
Mr. Sumarsono Hartosudigdo	Special Adviser to the Ministry of Forestry (Indonesia)
Mr. Jaime Muñoz-Reyes Navarro	Adviser to the President of Bolivia (Bolivia)
Mr. John Francois	Chief Conservator of Forests (Ghana)
Mr. Hans Kr. Seip	Former Forest Policy Adviser, Ministry of Agriculture (Norway)
Mr. Katsuhiko Kotari	Special Assistant to the President, Japan International Co-operation Agency (JICA) (Japan)
Mr. Frank Wadsworth	Institute of Tropical Forestry, U.S. Forest Service, Puerto Rico (U.S.A.)
Mr. Duncan Poore	Senior Consultant, International Institute for Environment and Development (IIED) (United Kingdom)

Mr. Morten Bjorner

Senior Vice-President, Union pour le
Commerce des Bois Tropicaux (UCBT)
(Denmark)

Mr. A.J. Leslie

Senior Consultant, Former Director
of Forest Industries Division, Food
and Agriculture Organization of the
United Nations (FAO)
(Australia)

45. The Executive Director had since June 1989 made the necessary contacts to empanel the Mission and had undertaken various administrative support measures to get work started. He and Lord Cranbrook had preliminary consultations with the Government of Malaysia and the authorities of Sarawak to finalize arrangements, including logistical facilities, for the Mission. With the full co-operation of the Malaysian authorities, preparatory arrangements including publicity and schedule of meetings and visits had been completed.

46. The Mission was scheduled to make three two-week visits to Malaysia as follows: (i) 26 November - 9 December 1989; (ii) 4 - 17 February 1990; (iii) 18 - 31 March 1990. The first visit would involve meeting Malaysian authorities and technical organizations for briefing on the forestry situation and operations in Sarawak. There would be some travel to observe field operations and forestry activities relevant to sustainable forest management. On the basis of these observations, programmes would be drawn up for the second and third visits, the range of discussions, the receipt of communications and petitions and the conduct of hearings, where necessary.

47. The Mission's work had attracted considerable international interest from several organizations and individuals and already administrative arrangements had been made to receive and respond to enquiries and any relevant petitions.

48. The Council took note of the Progress Report by the Executive Director, the text of which was circulated as document ITTC(VII)/4.

Review of Contributions to the Administrative Budgets for the Initial Period {Item 12}

49. The Council was informed by the Secretariat of the state of contributions to the Administrative Budgets from the initial period to date. The Executive Director spoke of efforts by letters and during missions of the Secretariat to urge defaulting Members to pay up their arrears. There had been some improvement in the state of contributions, but much was still left to be desired.

50. The Spokesman for the Consumers, the Representative of France, expressed grave concern over the state of contributions to the Administrative Budget. In the view of Consumers, there had not been much improvement. Indeed there had been some deterioration in the situation as regards the position of the Asian/Pacific Producing Members, who in the past had all been up-to-date with their contributions, but some among them had now defaulted in their payments.

51. The Representative of Sweden, Mr. Kaj Reinius, placed on record the position of his Government on this question of delayed and unpaid assessed contributions to the Administrative Budget. Whilst this problem existed in many international organizations, it had grave and unsatisfactory consequences for ITTO. The Organization had been compelled to use money from the Reserve Fund to cover administrative expenses. The obligations of the Secretariat would not be met due to lack of funds. It would lose substantial income from its bank deposits. It would not be possible to plan the work of the Secretariat including filling vacant posts. Sweden was well aware of and understood the national budgetary problems facing certain Governments. Membership in an organization, nonetheless, implied acceptance of certain obligations among which was the payment of assessed contributions. The Organization needed to receive all assessed contributions which were by and large predictable, and national budgets of Members should anticipate the necessary allocations to meet their assessed contributions. Sweden was aware of the efforts already made by the Executive Director to improve the situation. In view of the increasing obligations of ITTO, it would welcome an urgent consideration of possible ways of rectifying the present unacceptable situation.

52. The Spokesman for the Producers, the Representative of Brazil, referred to the financial obligation incumbent on membership in an organization which must be respected by all. He shared the hope that in that context the situation with regard to contributions would improve by the next session. Whilst this legal obligation should be strictly respected, there was also the moral obligation - the duty to co-operate - which flowed from the spirit of international co-operation. Seeking a judicious balance between these legal and moral obligations should form an integral part of the developments and progress in the ITTO.

53. The Representative of Norway, Mr. Jon Ramberg, associated his delegation with the position of Sweden. He also welcomed the views expressed by the Representative of Brazil and expressed the hope that

during the next session a judicious balance between the financial obligations of Members and the moral obligation would be manifested in conditions of improved co-operation within the Organization.

54. In summing up the exchange of views under this item, the Chairman of the Council made a firm appeal to the defaulting Members to exert every effort to pay up their arrears in contributions or at the very least to make a partial payment. He assured the Council that in the case of Bolivia, the Government had decided to pay up all its contributions to date.

Administrative Budget Proposals for 1990 {Item 13}

55. The Chairman reported that the Ad Hoc Committee on Administrative and Financial Matters had fully analyzed and discussed the Budget Proposals for 1990 prepared by the Secretariat. In their deliberations, questions and clarifications had been sought and general agreement had been reached on the Proposals.

56. The Executive Director was invited to lay his Administrative Budget Proposals for 1990 formally before the Council. In his presentation, he informed the Council that it was his preoccupation to minimize the overall cost of administering the Secretariat. Economy on operational expenses was a continuing process in the Secretariat. The demands for increased staff had been kept to a minimum; thus there had been a proposal for only a slight increase in the staff complement of only one person at the professional level and one other at the General Service level. This had become imperative in view of the growing tasks and increased responsibilities placed by the Council on the Secretariat.

57. As had been explained to the Ad Hoc Committee, there was concern over the cash flow problem; consequently there would have to be priorities established regarding vacant posts which were to be filled. This would be done taking into account such factors as the work load in the Secretariat including more recently, the work of the Panels of Experts to draft an ITTO Action Plan, and the follow-up work to be done by the Secretariat. As the building-up of ITTO's capability in market intelligence was of high order priority, the Executive Director announced that he would give first priority to the appointment of a Statistician. Filling such a post could also take some time since it was necessary to secure a suitable candidate of the right calibre, experience and knowledge. He reminded Members to assist in giving wider coverage to the vacancy announcements sent to them. The Executive Director drew the attention of the Council to an upward

revision of the Budget to reflect an increase of US\$60,000 to cover the cost of the work of the two Panels of Experts on Economic Information and Market Intelligence and on Forest Industry.

58. The Representative of United Kingdom, Mr. Terence Veness, requested the Executive Director to give assurances to the Council indicating clearly that no vacant posts would be filled unless money was available in the Organization to do so. He also requested to know which other priorities were placed on other appointments yet to be made.

59. The Executive Director informed the Council that it had always been his policy to ensure that before any appointments were made, there were funds available to cover that item of expenditure. He also gave the assurance that there were only two professional posts yet to be filled (namely that of an Assistant Director for Management Services and that of a Statistician). Although both posts were equally important he would give priority to appointing the Statistician in order to ensure the steady building up of ITTO's in-house capability on market intelligence.

60. The Representative of France thanked the Executive Director for his clarifications and assurances which truly reflected the sense of the Council and were in consonance with the ITTO's priority to build up its own database for economic information and market intelligence.

61. The Council finally approved document ITTC(VII)/2/Add.1 which contained the revised Administrative Budget Proposals for 1990, and the tables showing the Distribution of Votes and the Assessed Contributions for 1990 for each Member country.

Financial Resources of the Special Account {Item 14}

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

62. The Council considered these two sub-items on the basis of the Statements of Accounts prepared by the Secretariat contained in document ITTC(VII)/CRP/1. The Council took note of this document.

63. The Spokesman for the Producers, the Representative of Brazil, expressed the growing disappointment of the Producing Countries over the meagre resources in the Accounts. He appealed to the donor community to increase substantially their voluntary contributions to enable the Council to allocate funds for implementing projects. Furthermore, out of the small contributions, there was a growing tendency on the part of donors to make available more earmarked rather than unearmarked funds. It was hoped that this trend would be reversed in future. Producing Countries

attached a lot of importance to the current initiatives and consultations during the Session aimed at adopting a Resolution which would launch an appeal for more substantial contributions to the Special Account.

64. The Spokesman for the Consumers, the Representative of France, welcomed the appeal for more funds for Projects. The Consumers shared the concerns of the Producers. There were, however, problems regarding the quality of certain projects approved which affected the readiness of the donors to provide funds for projects. It was evident that in some cases, projects were approved solely out of political considerations whereas such projects could not pass the test of technical appraisal. The time had come for the Council to review seriously its procedures and to rigorously subject project proposals through the principles and criteria enumerated in the Agreement and the Project Cycle. That way, Consumers would feel more disposed and encouraged to consider financing projects.

65. The Representative of Cameroon, Mr. Samuel Makon Wehiong, reiterated the concerns expressed by the Representative of Brazil. In his view, the objectives and criteria for appraising projects were agreed. This should be enough to enable the Committees to consider projects. Committees should feel competent to reject any projects which did not conform to the established criteria and objectives. However, once projects passed this test of merit, it would be inadmissible for the Council to discriminate between projects in allocating funds for their implementation.

66. The Chairman of the Council concluded the debate by appealing for increased and substantial voluntary contributions to the Special Account. He called on Producing Member countries to present good projects, which they could identify as viable, well prepared and formulated. It was the obligation of Consumers to lend assistance to them by providing necessary resources; otherwise, the persistent lack of unearmarked funds will deepen the frustrations of the producing, developing countries and sour cooperation within the Organization.

(ii) New Contributions to the Special Account {Item 14(c)}

67. The Council heard statements of pledges of new contributions to the Special Account as well as general statements on the financial resources for projects.

68. The following new pledges of contributions were announced:

Denmark	US\$ 1 million
Japan Lumber Importers Association	Yen 8.5 million
Japan Plywood Manufacturers Association	Yen 7 million

69. The Representative of Italy, Mr. Pierluigi Squillante, announced that although a final decision had not yet been taken, Italy was considering allocating its pledged contribution of US\$ 1 million to the implementation of project PD 55/89 (F) "Research and Development Activities in the Framework of Forest Management Operations in Côte d'Ivoire's Closed Forests: Establishment of a Typological Classification of Forests on the Basis of Silvicultural Operations". Italy would, however, like to add two features to the project: (a) the FAO should be involved in the implementation of the project; and (b) an amount of US\$300,000 out of the allocation of US\$ 1 million should be expended on professional and technical training of Ivoirian manpower in a training Institute in Italy.

70. The Representative of Denmark, Mr. Sten Lilholt, reaffirmed the consistent support of Denmark for ITTO as evidenced by Denmark's active participation in the work of the Organization and the provision of financial resources. Although several international organizations were involved in tropical forestry, Denmark was convinced that the ITTO was a unique organization which united all interested parties: Governments, conservation NGOs, and timber trade and industry associations, in a search for satisfactory solutions to secure the sustainable development of tropical forests. The first Danish contribution of 3 million kroner, announced in 1988, had now been fully allocated to three projects. However, Denmark recognized that for the ITTO to fulfil its mandate, it should be more than an agency for projects administration and implementation. For that reason, Denmark welcomed the progress made in the work of drawing up an ITTO Action Plan, in particular in the area of reforestation and forest management. The Plan was a welcome move in the direction of a more comprehensive and normative approach to the ITTO's work.

71. Although Denmark was not a signatory to the Final Communique of the Arche Summit of July 1989 in Paris, it endorsed the readiness expressed to providing financial assistance to such organizations as the ITTO. In response also to the strong appeal of the Executive Director for increased funds, Denmark had decided to pledge another contribution of US\$ 1 million to the Special Account. As was the case of the first Danish contribution, these fresh funds were to be used to finance specific projects to be determined. However, there would be greater flexibility allowed in utilizing these funds, including on strengthening the work of

the Organization's Secretariat through financing the cost of the services of more external consultants over and above the stated budgetary allocation, and through secondment of staff to the Secretariat. Such flexibility in expenditure, it was hoped, would further the work of the ITTO.

72. The Representative of the Japan Lumber Importers Association (JLIA), Mr. Kanemi Matsuki, congratulated the Council and the Secretariat for their vision, dedication and hard work which had in a short span of three years nurtured the ITTO into a young and dynamic organization. The ITTO had brought a holistic and realistic approach to the search for tropical forest conservation through sustainable development. In ITTO, this objective was being achieved through consultations and co-operation between all parties: Producer and Consumer Governments, conservation organizations and timber trade and industry associations, working as equal partners. All had a role to play to attain this objective. It was in this spirit that the JLIA had reaffirmed its support of ITTO and had decided to continue and increase its contribution to the activities of the ITTO. The JLIA, for example, would continue to support and participate in the Market Discussions of the ITTO. It would participate in the seminar in Kyoto for which it had made a contribution to finance hospitality for the participants.

73. An Environment Committee of the JLIA was already examining further ways of giving support to the ITTO. As an initial gesture of support, the JLIA would pledge a voluntary contribution of Yen 8.5 million to the Special Account of the ITTO. The funds should be used to finance projects and activities which would promote the sustainable development of tropical forests. Disbursement of the funds should be after due consultation between ITTO and JLIA. The JLIA hoped to continue to pledge such contributions annually to the ITTO in subsequent years.

74. The Representative of the Japan Plywood Manufacturers Association (JPMA), Mr. Zenetsu Konno, addressed the Council. As the planet Earth was the only place to sustain human life, it was Man's important duty to protect the Earth's environment. Tribute had to be paid to the Members of the ITTO for its existence and activities. The JPMA, representing one of the largest plywood producers in the world, contributed to improving the timber values and to increasing the national revenues of the Producing Countries. It was, therefore, determined to co-operate closely with the ITTO, particularly in the long-term development of tropical forests.

75. The JPMA had planned the following programme of assistance for the ITTO:

- (i) provide ITTO with information and data concerning, in particular, the plywood industry;
- (ii) contribute the expertise and knowledge of its members in strengthening the activities of the ITTO such as participating in workshops and promotion meetings to exchange views and share experiences;
- (iii) pledge a voluntary contribution of Yen 7 million to be used to finance activities of the ITTO after due consultation between the ITTO and JPMA. As a first step, this might be used to meet the cost of organizing an International Conference on Plywood.

76. The Chairman of the Council welcomed and expressed gratitude for the pledges of contributions to the Special Account. He called for urgent progress in strengthening the financial situation of the Organization. He renewed his appeal to all donors to support the initiatives of the Executive Director and respond with increased additional financial resources. Furthermore, measures should be taken to induce outside foundations and financial institutions to respond to the appeal.

77. The Spokesman for the Consumers, the Representative of France, declared that the Consumers shared the concern of the Chairman for increased funds. The Consumers would participate in the consultations to present a Council Resolution which would make a clear appeal to all Governments, national authorities and international institutions to give concrete support to ITTO through the provision of financial resources.

Appointment of the Executive Director {Item 15}

78. The Chairman of the Council formally introduced a draft text of Decision 2(VII) which would extend the appointment of Dr. Freezailah bin Che Yeom for a further term of two years with effect from 1 April 1990 to 31 March 1992. The text of the Decision 2(VII), which was adopted by consensus, is reproduced in Annex VI to this Report.

79. The Spokesman of the Consumers, the Representative of France, conveyed the decision of the Consumers to endorse the extension of the appointment of Dr. Freezailah. The term of this tenure was coterminous with the period of extension of the ITTA. He commended Dr. Freezailah for his personal qualities and his performance at the head of the administration of the Organization.

80. The Representative of Brazil, speaking on behalf of the Producers, expressed gratification with the work of Dr. Freezailah. As Executive

Director he had performed his duties with the highest qualities of professionalism and, therefore, deserved to continue his tenure in office.

81. The Chairman of the Council summed up the consensus on endorsing the text of the Decision as a testimony of the positive feelings shared by all about Dr. Freezailah's performance as Executive Director. In setting up the Organization's Secretariat and taking it through its teething troubles, he had proved his competence. The Chairman paid tribute to Dr. Freezailah and wished him greater success on his future tenure of office.

82. In an Acceptance Speech, Dr. Freezailah expressed gratitude to the Council for renewing its confidence in him by an act of consensus. On his first election, he had compared his task to an oarsman paddling a canoe rushing down the mountain torrents, "a canoe balancing and negotiating past the rocks and other obstacles. One side of the paddle that steers the ITTO canoe represents conservation of tropical forest resources and the other side of the paddle, wise utilization of those resources".

83. For his second term, Dr. Freezailah declared, he could visualize his task in the shape of a high mountain to whose commanding heights he should scale. In this task, he would invoke to his aid the wise precepts of the late Dag Hammarskjold of the United Nations who referred to the qualities needed for high public office as similar to those for mountaineering: "perseverance and patience, a firm grip on realities, careful but imaginative planning, a clear awareness of the dangers but also of the fact that fate is what we make it and that the safest climber is he who never questions his ability to overcome all difficulties.

..... Don't move without knowing where to put your foot next, and don't move without having sufficient stability to enable you to achieve exactly what should be the next step."

84. Dr. Freezailah thanked his country, Malaysia, for sponsoring his candidature and lending him infinite and invaluable support. He also paid tribute to his colleagues of the Secretariat whose loyalty and hard work constituted his vital support. He expressed gratitude to the Japanese Government and the City of Yokohama for their support and hospitality which facilitated his work. He concluded by pledging his unflinching faith in the ITTO and his determination to serve the Organization to the best of his abilities.

Rules of Procedure of the Council: Decision on Rule 32 {Item 16}

85. In introducing the discussion of this item, the Chairman of the Council reported on the consultations which he had conducted with the groups and the parties directly interested, namely the delegations of the U.S.S.R. and China. There was no consensus reached on resolving the issues involved in the decision on this item. What had emerged from the consultations was the recognition that the issue was complex with wide ranging financial implications for the budget of the Organization. There was agreement that there were no available resources. However, if and when these became available, there was no agreement on whether the resources should be appropriately allocated for such purposes. It was the view of the Chairman that it was necessary to examine the financial and wider implications of the question, taking into account its practicability and the availability of funds. In the absence of consensus, the Chairman reported that he had informed the two directly interested parties, the delegations of the U.S.S.R. and of China, that the question should be deferred to a future date.

86. The Representative of China, Mr. Li Lukang, placed his reservations on record. It was regrettable that the question could not be resolved at the current Session. The Chinese delegation recalled that at a previous Session, the Secretariat had been requested to provide information on the financial implications to assist in the debate. The absence of Chinese as a working language of the Organization prevented several Chinese agencies from following closely and participating actively in the work of the ITTO. All Members should adopt a pragmatic approach to have the issue resolved.

87. The Representative of the U.S.S.R. thanked the Chairman for his demarches. He called for exerting every effort to find an acceptable solution to the question at the next Session. It was important for ITTO to recognize the importance of introducing the Russian language as a working language of the Organization. The non-use of Russian prevented organizations and agencies in the Soviet Union from showing interest in the work of the ITTO. Furthermore, the ITTO's documents and publications on timber were deficient in some important and useful information since they could not reflect adequately the Soviet Union's activities in the area of world timber trade.

88. The Representative of France, speaking on behalf of the Consumers,

supported the proposal of the Chairman in adopting a pragmatic approach to resolving the question.

89. On the proposal of the Chairman, the Council decided to take up the question again at its next session and requested the Secretariat to submit a report setting out the financial and wider implications of the issues involved under this item.

Election of Chairman and Vice-Chairman for 1990 {Item 17}

90. Following consultations among the Consumer and Producer Groups, Dr. Markku Simula (Finland) was elected Chairman of the Council for 1990, and Mr. Sumarsono Hartosudigdo (Indonesia) was elected Vice-Chairman. The Chairman of the Council congratulated them on the quality of their work and on their personal qualities which had earned them the confidence of the Council.

91. The incoming Chairman, Dr. Markku Simula, made an Acceptance Statement. He thanked the Council for the confidence placed in him and accepted the office not only as a personal honour, but also as token of trust in his country, Finland. He pledged to do his utmost to contribute further to advance the work of the ITTO in all possible ways.

92. He elaborated on a number of major issues which were vital for the development and progress of the Organization. The ITTO had evolved rapidly in a short time and the next year, 1990, should continue to accelerate the process of growth. The Organization was at the present conjuncture caught in a vicious cycle of problems. One key problem was, on the one hand, the hesitancy of donors in providing funds -- an attitude which might be construed as evidence of lack of confidence in the ITTO. On the other hand, the Producing Countries felt the agony of frustration in the face of some seventeen projects (costing about US\$ 9 million) still awaiting funding whilst some US\$ 4 million which had already been pledged were still not available. The Council should work together to break this vicious cycle next year by setting for itself a target to achieve a critical mass of feasible disbursement for the Organization. The starting target for 1990 should be set at an annual disbursement level of US\$ 15 million.

93. Dr. Simula referred to areas of work which required improvement in the Council, the Committees and in the Secretariat. There was need for greater productivity and efficiency by streamlining and rationalizing procedures, improving technical appraisal of projects in Committees, the decision-making in administrative matters, and the need for more

information to facilitate decision-making. There had been, however, significant and welcome developments during the current Session as evidenced by the lessening of polarization between Consumers and Producers. This trend must be promoted and reinforced in another area as well, namely in co-operation with the NGOs. The NGOs, by reason of their easy access to the mass media, possessed an asset which could benefit the Organization in working together with them in the search together for practical solutions to problems of common concern.

94. Another significant development was the task ahead in 1990 of finalizing the ITTO Action Plan. This activity would substantially contribute to enhancing the credibility of the Organization. Although there was still a long way to go in improving practical measures to strike a balance between rational utilization and conservation of the tropical forests, efforts should be exerted during the next year to show progress in this sphere. Furthermore, in seeking to expand its membership, ITTO's credibility would be enhanced. Dr. Simula proposed, as a target for 1990, increasing the ITTO's membership by five. He appealed to each delegate not to leave that task to the Executive Director alone but to share the responsibility through their individual contacts with representatives of prospective Member States.

95. Dr. Simula noted that the spirit of co-operation within ITTO had been reinforced during the Session and he exhorted Members to sustain it for the forthcoming Session of the Council in May 1990. He concluded by thanking the out-going Chairman, Mr. Jaime Muñoz-Reyes Navarro, for his hard work in leaving fewer unresolved problems to his successor. He would summon to his aid the qualities which he had learned from the current Chairman in his wise conduct of deliberations on sensitive and delicate issues.

96. The in-coming Vice-Chairman, Mr. Sumarsono Hartosudigdo, thanked the Council for the honor conferred on him. He pledged to do his best by working closely with the Chairman and assisting him in his work.

Appointment of Auditors for 1989 {Item 18}

97. The Council decided to retain the services of Price Waterhouse, Yokohama, to audit the Accounts of the Organization.

Dates and Venue of Eighth Session of ITTC and Sixth Sessions of the Permanent Committees {Item 19}

98. The Council accepted the kind invitation of the Government of Indonesia to convene its Eighth Session and the Sixth Sessions of the

Permanent Committees on the Island of Bali (Indonesia) from 16 to 23 May 1990.

99. The Council further decided to hold its Ninth Session and the Seventh Sessions of the Permanent Committees in Yokohama (Japan) from 13 to 20 November 1990.

Other Business {Item 20}

(i) Funds for Special Account

100. Following a suggestion and initiative by Japan, consultations were held principally among the Consumer and Producer Groups on the terms of a Resolution which would make an appeal for increased voluntary contributions to the ITTO Special Account. The text of a Resolution 1(VII) was tabled by the Chairman of the Council for discussion and adoption.

101. The Representative of France, as Spokesman for the Consumers, indicated that the terms of the Resolution represented the consensus which was the outcome of intense consultations between the Consumers and Producers. The aim was to address the common concern over the meagre financial resources available to the Organization. It was an approach to encourage the donor Governments to respond positively to the appeals. It was the hope that the response would be world-wide and effective.

102. The Spokesman for the Producers, the Representative of Brazil, welcomed the terms of the Resolution. The Resolution, as drafted, contained the consensus on ideas which deserved very careful analysis and reflection and which addressed an important question facing the Organization. The Producers wanted to introduce more ideas which went beyond the present terms of the Resolution, but in the name of consensus and urgent action it was vital to secure its adoption. He thanked the delegation of Japan for its initiatives and positive approach to the task of generating funds for the Organization.

103. The Chairman spoke in support of the terms of the Resolution which, he emphasized was of great urgency and significance. He called for unanimous and active support for the Resolution. The Council adopted the Resolution 1(VII), the text of which is reproduced in Annex VI to this Report. The Resolution noted the current shortage of financial resources in the ITTO and that a number of projects approved by the Council could not be implemented in view of meagre funds available in the Special Account, requested all Members to: (a) ensure all contributions to the Administrative Account were paid promptly, and (b) make available new

funds to the ITTO, in accordance with Article 20, paragraph 2(c) of the ITTA, to meet the growing financial needs for conservation and sustainable development of tropical forests; and requested the Executive Director to present a report on the question of projects already approved but not yet implemented in view of the lack of financial resources.

(ii) General Statements

104. Dr. J.C. Centeno, speaking on behalf of all the Conservation NGOs, addressed the Council. While recognizing the growth of the ITTO, he noted that the growth was not keeping pace with the imperatives of conservation. The NGOs had become associated with the ITTO because they believed it held the key to the conservation of tropical forests. But they had been disappointed by the attitude of vacillation which characterized the Organization's work. The current work on the draft Action Plan was evidence of such slow approach. Another source of disappointment was the compromise which had been reached which had reduced the original Pre-Project Proposal by United Kingdom on labelling systems to an insignificant study. ITTO should recognize that it should embark on meaningful actions to fulfil the expectations of the international community. Furthermore, ITTO had so far failed to address the social problems of the tropical forests.

105. Dr. Centeno outlined a number of actions which ITTO must take, namely:

- (a) establish Guidelines for Best Practice;
- (b) promote incentives for long-term sustainable management;
- (c) institute awards for exemplary forest management concessions;
- (d) undertake effective monitoring and evaluation of projects;
- (e) involve the conservation NGOs and local communities in project formulation, preparation and implementation;
- (f) Producing Countries must show greater resolve in co-ordinating their actions and policies so as to achieve sustainable forest management instead of using ITTO as a sort of consumer market for projects. The Consuming Countries should, however, provide more funds to the ITTO;
- (g) action was needed now to raise the profile and enhance the political role of the ITTO as indicated by the Executive Director.

106. Following the statement of the Spokesman for the NGOs, it was suggested by the Representative of Brazil that the Council should adopt the practice of providing for all General Statements to be made at the beginning of the Session. This would enable delegations to receive and reflect on proposals and suggestions emerging from these Statements.

(iii) ITTO Seminar for the Promotion of Further Processing of Tropical Hardwood Timber in the African Region - PD 44/88 (I)

107. The Representative of Ghana, H.E. Mr. J.L.M. Amissah, reminded the Council of the arrangements being made by the Government of Ghana to host the Seminar which would be held in Accra, Ghana from 13 to 16 February 1990. On behalf of the Government of Ghana he extended invitations to all Members of the Council and interested participating organizations. Wider participation, he said, would enrich the outcome of the Seminar. Those Members who might find it inconvenient to attend personally might arrange to delegate their accredited diplomatic representatives in Ghana or in the region to represent them.

Decisions and Report of the Session {Item 21}

108. The texts of the Decisions and the Resolution which had been circulated to delegations in documents ITTC(VII)/6, ITTC(VII)/7, ITTC(VII)/8, ITTC(VII)/9 and adopted were taken as read. The Chairman requested the Secretariat to communicate them formally to members in accordance with paragraph 1 of Rule 33 of the Council's Rules of Procedure.

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

Closing Session

110. The Chairman invited the Executive Director to make his Closing Statement. The Executive Director reviewed briefly some of the highlights of the Council's deliberations and decisions. He drew attention to the work on elaborating a comprehensive ITTO Action Plan, the establishment and the work of the Panels of Experts and of the Working Group to prepare "Guidelines for Best Known Practice" in the management of natural tropical forests; and the Mission to Sarawak. He referred to the Resolution appealing for increased funding to the ITTO and pledged to continue in his mission to raise additional funds. It was through increased resources that the ITTO could be strengthened in its development.

111. The Executive Director paid tribute to the outgoing Chairman, Mr. Jaime Muñoz-Reyes Navarro, who had been assigned to other official duties, and wished him well. He also congratulated the incoming Chairman of the Council, Dr. Simula, and Vice-Chairman, Mr. Sumarsono. He extended his best wishes to the new Chairmen and Vice-Chairmen of the Permanent Committees for 1990.

112. The Executive Director thanked Japan for its hospitality and all the Conference Staff for their hard work. He exhorted all to work in the months ahead for the good of the ITTO.

113. The Spokesmen for the Consumers and the Producers both addressed tribute to the outgoing Chairman for his qualities, tact and balanced judgement.

114. The Chairman, Mr. Jaime Muñoz-Reyes Navarro, in a valedictory Statement, expressed his gratitude for the kind tribute paid to him. He pledged to continue to support the ITTO in whatever place and position he would be. He wished all delegates a safe journey home. He then declared the Seventh Session closed.

Annex I

List of Participants

{Document: ITTC(VII)/INF.1}

INTERNATIONAL TROPICAL TIMBER COUNCIL
Seventh Session
Yokohama, 30 October - 7 November 1989

ITTC(VII)/INF.1
7 November 1989
English/French/Spanish

LIST OF PARTICIPANTS

The present document reproduces a LIST OF PARTICIPANTS attending the
Seventh Session of the International Tropical Timber Council

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- * Members attended: Australia, Bolivia, Brazil, Cameroon, Canada, China, Congo, Ecuador, European Economic Community -- Commission, France, Ireland, Italy, Netherlands, United Kingdom of Great Britain & Northern Ireland, Belgium/Luxembourg, Denmark, Federal Republic of Germany, Greece, Spain -- Finland, Ghana, India, Indonesia, Japan, Malaysia, Norway, Papua New Guinea, Peru, Philippines, Republic of Korea, Sweden, Switzerland, Union of Soviet Socialist Republics, United States of America.

LIST OF PARTICIPANTS

AT THE

SEVENTH SESSION OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL

30 October - 7 November 1989
Yokohama, Japan

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- ** Mr. Bruce Gosper Agricultural Counsellor, Australian
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BOLIVIA

- * Mr. Jaime Muñoz-Reyes Chairman, ITTC
Navarro

BRAZIL

- * Mr. Marcos Caramuru de Counsellor, Ministry of External
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- ** Ms. Annamaria A. Mosella First Secretary, Ministry of External
Portella Relations, Brasilia
- Mr. Raimundo Deusarah Institute for the Environment and
Filho Renewable Natural Resources, Brasilia
- Mr. Ivan Tomaselli Brazilian Association of Plywood
Industries, Curitiba
- Dr. Carlos Alberto Coordinator for Natural Heritage,
de Xavier Ministry for Cultural Affairs; Brazilian
Foundation for Nature, Brasilia

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- ** Mr. Semey Clement Deputy Director, Timber Industries and
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- Mr. Hubert Simo Chief of Service for Forest Development,
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- ** Mr. David W.K. Boulter Chief, Forest Sector Analysis, FORESTRY
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-
- * Representative/Représentant/Representante
 - ** Alternate representatives/Representants suppléants/Representantes
alternos
 - *** Advisers/Conseillers/Asesores

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- | | |
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| ** Mr. Carlos Burbano | Director Técnico de la Corporación de Desarrollo para el Sector Forestal y Maderero del Ecuador (Cormadera) |

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COMMISSION**

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| Ms. Anne Bossy | Direction de l'espace rural et de la forêt du Ministère de l'Agriculture, Paris |

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Department, Peninsular Malaysia,
Kuala Lumpur
- Mr. Abd. Hamid Bugo Permanent Secretary, Ministry of
Resource Planning, Kuching, State of
Sarawak
- Mr. Abang Kashim Abang Deputy Director, Forestry Department,
Morshidi Kuching, State of Sarawak

Mr. Domingo Chai Lai Ping	Assistant Director, Forestry Department, Sandakan, State of Sabah
Dr. Tho Yow Pong	Director of the Environment and Science Division, Forest Research Institute of Malaysia, Kepong, Selangor
Mr. Mohd. Sinon Mudzakir	Principal Assistant Secretary, Ministry of Primary Industries, Kuala Lumpur
Mr. Kamal Ismaun	Counsellor, Embassy of Malaysia, Tokyo

NORWAY

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*** Mr. Hans K. Seip	Director-General, Forestry (Rtd), Aas

PAPUA NEW GUINEA

Mr. Christopher Wariambu	First Secretary, Embassy of Papua New Guinea, Tokyo
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** Mr. Raúl E. Bresani	Counsellor, Political and Cultural Affairs, Embassy of the Republic of Peru, Tokyo
Mr. Enrique Toledo	Consultor del Ministerio de Agricultura y Alimentación del Perú, Lima
Mr. Fernando Razetto	Presidente de la Cámara Nacional Forestal del Perú, Lima

PHILIPPINES

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** Mr. Evan P. Garcia	Second Secretary, Embassy of the Republic of the Philippines, Tokyo

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** Mr. Hyun-Suk Shin	Second Secretary, Embassy of the Republic of Korea, Tokyo
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* Mr. Kaj Reinius	Second Secretary, Swedish Embassy, Tokyo
** Mr. Nils-Erik Nilsson	Chief of Department, National Board of Forestry, Jönköping

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UNION OF SOVIET SOCIALIST REPUBLICS

- * Mr. Damir Z. Aitkulov Staff Member of the USSR Trade
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UNITED STATES OF AMERICA

- * Mr. Jeffrey R. Cunningham Deputy Director, Office of International
Commodities, Department of State,
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- ** Ms. Diana Tasnadi International Economist, Primary
Commodities Division, Department
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- *** Mr. Robert Buschbacher Director, Tropical Forestry Program,
World Wildlife Fund/The Conservation
Foundation, Washington, D.C.
- Mr. Lee. J. Jimerson Director of Environmental Affairs,
Contact International, Portland
- Mr. Gary R. Lindell Program Manager, International Forestry,
Forest Products Laboratories, Madison

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States

COLOMBIA

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NIGERIA

Mr. E.A. Onyirimba	Counsellor, Embassy of the Federal Republic of Nigeria, Tokyo
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SOLOMON ISLANDS

Mr. Sam Gaviro	Commissioner of Forests Resources, Honiara
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TOGO

Mr. Ounoh Nadjombe	Representant le Ministre de l'Environnement et du Tourisme, Lome
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VENEZUELA

Mr. Julio Cesar Centeno	Director, Instituto Forestal Latino Americano (IFLA), Merida
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United Nations

INTERNATIONAL TRADE CENTER UNCTAD/GATT (ITC)

Mr. José Luis Albaladejo	Senior Market Development Officer, Division of Product and Market Development
Mr. Olof Karsegaard	Coordinator, Market News Service

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD)

Mr. Ulrich Cording	Economic Affairs Officer
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UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

Mr. Toshimitsu Ishigure	Liaison Officer, UNDP Japan
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UNITED NATIONS ENVIRONMENT PROGRAMME (UNEP)

Mr. Hisao Sakimura	Representative of the Executive Director on Special Assignments in Japan
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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (UNIDO)

Ms. Ida di Pietro	Industrial Development Officer
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Specialized and Related Agencies

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO)

Dr. I.J. Bourke	Senior Forestry Officer (Trade and Marketing), Forestry Department
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Non-Governmental Organizations

ASSOCIATION TECHNIQUE INTERNATIONALE DES BOIS TROPICAUX (ATIBT)

Mr. Denis Spire	Secretary General, Paris
Mr. Miyagi	ATIBT Delegate - Japan, Africa Ringyo, Tokyo
Ms. E. Miura	Africa Ringyo, Tokyo
Mr. S. Wickramaratne	Africa Ringyo, Tokyo

CAMARA NACIONAL FORESTAL - PERU

Mr. Fernando Razetto	President, Lima
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ENVIRONMENTAL POLICY INSTITUTE (EPI)

Mr. Chip Fay	Projects Officer Asia, Quezon City
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ENVIRONMENTAL PROTECTION SOCIETY, MALAYSIA (EPSM)

Mr. Gurmit Singh	President, Petaling Jaya
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FRIENDS OF THE EARTH INTERNATIONAL

Mr. Simon Counsell	Rainforest Campaigner, London
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INTERNATIONAL INSTITUTE FOR ENVIRONMENT AND DEVELOPMENT (IIED)

Mr. Duncan Poore	Consultant, Oxon
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INTERNATIONAL UNION FOR THE CONSERVATION OF NATURE (IUCN)

Dr. José Pedro de Oliveira Costa	Regional Councillor of IUCN for Central and South America, Sao Paulo
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INTERNATIONAL UNION OF FORESTRY RESEARCH ORGANIZATIONS (IUFRO)

Dr. Fujio Kobayashi	Director General, Forestry and Forest Products Research Institute, Tsukuba
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JAPAN OVERSEAS FORESTRY CONSULTANTS ASSOCIATION (JOFCA)

Mr. Jiro Namura	Executive Director, Tokyo
Mr. Tsutomu Handa	Director of Research and Development Division, Tokyo

JAPAN PLYWOOD MANUFACTURERS' ASSOCIATION

Mr. Zenetsu Konno	President
Mr. Teruo Odajima	Executive Director, Tokyo

JAPAN TROPICAL FOREST ACTION NETWORK (JATAN)

Mr. Yoichi Kuroda	Coordinator, Tokyo
Ms. Naoko Funahashi	Member, Tokyo
Ms. Rica Yoda	Member, Tokyo

LIAISON AND CO-ORDINATION OFFICE FOR INTERNATIONAL ORGANIZATIONS, YOKOHAMA

Mr. Sadao Saito	Vice Chairman, Yokohama
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NATIONAL WILDLIFE FEDERATION

Mr. Richard Forrest	Eastern Asia Representative, Washington, D.C.
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NIPPON KOEI CO. LTD.

Mr. Christopher Savage	Adviser, Tokyo
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PERUVIAN FOUNDATION FOR THE CONSERVATION OF NATURE (FPCN)

Mr. Enrique Toledo	Consultor Forestal, Lima
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RAINFOREST INFORMATION CENTRE, AUSTRALIA

Ms. Anja Light	Representative, Lismore
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SURVIVAL INTERNATIONAL

Dr. Marcus Colchester	Research Coordinator, London
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TROPICAL ECOSYSTEM RESEARCH AND RESCUE ALLIANCE (TERRA)

Mr. Campbell Plowden	President, Washington, D.C.
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UNION COMMERCIALE DES BOIS TROPICAUX

Mr. A. Wesselink	Director, Brussels
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WORLD PRESS CENTRE

Mr. Peter Thompson Director, London

WORLD WIDE FUND FOR NATURE (WWF INTERNATIONAL)

Ms. Lulu Appleton	Media Relations, WWF UK, London
Mr. Chris Elliot	Conservation Officer, WWF International, Gland
Mr. Yuta Harago	Tropical Forest Conservation Officer, WWF Japan, Yokohama
Ms. Nao Hasumi	Japanese Liaison Officer, WWF International, Gland
Ms. Yumiko Ishida	Member, WWF Japan, Tokyo
Mr. Mikaaail Kavanagh	Director of Conservation, WWF Malaysia, Kuala Lumpur
Mr. Adam Markham	Campaigns Officer, WWF International, Gland
Mr. Yukio Murata	Conservation Officer, WWF Japan, Tokyo
Mr. Manfred Niekisch	Director, WWF Germany, Frankfurt
Ms. Mikiko Setsu	Member, WWF Japan, Tokyo
Mr. Gordon Shepherd	Director of Information and Education, WWF International, Gland
Mr. Francis Sullivan	Tropical Forest Conservation Officer, WWF UK, London

ITTO Secretariat

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Executive Director
Dr. Nils Svanqvist
Assistant Director of Reforestation and Forest Management
Mr. James E.K. Aggrey-Orleans
Assistant Director of Economic Information and Market Intelligence
Dr. Manoel Sobral Filho
Assistant Director of Forest Industry
Mr. Takeichi Ishikawa
Projects Manager
Mr. Charas Mayura
Finance/Administrative Officer
Mr. Arto E.K. Jalkanen
Programmer/Systems Analyst
Mr. Rikio Shinohara
Administrative Assistant
Mr. Hiromi Hayashi
Special Assistant
Ms. Hideko Kamo
Secretary
Ms. Manami Ohshima
Secretary
Ms. Bindu Advani
Secretary
Ms. Taeko Inagaki
Secretary
Ms. Dominique Thimus
Secretary
Mr. Takenobu Takahashi
Driver

Annex II

Agenda

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

INTERNATIONAL TROPICAL TIMBER COUNCIL
Seventh Session
Yokohama, 30 October - 7 November 1989

Dist. GEN.
ITTC(VII)/1/Rev.1
30 October 1989
Original: ENGLISH

AGENDA

1. Opening of the Session
2. Ascertainment of the Quorum
3. Adoption of Agenda and Organization of Work
 - (a) Consideration of the Proposed Amendment by U.S.A. to the Draft Report of the Council on its Sixth Session
4. Report on Membership of the Council
5. Distribution of Votes (Annex 1)
6. Admission of Observers
7. Report of the Credentials Committee
8. Statement by the Executive Director
9. Criteria and Priority Areas for Programme Development and Project Work
10. Projects
 - (a) Report of the Fifth Sessions of the Permanent Committees
 - (b) Consideration of Project Proposals
 - (c) Prioritization of Projects
11. Non-Project Work
 - (a) Report on Work in Progress under Resolution 1 (VI): The Promotion of Sustainable Forest Management: A Case Study in Sarawak, Malaysia
12. Review of Contributions to the Administrative Budgets (for the Initial period November/December 1986; First Half 1987, Second Half 1987, 1988 and 1989.
13. Administrative Budget Proposals for 1990 [Doc. ITTC(VII)/2]
14. Financial Resources of the Special Account
 - (a) Review of the Pre-Project Sub-Account
 - (b) Review of the Project Sub-Account
 - (c) New Contributions to the Special Account

15. Appointment of the Executive Director
16. Rules of Procedure of the Council: Decision on Rule 32
17. Election of Chairman and Vice-Chairman for 1990
18. Appointment of Auditors for 1989
19. Dates and Venue of Eighth Session of ITTC and Sixth Sessions of the Permanent Committees
20. Other Business
21. Decisions and Report of the Session

Annex III

Report of the Credentials Committee

{Document: ITTC(VII)/5}

INTERNATIONAL TROPICAL TIMBER COUNCIL
Seventh Session
Yokohama, 30 October - 7 November 1989

Dist. GENERAL
ITTC(VII)/5
1 November 1989
Original: English

CREDENTIALS COMMITTEE

REPORT OF THE CREDENTIALS COMMITTEE

Agenda Item 7

1. The Credentials Committee, composed of the representatives of Canada, Ghana, Indonesia, the Netherlands and United Kingdom, with Mr. W.A. Bastiaanse (Netherlands) as Chairman, met on 31 October 1989.
2. The Committee examined the credentials of the 34 countries participating in the Seventh Session of the International Tropical Timber Council and its Permanent Committees. It found the credentials to be in good and due form and recommends to the Council that they be approved.
3. The Committee further recommends that the Executive Director, in his notification of the next Session, urge the Member countries once again to submit the credentials of their representatives and advisers well before the beginning of the Session for the proper functioning of the Credentials Committee.

Annex IV

Reports of the Fifth Sessions of the
Three Permanent Committees

{Documents: PCM(V)/8
PCF(V)/11
PCI(V)/5}

COMMITTEE ON ECONOMIC INFORMATION
AND MARKET INTELLIGENCE
Fifth Session
Yokohama, 30 October - 3 November 1989

Dist. GEN.
PCM(V)/8
6 November 1989
Original: ENGLISH

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

FIFTH SESSION OF THE PERMANENT COMMITTEE ON

ECONOMIC INFORMATION AND MARKET INTELLIGENCE

30 October - 3 November 1989

Table of Contents

Report

Appendix I Technical Evaluation

1. Introduction

The Fifth Session was opened on 30 October 1989 at a Joint Session of all the three Permanent Committees under the chairmanship of Mr. Jean Clément (France). The list of Participants is reproduced in document PCM,PCF,PCI(V)/INF.1/Rev.1.

2. Adoption of the Agenda and Organization of Work

The Agenda of the Session as contained in document PCM(V)/1 was adopted.

3. Admission of Observers

The List of Observers admitted by the Committee figures in document PCM,PCF,PCI(V)/INF. 2, INF.2/Add.1 and INF.2/Add.2.

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

Following the presentation of the Secretariat document PCM(V)/3 "Elements for an Action Plan in the Area of Economic Information and Market Intelligence" some members of the Committee made preliminary comments on the document. The Committee decided to recommend that the document should be referred to a Panel of Experts which should be established to draw up a Draft Action Plan and a Programme of Work. Following consultations between the Committee and the Committee on Forest Industry, it was recommended that the Secretariat should arrange for the Expert Panels on Forest Industry and on Economic Information and Market Intelligence to meet concurrently if possible in order to ensure close co-ordination of the elements for the Draft Action Plan.

In view of the fact that some experts may serve on both panels such a convenient arrangement could make for reasonable economy in financing ITTO's work in this area. The Committee recommends that Council authorize the establishment of a Panel of Experts to draw up an Action Plan and programme of work in the area of Economic Information and Market Intelligence at the estimated cost of \$30,000. This Panel may be organized conjointly with that on Forest Industry.

5. Report on Project Work in Progress

The Committee considered a Report on Project Work in Progress (document PCM(V)/4) prepared by the Secretariat. The Committee took note of the Report. The following points on the 6 projects emerged from the consideration.

- i) PD 7d/87 Rev.1 (M) : Statistical Information and Market Indicators: Study on Major Import Markets for Wooden Furniture

The Committee heard a presentation on the first draft of the Study from Mr. J. Albaladejo, Senior Marketing Officer of the ITC (UNCTAD/GATT). The draft is to be revised and edited by the ITC; and

will be published early in 1990 in time for the next Session of the Committee. The Study will also be published in French and Spanish. The view was expressed that the Study should provide a basis for ITTO's work in monitoring end-use markets; conducting surveys of the markets in Japan and Australia, the Structure of supply; and the correlation between the furniture markets and tropical timber consumption markets.

- ii) PD 14/87 (M) : Market Intelligence Analysis of the Wood Flow as a Basis for an Early Warning System for the Tropical Timber Market

The Committee took note of the progress report on this project and requested the Secretariat to forward to Members the report on the analysis of the responses to the Questionnaire sent out by the SBH to Members in order to assess what information was required about the EC tropical timber market: EC imports and end-use, stock change, trade between EC countries.

- iii) PD 7c/87(Rev.1) (M) : Statistical Information and Market Indicators: Market News Service for Tropical Timber and Timber Products

The Committee was informed of the preparations being made for the start up of the Project after the release of necessary funds. It welcomed the prospects for the project and its impact on the work of ITTO as regards both strengthening its in-house capability in market intelligence and the data base for market information for members and interested organizations.

- iv) PD 42/88 Rev.1 (M) : The Structure of China's Tropical Timber Market, the Current Situation of International Co-operation of PRC and the Prospects to the Year 2000

The Committee was informed by the representative of France, the donor Government, that the release of funds for the start up are pending due to consultations between the CTFT (France) and the ISTIF, the Executing Agency, on the elements of co-operation under the Project. The Project Agreement between ITTO and ISTIF will then be signed and necessary funds released.

- v) PD 61/89 (M) : Statistical Information and Market Indicators: Study on the Trade and Market for Tropical Hardwoods in Japan

The Secretariat informed the Committee that in accordance with ITTO procedure tenders for consultancy services to undertake the Study were under way. As soon as the appropriate Consultancy Agency and Project Coordinator are selected funds would be released for the start-up.

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

The Committee expressed concern over the lack of financing for the Project. Although it had been reported that FAO had embarked on some preliminary methodological survey related to the Study, it was felt that the Committee should defer any further consideration until:

- a) the report of the current FAO methodological survey in relation to the project had been considered by ITTO and
- b) SBH has reported on the details of its work on end-use and its co-ordination with PD 1/87 (M).

These elements of information were needed to enable the ITTO advise itself on the status of PD 1/87 (M).

6. Consideration of Project Proposals

The Committee considered two Project Documents submitted to it together with Project Briefs (Doc. PCM(V)/2). The tabular outline of the technical appraisal of the Projects is attached as Appendix A.

- i) PD 7a/87 (M) Phase II : Statistical Information and Market Indicators: Development of the Monthly Bulletin, Tropical Forest Products in World Timber Trade - Phase II

The Committee discussed the general usefulness of the project for the proposed target users and for ITTO's Work. Whilst there was agreement on the usefulness of developing the Monthly Bulletin, the following reservations were expressed:

- a) there should be further clarification on the extent to which the level of costs for upgrading the publication should be a charge on the budget of ITTO. It would be necessary to determine more clearly the relative cost-sharing elements for the FAO and ITTO in view of the heavy project budget;
- b) consideration should be given to the possibility of a bi-annual or annual publication in order to reduce the cost of publication whilst not detracting from its usefulness;
- c) A survey of users should be determined and possibilities explored on financing part of the cost of publication through subscribers' fees.

In view of these reservations, the Committee decided to defer consideration of this Project pending the possibility of its revision.

- ii) PD 66/89 (M) : Study of the Trade and Markets for Tropical Hardwoods and Derived Manufactures in North America

The Committee generally endorsed the importance of such a Study in the context of ITTO's mandate in improving market transparency. During the discussions it was emphasized that work under this Project should take account of studies already made by the Executing Agency.

The Committee decided to recommend to Council the approval of the Project for immediate implementation because it constituted in essence a necessary updating and interpretation of existing literature and is designed to give substantive focus on the area of tropical hardwood in North American markets.

7. Decision on Fellowships Application Under Project PD 60/89 (M,F,I)

Following consultations among the Chairmen of the three Permanent Committees it was agreed that at this session the Secretariat should evaluate the fellowships applications and select the successful candidates. The applications approved in the field of Economic Information and Market Intelligence are listed in the Appendix to the Report of the Permanent Committee on Forest Industry.

8. Report of Pre-Project Work in Progress

The Committee took note of the progress report reviewing the stage of work proceeding on the Pre-Project Study "The Conservation Status of Tropical Timbers in Trade" which is being undertaken by the World Conservation Monitoring Centre in Cambridge, U.K.

9. Decision of Pre-Project Work

- i) Pre-Project Extension Study : **Forest Products Market Intelligence System for ITTO Producing Members of the Asia/Pacific Region**

The Committee considered the proposals contained in document PCM(V)/5. There were reservations expressed on the continued usefulness, extent and cost of the survey to be undertaken as proposed. Furthermore there were no firm and clear indications within the Committee of the interest of the target countries. The Secretariat was therefore requested to ascertain the reactions of the interested countries of the Asia/Pacific Region in the pre-project activity. The Committee would then advise itself on the status of the Pre-Project after receiving the report on the reactions of the relevant countries.

ii) Pre-Project Proposal : Incentives in Producer and Consumer Countries to Promote Sustainable Development of Tropical Forests

The original proposals contained in document PCM,PCF,PCI(V)/1 entitled "Labelling System for the Promotion of Sustainably-Produced Tropical Timber" were the subject of intense and protracted debate.

The proponents of the proposal affirmed that the outcome of the proposal was designed to advance the objectives of ITTO in helping to secure a common ground of understanding on the requirements for sustainable forest management. Such an exercise took into consideration the interests and concerns of the timber trade and conservation. Whilst the scope of the pre-project was not all-embracing it should be seen as a practical step forward in exploring the many possibilities of addressing an aspect of the larger problem of sustainable forest management.

Several reservations and objections were also made on the pre-project proposals. The proposals, as formulated, would not make any significant contribution to achieving sustainable forest management given the more important and higher priorities for action in other areas. There was the difficulty of implementing a system designed to define and evolve acceptable criteria for sustainable forest management and standards of labelling timbers. The scope and thrust of the pre-project were too ambitious and did not take into account the interests of all parties in the tropical timber situation and economy. The ultimate output of the pre-project was a veiled attempt to install a system which was only an incentive to encourage the current campaign of boycott against the imports of tropical timber products unless they could be proved and labelled as coming from sustainably managed tropical forests.

The Committee, at the close of its first round of debate, requested the delegation of the U.K., the sponsor of the proposals to revise the document for reconsideration in the light of the views expressed during the debate.

Following consultations to review the original proposals a revised document PCM,PCF,PCI(V)/1/Rev.3 "Incentives in Producer and Consumer Countries to Promote Sustainable Development of Tropical Forests" was introduced to the Committee for consideration.

The Committee approved the revised proposals and decided to implement the pre-project activity contained in the document at an estimated cost not exceeding \$141,670.

10. Non-Project Work: Evaluation of the Market Review and Outlook

The Committee undertook a debate on evaluating the First Market Discussion which took place at the Fifth Session of the Permanent Committees in Abidjan from May 17-18, 1989.

The debate was based on a questionnaire and certain responses which were contained in document PCM(V)/7. The following points emerged on several aspects of the Organization of the Market Discussions:

- (i) The Market Discussions should be held during the first of the bi-annual Sessions of the Permanent Committees.
- (ii) There was need to improve the content, accuracy and timeliness of the Country Market Statements. Among the information to be submitted should be data on stock, end-uses and prices.
- (iii) The standard format to be followed by Members in preparing their Statements should be as indicated in the Outlines and Guidelines agreed at the 3rd Session of the Committee in November 1988. Appeals should be made to delegates to devote time to study the Country Statements and to engage in useful exchanges.
- (iv) Personalities in the timber trade and industry from the producing and consumer countries should be encouraged to attend and effectively participate in the market discussions. To encourage them it would be advisable for Member Governments to include them on official national delegations. Furthermore Timber Trade and Industry Associations in Consumer countries should assist in encouraging the participation of their counterparts in the producing regions through their many contacts with them.
- (v) The Executive Director should use his personal contacts to secure information from the trade and industry associations in Hong Kong, Singapore, and the Chinese Province of Taiwan. Note was, however, taken of the need to observe the usual UN practice in classifying statistical data pertaining to the People's Republic of China inclusive of the Chinese Province of Taiwan.
- (vi) The role of discussion leaders is crucial for the market discussions. Arrangements should, therefore, be made to secure the participation of discussion leaders and experts of high calibre from the trade and industry associations of both consumer and producer regions. In this regard contacts were necessary with such associations as SEALPA, LAFTA, UCBT, etc.
- (vii) The Rapporteur may be assisted by the Secretariat in providing summaries of highlights of the discussions to guide the drafting of the Market Statement and discussions.
- (viii) The final Market Statement is important and should focus principally on matters relating to timber trade and industry and factors strictly affecting them. To the maximum extent possible efforts should be made to exclude references to political issues even when they emerge in the discussions.
- (ix) Arrangements should be made to give maximum and most effective publicity to the Market discussions and the final Market Statement.

The Secretariat was requested to hold consultations to draw up a list of subjects for the Market Discussions during the next 6th Session. The subjects considered and approved by the Committee are the following:

- a) Host country Presentation: The Developments in the Timber Trade and Industry of Indonesia.
- b) Trends in Trade of Tropical Timber Products in the Asia/Pacific Region.
- c) Development of Value-Added Processing: the Experience of the Asia/Pacific Region:
 - i) The Japanese, Korean and Chinese Perspectives;
 - ii) European and North American Perspectives;
 - iii) Other In-Transit Processors - Singapore, Chinese Province of Taiwan and Hong Kong;
- d) The Timber Situation and Prospects for India.

11. Dates and Venue of the Sixth Session

The decision on this item will be taken by the Council.

12. Other Business

No matters were raised under this item.

13. Recommendations to the Council

The Committee made the following recommendations:

- i) that consideration of Project PD 7a/87 (M) Phase II be deferred pending further clarifications and possible revision;
- ii) that PD 66/89 (M) be approved for immediate implementation;
- iii) that funds (\$141,670) be allocated to implement Pre-Project Proposal: "Incentives in Producer and Consumer Countries to Promote Sustainable Development of Tropical Forests";
- iv) that funds (\$30,000) be allocated for the work of the Panel of Experts to be constituted to draw up an Action Plan and a Work Programme in the area of Economic Information and Market Intelligence;
- v) that the status of PD 1/87 (M) should be reviewed in the light of further clarifications.

14. Election of Chairman and Vice Chairman for 1990

The Committee elected Mr. S. Makon Wehiong (Cameroon) as Chairman for 1990 and Mr. David W.K. Boulter (Canada) as Vice Chairman.

15. Report of the Session

The Committee adopted this Report for submission to the Council.

Appendix I

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

PROJECT DOCUMENT	ITTA	AREA OF ACTIVITY		CRITERIA	ITTO	DURATION	GEOGRAPHICAL COVERAGE	RECOMMENDATION*
	OBJECTIVES	Art.23	Art.23	Art.23	BUDGET			
	ARTICLE 1	Para.2	Para.5	Para.6	US\$			
PD 7a/87(M) PHASE II	a,b,c,d,e,g		a,d,e	a,b,c,d,e	269,730	2 years	Global	2
PD 66/89(M)	a,b,c,d,e,g		a,e	a,b,c,d,e	181,460	1 1/2 year	North America	4

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

Appendix II Technical Evaluation of Project Proposals

REPORT

1. Introduction

The Fifth Session of the Committee was opened by the Chairman, Dr. Jean Clément (France) on 30 October 1989 in a joint meeting of the three Permanent Committees. A list of participants is provided in document PCM(V)/PCF(V)/PCI(V)/INF.1/Rev.1.

2. Adoption of the Agenda

At the first meeting on 30 October, the Committee adopted the Agenda of its Fifth Session as contained in document PCF(V)/1.

3. Admission of Observers

A list of Observers admitted by the Committee to attend its Fifth Session is contained documents PCM(V)/PCF(V)/PCI(V)/INF.2, INF.2/Add.1 and INF.2/Add.2.

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

The Committee considered the two documents prepared by the Secretariat under decision 2(VI) adopted by the International Tropical Timber Organization at its Sixth Session: document PCF(V)/3 "Work Programme of the Secretariat for the Years 1990 and 1991 in the Field of Reforestation and Forest Management" and document PCF(V)/4 "Activities Proposed for Priority attention in the Field of Reforestation and Forest Management".

An informal working party drafted a synthesis of these two documents on the basis of comments made by members of the Committee.

This document "Programme of Work for ITTO in the Field of Reforestation and Forest Management for the Year 1990" was amended by the Committee and is submitted under document number PCF(V)/3-4 Rev. 2 and forms Appendix I of this Report.

The work programme presented in document PCF(V)/3-4 Rev. 2 is limited to 1990 as the work load for 1991 can not be totally assessed at this point of time. The Committee will review the work required of the Secretariat in 1991 in its next Session. The Secretariat should, at that Session, report on progress in implementing the Programme of Work.

5. Report on Completed Projects

No project has been completed since the previous Committee Session in May 1989.

6. Report on Project Work in Progress

The Secretariat reviewed the progress in implementing approved projects.

Ten projects approved by the Council have still not been completed. Of these, five are under implementation and two have full financing allocated but are still not operational. For the remaining three, full financing is not secured.

The Committee members expressed their concern on this last point and decided to recommend that the Council give its attention to these matters.

The Committee took note of document PCF(V)/5 which contains a review of each approved Project still not completed.

The Secretariat informed the Committee that the Forest Agency of Japan had contributed ¥ 29.9 million to the Special Account for the continued implementation of Project PD 2/87(F), Rehabilitation of Logged over Forests. This contribution is in addition to an earlier contribution of US \$240,000.

The Secretariat further informed that the Government of Norway had pledged NKR 150 000 as partial financing of Project PD 53/89 (F) "Preparation of a Master Land Use Plan for Forest Areas", Cameroon.

The Delegation of Japan informed the Committee that the Japan Lumber Importers Association had pledged an amount of ¥ 1.5 million as an addition to the budget of Project PD 57/89 (F,I), Seminar on Sustainable Development of Tropical Forests.

The Committee requested that in the future the Secretariat, taking into account the actual progress in project implementation, prepare documents for this Agenda Item which include comprehensive information on technical advancement of projects, the Secretariat's evaluation reports should be submitted as annexes to the main document.

7. Reports on Completed Pre-projects

No Pre-project has been completed since previous Session.

8. Consideration of Project Proposals

Four draft project proposals were submitted to the Committee for consideration:

PD 68/89 (F): Management of the Tapajos National Forest for Sustainable Production of Industrial Timber -
Project proposal submitted by the Government of Brazil.

- PD 69/89 (F): Workshop on Sustained Tropical Forest Management with Special Reference to the Atlantic Forest** - Project proposal submitted by the Government of Brazil.
- PD 71/89 (F): The Economic and Environmental Value of Mangrove Forests and Present State of Conservation** - Project proposal submitted by the Government of Japan.
- PD 72/89 (F): Seminar on Sustainable Development of Tropical Forests** - Project proposal submitted by the Government of Japan.

A fifth project proposal submitted by the Government of the Federal Republic of Germany was not considered by the Committee as it had been submitted to the Organization's Secretariat past the established deadline for such submission (see ITTO document "Methodology for Project Presentation", para. 1.3). However, considering the interest for the Proposal among Delegations, the document presented was considered as a positive Project Idea and the Committee encouraged the Government of the Federal Republic of Germany to develop a Project Proposal based on the Idea.

Members of the Committee agreed to preclude consideration by the Permanent Committees of projects which have not been submitted in conformity with the requirements of the Project Cycle and requested the Secretariat not to present such documents for consideration.

Appendix II of this report contains details concerning the technical assessment of the projects, carried out by an informal group set up for this purpose. The technical assessment resulted in modification with regard to substance of three of the Projects.

Project PD 68/89 (F) was amended and redrafted, and now appears under new reference PD 68/89 Rev.1 (F).

Project PD 69/89 (F) was modified (increase in budget) and also redrafted, and now appears under new reference PD 69/89 (F) Rev.1.

Project PD 71/89 (F) was thoroughly revised and then redrafted and now appears under reference PD 71/89 (F) Rev.1.

The Committee considered five project ideas: the first was submitted by a group of NGOs active in the field of environment protection at the Fourth Session. The Committee had recommended it be considered from a technical point of view. As no delegation had considered this proposal, the Committee concluded that it was not adopted.

Four Project Ideas on the implementation of forest management work were considered. Three of these were submitted by the Government of Brazil and one by the Government of Peru.

The Committee regarded all four Ideas as positive and encouraged the Governments of Brazil and Peru to develop project proposals based on them.

The Committee recommended that the selection of forests for these Project Proposals should take into account the need for establishing a network of projects of this type, incorporating adequate representation of different forest types and conditions.

It was further noted that, from the points of view of both activity and funding, a distinction should be made between preparing forest management plans and exploiting forests. The latter cannot warrant funding from ITTO.

9. Reports on Pre-projects Work in Progress

The Committee took note of document PCF(V)/7. The document contains reviews of the following Pre-project not yet completed:

Improvement of Harvesting Systems for Sustainable Management of Tropical Forests,

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

Co-ordinated Natural Forest Management and Sustainable Rural Development in Areas Adjoining Sapo National Park, Liberia,

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

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

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

The Secretariat informed the Committee that Agreements for implementing the Pre-projects in Liberia and Cameroon had been concluded after document PCF(V)/7 was drafted.

The Pre-projects in Ecuador and Ghana are still not operational.

10. Decision on Pre-project Work

The Committee decided to implement a Pre-project in Brazil entitled "Sustained Development in the Amazon" which is concerned with the preparation of projects for densely populated areas where pressure on forests is very high. Three activities are proposed in the fields of (i) agrosilviculture, (ii) fruit tree culture, and (iii) forest management by rural communities for sustainable, multiple utilization.

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

Following consultation among the Chairmen of the three Permanent Committees it was agreed that at this Session the Secretariat should

evaluate the fellowship applications and select the successful candidates. The applicants awarded fellowships are listed in Appendix II the Report of the Fifth Session of the Permanent Committee of Forest Industry.

12. Non-project Work

No specific non-project work was considered under this Agenda Item.

13. Dates and Venue of the Third Session

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

14. Other Business

Under this agenda item, the Committee discussed the issue of projects and pre-projects which are of concern of more than one technical committee. The Committee hoped that in the future such projects or pre-projects would be examined by all the committees concerned, though it might be feasible to give on Committee the responsibility to draw up recommendations for submission to the Council.

15. Recommendations to the ITTC.

The Committee made the following recommendations to the Council:

- 1) To approve for implementation PD 68/89 Rev. 1 (F) and allocate US\$1,513,146 for financing of the Project.
- 2) To approve for implementation PD 69/89 Rev. 1 (F) and allocate US\$68,000 for financing of the Project.
- 3) To approve for implementation PD 71/89 Rev. 1 (F) and allocate US\$270,000 for financing of the Project.
- 4) To approve for implementation PD 72/89 (F) and allocate US\$50,000 for financing of the Project.
- 5) To allocate US\$70,000 from the Pre-project Sub-account for the implementation of a Pre-project entitled "Sustained Development in the Amazon Region" in Brazil described in document PCF(V)/8.
- 6) To make available US\$50,000 from the Administrative Budget for development of recommendations and principles for how Guidelines for "Best Practice" and sustainability in the management of natural forests and plantations are to be prepared, based on a paper under preparation by the ODA of UK.
- 7) To make available US\$20,000 from the Administrative Budget to cover expenses of ITTO's participation in three Forest Sector Reviews within TFAP.

- 8) To endorse the programme of work for the Secretariat in the field of reforestation and forest management as detailed in document PCF(V)/3-4 Rev. 2.

16. Election of Chairman and Vice-Chairman for 1990

The Committee elected Mr. Enrique Toledo (Peru) as Chairman and Mr. E.M. Lammerts van Bueren (Netherlands) as Vice-chairman for 1990.

17. Report of the Session

The Committee accepted this Report for submission to the Council.

PERMANENT COMMITTEE ON REFORESTATION
AND FOREST MANAGEMENT
Fifth Session
Yokohama, 30 October - 3 November 1989

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**PROGRAMME OF WORK FOR ITTO IN THE FIELD OF REFORESTATION
AND FOREST MANAGEMENT
for the year 1990**

At its Sixth Session in Abidjan in May 1989, in decision 2(VI), the Council requested the Executive Director to prepare activities for priority implementation in the following areas of action:

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

All these areas of concern were directly or indirectly covered in recommendations for action in the "Draft Action Plan in the Field of Reforestation and Forest Management", contained in Document PCF(IV)/2. This Draft was prepared for the Committee by a Panel of Experts which had been formed as a result of a proposal made by the Committee on Reforestation and Forest Management at its Third Session and endorsed by the Fifth Council Session.

The Council also requested, at its Sixth Session in Abidjan in May 1989, in Decision 2(VI), the Executive Director to prepare a work programme of the Secretariat for the years 1990 and 1991 in the field of reforestation and forest management. The programme should be based on the proposals made in document PCF(IV)/2 "Draft Action Plan in the Field of Reforestation and Forest Management", prepared for the Permanent Committee by a Panel of Experts, and on the recommendations made on those proposals by the Delegates of the Committee.

The following programme outline takes into account these two requests.

Action 1. Develop Guidelines for "best practice" and sustainability in relation to the sustainable management of natural forests and plantations.

It was recognized that guidelines should be diversified and adapted to regional differences. The first step in this action field will be to identify what should be the nature of the guidelines to be developed in manuals for regional and national applications.

The Overseas Development Administration (ODA) of United Kingdom has agreed to make available one forestry expert for a total work input of two months between October 1989 and March 1990 to assist the Secretariat to prepare a paper with regard this action area. This paper is expected to be completed in February 1990.

Australia also agreed to assist in the development of guidelines by making available an expert and provision of advice based on the experience with development and operation of forest management codes of practice in Australia.

It is proposed that a small Working Group of representatives of Producer and Consumer Members, international agencies, NGOs and the private sector be convened to consider the paper under preparation, and other relevant documents. The Working Group should, based on these documents, develop recommendations and principles for how the guidelines are to be prepared and advise the Secretariat on the action to be taken for commissioning the preparation of the Guidelines for Best Known Practice.

It is estimated that a total Secretariat time of 5 weeks will be required for arranging the Working Group meeting, participate in it, finalize a report to the Committee and the Council and make arrangement for commissioning the preparation of the Guidelines. A budget allocation of \$50,000 will be required to meet the costs of travel and DSA of the Working Group members.

Action 2. Develop the Economic Case for natural forest management.

The action in this area should aim at collecting data on which to base the demonstration of the economic and technical viability of natural forest management. The ultimate objective should also be to produce a publication for policy makers, planners and the general public in which

the economic case for natural forest management is persuasively presented.

Co-operation should be established with FAO, World Bank and with other international and national technical assistance agencies working with forestry in the tropics and with research institutions in all Member Countries with the aim of pooling available data and other information which can be used in assessing the economic value of the forests.

It is suggested that one country in each producer region accepts the responsibility to collect and compile available information, that the task is given to a research institution in those countries and that those institutions are provided, if necessary through special projects, with technical and financial support as required. It is further suggested that a Member of the Committee acts as global coordinator of the work and with the additional task of maintaining contact with international technical co-operation agencies.

It is further suggested that the regional data collecting activities are started in the Asia/Pacific region in 1990.

It can be estimated that 6 weeks of Secretariat input will be required in 1990 for contacts with FAO, IBRD and other relevant institutions and for initiating the activities in Asia/Pacific and for requesting co-operation from Member Governments.

Action 3. Strengthen Policy Initiatives embracing the forestry sector.

The Draft Action Plan points out the need for forestry sector reviews which pay full attention to natural forest management, to the relationship with other economic sectors and to environmental concerns. The sector reviews which are part of the process of developing national tropical forestry action plans under the TFAP are conducted with these specific aims.

Several of the ITTO Producing Member countries have been covered by sector reviews. In other, such reviews are under preparation or have been requested. ITTO should actively take part in the initial stage of the forest sector reviews which are to be conducted in Member Countries in the future. Three such reviews are currently under preparation to be conducted in 1990. As the Secretariat does not have personnel resources for this participation it will be necessary to engage consultants. For each mission a minimum of four weeks of consultants time will be required. A budget allocation of \$20,000 will be needed to cover costs of travel and DSA for these consultancies.

The administrative arrangements for the participation in the TFAP missions; briefing of consultants and examining and commenting on reports would require 6 weeks of Secretariat time.

Action 4. Increase Awareness and Mobilize Support to ensure the sustainable management and conservation of tropical forests.

The awareness of the current forest situation in the Tropics and of the consequences this can have on for example the local ecology and on the global environment is high. On the other hand, the awareness of what can be done to change this development in favor of sustainable management and conservation, what is being done and where the capacity and capability to affect change is available need to be increased. The activities proposed under Action 5 should contribute substantially to meet this need.

In addition, ITTO should inform the general public of its own programmes and activities in this field.

The above activities are undertaken by the Secretariat and is incorporated in its routine work. No extra secretariat time will be required.

Action 5. Develop Demonstration Models of management for the sustainable production of timber and non-timber products and conservation.

Several projects approved by the Council for implementation and financing have been designed to provide demonstration models of forest management. Three Pre-projects, currently under execution, for further development of Project Proposals in the field of forest management and silviculture will also consider the possibility of using the new projects as demonstration models. The Committee requests all Member Countries to prepare new projects in order to develop a network of demonstration areas covering an appropriate range of forest types and socio-economic situations.

The Committee further requests all Member Countries to identify, in their tropical zones, successful forest management areas at an operational scale on which demonstration sites could be established, and which they are prepared to allow to be included in an international network of ITTO sites for purposes of demonstration and training. Information on these suggested model projects should be sent to the Secretariat to be compiled into a compendium of potential demonstration areas for consideration and selection by the Committee.

Secretariat input of 4 weeks per year would be required to compile and keep this compendium up to date.

Action 6. Strengthen Research on responses to silvicultural treatment.

ITTO projects PD 2/87 (F), PD 10/87 (F), PD 24/88 (F,I), PD 34/88 (F) and PD 55/89 (F) are designed to research the responses of forests to silvicultural treatment and to develop research capability in that field. The establishment of such research efforts needs to continue.

It is suggested that ITTO make known through IUFRO the specific research needs to achieve the objectives of the Organization and encourage action to meet them. In order to bring the requirements of ITTO to the attention of IUFRO it is proposed that a paper, to be presented at the next IUFRO World Congress, be prepared and submitted to IUFRO.

An input of 2 weeks of Secretariat time in 1990 is envisaged for administrative matters and arrangements for preparation of the paper.

Action 7. Develop Human Resources in tropical forest management.

Development of human resources is essential in all project and non-project activities of ITTO, but action must be designed to take account of the work of other organizations, especially UN agencies, in this field. Despite the high priority being given to training and institutional development by many bilateral and multilateral aid agencies in the forestry sector manpower resources and training devoted to the management of tropical moist forests are particularly weak.

Recognizing that trained man power resources are severely lacking in Producing Member countries, The Secretariat should prepare a short information paper on man power development requirements for tropical forest management for discussion in the Sixth Committee Session with the aim of developing an ITTC stand on this issue.

ITTO should co-operate with other agencies, especially FAO, to specify, and so far as possible quantify, the training needs, and identify action required to improve existing training capabilities, directed to the management of tropical moist forests. It should also, in collaboration with FAO, ensure that these needs and actions required are brought to the attention of the authorities concerned both in the producer countries and in the international agencies and the donor community.

Wherever appropriate, provision for manpower development should be included not only in projects such as PD 58/89 (F) and PD 60/89 (F,M,I) primarily concerned with training, but in other projects, particularly those concerned with the development of demonstration areas for forest management.

The extra Secretariat time required for liaison with other agencies on this matter and for collection and compilation of relevant information can be estimated to 2 weeks.

Action 8. Consider Incentives to encourage sustainable management.

The Committee recognized the need to develop incentives to encourage forest management, but the design of incentives is dependent on the development in some of the other fields of action, especially with regard to the economic case for forest management.

It is recognized that, in consuming as well as in producing countries, the conservation and management of a permanent forest estate

can not be justified by the financial income resulting from the marketing of forest produce alone, but that this justification must be supported also by the non-wood values of the forests. It is however universally accepted that a strong incentive can be achieved if forest management is made financially attractive. Among other issues of particular concern to ITTO in the context of international trade are actions needed to secure a proper reward through the market for the sustainable management of the forest.

The World Bank Study on forest taxation systems in Africa aims at securing attractive returns to forest management and may improve the cash flow. It is suggested that ITTO closely monitors the Study carried out by the World Bank in West Africa and actively takes part in designing schemes aimed at improving the return to the forestry sector. It is further suggested that, when the economic case for natural forest management is established, ITTO gives priority to developing taxation models which can improve the cash flow from tropical, natural forests.

The informal working group proposed that the Committee, at its next session, should set aside half a day for technical discussion on the subject of incentives through international trade relationships to encourage sustainable forest management. A brief discussion paper highlighting the main issues should be prepared and distributed to all members in advance, as the basis for the technical discussions.

Monitoring of the World Bank Study in Africa and the preparations for the technical discussion at the Sixth Session of the Committee will require 2 weeks of Secretariat time in 1990.

Summary of Secretariat time input and budget requirements for the
priority activities

	1990 weeks	Budget \$
Develop Guidelines	5	50 000
Develop the Economic Case	6	
Strengthen Policy Initiatives	6	20 000
Increase Awareness	-	
Develop Demonstration Models	4	
Strengthen Research	2	
Develop Human Resources	2	
Incentives	2	
Total Priority Activities	27	70 000

Other commitments and anticipated new work

Existing work commitments	58
Anticipated new project work	20
Anticipated new other work	18
TOTAL WORK LOAD	123

The workload for 1991 can not be fully specified at this point of time, but it can be assumed that it will be of the same order of magnitude as in 1990.

Appendix II

TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

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

This project concerns the first five years of implementation of a forest management plan in the Tapajos National Forest prepared by IBDF, today IBAMA, with the help of FAO based on the concept of the sustained development and conservation.

The area to which exploitation and silviculture will be applied under this Project totals 4,000 hectares.

The project will generate gross revenue estimated at 3.6 million dollars through the sale of lumber. The net revenue will be allocated for future funding of Tapajos forest management as well as for extending this activity to other forests.

This project corresponds to ITTO priorities and it is proposed that it be approved for immediate implementation and funding.

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

Under this project a workshop shall be organized which will have the following main goals:

- (i) To identify adequate techniques and methodologies for the sustained forest management of the Atlantic Forest;
- (ii) To establish technical criteria for the elaboration and analysis of management plans;
- (iii) To define research lines for the sustained management of the biome; and
- (iv) To propose the organization of training courses aiming at facilitating the preparation and analysis of management plans with a view to sustained production.

The five day workshop is scheduled to take place in March 1990. Participants shall be selected on the basis of their experience and their knowledge of forest management.

A training programme shall be prepared on the basis of the workshop's conclusions, with a view to improving the forest management skills of technical staff working for IBAMA, private sector companies and other organizations.

In order to take full advantage of the opportunity presented by the workshop, funds have been set aside in the budget to pay for the travel and subsistence expenses of ten participants from other producing countries where coastal forests are in a situation similar to that of the Brazilian Atlantic forest (strong population pressure and significant forest fragmentation due to intense deforestation.)

This project corresponds to ITTO priorities and it is proposed for immediate implementation and funding.

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

Under this project, stock will be taken of the mangrove situation in the Asia-Pacific Region, as well as of their present state of management and conservation.

The agency responsible for co-ordinating the project shall work in close collaboration with the relevant national research institutions. Part of the total project budget is reserved to support this collaboration.

The project reports shall be widely circulated to all the countries concerned in the region.

Although this project does not come under one of ITTO's priorities, as mangroves only very seldom are a source of timber as defined by the ITTA, it is recommended, in view of the particular ecological interest of this type of formation, the conservation of which is essential to neighbouring populations, that it be approved for immediate implementation and funding.

PD 72/89 (F) : Seminar on Sustainable Development of Tropical Forests

This seminar, which will be held in conjunction with the next Session of the Committee aims at formulating and considering ideas and concepts concerning the sustained use and conservation of natural forests.

It is suggested that the seminar focus on the issue of incentives to be adopted in consumer countries to encourage sustained management of tropical forests as well as on encouragement measures to be taken in producing countries.

This project corresponds to ITTO priorities and it is proposed for immediate implementation and funding.

Appendix II

TECHNICAL EVALUATION OF PROJECT PROPOSALS IN THE FIELD OF REFORESTATION AND FOREST MANAGEMENT

PROJECT DOCUMENT	ITTA OBJECTIVES ARTICLE 1	AREA OF ACTIVITY Art. 23 Para. 2	Art. 23 Para. 5	CRITERIA Art. 23 Para. 6	BUDGET ITTO Contrib. (US\$)	DURATION Years	GEOGRAPHICAL COVERAGE	RECOMMENDATION*
68/89 Rev.1	c, e, f and h	R & D	a,b,c,d and e	a,b,c,d and e	1,513,146	5	Amazon Region	4
69/89 Rev.1	c	Refor. & Forest M	b,c,d and e	(a),b,(c), (d) and e	68,000	8 mo	Eastern Brazil	4
71/89 Rev.1	a, c, f and h	R & D	a,b,c,d and e	a,b,c,d and e	270,000	18 mo	Asia/Pacific	4
72/89	a,c,e, f and h	seminar	a,b,c,d abd e	a,b,c and d	50,000	-	Global	4

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

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PERMANENT COMMITTEE ON
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REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

FIFTH SESSION OF THE PERMANENT COMMITTEE ON

FOREST INDUSTRY

30 October - 6 November 1989

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Appendix II Fellowships and Grants Approved

REPORT

1. Introduction

The Fifth Session was opened on 30 October 1989 by Mr. Xuhe Chen (China), the Vice-Chairman of the Committee. The list of participants is reproduced in document PCM(V)/PCF(V)/PCI(V)/INF.1/Rev.1.

2. Adoption of Agenda and Organization of Work

At its first meeting on 30 October 1989 the Committee adopted the agenda of its Fifth Session as contained in Document PCI(V)/1.

3. Admission of Observers

The list of Observers admitted by the Committee figures in document PCM(V)/PCF(V)/PCI(V)/INF.2, INF.2/Add.1 and INF.2/Add.2.

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

The Committee considered proposals contained in the Secretariat's background paper "Formulation of an Action Program in the Field of Forest Industry" (PCI(V)/3). The Committee decided to renew its recommendation to the Council to constitute and finance a panel of experts to assist the Committee to prepare the ITTO Action Plan in the field of Forest Industry.

The approved Terms of Reference for the work of the panel of experts are:

1. To review background document in Appendix I of Document PCI(V)/3 "Priority Working Areas, Problems and Proposed Actions in the Field of Forest Industry", and an informal paper with "Elements for the ITTO Action Plan in the Field of Forest Industry", prepared by volunteered participants attending PCI(V). The review shall also take into account: (i) the ITTA; (ii) document ITTC(IV)/3: Criteria and Priority Areas for Programme Development and Project Work; (iii) National Forestry Development Plans of ITTO Producing Member Countries; (iv) ITTO Forest Industry non-project activities, pre-project work, project proposals and work presented and/or approved by the Permanent Committee on Forest Industry; and (v) ITTC Resolution 1(IV) and Decision 2(VI).
2. Prepare a draft of an ITTO Action Plan in the field of Forest Industry, to be presented to the next Sessions of the Permanent Committee of Forest Industry and Council.

The Committee also recommended that the Secretariat should make efforts to arrange for the Panels in Forest Industry and Economic Information and Market Intelligence to meet concurrently and at the same venue to allow operation in conjunction. To further effect close co-operation between the two panels and reduce costs some experts may serve in both panels.

The Committee further recommended to the Council the allocation of US\$30,000 from the administrative account to finance the panel work.

5. Report on Project Work in Progress

The committee reviewed the work underway in ten ITTO approved and financed projects in the field of Forest Industries. The full report on projects on progress is reproduced in document PCI(V)/4.

Further information on project implementation progress was given by the delegations of China (PD 41/88), Finland (PD 4/87 Rev.1), Malaysia (PD 11/87), Netherlands (PD 18/87 Rev.1), and Peru (PD16/87 Rev.1).

On the basis of analysis of additional implementing difficulties reported for project 16/87 Rev.1, the Committee agreed with a proposal for a new implementation arrangement for the project with the Forestry Agencies or Forestry Research Agencies of participating countries responsible for implementation under ITTO co-ordination. To this effect a co-ordinating and planning meeting should be scheduled to take place as early as possible.

6. Report on Completed Pre-Projects

The pre-project study on "Harmonization of Specifications on Tropical Timber Products" was undertaken by the Association Technique Internationale des Bois Tropicaux (ATIBT). The Committee took note of the findings of the study as presented by a representative of ATIBT. The results of the study, which are guiding the preparation of a project proposal addressing the problems reviewed, will be summarized in a final report to be submitted by ATIBT. The Committee requested the Executive Director to reproduce and disseminate the report of this pre-projects in the ITTO technical series.

The Committee expressed its gratitude to ATIBT for its generous assistance in the implementation of this pre-project.

7. Consideration of Project Proposals

The Committee technically appraised and evaluated seven project proposals: PD 63/89(I), PD 64/89(I), PD 65/89(I), PD 67/89(I), PD 70/89 Rev.2 (I) and PD 73/89 (M,F,I) submitted in time for its consideration. The detailed results of the Committee's evaluation and appraisal of project proposals are presented in Appendix I.

Appraisal of project proposal PD 29/88 Rev.2 (I), submitted by the Government of the Republic of Korea, was rescheduled to the next Committee Session when Members will have had the opportunity to study the "Proposal to Harmonize Methods of Specifying Tropical Timber Products" prepared for ITTO by ATIBT.

The Committee also evaluated a proposal of Peru to phase the implementation of the project proposal PD 37/88 Rev.3 "Industrial Use of New Forest Species in Peru". This project was appraised and recommended for implementation in the Fourth Committee Session.

8. Decision of Fellowship Applications Under Project PD 60/89 (M,F,I)

Following consultations among the Chairmen of the three ITTO Permanent Committees, it was agreed that at this Session the Secretariat should evaluate the fellowship applications and select the successful candidates. The applications approved are listed in Appendix II.

9. Review of Pre-Projects in Progress

The Committee took note of the initial steps taken for implementation of the three pre-projects it approved in its Fourth Session:

- (i) The pre-project study on "Tropical Timber in Construction and Development of Harmonized Stress Grading Rules" was contracted with the United States Forest Products Laboratory in October 1989, and the work is already underway.
- (ii) The pre-project study on "Industrial Processing of Rubberwood Timber in Africa (Cameroon, Côte d'Ivoire, Ghana and Liberia)" was contracted with CENADEFOR in September 1989, but initiation of work is depending on availability of funds. The Committee recommended the Council to urge donor countries to effect the contribution of funds pledged at its Sixth Session for implementation of this study.
- (iii) The implementation of the pre-project study on "Appropriate Supply of Wood Raw Materials in Producing Countries with Dwindling Forest Resources: The Case of the Philippines" was contracted with the Department of Environment and Natural Resources of the Philippines. The study is expected to commence in November 1989.

10. Dates and Venue of the Sixth Session

The Committee decided that the date and venue of its Sixth Session will be agreed upon by ITTC in its Seventh Session.

11. Other Business

Following the invitation for co-operation already welcomed by the ITTO Committee at its Fourth Session, the representative of UNIDO presented a formal invitation for the UNIDO-ITTO joint organization of the Second Consultation on the Wood and Wood Products Industry. The Committee was receptive to the above proposal, and requested the Secretariat to hold consultations with UNIDO and prepare a proposal on ITTO's participation including required financial inputs for Committee and Council's appraisal and decision at the next Sessions in the first half of 1990. ITTO contribution could possibly consist of funds for participation of some representatives from producing Member countries in the Consultation as well as provision of technical information and documentation generated under other activities and projects implemented by ITTO.

12. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations:

1. To approve for implementation by ITTO the project proposals:
 - (a) PD 54/89 (I): STUDY ON UTILIZATION STRUCTURE OF TROPICAL TIMBER PRODUCTS IN KOREA AND PROMOTION OF PROCESSED WOOD PRODUCTS SUPPLY FROM TROPICAL TIMBER PRODUCING COUNTRIES
 - (b) PD 65/89 (I): PROMOTION OF IMPORTS OF TROPICAL SAWNWOOD IN CHINA (PREPARATORY PHASE)
 - (c) PD 70/89 Rev.2 (I): WORLD CONFERENCE ON TROPICAL PLYWOOD IN ASIA PACIFIC REGION
 - (d) PD 73/89 (M,F,I): ASSISTANCE FOR PROJECT IDENTIFICATION AND FORMULATION
 - (e) PD 67/89 (I): TRAINING PROGRAM ON MECHANICAL PROCESSING OPERATIONS IN SOUTH AMERICAN SAWMILLING AND PLYWOOD INDUSTRIES
2. To request that the following proposal be revised:
 - (a) PD 63/89 (I): LOW-COST HOUSES FROM SMALL DIAMETER TREES, PLANTATION THINNINGS AND TREE TOPS AND BRANCHES
3. To recommend that the following proposal should not be further considered by ITTO:
 - (a) PD 64/89 (I): INDUSTRIAL UTILIZATION OF LESSER KNOWN SPECIES-MANUFACTURE PLYWOOD AND LVL FROM LKS
4. To approve a phased (PD 37/88 Rev.3 Phase I and PD 37/88 Rev.3 Phase II) implementation of approved project "Industrial Use of New Forest Species in Peru".
5. To allocate US\$30,000 from the administrative account to finance the work of a forest industry panel to assist in the preparation of an Action Program in the field of forest industry.

6. To accept a Japanese Government contribution of US\$100,000 on top of the total cost of project PD 60/89 (M,F,I) "Fellowship and Related Assistance Program to Promote Tropical Forest Sector Development" to finance training activities within the project priorities and offered in co-operation with JICA.
7. To urge Member countries to contribute funds to finance forest industry projects approved by the Council in previous sessions and so far unfunded. These projects are:

PD 12/87(I)	RESEARCH ON UTILIZATION OF TROPICAL TIMBER IN CONSTRUCTION
PD 37/88 Rev.3 (I)	INDUSTRIAL USE OF NEW FOREST SPECIES IN PERU (phased implementation recommended by the Committee)
PD 43/88 Rev.2 (I)	STUDY FOR THE MARKETING OF TROPICAL TIMBER AND PROMOTION OF THE CONSUMPTION OF LESS WELL KNOWN SPECIES ON INTERNATIONAL MARKETS: PHASE 1 - PROMOTION FOR SELECTED ASIAN MARKETS
PD 48/88 Rev.1 (I)	DRYING MIXTURES OF TROPICAL HARDWOODS
PD 49/89 (I)	CREATION OF INTERNATIONAL PROMOTION CENTER FOR LESSER KNOWN SPECIES IN EUROPE (PREPARATORY PHASE)

13. Election of Chairman and Vice-Chairman for 1990

The Committee elected Mr. Gary R. Lindell (U.S.A.) the Chairman and Mr. Baharuddin Hj. Ghazali (Malaysia) Vice-Chairman for 1990.

14. Report of the Session

The Committee adopted this Report for submission to the Council.

Appendix I

TECHNICAL EVALUATION OF PROJECTS IN THE AREA OF FOREST INDUSTRY

PROJECT DOCUMENT/ PRE-PROJECT	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 54/89 (I)	b,e,g	R & D/ market promotion	a	a,b,c,d,e	\$ 73,000	2 years	all three producing regions and Republic of Korea	4
PD 63/89 (I)	c,e,f	R & D	a,e	a,b,c,d,e	\$ 604,960	2 years	Philippines	2
PD 64/89 (I)	c	R & D/processing	a	a,b,c,d,e	\$ 193,000	2 years	China and producers from Asia Pacific	1
PD 65/89 (I)	c,g	R & D/ market promotion	a	a,b,c,d,e	\$ 107,000 (preparatory phase)	3 years	all three producing regions and China	4
PD 67/89 (I)	c,e	training	a,d	a,b,c,d,e	\$ 1,953,000	4 years	Bolivia, Brazil, Ecuador, and Peru	4
PD 70/89 (I) Rev.2	a,b,c,e,f,g,h	conference	a,b,c	a,b,c,d,e	\$ 205,000	8 months	all producers and consumers	4
PD 73/89 (M,F,I)	a,b,c,d,e,f,g,h	training	a,b,c,d,e	a,b,c,d,e	\$ 286,900	1 year	all three producing regions Asia/Pacific	4

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

Appendix I

TECHNICAL EVALUATION OF PROJECT PROPOSALS
COMMENTS ON FOREST INDUSTRY PROJECTS

PD 29/88 Rev.2 (I) **SEMINAR ON HARMONIZATION OF STANDARDS MEASURING
METHODS FOR TROPICAL HARDWOOD SLOGS AND SAWN
TIMBER IN THE ASIA/PACIFIC REGIONS**

The Committee decided to postpone appraisal of this project to its next Session when Members will have had the opportunity to study the "Proposal to Harmonize Methods of Specifying Tropical Timber Products" prepared for ITTO by ATIBT.

PD 54/89 (I) **STUDY ON UTILIZATION STRUCTURE OF TROPICAL
TIMBER PRODUCTS IN KOREA AND PROMOTION OF
PROCESSED WOOD PRODUCTS SUPPLY FROM TROPICAL
TIMBER PRODUCING COUNTRIES**

This project is important because it may increase producing countries exports of processed products. Its emphasis should be on work to increase production capacity in producing countries, particularly through promotion of investment on joint ventures for production units running on sustainably produced raw materials. Comparative advantages of producing countries shall be assessed to highlight investment opportunities.

The Republic of Korea has a large potential market for processed products, and the project may contribute to increased Korean investments in producing countries looking for new markets and encouraging foreign investment.

The contractual agreement for implementation of the project shall include an additional list of activities for increasing the Korean-producing countries partnership for further developing processing in producing countries and imports of processed products by Korea.

PD 63/89 (I) **LOW-COST HOUSES FROM SMALL DIAMETER TREES,
PLANTATION THINNINGS AND TREE TOPS AND BRANCHES**

The project is important as it may contribute to ease the pressing housing deficit in the Philippines. The project is also commendable for its contribution to reduction of waste and use of residues. Before implementation the project needs to be reformulated. Major recommendations to assist the reformulation are:

- (i) To reduce the number and scope of objectives;
- (ii) To detail activities and inputs and assure that they are properly designed and budgeted to produce the outputs expected;

- (iii) To revise project costs. Some inputs are underbudgeted (consultancy, some equipment) or overestimated (universal technical machining);
- (iv) To further detail and quantify the outputs;
- (v) To prepare a detailed project timetable and consider a more realistic project duration;
- (vi) To make provision for the participation of the private sector, particularly the plywood segment;
- (vii) To include action for dissemination of results and technology transfer;
- (viii) To take into account previous research in timber use for housing, particularly the experience of UN agencies, which could have a role in the implementation of some project activities;
- (ix) To make provisions to carry out a preliminary pre-feasibility study early in the project implementation;
- (x) To exclude the project component on energy generation ;
- (xi) To consider utilization of circular saw for processing small logs, and also housing designs based on use of small diameter roundwood.

Some of the research elements of the project will also be object of study under ITTO approved project PD 12/87 "Research on Utilization of Tropical Timber in Construction", and it may be desirable and more useful to consider the work of both projects in parallel.

PD 64/89 (I)

**INDUSTRIAL UTILIZATION OF LESSER-KNOWN SPECIES
(LKS) - MANUFACTURE PLYWOOD AND LVL FROM LKS**

Though this project has a potential to contribute to alleviate the shortage of plywood logs in China, it does not meet the ITTO priorities in the field of forest industry.

The Committee recommended that activities to promote plywood production in producing countries should be promoted, rather than promoting log imports as planned in the project proposal. Implementation of the proposed research and development activities would duplicate work carried out in research institutes of Southeast Asian producers and is therefore not recommended either.

PD 65/89 (I)

**PROMOTION OF IMPORTS OF TROPICAL SAWWOOD IN
CHINA**

The Committee recommended the approval of the preparatory phase designed to inform producing countries in the three regions and to secure their inputs and participation. The proposal for implementation of the

subsequent operational activities (center opening and running) will be appraised by the Committee in the light of the evaluation of the preparatory phase results.

The project proposes to carry out in China the same market promotion operation planned for West Europe under ITTO approved project PD 49/88 (I): "The Creation of an International Promotion Center in Europe". The possibility of blending the two projects shall be taken into account.

PD 67/89 (I)

**TRAINING PROGRAM ON MECHANICAL PROCESSING
OPERATIONS IN THE SOUTH AMERICAN SAWMILLING AND
PLYWOOD INDUSTRIES**

The project is commendable for approval and implementation because it will make use of existing research and training facilities to train technical personnel of the sawmilling and plywood industries of ITTO South American Members, thus contributing to increase yield, productivity and profitability of the forest industries in this sub-region.

In view of well established training needs in grading and classification, it is worthwhile to consider offering separate courses in this area.

The project is closely related to ITTO approved project PD 4/87 Rev.1 (I) "Training in Planning and Management of Forest Industries in Developing Countries", which will implement training activities on forest industries planning and management. In view of the complementarity of these projects, consultations and co-operation among agencies to be involved in implementation should take place, possibly leading to the establishment of an operational link.

At this stage of industrial development in the region there is no need to develop additional training centers at national level, and most of the training courses could be offered at INPA's facilities.

Prior to project commencement further consultation is needed to establish some integration among the industry associations in the region and ensure firm commitment of the participant countries.

The Committee requested the Secretariat to carry out the consultations with agencies involved in project PD 4/87 Rev.1 (I) "Training in Planning and Management of Forest Industries in Developing Countries" and with industry associations and forestry agencies of participating countries in order to further identify all organizations whose co-operation and integration can enhance project implementation and optimize use of resources, possibly reducing costs.

In view of the relatively large financial resources needed to implement the project, and in the event that the total funds required are not available, the Secretariat should explore the possibility of phasing the project. Also, alternative implementation arrangements that avoid or reduce overhead costs shall be explored by the Secretariat.

**WORLD CONFERENCE ON TROPICAL PLYWOOD IN
ASIA PACIFIC REGION**

This revised project proposal making provisions for a global conference on tropical plywood is commended for approval. The conference program shall give emphasis to dialogue, exchange of information and technology transfer aiming at optimizing utilization of tropical forest resources in plywood manufacturing in producer Member countries. Emphasis should also be placed on value-added products, such as the various types of special plywood, rather than in standard grades.

The delegation of the United States made the following comments on the project:

The U.S. welcomed the Japanese initiative in proposing the conference and recognized the broad interest of many producers and consumers in moving forward with the idea.

The U.S. also expressed appreciation to Japan for its willingness to consider modification of the proposal to take into account U.S. concerns

In particular, the U.S. expressed concern that the initial project proposal seemed to envision a conference among producers and consumers to cartelize the hardwood plywood market. The study suggested exchange of information on markets, market share, production and prices.

Although there are countries which disagree with U.S. anti-trust statutes which govern activities of U.S. companies, never-the-less the proposal will be reviewed by the U.S. Justice Department which will determine whether or not U.S. companies can participate in the conference or the terms under which such participation can take place.

ITTO was not intended to be an organization where such discussions would take place. If this is the direction adopted for projects, then it would cause difficulties for U.S. participation.

**ASSISTANCE FOR PROJECT IDENTIFICATION AND
FORMULATION**

The project is important to improve capacity of producing countries, particularly the less developed ones, to identify, design and formulate appropriate projects.

Because ITTO is still working on its Action Plan and Priorities, the preparation of a comprehensive manual for proper formulation of ITTO projects may be a too ambitious output.

A phased implementation may also be worthy considering. FINNIDA is implementing similar training activities in Africa and experience shows the benefits of a preparatory phase when participants are brought together and subjected to training on project cycle and project formulation. Upon returning to home countries the participants collect information for a final practical 3-week training session involving formulation of projects. The experience of FINNIDA could be used to facilitate implementation of this project.

This project is also commended because ITTO would be providing valuable inputs for project identification and formulation, thus moving a step forward from its project activities so far centered on project appraisal and financing.

Appendix II Fellowships and Grants Approved

Application Number	Name	Subject
2/89	Tarcisio Proença Pereira	Seminar on forest administration and management.
3/89	John A. Sagoe	Techniques for developing kiln drying schedules for commercially unknown tropical hardwoods.
4/89	Harry J. Van der Slooten	Feasibility study concerning possibilities to export Brazilian hardwood for musical instrument manufacture.
7/89	Arturo Pablo	Wood composite panels.
11/89	Ruben Zamora	Transfer of industrial technology.
12/89	Cecile Baldoza	Transfer of industrial technology.
13/89	Josefina Palisoa	Testing and quality control techniques for wood and other materials for furniture.
14/89	Olli Haltia	Impact of forest industry to sustainable economic development. The case study on the Brazilian tropical timber-based economy.
15/89	Kouakou Kouame	Improvement of nursery and plantation techniques.
16/89	Navaratnam Manokaran	Dynamics of Dipterocarp Forests.
17/89	K.E. Haizel	Marketing and utilization of tropical timbers.
18/89	A.K. Koomson	Statistics and economic information on African timber external trade
19/89	Vivek Aroonratana	Tree planting and park management.

Application Number	Name	Subject
20/89	Somneuk Pongumphai	Tree planting and park management.
21/89	Wuttinant Kongtud	Tree planting and park management.
22/89	Willi Hermann Noack	Study on the European timber and market and potential trade of timber from Bolivia.
23/89	Sergio Yoshio Nakamura	Timber utilization in low cost housing.
24/89	Sheikh Abod	Seedling and plantation research.
25/89	Ir. Wisnu Rusmantor	Forest rehabilitation.
26/89	Ir. Jansen Tangketasik	Management of agroforestry and community forestry projects.
27/89	Ir. Yusliansyald	Research training on forest products.
33/89	Sjachrun Sjanhibar	Training in forest products/logging.
34/89	Zhiyong Li	Policy analysis and comparison research on tropical reforestation and management between the Southeast Asian countries and Hainan Island.
35/89	Dan Wu	Adhesives for gluing tropical timber.
36/89	Lifei Zhang	Further processing of coconut, rubber, teak and other tropical timbers and developments within the further processing field.
37/89	Huaijum Wang	Further processing of coconut, rubber, teak and other tropical timbers and developments within the further processing field.

Application Number	Name	Subject
38/89	Liu Yangi	Further processing of coconut, rubber, teak and other tropical timbers and developments within the further processing field.
39/89	Wei Zhao	Computerized information system (computerized database) on forestry.
41/89	Baolin Wei	Tropical forests management (focus on the study of the tropical forest management in Hainan Province).
42/89	Yiwen Wang	Tropical forests management (focus on the study of the tropical forest management in Hainan Province).
48/89	Rachanee Songanok	Identification, design, appraisal, implementation, management and evaluation of forestry projects.
49/89	Pairote Pahranarakul	Computer use and applications on forestry information, data collection and statistical analysis.
54/89	Floriano Pastore Junior	Production and utilization of rubber wood.
55/89	Alfredo de Souza Mendes	Timber drying research.
56/89	Richard Bruce	Log supply in Para, Brazil: availability and constraints to utilization.
57/89	Ovidia Vides	Forest tree seed technology.

Annex V

Administrative Budget for 1990

{Document: ITTC(VII)/2/Add.1}

INTERNATIONAL TROPICAL TIMBER COUNCIL
Seventh Session
Yokohama, 30 October - 7 November 1989

RESTRICTED
ITTC(VII)/2/Add.1
6 November 1989
ENGLISH ONLY

DRAFT ADMINISTRATIVE BUDGET OF
THE INTERNATIONAL TROPICAL TIMBER ORGANIZATION
FOR THE FINANCIAL YEAR 1990

- Estimated Receipts for the Financial Year 1990 (Revised)
- Estimated Expenditures for the Financial Year 1990
(Revised)
- Revised Assessed Contributions of Members for 1990

Estimated Receipts for the Financial Year 1990
(in United States dollars)

1.	Bank Interest earned in 1989	US\$	37,884.00
2.	Assessed Contribution of Members for 1990		2,815,136.00
			<hr/>
TOTAL (equivalent to estimated expenditures):		US\$	2,853,020.00
			<hr/> <hr/>

Estimated Expenditures for the Financial Year 1990
(in United States dollars)

[Post Adjustment Multiplier: 229.4; U.N. Rate of Exchange US\$ 1 = ¥133]

	<u>Estimated Total</u>
A. SALARIES AND BENEFITS	
A1. Salaries	789,400
A2. Staff Assessment	[74,211]*/
A3. Post Adjustment	780,995
A4. Rental Subsidy	85,000
A5. Education Grant plus Travel	135,000
A6. Dependency Allowance	38,700
A7. Home Leave	27,000
A8. Language Allowance	4,000
A9. Overtime	10,000
A10. Assignment Allowance	27,600
A11. Separation Benefits	30,000
A12. Removal Costs	50,000
A13. Repatriation Travel	45,000
Component Total:	<u>\$2,022,695</u>
B. INSTALLATION AND INITIAL TRAVEL	
B1. Installation Grant	72,450
B2. Lumpsum Benefit	10,800
Component Total:	<u>\$83,250</u>
C. OFFICIAL TRAVEL	
C1. Transportation/Tickets	110,000
C2. DSA	67,800
Component Total:	<u>\$177,800</u>
D. SOCIAL SECURITY	
D1. Provident Fund	99,275
D2. Accident/Health Insurance	13,500
D3. Japanese National Scheme	42,500
Component Total:	<u>\$155,275</u>
E. CONSULTANTS	110,000
Component Total:	<u>\$110,000</u>
F. STATISTICAL OPERATIONS	
F1. Computer Software and Servicing	17,000
F2. Communications, User Charges and Supplies	40,000
F3. Training and Staff Development	10,000
Component Total:	<u>\$67,000</u>

*/ Applied to Japanese Staff only, and payable by Japan.

	Estimated Total
G. OTHER COSTS	
G1. Communications	45,000
G2. Publications	55,000
G3. Transport	20,000
G4. Library	20,000
G5. Supplies	25,000
G6. Hospitality	15,000
G7. Bank Charges	7,000
G8. Auditor	30,000
Component Total:	<u>\$217,000</u>
H. COUNCIL MEETINGS	
H1. Costs not met by Japan	20,000
Component Total:	<u>\$20,000</u>
I. COSTS MET BY JAPAN	
I1. Office, equipment, utilities	**/
I2. Council Meetings	**/
I3. Initial Travel	**/
I2. Removal Costs	**/
Component Total:	<u>**/</u>
J. CONTINGENCY RESERVE (Bank Deposit = US\$ 600,000.00)	-
GRAND TOTAL:	<u><u>\$2,853,020</u></u>

**/ Payable or reimbursable by Japan based on actual expenditures.

Revised Assessed Contributions of Members for 1990
(Total: US\$ 2,815,136)

<u>PRODUCERS</u>	<u>Votes</u>	<u>Contribution</u>
Africa		
Cameroon	33	46,450
Congo	33	46,450
Côte d'Ivoire	33	46,450
Gabon	33	46,450
Ghana	33	46,450
Liberia	33	46,450
Asia and Pacific		
India	43	60,525
Indonesia	165	232,249
Malaysia	150	211,135
Papua New Guinea	34	47,857
Philippines	39	54,895
Thailand	27	38,004
Latin America		
Bolivia	35	49,265
Brazil	183	257,585
Ecuador	25	35,189
Honduras	20	28,151
Panama	21	29,559
Peru	41	57,710
Trinidad and Tobago	19	26,744
Total (Producers):	1,000	\$1,407,568
<u>CONSUMERS</u>		
Australia	19	26,744
Austria	11	15,483
Canada	15	21,114
China	40	56,303
Egypt	15	21,114
European Economic Community		
Belgium-Luxembourg	25	35,189
Denmark	13	18,298
France	52	73,193
Germany, Federal Republic of	44	61,933
Greece	14	19,706
Ireland	12	16,891
Italy	37	52,080
Netherlands	40	56,303
Portugal	20	28,151
Spain	26	36,597
United Kingdom of Great Britain and Northern Ireland	53	74,601
Finland	11	15,483
Japan	327	460,275
Norway	11	15,483
Republic of Korea	81	114,013
Sweden	11	15,483
Switzerland	11	15,483
Union of Soviet Socialist Republics	14	19,706
United States of America	98	137,942
Total (Consumers):	1,000	\$1,407,568
GRAND TOTAL:		\$2,815,136

Annex VI

Texts of the Main Decisions and Resolutions
Adopted by the Council at its Seventh Session

{Documents: ITTC(VII)/6
ITTC(VII)/7
ITTC(VII)/8
ITTC(VII)/9}

INTERNATIONAL TROPICAL TIMBER COUNCIL
Seventh Session
Yokohama, 30 October - 7 November 1989

Dist. GEN.
ITTC(VII)/6
7 November 1989
Original: ENGLISH

DECISION 1(VII)

PROJECTS AND PRE-PROJECTS

The International Tropical Timber Council,

Having considered, at its Seventh Session, the recommendations of its three Permanent Committees on Projects as contained in documents PCM(V)/D.3, PCF(V)/11, and PCI(V)/D.2,

1. Decides

(i) To approve the following Projects:

- | | |
|--------------------|--|
| PD 66/89 (M) | Study of the Trade and Markets for Tropical Hardwoods and Derived Manufactures in North America |
| PD 68/89 Rev.1 (F) | Management of the Tapajos National Forest for Sustainable Production of Industrial Timber |
| PD 69/89 Rev.1 (F) | Workshop on Sustained Tropical Forest Management with Special Reference to the Atlantic Forest |
| PD 71/89 Rev.1 (F) | The Economic and Environmental Value of Mangrove Forests and Present State of the Conservation |
| PD 72/89 (F) | Seminar on Sustainable Development of Tropical Forests |
| PD 54/89 (I) | Study on Utilization Structure of Tropical Timber Products in Korea and Promotion of Processed Wood Products Supply from Tropical Timber Producing Countries |
| PD 65/89 (I) | Promotion of Imports of Tropical Sawnwood in China |
| PD 67/89 (I) | Training Program on Mechanical Processing Operations in the South American Sawmilling and Plywood Industries |
| PD 70/89 Rev.2 (I) | World Conference on Tropical Plywood in Asia Pacific Region |
| PD 73/89 (M,F,I) | Assistance for Project Identification and Formulation |

PD 37/88 Rev.3 (I) Industrial Utilization of New Tropical Forest
(Phases I & II) Species in Peru

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

PD 69/89 Rev.1 (F)
PD 72/89 (F)
PD 73/89 (M,F,I)
PD 37/88 Rev.3 (I) (Phase I)

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

PD 66/89 (M)
PD 68/89 Rev.1 (F)
PD 71/89 Rev.1 (F)
PD 54/89 (I)
PD 65/89 (I)
PD 67/89 (I)
PD 70/89 Rev.2 (I)

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

- (a) Incentives in Producer and Consumer Countries to Promote Sustainable Development of Tropical Forests (\$141,670); and
(b) Sustained Development in the Amazon Region (\$70,000).

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

4. Decides that the following Projects approved in the earlier Sessions of the Council can be immediately implemented as soon as earmarked funds are available in the Special Account:

PD 1/87 (M)
PD 2/87 (F)
PD 53/89 (F)
PD 58/89 (F)
PD 12/87 (I)
PD 37/88 Rev.3 (I)
PD 43/88 Rev.2 (I)
PD 48/88 Rev.1 (I)
PD 49/89 (I)

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

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

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

INTERNATIONAL TROPICAL TIMBER COUNCIL
Seventh Session
Yokohama, 30 October - 7 November 1989

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ITTC(VII)/7
7 November 1989
Original: ENGLISH

DECISION 2(VII)

APPOINTMENT OF THE EXECUTIVE DIRECTOR

The International Tropical Timber Council,

Recalling its Decision 4(I) by which it appointed Dr. Freezailah bin Che Yeom as the Executive Director of the International Tropical Timber Organization from 1 November 1986 to 31 March 1990,

Decides, in conformity with Article 16, paragraphs 1 and 2 of the International Tropical Timber Agreement, 1983, to extend the appointment of Dr. Freezailah bin Che Yeom for a further term of two years with effect from 1 April 1990 to 31 March 1992.

INTERNATIONAL TROPICAL TIMBER COUNCIL
Seventh Session
Yokohama, 30 October - 7 November 1989

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7 November 1989
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DECISION 3(VII)

CRITERIA AND PRIORITY AREAS FOR PROGRAMME DEVELOPMENT AND PROJECT WORK

The International Tropical Timber Council,

Taking note of the Reports of the three Permanent Committees at their Fifth Sessions as contained in documents PCM(V)/D.3, PCF(V)/11, and PCI(V)/D.2;

Endorses their recommendations to establish and finance the work of two Panels of Experts to develop draft Action Plans and Work Programmes in the fields of Economic Information and Market Intelligence and of Forest Industry and to establish a Working Group to formulate recommendations and principles for preparing "Guidelines for Best Known Practice" in the management of natural tropical forests as proposed in document PCF(V)/3-4 Rev.2;

Requests the Executive Director to arrange for the Panels on Economic Information and Market Intelligence and on Forest Industry to meet concurrently at the same venue to enable co-ordination of elements in their work programmes;

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

INTERNATIONAL TROPICAL TIMBER COUNCIL
Seventh Session
Yokohama, 30 October - 7 November 1989

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7 November 1989
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RESOLUTION 1(VII)

The International Tropical Timber Council,

Reaffirming the obligation and commitment of all Members to the objectives of the International Tropical Timber Agreement (ITTA), 1983, and particularly Article 1(h) of the ITTA,

Noting the increased importance over the last year of environmental issues, and especially those related to tropical forests, in international meetings at the highest level,

Recognizing the important contribution of the International Tropical Timber Organization (ITTO) as a forum for the development of sustainable management of tropical forests,

Further noting the current shortage of financial resources in the ITTO which limits its ability to respond quickly and effectively to the needs of its Members within its agreed programme of project and non-project activities concerning tropical forests,

Further noting the situation of the Special Account as presented in document ITTC(VII)/CRP/1,

Noting also with concern that a number of projects approved by the Council could not be implemented in view of the meager funds available in the Special Account,

Requests all Members to:

- (a) ensure that all contributions to the Administrative Account are paid promptly in accordance with Article 19 of the ITTA; and
- (b) make available new funds to ITTO, in accordance with Article 20, paragraph 2(c) of the ITTA, inter alia to meet the growing financial needs for conservation and sustainable development of tropical forests.

Requests the Executive Director to present a report on the question of projects already approved and not yet implemented in view of the lack of financial resources.