

INTERNATIONAL TROPICAL TIMBER COUNCIL
Third Session
Yokohama, 16-20 November

RESTRICTED
ITTC(III)/18
2 July 1988
Original: English

REPORT OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL
ON ITS THIRD SESSION

Held in Yokohama from 16 to 20 November 1987

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Introduction

1. The Third Session of the International Tropical Timber Council convened in Yokohama, Japan, from 16 to 20 November 1987. The Session was attended by 37 Members, and Observers representing governments, various organs of the United Nations, inter-governmental organizations and non-governmental organizations. The list of participants is reproduced as Annex II. The Council held five plenary meetings.

Opening of the Session

2. The Session was opened by the Chairman, Mr. Denis Konan (Côte d'Ivoire), after ascertaining that there was a quorum as required under Article 13, paragraph 1 of the Agreement.

Adoption of Agenda and Organization of Work (Agenda item A2)

3. The Council adopted the agenda of its Third Session as contained in document ITTC(III)/2 reproduced in Annex III and decided to establish an Ad-Hoc Committee chaired by Mr. Yasuo Chiba (Japan) to examine items C2, C3, C4, C5, D1, D2 and D4. The Council decided further to allow the Permanent Committees more time for their deliberations.

Report on Membership of the Council (Agenda item A3)

4. The Council took note of the report of the Executive Director that no change in its membership had occurred since the Second Session.

Distribution of Votes (Agenda item A4)

5. The Council confirmed the distribution of votes adopted at the Second Session (see Annex IV).

Admission of Observers (Agenda item A5)

6. The Council admitted the various organs of the United Nations, Specialized Agencies, and inter-governmental organizations as Observers on a permanent basis. The Council also admitted to its Third Session as Observers representatives of Argentina, Australia, Burma, Colombia, Madagascar, Tanzania and Zaire, and of 20 non-governmental organizations. The list of Observers is reproduced in Annex V.

7. The Council recommended that in future information regarding non-governmental organizations requesting observer status for the first time, should be circulated to Members in advance.

Report of the Credentials Committee (Agenda item A6)

8. In conformity with Article 3 of the Council's Rules of Procedures, the Credentials Committee, composed of the representatives of Cameroon, France, Ghana, Japan, Peru, The Philippines, Union of Soviet Socialist Republics and the United States of America, elected Mr. Carlos A. Yrigoyen (Peru) Chairman and Miss Stephanie Caswell (U.S.A.) Vice-Chairman.

9. The Committee found the credentials in good and due form and recommended to the Council that they be approved. The Council approved the report, which is contained in document ITTC(III)/11.

Consideration of Proposed Amendments to the Report of the ITTC on Its Second Session (documents ITTC(II)/D.1 and ITTC(II)/D.1/Add.1) (Agenda item A7)

10. The Council approved the amendments proposed by Japan and Switzerland contained in document ITTC(II)/D.1/Add.1, together with the proposal of The Netherlands to replace the sentence starting in line 5 of paragraph 21 with the following sentence: "The representative of The Netherlands announced that his Government was prepared to co-finance field projects and was also favourably considering a voluntary contribution to the Special Account, whose collective value, together with the co-financing would represent some U.S. dollars 600,000".

11. Several delegates requested the Secretariat in future to prepare a more comprehensive draft report of the Sessions of the Council which could be read as a self-contained document reflecting also the main discussions.

Statement by the Executive Director (Agenda item A8)

12. The Executive Director welcomed the participants and highlighted developments since the last Session of the Council. Out of the 31 Projects Proposals presented, 14 were from Members, thus indicating the support of Members for the activities of ITTO. The mutuality of interest among all Members of the Organization increasingly blurred the distinction between consumers and producers. The Executive Director also stressed the importance of technical inputs through the Permanent Committees. Whilst thanking the Governments of Japan, Switzerland and the Netherlands for contributions to the Special Account and the Government of Finland for financing a pre-project study, he made an appeal for more voluntary contributions. Sustainable management of tropical forests was identified as a 'thrust' area for ITTO in which it should also play a global, harmonizing and co-ordinating role. The Executive Director also sought support and co-operation from Members to enable the preparation of ITTO's first Annual Review. In addition, he suggested that an ITTO Award Medal be instituted and made annually to individuals or organizations for outstanding contribution to the ideas and objectives of the Organization.

Reports of the First Sessions of the Permanent Committees (Agenda item B1)

13. The Council considered the reports of the Committee on Economic Information and Market Intelligence, the Committee on Reforestation and Forest Management and the Committee on Forest Industry contained in documents PCM(I)/3, PCF(I)/5, and PCI(I)/3 (see Annex VI). It took note

of the recommendations of these Committees on projects. These recommendations were referred to a small Ad-Hoc Group chaired by the Chairman of the Council. Based on the consensus reached in the Ad-Hoc Group, the Council decided to approve the following 16

Projects:

- PD 1/87 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
- PD 2/87 REHABILITATION OF LOGGED-OVER FORESTS IN ASIA/PACIFIC
REGION
- PD 3.d/87 PROPOSALS FOR ACTIONS IN FAVOUR OF THE LESSER KNOWN
SPECIES: MEASURES IN SUPPORT OF THE LESSER KNOWN SPECIES
OF AFRICA AND LATIN AMERICA/CARIBBEAN
- PD 3.e/87 PROPOSALS FOR ACTIONS IN FAVOUR OF THE LESSER KNOWN
SPECIES: CREATION OF AN INTERNATIONAL RESEARCH AND
DEVELOPMENT NETWORK
- PD 4/87 REGIONAL TRAINING IN PLANNING AND MANAGEMENT OF FOREST
INDUSTRIES IN DEVELOPING COUNTRIES
- PD 7.a/87 STATISTICAL INFORMATION AND MARKET INDICATORS: DEVELOPMENT
OF THE MONTHLY BULLETIN, TROPICAL FOREST PRODUCTS IN WORLD
TIMBER TRADE - PHASE 1
- PD 7.b/87 STATISTICAL INFORMATION AND MARKET INDICATORS: STUDY ON
TRENDS IN THE EUROPEAN MARKET FOR TROPICAL HARDWOODS
- PD 10/87 FOREST MANAGEMENT OF NATURAL FOREST IN MALAYSIA
- PD 11/87 MALAYSIAN TIMBER INDUSTRY BOARD AND TIMBER INDUSTRY
UPGRADING
- PD 12/87 RESEARCH ON UTILIZATION OF TROPICAL TIMBER IN CONSTRUCTION
- PD 13/87 INTERNATIONAL SEMINAR ON FURNITURE DEVELOPMENT AND
PROMOTION
- PD 14/87 MARKET INTELLIGENCE ANALYSIS OF THE WOOD FLOW AS A BASIS
FOR AN EARLY WARNING SYSTEM FOR THE TROPICAL TIMBER MARKET
- PD 15/87 THE BIOLOGY OF THE OKOUME (Aucoumea klaineana Pierre) IN
GABON
- PD 17/87 INVESTIGATION OF THE STEPS NEEDED TO REHABILITATE THE AREAS
OF EAST KALIMANTAN SERIOUSLY AFFECTED BY FIRE
- PD 20/87 PUBLICATION OF TECHNICAL DOCUMENTS AND RELEVANT INFORMATION
TO THE FOREST PRODUCTS INDUSTRY
- PD 21/87 ROUND TABLE ON OPPORTUNITIES AND CONSTRAINTS TO LATIN
AMERICAN TROPICAL HARDWOOD-BASED INDUSTRIAL DEVELOPMENT

14. The Council authorised immediate financing and implementation of the following 12 out of the approved Projects:

PD 1/87
PD 3.d/87
PD 3.e/87
PD 7.a/87
PD 7.b/87
PD 10/87
PD 13/87
PD 14/87
PD 15/87
PD 17/87
PD 20/87
PD 21/87

15. The Council also took note of the decisions of the Permanent Committees to undertake the following Pre-Projects Studies:

- STUDY ON ENRICHMENT PLANTING (PCF(I)/3)
- PLANTATION ESTABLISHMENT METHODS (PCF(I)/3)
- DEVELOPMENT OF INTEGRATED APPROACHES FOR SUSTAINABLE UTILIZATION AND CONSERVATION OF TROPICAL FOREST IN THE AMAZON REGION

16. The Council authorised the Executive Director to transfer an amount of US\$100,000 from the Project Sub-Account to the Pre-Project Sub-Account of the Special Account for the financing of the Pre-Project Study: "Development of Integrated Approaches for Sustainable Utilization and Conservation of Tropical Forest in the Amazon Region".

17. The Council further decided that approved Projects for which funds were not available could be implemented when earmarked contributions for them were received.

18. The Council urged Members to consider financing those Projects for which funds were not immediately available.

19. Moreover, the Council urged Members to consider further unearmarked funding and decided that any such future unearmarked funds should not be allocated for any approved Projects without the prior authorization of the Council (see Decision 2(III), Annex I).

20. The Council expressed its support for the Tropical Forest Resource Assessment Projects (PD 8/87 and PD 9/87), but noted that limited availability of funds prevented ITTO from making a financial contribution. The Council urged the donor community to support FAO in implementing its activities in this field (see Decision 3(III), Annex I).

21. The Council requested the Secretariat to prepare for consideration at its Fourth Session a paper, outlining policies and guidelines for ITTO Projects, taking into account the experience gained in project appraisal

and selection at the Third Session of the Council (see Decision 4(III), Annex I).

Financial Resources for the Special Account (Agenda item B2)

22. The Council reviewed the Pre-Project Sub-Account and the Project Sub-Account. The delegate of Sweden stated that, with the approval of the project proposals at the Session, Sweden would proceed to give favourable consideration to making financial contributions towards the Projects in the near future. The representative of UNEP informed the Council that his Organization was ready to give financial support for approved projects within the limits of its means.

23. The Council took note of these statements with appreciation.

Assignment of Other Tasks to Permanent Committees (Agenda item B3)

24. No other tasks were assigned to the Permanent Committees.

Non-Project Work related to Article 27 and Article 28 (Agenda item B4)

25. The Council decided to defer discussion of non-project work related to Articles 27 and Article 28 of the Agreement to its next Session.

Headquarters Agreement (Agenda item C1)

26. The Chairperson of the Headquarters Committee, Mrs. Delia P. Menez (The Philippines), addressed the Council on the work of the Committee. The Committee had held meetings from 12 to 15 May 1987, from 21 to 24 September 1987 and on 15 and 16 October 1987 at the Palais des Nations in Geneva. The Committee had drafted a consensus text of a Headquarters Agreement between the Government of Japan and the International Tropical Timber Organization, which had been circulated in document ITTC(III)/8/Rev.1. The Report of the Chairperson is reproduced as Annex VII.

27. The Council approved the draft text of the Headquarters Agreement and authorized the Executive Director to sign the Agreement on behalf of the Organization and to exchange notes, pursuant to paragraph 1 of Article 24 of the Headquarters Agreement, indicating the Organization's acceptance of the Agreement with the Government of Japan, when Japan had accepted the Agreement in accordance with its constitutional procedure (see Decision 1(III), Annex 1). Furthermore, the Council noted the contents of the letter from the Ministry of Foreign Affairs, Japan, dated 22 October 1987, reproduced in document ITTC(III)/9, and requested the Executive Director to acknowledge receipt of the same.

28. The delegate of Switzerland noted that the draft Headquarters Agreement had been submitted to the Council at such short notice that it was not possible to discuss the amendment proposals made by his Government. Nevertheless in a spirit of compromise Switzerland did not oppose the Council's decision concerning the approval of the text.

29. The Council expressed its appreciation for the work carried out by the Headquarters Committee. The delegate of Japan thanked the Chairperson and the other Members of the Committee and gave the assurance that all efforts would be made for an early entry into effect of the Headquarters Agreement.

Rules of Procedure of the Council; Decision on Rule 32 (Agenda item C2)

30. The Chairman of the Ad-Hoc Committee reported that the Committee could not make a recommendation on the outstanding question of official languages as provided under Article 32 of the Rules of Procedure. It was suggested that consideration of it be, therefore, deferred to the next Session. The Council endorsed the suggestion and decided that meanwhile, the present practice on interpretation and translation should continue.

Financial Rules and Rules Relating to Projects (Agenda item C3)

31. The Ad-Hoc Committee recommended approval of the Rules contained in document ITTC(I)/3, with the following amendments:

- a) Delete all nine footnotes in the draft text of the Rules;
- b) Insert the words "very exceptional" after the word "should" in Rule 3 paragraph 2;
- c) Insert the words "and of any other heading" after the words "heading" in the third sentence of paragraph 4 of Rule 5;
- d) Add a new paragraph 6 to Rule 5 to read, "Borrowing from whatever source for the administrative budget is not permitted.";
- e) Substitute in Rule 18(b) the figure of "150,000" for "100,000".

The Council approved the Financial Rules and Rules relating to Projects as amended.

Staff Regulations and Rules and Proposals for Social Security (Agenda items C4 and C5)

32. Due to the lack of time, the Ad-Hoc Committee could not finalise the examination of the Draft Staff Regulations and Rules. It recommended that this item be considered as a matter of high priority at the next Session of the Council. In the interim the conduct of business in the Secretariat should be guided by the provisions of the Draft Regulations and Rules,

taking also into account the proposals on social security schemes contained in document ITTC(III)/4.

33. The Council agreed to the recommendations.

Review of Contributions to the Administrative Budgets for the Initial Period, November/December 1986, First Half of 1987 and Second Half of 1987 (Agenda item D1)

34. In reviewing the state of Members' contribution to the Budgets, the Ad-Hoc Committee noted with grave concern the fact that many Members were in arrear with their assessed contributions. The Committee urged the Members concerned to pay the amounts as soon as possible.

35. Furthermore, the Ad-Hoc Committee expressed the view that the Council should take appropriate action as provided under paragraph 7 of Article 19 of ITTA. In the light of the expected cash shortfall in December 1987, the Committee recommended to the Council to authorise the Executive Director to withdraw the necessary funds up to a maximum of US\$100,000 from the Contingency Fund for the remaining months of 1987.

36. The Council took note of the report of the Ad-Hoc Committee and, in particular, agreed to the recommendation and authorised the Executive Director to withdraw the necessary funds up to a maximum of US\$100,000 from the Contingency Fund for the remaining months of 1987.

Budget Proposals for 1988 (Agenda item D2)

37. The Chairman of the Ad-Hoc Committee informed the Council that in spite of the very short time available, the Committee had carefully and thoroughly reviewed the statements on the Administrative Account for 1986 and 1987, and had considered the draft Administrative Budget for 1988, together with the staff complement and structure submitted by the Executive Director. As a result, the Committee had agreed on a revised Administrative Budget and a proposed scale of assessed contributions of Members for 1988, which had been circulated to all Members. In connection with the draft Administrative Budget for 1988, the income tax reimbursement formula and the social security schemes, both of which closely related to the provisions of Articles 16 and 17 of the Headquarters Agreement approved by the Council, had been taken into account in the revised Administrative Budget; and these were subsequently to be reflected in the relevant sections of the final version of the Staff Regulation and Rules.

38. The Council approved the revised Administrative Budget for 1988 including the estimated expenditure and receipts, the establishment

complement for 1988 and the scale of assessed contributions of Members (see Annex VIII).

Appointment of Auditors for 1986 and 1987 (Agenda item D4)

39. The Council agreed to the proposal of the Secretariat to appoint the firm Price Waterhouse, Yokohama, as independent Auditors for 1986 and 1987 for the Administrative Account and the Special Account.

General Statements by Representatives of United Nations Organizations, Inter-Governmental Organizations and Non-Governmental Organizations

40. The Council heard general statements from representatives of the Japanese Federation of Economic Organizations (Keidanren); UNCTAD; ITC(UNCTAD/GATT); FAO; African Timber Organization; SKEPHI (Indonesia) also on behalf of JATAN (Japan), Australian Conservation Foundation and Rainforest Information Centre (Australia), Fundacion Natura (Ecuador), Friends of the Earth International (U.K.), Environmental Policy Institute (U.S.A.), WWF International (Switzerland); and, the European Association of Importers of Tropical Timber in the EEC countries (UCBT).

Election of Chairman and Vice-Chairman for 1988 (Agenda item D3)

41. The Council elected Mr. Otto Th. Genee (The Netherlands) as its Chairman for 1988 and Mr. Jaime Muñoz-Reyes (Bolivia) as its Vice-Chairman for 1988.

Dates and Venue of the Fourth Session of the Council and the Next Sessions of the Permanent Committees (Agenda item D5)

42. The delegate of Brazil, bearing in mind the conditions for hosting meetings outside Japan as outlined in document ITTC(III)/9, invited the Council to hold its Fourth Session in Brazil during the first six months of 1988. The dates and venue would be confirmed after due consultations between the Government of Brazil and the Organization.

43. The delegate of Japan welcomed the invitation and confirmed the offer of Japan.

44. The Council decided to accept the invitation and indicated that consultations on the dates should also take into account dates of meetings of other commodity organizations.

Other Business (Agenda item E)

45. The Executive Director drew the attention of the Members to the proposed design of an emblem for ITTO of which two colour versions were exhibited during the Session of the Council. Subject to any reservations, he would proceed to finalise this matter as soon as possible. The Council took note of the proposal.

Closing of the Session

46. At the Closing Session statements were made by the delegates of the EEC (see Annex IX), Japan, U.S.A., Brazil, U.K. and Ecuador. The statements generally highlighted the progress made during the Session by the approval of projects which would make the ITTO work concretely to achieve its objectives. Reference was made to the contribution of the World Wide Fund for Nature (WWF) in circulating its document "Project Concepts to Promote the Utilization and Conservation of Tropical Forests". The policy concepts enunciated, it was generally agreed, were worthy of serious consideration in planning the Organization's activities.

47. In his closing address the Executive Director noted the solid but modest beginnings made during the Third Session in addressing the tasks before the ITTO. The First Sessions of the Permanent Committees were in many ways a learning experience and indicated an increasingly technical expertise being brought to bear on the work of the Organization. Furthermore, approval by the Council of the Draft Headquarters Agreement was a historic landmark. The Executive Director paid tribute to the outgoing Chairman for his able and exemplary leadership. He also congratulated the Chairman and Vice-Chairman for 1988 and expressed the confidence that the incoming Chairman's dynamism and commitment would assist in propelling ITTO to further progress.

48. In closing the Third Session of the Council the Chairman expressed optimism for the sense of resolution and purpose with which Members had directed their efforts in meeting the challenges facing the Organization. There was still much to be done with however scarce resources; and this called for abiding faith, commitment, united efforts and harmonised consultations. He thanked all participants for their support during his tenure and solicited similar co-operation with his successor.

49. On behalf of the Council he renewed his appreciation for the continued support being given by Japan and for the hospitality of the City of Yokohama.

Annex I

Texts of the Main Decisions Adopted
by the Council at Its Third Session

(documents: ITTC(III)/12
ITTC(III)/13
ITTC(III)/14
ITTC(III)/15)

INTERNATIONAL TROPICAL TIMBER COUNCIL
Third Session
Yokohama, 16-20 November 1987

RESTRICTED
ITTC(III)/12
20 November 1987
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DECISION 1(III) OF THE COUNCIL

The Headquarters Agreement

The International Tropical Timber Council, at its Third Session,
Having considered the Report of the Headquarters Committee and the
draft text of the Headquarters Agreement to be concluded between the
International Tropical Timber Organization and the Government of Japan,

Decides to approve the draft text of the Headquarters Agreement
contained in the document ITTC(III)/8/Rev. 1 and to authorize the
Executive Director on behalf of the Organization to sign the Agreement,
and,

Decides further to authorise the Executive Director to exchange
notes, pursuant to paragraph 1 of Article 24 of the Headquarters
Agreement, indicating the Organization's acceptance of the Agreement with
the Government of Japan, when it has accepted the Agreement in accordance
with its constitutional procedure.

INTERNATIONAL TROPICAL TIMBER COUNCIL
Third Session
Yokohama, 16-20 November 1987

RESTRICTED
ITTC(III)/13
20 November 1987
Original : English

DECISION 2(III) OF THE COUNCIL

PROJECTS AND PRE-PROJECTS

The International Tropical Timber Council, at its Third Session, having considered the recommendations of its three Permanent Committees on Projects as contained in PCM(I)/D.1, PCI(I)D.1, PCF(I)/D.1,

1. Decides

(i) To approve the following Projects:

- PD 1/87 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
- PD 2/87 REHABILITATION OF LOGGED-OVER FORESTS IN ASIA/PACIFIC REGION
- PD 3.d/87 PROPOSALS FOR ACTIONS IN FAVOUR OF THE LESSER KNOWN SPECIES: MEASURES IN SUPPORT OF THE LESSER KNOWN SPECIES OF AFRICA AND LATIN AMERICA/CARIBBEAN
- PD 3.e/87 PROPOSAL FOR ACTIONS IN FAVOUR OF THE LESSER KNOWN SPECIES: CREATION OF AN INTERNATIONAL RESEARCH AND DEVELOPMENT NETWORK
- PD 4/87 REGIONAL TRAINING IN PLANNING AND MANAGEMENT OF FOREST INDUSTRIES IN DEVELOPING COUNTRIES
- PD 7.a/87 STATISTICAL INFORMATION AND MARKET INDICATORS: DEVELOPMENT OF THE MONTHLY BULLETIN, TROPICAL FOREST PRODUCTS IN WORLD TIMBER TRADE - PHASE 1
- PD 7.b/87 STATISTICAL INFORMATION AND MARKET INDICATORS: STUDY ON TRENDS IN THE EUROPEAN MARKET FOR TROPICAL HARDWOODS
- PD 10/87 FOREST MANAGEMENT OF NATURAL FOREST IN MALAYSIA
- PD 11/87 MALAYSIAN TIMBER INDUSTRY BOARD AND TIMBER INDUSTRY UPGRADING
- PD 12/87 RESEARCH ON UTILIZATION OF TROPICAL TIMBER IN CONSTRUCTION

- PD 13/87 INTERNATIONAL SEMINAR ON FURNITURE DEVELOPMENT AND PROMOTION
- PD 14/87 MARKET INTELLIGENCE ANALYSIS OF THE WOOD FLOW AS A BASIS FOR AN EARLY WARNING SYSTEM FOR THE TROPICAL TIMBER MARKET
- PD 15/87 THE BIOLOGY OF THE OKOUME (Aucoumea klaineana Pierre) IN GABON
- PD 17/87 INVESTIGATION OF THE STEPS NEEDED TO REHABILITATE THE AREAS OF EAST KALIMANTAN SERIOUSLY AFFECTED BY FIRE
- PD 20/87 PUBLICATION OF TECHNICAL DOCUMENTS AND RELEVANT INFORMATION TO THE FOREST PRODUCTS INDUSTRY
- PD 21/87 ROUND TABLE ON OPPORTUNITIES AND CONSTRAINTS TO LATIN AMERICAN TROPICAL HARDWOOD-BASED INDUSTRIAL DEVELOPMENT

(ii) To authorise financing and implementation of the following Projects cited above:
PD 1/87; PD 3.d/87; PD 3.e/87; PD 7.a/87; PD 7.b/87;
PD 10/87; PD 13/87; PD 14/87; PD 15/87; PD 17/87;
PD 20/87; PD 21/87

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

STUDY ON ENRICHMENT PLANTING (PCF (I)/3)

PLANTATION ESTABLISHMENT METHODS (PCF (I)/3)

DEVELOPMENT OF INTEGRATED APPROACHES FOR SUSTAINABLE UTILIZATION AND CONSERVATION OF TROPICAL FOREST IN THE AMAZON REGION

3. Authorises the Executive Director to transfer the amount of US\$100,000 from the Project Sub-Account to the Pre-Project Sub-Account for the Special Account for the financing of the Pre-Project: "Development of Integrated Approaches for sustainable Utilization and Conservation of Tropical Forest in the Amazon Region".
4. Decides that Projects for which funds are not immediately available can be implemented when earmarked contributions for such Projects are received;
5. Urges Members to consider financing those Projects for which funds are not immediately available;
6. Urges Members to consider further unearmarked funding and decides that any such future unearmarked funds shall not be allocated for any approved Projects without the prior authorisation of the Council.

INTERNATIONAL TROPICAL TIMBER COUNCIL
Third Session
Yokohama, 16-20 November 1987

RESTRICTED
ITTC(III)/14
20 November 1987
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DECISION 3(III) OF THE COUNCIL

Tropical Forest Resource Assessment

The International Tropical Timber Council,

Having regard to Project Proposals PD 8/87 and PD 9/87, the Tropical Forest Resource Assessment Projects,

1. Expresses its strong support for this important program, which is vital to achieving an increased international understanding of the extent and nature of tropical forest resources, and the changes that are taking place in those resources;
2. Notes that the limited availability of project funds prevents ITTO from taking a financing role in this program.
3. Expresses, however, its desire that this work be promoted in an effective and timely manner to meet the urgent specific need of ITTO for resource monitoring, and
4. Urges the donor community to support FAO in meeting this need.

INTERNATIONAL TROPICAL TIMBER COUNCIL
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DECISION 4(III) OF THE COUNCIL

Paper regarding Projects Appraisal and Selection

The International Tropical Timber Council,

Having noted the report of the Executive Director and the reports of the Chairmen of the Permanent Committees; and

Having examined document ITTC(III)/5,

Requests the Secretariat of ITTO:

To prepare, for consideration at its Fourth Session, a discussion paper drawing on the experience of project appraisal and selection at the Third Council Session. This document should outline future priority areas and criteria for work within the context set by the International Tropical Timber Agreement, and should propose what the project cycle should be, i.e., role of ITTO from pre-project inception to project approval, monitoring, evaluation and dissemination of the information.

This document should be circulated to Council members eight weeks before the Fourth Council Session, to give adequate time for its consideration by governments prior to that Session.

Annex II

List of Participants

(document: ITTC(III)/16)

INTERNATIONAL TROPICAL TIMBER COUNCIL
Third Session
Yokohama, 16-20 November 1987

RESTRICTED
ITTC(III)/16
27 November 1987
English/French/
Spanish

LIST OF PARTICIPANTS

The Third Session of the International Tropical Timber Council was held at Yokohama, Japan, from 16 to 20 November 1987.

LIST OF PARTICIPANTS

AT

THIRD SESSION OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL

16-20 November 1987
Yokohama, Japan

Members *

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

Members

BOLIVIA

- * Mr. Jaime Muñoz-Reyes Asesor General-Cooperación
Internacional Ministerio de Asuntos
Campesinos y Agropecuarios
- ** Mr. Gonzalo Montenegro Minister Counsellor, Embassy of
Bolivia, Tokyo

BRAZIL

- * Mr. Valdemar Carneiro Leão Head of the Basic Products Division,
Ministry of External Relations
- ** Mr. Antonio José Guimarães President of the Brazilian Institute
for Forestry Development
- Mr. José Pires Miguéis Secretary of Trade, Industry and
Tourism of the State of Acre
- Mr. Pedro Henrique Lopes Borio First Secretary of Embassy, Head of
the Economic Section, Brazilian
Embassy, Tokyo
- Mr. Paulo Alvarenga Third Secretary of Embassy, Ministry
of External Relations
- Mr. Edilson Cadaxo Sobrinho Secretary of Urban Development and
Environment
- Mr. Gilberto Siqueira President, Technology of Foundation of
the State of Acre
- *** Mr. Flaviano Baptista de Mello Governor of the State of Acre
- Mr. Renato S. Paladino Assistant Manager of Rio Doce
International S.A., Far East Branch,
Tokyo

CAMEROON

- * Mr. Samuel Makon Wehiong Director General, Cenadefor

CANADA

- * Mr. Francois Nadeau First Secretary (Economic), Canadian
Embassy, Tokyo

CHINA

- * Mr. Li Wei Division Chief, Department of
International Relations, Ministry of
Foreign Economic Relations and Trade
- *** Mr. Zhang Jianjun Official, Department of International
Relations, Ministry of Foreign
Economic Relations and Trade

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

COTE D'IVOIRE

* Mr. Denis Konan	Directeur des Eaux et Forêts
** Mr. Mamadou Cisse	Ingenieur d'Etudes Technico-commerciales
Mr. Charles Kattié	Direction des Eaux et Forets CI
Mr. Francois Yamké	Sous-Directeur de la Production et Industries Forestieres

ECUADOR

* Mr. Federico Cruz	Vice President of Fundación Natura
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EUROPEAN ECONOMIC COMMUNITY

COMMISSION

* Mr. Michel Vanden Abeele	Head of Division, Directorate-General for Development
** Mr. Enzo Barattini	Principal Administrator, Directorate-General for Development
*** Mr. Brian Johnson	Adviser

DENMARK (Presidency)

* Mr. Peter Lysholt Hansen	Head of Section, Ministry of Foreign Affairs
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FEDERAL REPUBLIC OF GERMANY

* Mr. Gerhard Seufert	Assistant Head of the Department for Wood Industry, Pulp and Paper, Paper Converting and Printing Industry, Ministry of Economics
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GREECE

Represented by Denmark

SPAIN

* Mr. Antonio Garcia	Commercial Attaché, Embassy of Spain, Tokyo
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FRANCE

* M. Philippe Dupont	Economic Director, Ministry of Foreign Affairs
** M. Jean-Pierre Cremer	Sous-Directeur des Industries du Bois au Ministère de l'Agriculture
M. Jean Clement	Chief, Forestry and Environment Department, Ministry of Agriculture
*** M. Gérard Lemaigen	Président de l'Association Technique Internationale des Bois Tropicaux
M. Paul Guéneau	du Centre Technique Forestier Tropical Operating Manager, Centre Technique Forestier Tropical

IRELAND

* Mr. T. Brendan MacNamara Second Secretary, Embassy of Ireland,
Tokyo

ITALY

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NETHERLANDS

* Mr. Otto Th. Genee Ministry of Economic Affairs,
Commodities Section

** Mr. Wilfred Mohr Ministry of Foreign Affairs
Mr. Louk Dielen Representative of DGI, Ministry of
Economic Affairs Products

Mr. Erik M. Lammerts van Deputy Director National Forest
Bueren Service, Ministry of Agriculture and
Fisheries

*** Dr. Michael S. Ross Programme Director of Tropenbos
Mr. Alle Stoit Chairman, Hardwood Section,
Netherlands Timber Trade Association

Mr. Cornelis W.F. Bosdijk Secretary, Hardwood and Panel Products
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Mr. Ronald C. van der Giessen Conservation and Information Officer,
Worldwide Life Fund for Nature;
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Department of Social Economics of
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GABON

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Foret
** Mr. Faustin Legault Directeur du Reboisement

GHANA

- * H.E. Mr. James L.M. Amissah Ambassador, Embassy of Ghana, Tokyo
** Mrs. A.Y. Aggrey-Orleans Minister and Deputy Permanent
Representative, Ghana Permanent
Mission, Geneva

INDIA

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India, Tokyo
Mr. Arun Kumar Singh First Secretary (Economic &
Commercial), Embassy of India, Tokyo

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- * Mr. Saryono Director of Planning Bureau, Ministry
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Forestry Administration Department,
Forestry Agency
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Mr. Yasuo Chiba Chief of the I.T.T.O. Liaison Office,
Developing Economies Division,
Economic Affairs Bureau, Ministry of
Foreign Affairs
Members:
Mr. Tsutomu Handa Senior Officer, Planning Division,
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Mr. Yasufumi Uenishi	Assistant Director, First International Affairs Division, Customs and Tariff Bureau, Ministry of Finance
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Mr. Kazuya Ando	Official, International Economic Affairs Division, Economic Affairs Bureau, Ministry of Agriculture, Forestry and Fisheries
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Mr. Eiji Furukubo	Official, Forest Products Division, Forestry Administration Department, Forestry Agency
Ms. Kuni Sato	Official, International Conventions Division, Treaties Bureau, Ministry of Foreign Affairs
Mr. Yoshiyuki Isoda	Official, Developing Economies Division, Economic Affairs Bureau, Ministry of Foreign Affairs
Mr. Reiji Kamezawa	Official, Developing Economies Division, Economic Affairs Bureau, Ministry of Foreign Affairs
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Mr. Kanemi Matsuki	Executive Director, Japan Lumber Importers Association
Mr. Mitsuma Matsui	Adviser, Japan Forestry Technical Association
Mr. Masashige Harada	Director, Office of Foreign Administration and Coordination, The City of Yokohama
Mr. Ken-ichi Narita	Assistant Director, Office of Foreign Administration and Coordination, The City of Yokohama

KOREA, REPUBLIC OF

- | | |
|--------------------|--|
| * Mr. Lee Jee Bock | Director General, Planning and Management, Forestry Administration |
| Mr. Seung-Moo Park | Consul, Consulate General of the Republic of Korea to Yokohama |
| Mr. Yun Kyung Duk | Forestry Officer, Forestry Administration |

LIBERIA

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| * Mr. Emmanuel Emeh | Deputy Managing Director for Operations, Forestry Development Authority |
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MALAYSIA

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| * Mr. Mohd. Yusof bin Basir | Deputy Secretary General, Ministry of Primary Industries |
| ** Mr. Mohd. Darus Haji Mahmud | Deputy Director-General, Forestry Department of Peninsular Malaysia |
| Mr. Haji Ghazali Baharuddin | Director-General, Malaysian Timber Industry Board |
| *** Dr. Yow-Pong Tho | Director, Techno-Economic Division, Forest Research Institute Malaysia |
| Mr. Kamal Ismaun | Counsellor, Embassy of Malaysia, Tokyo |
| Mr. Syed Sultan Idris | Second Secretary, Embassy of Malaysia, Tokyo |

NORWAY

- | | |
|-----------------------|---|
| * Mr. Svein Sevje | Senior Executive Officer, Ministry of Foreign Affairs |
| ** Mr. Arild Braastad | First Secretary, Royal Norwegian Embassy, Tokyo |

PAPUA NEW GUINEA

- | | |
|-------------------------------|---|
| * H.E. Mr. Joseph Kaal Nombri | Ambassador, Embassy of Papua New Guinea, Tokyo |
| ** Mr. Andrew Tagamasau | Acting Deputy Secretary, Department of Forests |
| *** Mr. Christopher Wariambu | First Secretary, Embassy of Papua New Guinea, Tokyo |
| Mr. Joshua Bakiri | Member of Forest Industries Council |
| Mr. Imari Trawa | |

PERU

- | | |
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| * Mr. Carlos A. Yrigoyen | Counsellor, Deputy Chief of Mission, Embassy of Peru, Tokyo |
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* Mr. Benjamin F. Sanvictores
** Mrs. Delia P. Menez

Mr. Evan P. Garcia

Minister and Deputy Chief of Mission
Minister Counsellor, Permanent Mission
of the Republic of the Philippines to
the United Nations, Geneva;
Chairperson of ITTO Headquarters
Agreement Committee
Third Secretary, Embassy of the
Philippines, Tokyo

SWEDEN

* Mr. Kaj Reinius
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THAILAND

* Mr. Chote Suvipakit
Mr. Somsak Triamjangarun

Counsellor (Agriculture), Royal Thai
Embassy
Third Secretary, Royal Thai Embassy

TRINIDAD AND TOBAGO

* Mr. Clarence Bacchus

Director, Forest Resource Inventory
and Management, Ministry of Food
Production, Marine Exploitation,
Forestry and the Environment

UNION OF SOVIET SOCIALIST REPUBLICS

* Mr. Valentin Sheshin
** Mr. Anatolj Grjbentchjkov
Mr. I.D. Sharif
*** Mr. Damir Z. Aitkulov
Mr. Yuori Patanin
Mr. Andrei Rodionov

Acting Trade Representative of the
USSR in Japan
Deputy Director of v/o "Mebelintorg"
Third Secretary, Embassy of the USSR,
Tokyo
Staff member of the Trade
Representation of the USSR in Japan
Staff member of the Trade
Representation of the USSR in Japan
Staff member of the Trade
Representation of the USSR in Japan

UNITED STATES OF AMERICA

* Mr. John Medeiros

Director, Office of International
Commodities, Bureau of Economic and
Business Affairs, Department of State
Office of Ecology and Natural
Resources, Bureau of Oceans and
International Environmental and
Scientific Affairs, Department of
State

*** Ms. Stephanie Caswell

Second Secretary, Embassy of U.S.A,
Tokyo

Mr. Hans Klemm

Private sector advisers:

Mr. Richard C. Newman

Representing IHPA (International
Hardwood Products Association),
Portland, Oregon

Mr. James Campbell Plowden

President, TERRA - Tropical Ecosystem
Research and Rescue Alliance,
Washington, D.C.

Observers

States

ARGENTINA

Mr. Jorge Roballo Second Secretary, Embassy of
Argentina, Tokyo

AUSTRALIA

Mr. Charles Willoughby Forestry and Land Resources Branch,
Department of Primary Industries and
Energy

BURMA

Mr. Wae Lu Thein Third Secretary, Embassy of Burma,
Tokyo

COLOMBIA

Mrs. Margarita Romano Second Secretary, Embassy of Colombia,
Tokyo

MADAGASCAR

Mr. Norbert Rakotomalala First Counsellor, Embassy of
Madagascar, Tokyo

TANZANIA

Dr. Peter K. Palangyo Minister-Counsellor, Embassy of
Tanzania, Tokyo

ZAIRE

H.E. Mr. Mitima Kaneno Ambassador, Embassy of Zaire, Tokyo
 Murairi
Mr. Badimbayi-Matu Lumu Conseiller technique au bureau du
President de la Republique du Zaire
Mr. B. Ilanga Counsellor, Embassy of Zaire, Tokyo

United Nations

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Mr. Ulrich Cording Economic Affairs Officer

UNITED NATIONS DEVELOPMENT PROGRAMME

Mr. Toshimitsu Ishigure Liaison Officer, Tokyo

UNITED NATIONS ENVIRONMENT PROGRAMME

Dr. Hisao Sakimura Director, Support Measures

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Mr. Jean-Jacques Graisse	Director, Division of Programme, Finance and External Relations
Mr. Jose Luis Albaladejo	Senior Market Development Officer, Division of Product and Market Development
Mr. Olof Karsegard	Coordinator, Market News Service Projects, Division of Product and Market Development

Specialized and Related Agencies

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

Mr. Philip Wardle	Senior Forestry Officer, Forestry Department
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Inter-Governmental Organizations

AFRICAN TIMBER ORGANIZATION

Mr. Gahurani Tanganika	Secretary General of ATO (Organisation Africaine du Bois/OAB)
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Non-Governmental Organizations

ASSOCIATION TECHNIQUE INTERNATIONALE DES BOIS TROPICAUX (ATIBT)

Mr. Yoshio Miyagi	Japan delegate of ATIBT
Mr. Junichi Hanasato	Japan delegate of ATIBT

ENVIRONMENTAL POLICY INSTITUTE

Mr. James N. Barnes	Senior Attorney
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FRIENDS OF THE EARTH INTERNATIONAL

Mr. Charles (Koy) Howard Thomson	International Campaigner
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FRIENDS OF THE EARTH JAPAN

Ms. Naomi Kamei	Coordinator
Ms. Naoko Funahashi	Member

FRIENDS OF THE EARTH (PAPUA NEW GUINEA) INC.

Dr. Simon M. Saulei	Co-ordinator
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INTERNATIONAL INSTITUTE FOR ENVIRONMENT AND DEVELOPMENT (IIED)

Dr. Duncan Poore	Senior Consultant
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Annex III

AGENDA

A. Opening of the Session

1. Ascertainment of quorum
2. Adoption of agenda and organization of work
3. Report on Membership of the Council
4. Distribution of votes
5. Admission of observers
6. Report of the Credential Committee
7. Consideration of proposed amendments to the report of the ITTC on its Second Session (Doc. ITTC(II)/D.1 and ITTC(II)/D.1/Add.1)
8. Statement by the Executive Director

B. Work Programme

1. Projects
 - a. Reports of the First Sessions of the Permanent Committees
 - b. Consideration of Project Proposals
 - c. Prioritization of Projects
2. Financial Resources for the Special Account
 - a. Review of the Pre-project sub-account
 - b. Review of the Project sub-account
 - c. New contributions to Special Account
3. Assignment of other tasks to Permanent Committees
4. Non-Project work related to Article 27 and Article 28

C. Establishment Matters

1. Headquarters Agreement
2. Rules of procedure of the Council; Decision on Rule 32
3. Financial Rules and Rules relating to Projects
4. Staff Regulations and Rules
5. Proposals for Social Security

D. Administrative and Financial Matters

1. Review of contributions to the Administrative Budgets for the initial period, November/December 1986, First half 1987 and Second half 1987
2. Budget Proposals for 1988 (Doc. ITTC(III)/1)
3. Election of Chairman and Vice-chairman for 1988
4. Appointment of Auditors for 1986 and 1987
5. Dates and Venues Fourth Session of ITTC and next Sessions of Permanent Committees

E. Other Business

F. Decisions and report of the Session

Annex IV

Distribution of Votes

<u>Producers</u>	<u>Votes</u>
Africa ----- (201)	
Cameroon	34
Congo	33
Cote d'Ivoire	34
Gabon	34
Ghana	33
Liberia	33
Asia ----- (450)	
India	43
Indonesia	141
Malaysia	158
Papua New Guinea	35
Philippines	47
Thailand	26
Latin America ----- (349)	
Bolivia	38
Brazil	191
Ecuador	29
Honduras	25
Peru	44
Trinidad and Tobago	22
Total	1,000
 <u>Consumers</u>	
Austria	12
Canada	17
China	39
Egypt	15
European Economic Community ----- (327)	
Belgium-Luxembourg	24
Denmark	14
France	56
Germany, Federal Republic of	49
Greece	14
Ireland	12
Italy	41
Netherlands	38
Spain	24
United Kingdom of Great Britain and Northern Ireland	55
Finland	11
Japan	350
Korea, Republic of	87
Norway	11
Sweden	11
Switzerland	11
Union of Soviet Socialist Republics	14
United States of America	95
Total	1,000

Annex V

LIST OF STATES AND ORGANIZATIONS ADMITTED BY THE COUNCIL AS OBSERVERS

States

Argentina
Australia
Burma
Colombia
Madagascar
Tanzania
Zaire

United Nations

United Nations Conference on Trade and Development
United Nations Development Programme
United Nations Environment Programme
International Trade Centre UNCTAD/GATT

Specialized and Related Agencies

Food and Agriculture Organization of the United Nations

Inter-Governmental Organizations

African Timber Organization

Non-Governmental Organizations

Asia Pacific People's Environment Network (APPEN)
Association Technique Internationale des Bois Tropicaux (ATIBT)
Environmental Policy Institute (EPI)
Friends of the Earth International
Friends of the Earth Japan
Friends of the Earth (Papua New Guinea) Inc.
Friends of the Earth UK
Fundación Natura, Ecuador
International Institute for Environment and Development (IIED)
International Union for Conservation of Nature and Natural
Resources (IUCN)
Japan Federation of Economic Organization (Keidanren)
Japan Tropical Forest Action Network (JATAN)
Korea Society for the Protection of Wild Animals
Rainforest Information Centre (RIC) and Australian Conservation Foundation
Sahabat Alam Malaysia (SAM) (Friends of Earth Malaysia)
Sekretariat Kerjasama Pelestarian Hutan Indonesia (SKEPHI)
Southeast Asia Lumber Producers' Association (SEALPA)
Tropical Ecosystem Research and Rescue Alliance (TERRA)
Union pour le Commerce des Bois Tropicaux dans la C.E.E. (UCBT)
World Wide Fund for Nature (WWF International)

Annex VI

Reports of the Permanent Committees
on Their First Sessions

(documents: PCM(I)/3
PCF(I)/5
PCI(I)/3)

COMMITTEE ON ECONOMIC INFORMATION
AND MARKET INTELLIGENCE
First Session
Yokohama, 11-13 November 1987

RESTRICTED
PCM(1)/3
19 November 1987
Original : English

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL -
FIRST SESSION OF THE PERMANENT COMMITTEE ON
ECONOMIC INFORMATION AND MARKET INTELLIGENCE
11 - 18 NOVEMBER 1987

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Report

- Annex I Technical Evaluation of Projects
 (Economic Information and Market Intelligence)
- Annex II ITTO Program of Work and Guidelines
 in the Field of Economic Information
 and Market Intelligence
- Annex III List of Observers Admitted by the
 Committee at its First Session

REPORT

1. Introduction

The First Session was opened on 11 November 1987 by the Executive Director of the ITTO, Dr. B.C.Y. Freezailah, who also acted as Electoral officer for the election of the Chairman.

The Committee elected H.E. Mr. J.L.M. Amissah (Ghana) as Chairman, and Mr. Yasuo Chiba (Japan) as Vice-Chairman.

The list of participants is reproduced in document PCM(I)/PCF(I)/PCI(I)/6.

2. Adoption of Agenda and Organization of Work

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

In the organization of its work the Committee followed a uniform procedure which had evolved out of several levels of consultations between delegations, Chairmen and Vice-Chairmen of the three Permanent Committees, and out of discussions with the Chairman of the Council. By this procedure project documents were formally presented in plenary Committee followed by general expression of views; a Working Group comprising technical experts made a technical evaluation of the projects to guide the debate and recommendations of the plenary Committee.

At all stages of its deliberations the Committee had available project documents and Project Briefs (PCM (1)/2 of 10 November 1987) prepared by the Secretariat which incorporate evaluation annotations which also relate the project proposals to the relevant criteria and objectives stipulated in the ITTA.

Since the Committee could not complete its work on 13 November 1987 as scheduled, it had to continue its deliberations during part of the Council Session until 18th November 1987 when it held its final sitting.

3. Admission of Observers

The list of Observers admitted by the Committee at its First Session figures as Annex III to this Report.

4. Consideration of Projects and Recommendations

Ten projects were submitted and presented to the Committee. Following the technical evaluation of the Working Group the Committee deliberated and has made recommendations which for practical purposes appear in a format uniformly agreed on for all Permanent Committees. This is attached to this Report as Annex I. This tabulation outlines certain essential details of technical evaluation and classifies project recommendations under three categories:

- (i) Projects recommended for immediate approval by the Council.
(Some projects may be subject to minor revisions)
- (ii) Projects to be recommended for approval subject to revision and further consideration by the Committee;
- (iii) Projects not recommended for further consideration by the Organization. (Some of these projects may be appropriately submitted to other and agencies)

In addition to this tabulation concise comments were made on each project to give any necessary indication as to any particular issues which should be taken into consideration by the Council.

The Committee recommended to the Council:

- (i) its immediate approval of the following five projects:

- PD 1/87 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
- PD 7.a/87 Statistical Information and Market Indicators: Development of the Monthly Bulletin, Tropical Forest Products in World Timber Trade - Phase 1
- PD 7.b/87 Statistical Information and Market Indicators: Study of Trends in the European Market for Tropical Hardwoods
- PD 14/87 Market Intelligence Analysis of the Wood-Flow as a Basis for an Early Warning System for the Tropical Timber Market
- PD 19/87 Integrated Forest Industries Development - Phase 1 Western Amazon Region, Brazil

- (ii) its referral for further reconsideration by the Committee of three Projects, viz:

- PD 6/87 Establishment of ITTO Advisory Working Group on Economic Information and Market Intelligence
- PD 7.c/87 Statistical Information and Market Indicators: Marketing News Service for Tropical Timber and Timber Products
- PD 7.d/87 Statistical Information and Market Indicators: Study on Major Import Markets for Wooden Furniture

(iii) its decision on the status of one Project, namely:

PD 7.e/87 Statistical Information and Market Indicators:
Liberalization of Market Access and Trade
Expansion in Tropical Timber and its Products

(iv) and to await recommendations from the Committee on one Project, namely:

PD 5/87 Preliminary Market Transparency Study for
Tropical Timber Produced in the ASEAN Region

The Council is hereby invited to give its decision on these recommendations.

5. Review of Pre-Project Work Currently Undertaken

The Committee took note that there was no Pre-Project work being currently undertaken. It also noted that the three Pre-Project Reports already completed - PPR1/87; PPR6/87; and PPR5/87 - had provided the bases for the proposals contained in the Projects PD1/87; PD6/87; and PD5/87 respectively.

6. Decision on Pre-Project Work

The Committee had no proposal on pre-project work.

7. Non-Project Activities

- (i) As part of its deliberations the Working Group focussed its attention on an overview of the work program and guidelines of the Organization in economic information and market intelligence. In consequence an unofficial paper entitled "ITTO Programme of Work and Guidelines in the Field of Economic Information and Market Intelligence" has been circulated for subsequent discussion by the Committee. The document is attached to this Report as Annex II.
- (ii) The delegation of UK has given notice of its intention to propose to Council some ideas for subsequent discussion in the Committee on the organization's work in the sphere of economic information and market intelligence.
- (iii) In view of the importance of statistical information for Market Intelligence, the delegation of USA made a proposal, endorsed by many other delegations, that members should consider including statistical experts in their delegations to the next session of the Committee. Two days of the session could be devoted to a meeting of these experts in order to assist the Committee's and the Organization's work in statistical information and analysis.

- (iv) The Committee took note of a communication from the ECE/FAO Timber Committee inviting the ITTO, within the framework of inter-agency cooperation, to urge member countries to participate in its forty-sixth session (10 - 14 October 1988) during its deliberations on the markets for tropical hardwoods. The Council might wish to take note of this invitation which must be seen as a positive demarche in fostering closer cooperation between ITTO and the ECE/FAO Timber Committee.

8. Date and Venue of the Second Session of Committee

In the light of Council Decision 5(II) of 23 March 1987, the Committee recommended that the date and venue of its second session should be conveniently set to coincide with the period immediately prior to the next fourth session of the Council.

Annex I

TECHNICAL EVALUATION OF PROJECTS
ECONOMIC INFORMATION AND MARKET INTELLIGENCE

<u>PROJECT DOCUMENT</u>	<u>ITTA OBJECTIVES</u> <u>Article 1</u>	<u>AREA OF ACTIVITY</u>		<u>CRITERIA</u> Art. 23 Para. 6	<u>BUDGET</u> US\$	<u>DURATION</u>	<u>GEOGRAPHICAL COVERAGE</u> (Market Area)	<u>RECOMMENDATION</u>
		Art. 23 Para. 2	Art.23 Para.5					
1/87	a, b, d, g	b	n.a.	a, b, c, d	211,418	9 months	Europe	immediate approval
6/87	a, b, d, g	b	n.a.	a, b, c, d, e	75,000	3 months	not applicable	subject to revision
7.a/87	a, b, d, g	b	n.a.	a, b, c, d, e	60,000	7 months	Global	immediate approval
7.b/87	a, b, d, g	b	n.a.	a, b, c, d, e	60,700	7 months	Europe	immediate approval
7.c/87	a, b, d, g	b	n.a.	a, b, c, e	1,384,137	3 years	Global	subject to revision
7.d/87	a, b, d, g	b	n.a.	a, b, c, e	135,600	1 year	Global	subject to revision
7.e/87	a, b, d, g	b	n.a.	a, b, c, e	27,340	6 months	Global	no consensus
14/87	a, b, d, g	b	n.a.	a, b, c, d	149,500	30 months	Europe	immediate approval
5/87	a, b, d, g	b	n.a.	a, b, c	1,726,563	3 years	ASEAN countries	not considered
19/87	b, c, e	a	a	a, b, c, d, e	12,620,400	3 years	South America	immediate approval

Note : n.a = not applicable

COMMENTS ON THE PROJECTS

1. PD 1/87 : STRUCTURE OF TROPICAL TIMBER MARKET IN BELGIUM-LUXEMBOURG, FEDERAL REPUBLIC OF GERMANY, NETHERLANDS AND UNITED KINGDOM AND METHODS TO STUDY THE MAIN END-USE SEGMENTS.

The value of this project lies not only in its study of the structure and characteristics of the tropical timber market, but also in its design to test a methodology for conducting marketing studies in countries. It is recommended that a study of price should be included in its scope since that aspect of information is vital for producing countries in particular.

This project and another project PD 14/87 have some common elements and there must be a coordinated assessment to delineate clearly the scope of each project in order to avoid duplication.

2. PD 6/87 : ESTABLISHMENT OF ITTO ADVISORY WORKING GROUP ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE.

While some interventions indicated that the objectives of this proposal have merit, there were strong reservations expressed by others against the proposal. It is recommended that the Executive director should undertake further consultations in order to reassess the proposal for later consideration.

3. PD 7.a/87 : STATISTICAL INFORMATION AND MARKET INDICATORS :
 - a. DEVELOPMENT OF THE MONTHLY BULLETIN, TROPICAL FOREST PRODUCTS IN THE WORLD TIMBER TRADE - PHASE 1

Under this project ITTO will benefit from the existing facilities of FAO in undertaking a joint programme which will assist in building up the in-house capability of ITTO in statistical information. It is recommended, that in addition to upgrading the Bulletin, the project should be envisaged as a joint ITTO/FAO Bulletin and titled as such. Agreement must be reached with the FAO that the machine-readable file should be provided to the ITTO as soon as it is closed.

4. PD 7.b/87 : STATISTICAL INFORMATION AND MARKET INDICATORS :
 - b. STUDY ON TRENDS IN THE EUROPEAN MARKET FOR TROPICAL HARDWOODS

Under this project ITTO will have access to an invaluable source of data collection and analysis. Through the involvement of ITTO staff with this programme, useful experience will be gained in developing internal statistical capability and technical assistance for producing countries in establishing and improving their statistical systems. The experience should further enable the ITTO to consider extending projects of a similar scope and content to other geographical areas. The work envisaged under this project must be carried out within the time scale proposed.

5. PD 7.c/87 : STATISTICAL INFORMATION AND MARKET INDICATORS :
c. MARKETING NEWS SERVICE FOR TROPICAL TIMBER AND TIMBER PRODUCTS

That project as at present designed needs to be scaled down and limited in its scope and objectives. It may thus be redesigned in its initial phase as a pilot project and consideration, however, should be given to expanding its limited dissemination. The Committee will then be in a position to reconsider subsequently the revised project proposals when submitted.

ITC has already undertaken to revise the project proposals in the light of reservations expressed in the Committee and will maintain consultations with the ITTO Secretariat.

6. PD 7.d/87 : STATISTICAL INFORMATION AND MARKET INDICATORS :
d. STUDY ON MAJOR IMPORT MARKETS FOR WOODEN FURNITURE

The Committee needs to undertake further consideration of the details of the project since it has relevance to some of the project (PD 13/87) submitted to the Committee on Forest Industry. Consultations on linking these two projects will determine subsequently the final status of this project. will make for effective coordination and eliminate dispersal of efforts.

7. PD 7.e/87 : STATISTICAL INFORMATION AND MARKET INDICATORS :
e. LIBERALIZATION OF MARKET ACCESS AND TRADE EXPANSION IN TROPICAL TIMBER AND ITS PRODUCTS

There is a sharp divide in the deliberations on this project between the producing and consuming members. The objective of the project as seen by the producing countries is of vital importance in their desire to reap higher benefits from their natural resources through selling more qualitatively and products with a higher value added in international trade. With this objective in mind, any precise and up-to-date information is most useful if it clarifies such issues as reduction or elimination of tariff and non-tariff measures, including tariff escalation.

The position of the consuming members is that the study envisaged under the project is of little or no benefit since the current Uruguay Round of Negotiations on tropical products including timber takes up the same issue within the forum of GATT.

The Committee could, therefore, not reach a consensus on what recommendation to make. The Council is invited to give its directives on the status of this project.

8. PD 14/87 : MARKET INTELLIGENCE ANALYSIS OF THE WOOD FLOW AS A BASIS FOR AN EARLY WARNING SYSTEM FOR THE TROPICAL TIMBER MARKET

The significance and priority placed on this Project are based on the urgent need to develop in the area of market intelligence such an early warning system as a guide for planning, production and investment.

This project, as mentioned earlier, has to be coordinated with PD 1/87 to avoid overlapping objectives and scope.

9. PD 5/87 : PRELIMINARY MARKET TRANSPARENCY STUDY FOR TROPICAL TIMBER PRODUCED IN THE ASEAN REGION

This project was circulated too late for consideration.

10. PD 19/87 : INTEGRATED FOREST INDUSTRIES DEVELOPMENT - PHASE 1 - WESTERN AMAZON REGION, BRAZIL

The Committee's consideration focussed only on the marketing aspect of this well-conceived and integrated pilot project which enjoys the commitment of considerable inputs and financial resources from Brazil. In terms of cost benefits and effectiveness of the marketing component of the project it deserves support from ITTO; especially as it can serve as a model and have a multiplier effect in other producing countries.

Annex II

**ITTO PROGRAMME OF WORK AND GUIDELINES IN THE FIELD
OF ECONOMIC INFORMATION AND MARKET INTELLIGENCE**

The main objective of ITTO in the field of Economic Information and Market Intelligence is to improve the flow of market information with a view to ensuring greater transparency in the international tropical timber market according to the strategy enunciated in the Agreement in particular its Annex C.

ACTIVITIES

The immediate and medium-term priorities for ITTO's activities in this area are therefore to :

- 1) Develop the Organization's internal capability in Market Intelligence in accordance with Council Decision 2(II) operative paragraph 2 of 27 March 1987 (see document ITTC(III)/7 of November 3 1987 for details of work program submitted by Secretariat to the Council).
- 2) Undertake a catalytic and coordinating role in seeking member's cooperation in providing statistical information as requested in particular under Article 27, paragraph 2 of the ITTA.
- 3) Ensure the implementation of the provisions of Article 25 in relation to work of the permanent Committee on Economic Information and Market Intelligence in assessing and recommending projects for execution.
- 4) Ensure that the Secretariat has available the basic documentation for the Council's annual review and report on the world tropical timber situation as required under Article 28 paragraph 3 a-c.

GUIDELINES

The following guidelines should be taken into consideration:

- 1) In accordance with Article 14 of the Agreement duplication should be avoided and effective working relations developed with other relevant international institutions and national agencies with a view to securing statistical information for market intelligence.
- 2) To support members' efforts in meeting their obligations as far as providing statistical information.
- 3) To ensure close liaison between the Permanent Committees to the extent that they depends on economic information and market intelligence in attaining their objectives.
- 4) While Annex C is of general validity it is essential to refine some of the requirements in categories A-D in order to concentrate in the first instance on the outstanding information gaps.

PRIORITY RANKING OF ECONOMIC AND MARKET INFORMATION
FOR THE IITO STATISTICAL WORK PROGRAM

The statistical data and other indicators specified in ITTA Annex C are listed below in order of increasing sectoral generality, and given a composite ranking on a scale from 1 to 8 (1=highest priority) according to the following procedure. Representatives of producer governments, consumer governments, export traders and import traders each individually assigned priority to each item on a scale from 1 to 3, and their scores were first added and then ranked:

(Concerning producing members)

(Concerning consuming members)

Information on the tropical timber resources and trade

- | | |
|--|--|
| (5) Removals of industrial timber from forests | (4) Import volumes (values): by products, species, origin and other available relevant details |
| (6) Climatic obstacles-natural catastrophes | (6) Average f.o.b. prices: for specific products and species representative of major trade flows |
| (4) Export volumes (values): by products and species representative of major trade flows | (5) Periodic evaluation of stocks at point of debarkation and, if possible, at intermediate stages |
| (5) Periodic evaluation of stocks at point of embarkation and, if possible, at intermediate stages | (6) Share of tropical timber in total timber trade |
| (5) Average f.o.b. prices: for specific products and species representative of major trade flows | |

Information on the wood processing sectors

- | | |
|--|---|
| (7) Forest industry production (capacity) and industrial wood input/output | (3) Door and windowframe production |
| (8) Door production | (8) Exports and re-exports of wood products |
| (7) Moulding production | |
| (4) Plywood and veneer production | |

(Concerning producing members) (Concerning consuming members)

Economic information affecting the timber trade
directly and/or indirectly

- | | |
|---|--|
| (5) Freight rates | (4) Building activity, housing starts, mortgage rates |
| (4) Export quotas-trade incentives | (3) End-use surveys in major sectors using tropical timber |
| (1) Changes in tariffs and non-tariff obstacles | (2) Changes in tariffs and non-tariff obstacles |
| | (1) Trends in substitution among wood and with other products, including fashion changes |

The following Annex C items of economic information were not ranked, even though their importance to the tropical timber trade is undeniable, simply because they are in the main available from standard international data banks, although some secretariat work is required to render them accessible for ITTO analysis.

(Concerning both producing and consuming members)

Publicly available and relevant national and international economic and financial indicators, e.g. gross national product, exchange rates, interest rates, inflation rates, terms of trade. National and international policies and measures affecting international tropical timber trade.

Note : "Furniture production" was deleted from the Annex C list as not being a meaningful category; and items were added for production of doors, mouldings, windowframes, plywood and veneer.

Annex III

LIST OF OBSERVERS ADMITTED BY THE COMMITTEE AT ITS FIRST SESSION

States

Argentina
Australia
Burma
Colombia
Madagascar
Tanzania
Zaire

United Nations

United Nations Conference on Trade and Development
United Nations Environment Programme
International Trade Centre UNCTAD/GATT

Specialized and Related Agencies

Food and Agriculture Organization of the United Nations

Inter-Governmental Organizations

African Timber Organization

Non-Governmental Organizations

Asia Pacific People's Environment Network (APPEN)
Association Technique Internationale des Bois Tropicaux (ATIBT)
Environmental Policy Institute (EPI)
Friends of the Earth International
Friends of the Earth Japan
Friends of the Earth (Papua New Guinea) Inc.
Friends of the Earth UK
Fundación Natura, Ecuador
International Institute for Environment and Development (IIED)
International Union for Conservation of Nature and Natural
Resources (IUCN)
Japan Tropical Forest Action Network (JATAN)
Korea Society for the Protection of Wild Animals
Rainforest Information Centre (RIC) and Australian Conservation Foundation
Sahabat Alam Malaysia (SAM) (Friends of Earth Malaysia)
Sekretariat Kerjasama Pelestarian Hutan Indonesia (SKEPHI)
Southeast Asia Lumber Producers' Association (SEALPA)
Tropical Ecosystem Research and Rescue Alliance (TERRA)
Union pour le Commerce des Bois Tropicaux dans la C.E.E. (UCBT)
World Wide Fund for Nature (WWF International)

COMMITTEE ON REFORESTATION AND
FOREST MANAGEMENT
First Session
Yokohama, 11-13 November 1987

RESTRICTED
PCF(I)/5
19 November 1987
Original: English

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL -
FIRST SESSION OF THE PERMANENT COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT
11-18 November 1987

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| Annex III | List of Observers Admitted by the Committee at Its First Session |

REPORT

1. Introduction

The First Session was opened by the Executive Director, who acted as Electoral Officer, for the election of Chairman and Vice-Chairman of the Committee. Mr. Mohd. Darus Haji Mahmud (Malaysia) and Mr. Jean Clement (France) were elected Chairman and Vice-Chairman respectively. The list of participants is reproduced in document PCM(I)/PCF(I)/PCI(I)/6.

2. Adoption of Agenda

At its first meeting on 11 November, the Committee adopted the Agenda of its First Session as contained in document PCF(I)/1.

3. Admission of Observers

The list of Observers admitted by the Committee is reproduced in Annex III to this report.

4. Consideration of Project Proposals

Draft Project Documents for eight proposed projects were presented for consideration by the Committee.

One (PD 2/87 REHABILITATION OF LOGGED-OVER FORESTS IN ASIA/PACIFIC REGION) was the result of a pre-project study on productivity of logged-over forests, approved by the Second Session of the ITTC. The study was carried out by the Japan Overseas Forestry Consultants Association (JOFCA).

Two project proposals (PD 8/87 TROPICAL FOREST RESOURCES ASSESSMENTS (1990): NATURAL FORESTS and PD 9/87 TROPICAL FOREST RESOURCES ASSESSMENT (1990): PLANTATIONS) had been prepared by FAO at the request of ITTO and have as objectives to update the information on the tropical forest resources, natural forests and plantations, and identify trends in the development of those resources.

The remaining five projects were submitted by member countries:

- (i) by Malaysia (PD 10/87 FOREST MANAGEMENT OF NATURAL FOREST IN MALAYSIA) for research into natural forest management;
- (ii) by the Netherlands and Gabon jointly (PD 15/87 THE BIOLOGY OF THE OKOUME (Aucoumea klaineana Pierre) IN GABON) for research into the propagation of Okoume;
- (iii) by Indonesia (PD 17/87 INVESTIGATION OF THE STEPS NEEDED TO REHABILITATE THE AREAS OF EAST KALIMANTAN SERIOUSLY AFFECTED BY FIRE) for investigation of the prospects and methods of rehabilitating the areas of Kalimantan which were damaged by fire and drought in 1982/83;
- (iv) by Brazil (PD 19/87 INTEGRATED FOREST INDUSTRIES DEVELOPMENT - PHASE 1 - WESTERN AMAZON REGION, BRAZIL) aiming at developing a methodology for, and providing training in forest sector planning;

- (v) by Trinidad and Tobago (PD 22/87 THE RE-ESTABLISHMENT OF Tectona Grandis ON SECOND ROTATION SITES FOR HIGH QUALITY SAWLOGS) for research into reforestation of Tectona grandis sites after final fellings.

PD 19/87 was submitted also to the Committee on Economic Information and Market Intelligence and the Committee on Forest Industry, as it contains aspects for consideration by all three Permanent Committees.

5. Review of Pre-Project Work

Inception reports on two pre-project studies already in progress were presented to the Committee and are contained in PCF(I)/INF 5 and PCF(I)/INF 6. One is concerned with management principles and systems for natural forests and the other with assessing, and enhancing, the values of all goods and services provided by the tropical forests. The two pre-projects are implemented by the International Institute for Environment and Development (IIED), London, and Harvard Institute for International Development (HIID), Cambridge, Massachusetts, respectively.

6. Decision on Pre-Project Proposals

Three pre-project proposals were presented to the Committee for consideration. Two had been prepared by the Government of Japan: one for studies on enrichment planting and the other for research on plantation establishment methods. Both project proposals are presented in PCF(I)/3. The third proposal (PCF(I)/4) was submitted by the ITTO Secretariat for the purpose of initiating the development of improved harvesting systems for sustainable management of tropical hardwood forests.

The Committee decided that the pre-projects on enrichment planting and plantation establishment methods prepared by Japan be implemented.

An amount of US\$70,000 from the Pre-Project Sub-Account, which had been transferred earlier by Japan, has been reserved for the implementation of these two projects. Additional funds to meet the total cost would be made available by the Government of Japan.

The Committee requested the Secretariat to revise the pre-project document on improved harvesting systems and present it to the Second Session of the Committee as a pre-project, but in the format of a standard project document.

7. Non-project Activities

The Committee took note of a document titled "ITTO Guidelines in the Field of Reforestation and Forest Management", prepared by the Committee's informal Working Group as a basis for discussions on ITTO future activities in this field. The document is reproduced in Annex II.

8. Dates and Venue of Second Session

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

9. Other Business

No matters were raised under this agenda item.

10. Recommendations to the ITTC

The Committee made the following recommendations:

- (i) Projects PD 2/87, PD 10/87, PD 15/87 and PD 17/87 were recommended for immediate approval for financing;
- (ii) Projects PD 8/87 and PD 9/87 were recommended to be approved for ITTO sponsorship;
- (iii) Projects PD 19/87 and PD 22/87 would require major modifications before being submitted to the Council for decision.

It was recommended that the project proposals requiring major modifications be returned to the originators to be amended and re-submitted for appraisal by the Committee.

Details of the Committee's evaluation of the projects are contained in the Annex I to this report.

Annex I

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

<u>Project Document</u>	<u>ITTA Objectives Article 1</u>	<u>Area of Activity</u>		<u>Criteria Art. 23 Para. 6</u>	<u>Budget ITTO Contrib. (US\$)</u>	<u>Duration (years)</u>	<u>Geographical Coverage</u>	<u>Recommendation*</u>
		<u>Art. 23 Para. 2</u>	<u>Art. 23 Para. 5</u>					
2/87	c,f,h	R & D	b,c,e	a,b,c,d,e	1,227,100	2	Asia-Pacific	1, with minor revisions
8/87	f,h	na	na	a,b,c,d,e	542,600	2 1/2	All tropical countries	1, for sponsorship
9/87	f,h	na	na	a,b,c,d,e	203,750	2	All tropical countries	1, for sponsorship
10/87	c,f,h	R & D	b,c,e	a,b,c,d,e	257,350	10	Malaysia	1, with minor revisions
15/87	c,f,h	R & D	b,c,e	a,b,c,d,e	417,500	3	Gabon	1, with minor revisions
17/87	c,f,h	R & D	b,c	a,b,c,d,e	377,600	1	Indonesia	1, with minor revisions
19/87	b,e,f,g,h	Further and increased processing in producing countries, and reforestation and forest management	na	a,b,c,d,e	3,348,400	3	Brazil	2
22/87	b,c,f	R & D	c	a,b,c,d,e	125,000	2 1/2	Trinidad & Tobago	2

na: Can not be categorized under Article 23.

* 1: Projects recommended for immediate approval by the Council. (Some projects may be subject to minor revisions.)

2: Projects recommended for approval subject to revision and further consideration by the Committee.

Annex I

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

<u>Project Document</u>	<u>ITTA Objectives Article 1</u>	<u>Area of Activity</u>		<u>Criteria Art. 23 Para. 6</u>	<u>Budget ITTO Contrib. (US\$)</u>	<u>Duration (years)</u>	<u>Geographical Coverage</u>	<u>Recommendation*</u>
		<u>Art. 23 Para. 2</u>	<u>Art. 23 Para. 5</u>					
2/87	c, f, h	R & D	b, c, e	a, b, c, d, e	1,227,100	2	Asia-Pacific	1, with minor revisions
8/87	f, h	na	na	a, b, c, d, e	542,600	2 1/2	All tropical countries	1, for sponsorship
9/87	f, h	na	na	a, b, c, d, e	203,750	2	All tropical countries	1, for sponsorship
10/87	c, f, h	R & D	b, c, e	a, b, c, d, e	257,350	10	Malaysia	1, with minor revisions
15/87	c, f, h	R & D	b, c, e	a, b, c, d, e	417,500	3	Gabon	1, with minor revisions
17/87	c, f, h	R & D	b, c	a, b, c, d, e	377,600	1	Indonesia	1, with minor revisions
19/87	b, e, f, g, h	Further and increased processing in producing countries, and reforestation and forest management	na	a, b, c, d, e	3,348,400	3	Brazil	2
22/87	b, c, f	R & D	c	a, b, c, d, e	125,000	2 1/2	Trinidad & Tobago	2

na: Can not be categorized under Article 23.

* 1: Projects recommended for immediate approval by the Council. (Some projects may be subject to minor revisions.)

2: Projects recommended for approval subject to revision and further consideration by the Committee.

Comments on Project Proposals,
Reforestation and Forest Management

PD 2/87 REHABILITATION OF LOGGED-OVER FORESTS IN ASIA/PACIFIC REGION

- (i) The outputs of the project are important for tropical forestry management.
- (ii) Development of technical details for classification need to be added as a first step in the implementation of the project.

PD 8/87 TROPICAL FOREST RESOURCES ASSESSMENTS (1990): NATURAL FORESTS
and

PD 9/87 TROPICAL FOREST RESOURCES ASSESSMENT (1990): PLANTATIONS

- (i) The information collected and compiled by the projects will be of great value to ITTO and the Organization should therefore be involved in the implementation through its Secretariat.
- (ii) Periodic assessment of the world's forest resources is a task assigned to the Forestry Department of FAO and should be financed under FAO's budget or direct financial support from other sources.

PD 10/87 FOREST MANAGEMENT OF NATURAL FOREST IN MALAYSIA

- (i) The project has regional significance.
- (ii) ITTO's financial support should be limited to the first three years.
- (iii) The Government of Malaysia should guarantee that the research plots will be retained for a minimum period of 10 years.

PD 15/87 THE BIOLOGY OF THE OKOUME (Aucoumea klaineana Pierre) IN GABON

- (i) The project has regional significance.
- (ii) The project should take into account ongoing research and results from research in silviculture, especially of Okoume.
- (iii) Mechanisms for dissemination of information and results should be included in the project.

PD 17/87 INVESTIGATION OF THE STEPS NEEDED TO REHABILITATE THE AREAS OF EAST KALIMANTAN SERIOUSLY AFFECTED BY FIRE

- (i) The objectives of the project are supportable.
- (ii) The project document should be amended according to the letter from the Indonesian Delegation to the Committee and presented as soon as possible to the Secretariat.
- (iii) The Budget contribution of the Government of Indonesia should be presented in detail.
- (iv) The results of this project should be widely disseminated.

PD 19/87 INTEGRATED FOREST INDUSTRIES DEVELOPMENT - PHASE 1 - WESTERN
AMAZON REGION, BRAZIL

- (i) The goals of the project are of great importance for the Amazon regions and may give a substantial contribution to the promotion of conservation and sustainable utilization of tropical forests.
- (ii) The project document requires major revision to enable appraisal of the various technical aspects of the project.
- (iii) The Committee urges the Government of Brazil to revise the document so that its components can be related to costs.

PD 22/87 THE RE-ESTABLISHMENT OF Tectona Grandis ON SECOND ROTATION SITES
FOR HIGH QUALITY SAWLOGS

- (i) The project assists in achieving sustained supply of high value timber and retain land under forest.
- (ii) The project document needs to be expanded to include more details on outputs, activities and inputs.
- (iii) The Committee urges the Government of Trinidad and Tobago to revise the document so that it can be considered in next Council Session.

General:

The Secretariat should co-ordinate the implementation of PD 2/87, PD 10/87, PD 17/87 and the eventual new project emerging from the current pre-project on natural forest management so that duplication of efforts is avoided and maximum efficiency of efforts are achieved.

In all projects, ITTO's role for monitoring, evaluation and dissemination of results need to be clearly defined.

Generally, the technical standard of the project proposals was not regarded as sufficiently high and the group recommends that in the future the Secretariat ensures that a better standard is achieved.

Annex II

PROPOSED ITTO GUIDELINES
IN THE FIELD OF REFORESTATION AND FOREST MANAGEMENT

1. Objectives and strategies

In accordance with Article 1 of the ITTA, the main purpose of ITTO in the field of reforestation and forest management is to promote a sustainable supply of raw material for the international trade in tropical timbers.

The objectives are:

- (i) To promote and support research and development with a view to improving forest management;
- (ii) To encourage members to support and develop industrial tropical timber reforestation and forest management activities;
- (iii) To encourage the development of national policies aimed at sustainable utilization and conservation of tropical forests and their genetic resources, and at maintaining the ecological balance in the regions concerned.

In view of these objectives, the medium-term strategies of ITTO are:

- A. To promote and finance the development of economically and ecologically sound management systems for humid tropical forests, which should be consistent with :
 - a sustained production of timber;
 - the maintenance and sustained yield of other economic forest resources and products;
 - the optimum and long-term conservation of genetic resources and the maintenance of tropical forest bio-diversity;
 - the protection and stability of the environment;

- B. To promote and finance the development of appropriate and economic silvicultural and management systems for the rehabilitation of degraded lands to reconstitute them into forest stands for timber production, and to ameliorate the environment.

C. To support all action-oriented programmes that will lead to the development of national forestry policies which should include :

- (1) Measures for the conservation, protection and management of multiple forest resources (including timber) on a renewable and sustainable basis;
- (2) Measures for the rehabilitation of logged-over and degraded forests as well as the reforestation of idle lands, to expand the forest resource base and ameliorate the tropical environment.

2. Activities

PROGRAMME AREA A

- (1) Identification and mapping of forests that are still fully or relatively undisturbed by logging in order to facilitate the development and implementation of forward-looking forest management plans.
 - o Projects to be prepared on a sub-regional and/or regional basis.
- (2) Dissemination of information on the current state of knowledge pertaining to the conservation and management of humid tropical forests.
 - o Organization of regional seminars for forestry professionals from the public and private sectors;
 - o Compilation, integration and distribution of publications to effect the transfer of current technology.
- (3) Implementation of research and development projects that will improve the current state of the art with respect to:
 - post-logging silvicultural and rehabilitation techniques to enhance the recovery and growth of forest stands.
 - Development of innovative and economic harvesting techniques to decrease logging damage to residual stands and forest environment;
 - Exploitation techniques that optimize the utilization of forest resources.

- o Several of these projects to be implemented in each region with due regard for the various types of forests;
 - o Ensure the exchange of experiences between projects, as well their dissemination in forestry extension.
- 4) Implementation of pilot projects for the development of methods of management of forest resources on a renewable and sustainable basis on forest sites where baseline data are already available.
- o One project to be implemented in each region initially;
 - o Projects to be used as regional training facilities for professionals from the public and private sectors;
 - o Technical and economic outputs of projects to be widely disseminated.

PROGRAMME AREA B

- 1) Identification and mapping of logged-over and degraded forests to facilitate their rehabilitation and conversion to productive and protective forests.
- o Projects to be prepared on a sub-regional and/or regional basis.
- 2) Implementation of R&D and pilot projects to test appropriate methods for the regeneration and rehabilitation of degraded tropical forests.
- o A few projects to be implemented in each region with due regard for the different situations that should be identified;
 - o Ensure the exchange of experiences between projects, as well as their dissemination in forestry extension.
- 3) Implementation of R&D projects designed to produce appropriate and efficient plant materials for use in the rehabilitation of degraded forests.
- o Projects to be identified on the basis of results of pilot projects and of data produced by research centers;

- o Exchanges of selected plant material (seeds) to be assisted.
- 4) Implementation of projects for the reconstitution of forest areas which have been destroyed by natural disasters (such as fire, hurricanes, volcanic eruptions etc.) and human intervention (mining operations)
- o Projects to be identified on an ad hoc basis in order to reflect the spectrum of causes of land degradation.

PROGRAMME AREA C

- 1) Formal endorsement of the Tropical Forest Action Plan (TFAP) and participation in the financing of missions and round tables organized in tropical countries in order to promote TFAP at the national policy level, particularly in the fields of activity prescribed by the International Tropical Timber Agreement.
- 2) Preparation and publication of a brochure for the Governments of timber producing and consuming countries to provide guidance on the need to implement national policies which meet the objectives of the International Tropical Timber Agreement.

Annex III

LIST OF OBSERVERS ADMITTED BY THE COMMITTEE AT ITS FIRST SESSION

States

Argentina
Australia
Burma
Colombia
Madagascar
Tanzania
Zaire

United Nations

United Nations Conference on Trade and Development
United Nations Environment Programme
International Trade Centre UNCTAD/GATT

Specialized and Related Agencies

Food and Agriculture Organization of the United Nations

Inter-Governmental Organizations

African Timber Organization

Non-Governmental Organizations

Asia Pacific People's Environment Network (APPEN)
Association Technique Internationale des Bois Tropicaux (ATIBT)
Environmental Policy Institute (EPI)
Friends of the Earth International
Friends of the Earth Japan
Friends of the Earth (Papua New Guinea) Inc.
Friends of the Earth UK
Fundación Natura, Ecuador
International Institute for Environment and Development (IIED)
International Union for Conservation of Nature and Natural
Resources (IUCN)
Japan Tropical Forest Action Network (JATAN)
Korea Society for the Protection of Wild Animals
Rainforest Information Centre (RIC) and Australian Conservation Foundation
Sahabat Alam Malaysia (SAM) (Friends of Earth Malaysia)
Sekretariat Kerjasama Pelestarian Hutan Indonesia (SKEPHI)
Southeast Asia Lumber Producers' Association (SEALPA)
Tropical Ecosystem Research and Rescue Alliance (TERRA)
Union pour le Commerce des Bois Tropicaux dans la C.E.E. (UCBT)
World Wide Fund for Nature (WWF International)

COMMITTEE ON FOREST INDUSTRY
First Session
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RESTRICTED
PCI(I)/3
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REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL -
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FOREST INDUSTRY
11-18 November 1987

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REPORT

1. Introduction

The First Session was opened by the Executive Director, who acted as Electoral Officer, for the election of Chairman and Vice-Chairman of the Committee. Dr. Markku Simula (Finland) and Mr. Clarence Bacchus (Trinidad and Tobago) were, respectively, elected Chairman and Vice-Chairman of the Committee. The list of participants is reproduced in document PGM(I)/PCF(I)/PCI(I)/6.

2. Adoption of Agenda

At its first meeting on 12 November, the Committee adopted the Agenda of its First Session as contained in document PCI(I)/1.

3. Admission of Observers

The list of Observers admitted by the Committee is reproduced in Annex III to this report.

4. Consideration of Project Proposals

The Committee technically appraised and evaluated 14 project proposals submitted for its consideration. The results of its work on these project proposals are presented in Annex I.

5. Review of Pre-Project Work currently Undertaken

Referring to work on four forest industry pre-project activities listed in the Appendix of ITTC(II) Decision 2 (II), the Committee took notice of the two pre-project studies already completed and circulated in documents PPR 3 and PPR 4, and took note of the fact that the other two pre-project activities remain to be implemented.

6. Decision on Pre-Project Work

The Committee approved a pre-project study on the development of integrated approaches for sustainable utilization and conservation of tropical forest in the Amazon region. The Committee authorized the Executive Director to draw, for the purpose of this pre-project study, on the Pre-projects Sub-account the amount of US\$100,000.

The Committee took note of a proposal to request the Secretariat to prepare the terms of reference for future pre-project activities in the following areas:

- (i) Promotion of lesser-known species in Japan and North America;
- (ii) Harmonization of nomenclature of tropical timber and specifications of processed products;
- (iii) Evaluation and development of institutional mechanisms to encourage appropriate harvesting and processing;
- (iv) Rationalization of the sawmilling industry in producing member countries;

- (v) Development of secondary wood processing in producing member countries

7. Non-project Activities

The Committee took notice of a document titled "ITTO Guidelines in the Field of Forest Industry", prepared by the Committee's informal Working Group for the basis of discussions on ITTO future activities in this field. The document is reproduced in Annex II.

8. Dates and Venue of Second Session

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

9. Recommendations on Project Proposals

The Committee recommended to ITTC the immediate approval of project proposals:

- PD 3.d/87 PROPOSALS FOR ACTIONS IN FAVOUR OF THE LESSER KNOWN SPECIES: MEASURES IN SUPPORT OF THE LESSER KNOWN SPECIES OF AFRICA AND LATIN AMERICA/CARIBBEAN
- PD 3.e/87 PROPOSALS FOR ACTIONS IN FAVOUR OF THE LESSER KNOWN SPECIES: CREATION OF AN INTERNATIONAL RESEARCH AND DEVELOPMENT NETWORK
- PD 4/87 REGIONAL TRAINING IN PLANNING AND MANAGEMENT OF FOREST INDUSTRIES IN DEVELOPING COUNTRIES
- PD 11/87 MALAYSIAN TIMBER INDUSTRY BOARD AND TIMBER INDUSTRY UPGRADING
- PD 12/87 RESEARCH ON UTILIZATION OF TROPICAL TIMBER IN CONSTRUCTION
- PD 13/87 INTERNATIONAL SEMINAR ON FURNITURE DEVELOPMENT AND PROMOTION
- PD 20/87 PUBLICATION OF TECHNICAL DOCUMENTS AND RELEVANT INFORMATION TO THE FOREST PRODUCTS INDUSTRY
- PD 21/87 ROUND TABLE ON OPPORTUNITIES AND CONSTRAINTS TO LATIN AMERICAN TROPICAL HARDWOOD-BASED INDUSTRIAL DEVELOPMENT

The Committee recommended to ITTC for approval subject to revision and further consideration by the Committee the projects:

- PD 3.a/87 PROPOSALS FOR ACTIONS IN FAVOUR OF THE LESSER KNOWN SPECIES: VALORISATION OF THE LESSER KNOWN SPECIES IN CAMEROON
 - PD 3.b/87 PROPOSALS FOR ACTIONS IN FAVOUR OF THE LESSER KNOWN SPECIES: SETTING UP A PROMOTION CAMPAIGN
 - PD 3.c/87 PROPOSALS FOR ACTIONS IN FAVOUR OF THE LESSER KNOWN SPECIES: CREATION OF AN INTERNATIONAL PROMOTION CENTRE SPECIALIZED IN THE COMMERCIALIZATION OF THE LESSER KNOWN SPECIES
 - PD 16/87 RESEARCH AND DEVELOPMENT FOR THE STANDARDIZATION OF TROPICAL TIMBER IN PERU
 - PD 18/87 SELECTION AND INTRODUCTION OF LESSER-KNOWN AND LESSER-USED SPECIES FOR SPECIFIC END-USES
 - PD 19/87 INTEGRATED FOREST INDUSTRIES DEVELOPMENT - PHASE 1 - WESTERN AMAZON REGION, BRAZIL
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Annex I

TECHNICAL EVALUATION OF FOREST INDUSTRY PROJECTS

<u>Project</u> <u>Document</u>	<u>ITTA</u> <u>Objectives</u> <u>Article 1</u>	<u>Area of Activity</u>		<u>Criteria</u> Art. 23 Para. 6	<u>Budget</u> US\$	<u>Duration</u> months	<u>Geographical</u> <u>Coverage</u>	<u>Recommendation*</u>
		Art. 23 Para. 2	Art. 23 Para. 5					
3.a/87	c,e	R & D	a,d	a,b,c,d,e	104,000	12	Cameroon	2
3.b/87	b,g	Processing		a,b,c,d	315,000	36	Africa Latin America	2
3.c/87	b,g	Processing		a,b,c,d	225,000	24	Africa Latin America	2
3.d/87	b,g	R & D	a	a,b,c,d,e	242,000	12	Africa Latin America	1
3.e/87	c,e	R & D	a	a,b,c,d,e	255,000	18	Africa Latin America	1
4/87	c,e,g,h	Training		a,b,c,d,e	921,100	36	3 regions	1
11/87	c,e,h	Training		a,b,c,d,e	658,000	60	Malaysia	1
12/87	c,e	R & D	a	a,b,c,d,e	273,884	60	Malaysia	1
13/87	c,e,g	Training		a,b,c,d	75,465	12	ASEAN	1
16/87	c,e,g	R & D	a,d	a,b,c,d,e	766,000	60	Peru (Andean Group)	2

<u>Project Document</u>	<u>ITTA Objectives Article 1</u>	<u>Area of Activity</u>		<u>Criteria Art. 23 Para. 6</u>	<u>Budget US\$</u>	<u>Duration months</u>	<u>Geographical Coverage</u>	<u>Recommendation*</u>
		<u>Art. 23 Para. 2</u>	<u>Art. 23 Para. 5</u>					
18/87	c,g	R & D	a	a,b,c,d,e	175,000	12	3 regions	2
19/87	b,c,e,f,g,h	R & D, Training, processing, reforestation and forest management		a,b,c,d,e	3,348,400	36	Brazil	2
20/87	c,e,g	R & D	a,d	a,b,c,d,e	98,000	12	3 regions	1
21/87	c,e,h	R & D Training	a,b,c	a,b,c,d,e	100,000	6	Latin America	1

- * 1: Projects recommended for immediate approval by the Council. (Some projects may be subject to minor revisions.)
 2: Projects recommended for approval subject to revision and further consideration by the Committee.
 3: Projects not recommended for further consideration by the Organization. (Some projects may be appropriately submitted to other aid agencies.)

COMMENTS ON FOREST INDUSTRY PROJECTS

PD 3.a

This project is essentially to generate information on technical properties of LKS. It deals with a narrow area of application. Raw materials may include other than lesser-known species. No market studies are included for the proposed products as a follow-up. Species could be chosen in a way which could enable export development and which would take into account regional priorities. It should be e.g. known whether product could be manufactured/exported in semi/finished or finished form. The project has low cost-effectiveness. Output is only 15 to 20 m³ over a period of 2 months of which only 5 m³ will be tested in trade. No mechanisms have been built to spread the knowledge to other countries. A report should be prepared on the project to disseminate the results. The description of outputs, activities, and inputs have to be further detailed. The costs of pre-project, evaluation and monitoring should be included in the budget.

PD 3.b

This promotional project should be preceded by supporting information on the availability of supply of each species to be included. Otherwise the program will backfire as has been the case with some earlier attempts. The selection of species should also take into account market possibilities and end-use characteristics. The process of selection should preferably be done in the project preparation stage (see PPR 3) and may follow PD 18/87.

Outputs should explain the number of species and that of enterprises in each country and respective volumes. It is possible to carry out the tests for peeled and sliced veneer in producing countries. The project suggests that LKS should also be promoted as logs. This is not compatible with the criterion of further processing.

The project inputs do not include those for producing countries, particularly sufficient allocation for freight cost. The costs of evaluation, monitoring and pre-project need to be included in the inputs. Report should be prepared to disseminate the results of this pilot effort to be widely distributed among potential suppliers. A similar project would apply to Asia as well.

PD 3.c/87

This project is a promotional effort. A slightly similar project has already been tried with poor results and its experience should be taken into account in the formulation of this project. Outputs refer only to volumes sold and they may be on the high side in view of the short time frame. Project feasibility remains to be established in the first phase of the project. Producing countries inputs have not been included to the necessary extent. Species availability and enduse requirements should be given a high priority in the selection of species.

The work of pre-project, monitoring and evaluation should be included. The property rights of the timber yard equipments and the materials after two years need be established.

The project idea may be good but the implementation should be seen as part of the sequence of activities. If the project proves successful it could be extended to cover all the main markets and all the producing regions.

PD 3.d/87

This project will provide information for promotional activities, e.g. for projects 3.b and 3.c. ITTO coordination in species selection and the format of technical notes is needed to establish common rules and to coordinate with other related projects (e.g. PD 20/87). Species availability should be confirmed. The property rights of the information should be clarified and inputs should include dissemination.

The earlier experience on trade fairs suggests that "species stands" are not effective and this component should be excluded. This question should be considered in the context of all LKS promotional projects and other activities by ITTO. The costs of pre-project, monitoring and evaluation should be included in inputs.

PD 3.e/87

This project intends to improve information on LKS. The proposed data bank is of fundamental importance and should therefore be global. The outputs should be for the use by producers and consumers. ITTO's role in the design of data bank and future use and development of the system needs be defined, in view of the long-term nature of the projects outputs. Asian species should be added. The costs of pre-project, monitoring and evaluation need be included.

PD 4/87

The project is technically sound and addresses some of the key problems in the developing countries. However, the project raises doubts with regard to strategy. It should be reconsidered whether a more pragmatic approach would be more effective. Such approach could focus on the basic imminent problems of processing (recovery into, waste utilization, productivity, quality, etc.) and start training with the available materials. These aspects should be taken into account during the implementation stage.

PD 11/87

This training project is technically sound. It cannot be upgraded to regional level without change of approach and scope. This project could be part of national efforts of PD 4 in its eventual implementation stage. The costs of evaluation and monitoring need be included in inputs. Some clarification is also needed in other project inputs.

PD 12/87

This R & D project is technically sound. Outputs should be defined in more detail, particularly with regard to the tentative list of publications. Training activities need be specified and inputs made compatible with activities. The costs of evaluation and monitoring need be included. The species selection should pay due regard to regional benefits and consumers' needs through ITTO coordination.

PD 13/87

This training project could be supported by necessary background information (e.g. PD 7.d/87) to make it more effective and the seminar could better be arranged after the market study.

The project should be extended to cover other Asian and Pacific member countries. A report should be prepared to disseminate the proceedings. Inputs should include the costs of evaluation.

PD 16/87

This project would improve information on tropical timber at the level of the Andean Group countries and other countries of the region. The project's justification is clear, but further elaboration is needed. Inputs have not been described. Phasing of activities into separate stages would be worth consideration.

Independently from this project, a world-wide pre-project would be needed in the field of harmonization of nomenclature and product specification where this kind of project could be put into proper perspective.

This project is also sound because the local inputs would be provided by the government. With these modifications, the project should be made commendable for ITTC.

PD 18/87

The project aims at generating information for LKS promotion through the preparation of a computer programme. The idea is good, but a number of points need clarification. The outputs have not been adequately described. The dissemination of information and property rights of the model should be clarified. It should be indicated what kind of hardware and software will be applied as they will influence possibilities to use the model in other countries.

In the present form, the project is not very cost-effective. Evaluation and monitoring costs need be included in inputs.

The project would provide necessary background information for activities like PD 3.b and PD 3.c.

PD 19/87

This project potentially has a substantial significance for the sustainable utilization and conservation of tropical forests. The project's integrated approach is highly commendable. It focuses on the Amazon region but the methods and approaches will also be of considerable importance for other producing regions. However, more detailed description in some of its parts is needed in view of the complexity of the matter.

This project is also notable for the significant commitment of the government for local inputs. With further elaboration, the project should be made commendable for ITTC.

PD 20/87

This project will fill a gap in the existing training materials in other languages than English and in the available promotional material for Amazonian species in English and French. The project is cost-effective and technically justified. Allowance should be made in inputs to disseminate the information produced by the project. The project should be co-ordinated with PD 3.d and PD 18.

PD 21

The project would produce valuable information and training. It could provide contribution to structural adjustment of the industry at regional level. The proceedings of the round table should be widely disseminated. The project could be a pilot effort for similar projects. The representatives of consuming countries, other producing regions, international organizations and financing institutions should be invited.

Annex II

ITTO GUIDELINES IN THE FIELD OF FOREST INDUSTRY

The main objectives of ITTO in the field of forest industry are (cf. Article 1):

- To promote and support research and development with a view to improve wood utilization (1.c);
- To encourage increased and further processing of tropical timber in producing member countries (1.e);
- To improve marketing and distribution of exports of producing members (1.g).

The priorities for ITTO's activities in this field are (Article 25):

- (i) The promotion of transfer of technology in harvesting and processing tropical timber (para 3. a. i);
- (ii) The strengthening of human resources at the management and technical levels (para 3. a. ii);
- (iii) The standardization of nomenclature of tropical timber and harmonization of specifications of processed products (para 3. a. iii and iv);
- (iv) The encouragement of investment and joint ventures (para 3. a. v);
- (v) To improve marketing and distribution of tropical timber (para 3. a. vi).

ACTIVITIES

- (i) Development of appropriate harvesting systems and processing technologies
 - Studies on the environmental impact and socio-economic aspects of alternative logging systems and forest industry;
 - Development of appropriate harvesting and processing technology;
 - Evaluation and development of institutional mechanisms to encourage appropriate harvesting and processing methods.
- (ii) Training
 - Provision of training materials at the management and technical levels;
 - Establishment of national networks of trainers through regional and national training courses;
 - Improvement of the curricula of existing training institutes and provision of other support to them giving priority to regional activities.

(iii) Harmonization of tropical timber and processed products nomenclature and product specifications

- Evaluation of existing nomenclatures and grading rules in producing and consuming countries, and proposals for regional harmonization;
- Consultations between producer and consumer countries on appropriate grading systems.

(iv) Encouragement investment and joint ventures

- Regional round-table meetings on opportunities and constraints in forest-based industrial development, evaluation of technologies and assessment of policies;
- Assistance to and preparation of studies on investment promotion and technology transfer;
- Studies on needs and possibilities of producer countries to improve secondary wood processing industries, including markets, raw materials, product specifications, technology, skills, etc, and dissemination of the results through regional and national-level seminars and workshops, together with all relevant information on processing, quality control, design, etc;
- Improve the awareness of financing institutions, the private sector and national planning authorities on investment opportunities in forest industry.

(v) Improvement of marketing and distribution

- Formulation of regional strategies for the promotion of lesser-known species;
- Selection of individual species or groups of species for promotion on the basis of availability and end-use applicability;
- Provision of trade promotion materials on lesser-known species and design and implementation of promotion programmes;
- Testing of pilot approaches in marketing tropical timber with special reference to lesser-known species as sawnwood and veneer;
- Technical research on properties and end-use requirements;
- Establishment of an international research and development network on lesser-known species.

(vi) Monitoring and review of tropical timber-based industrial development

- Preparation of annual reviews, together with the Permanent Committee on Economic Information and Market Intelligence and the Permanent Committee on Reforestation and Forest Management, on the basis of country questionnaires covering current problems and future industrial development plans;
 - Monitoring and appraisal of ITTO's project in forest industry;
 - Assisting member countries in assessing their needs of technical assistance and in project preparation.
-

Annex III

LIST OF OBSERVERS ADMITTED BY THE COMMITTEE AT ITS FIRST SESSION

States

Argentina
Australia
Burma
Colombia
Madagascar
Tanzania
Zaire

United Nations

United Nations Conference on Trade and Development
United Nations Environment Programme
International Trade Centre UNCTAD/GATT

Specialized and Related Agencies

Food and Agriculture Organization of the United Nations

Inter-Governmental Organizations

African Timber Organization

Non-Governmental Organizations

Asia Pacific People's Environment Network (APPEN)
Association Technique Internationale des Bois Tropicaux (ATIBT)
Environmental Policy Institute (EPI)
Friends of the Earth International
Friends of the Earth Japan
Friends of the Earth (Papua New Guinea) Inc.
Friends of the Earth UK
Fundación Natura, Ecuador
International Institute for Environment and Development (IIED)
International Union for Conservation of Nature and Natural
Resources (IUCN)
Japan Tropical Forest Action Network (JATAN)
Korea Society for the Protection of Wild Animals
Rainforest Information Centre (RIC) and Australian Conservation Foundation
Sahabat Alam Malaysia (SAM) (Friends of Earth Malaysia)
Sekretariat Kerjasama Pelestarian Hutan Indonesia (SKEPHI)
Southeast Asia Lumber Producers' Association (SEALPA)
Tropical Ecosystem Research and Rescue Alliance (TERRA)
Union pour le Commerce des Bois Tropicaux dans la C.E.E. (UCBT)
World Wide Fund for Nature (WWF International)

Annex VII

Report of the Chairperson of
the Headquarters Agreement Committee

(document: ITTC(III)/10)

ITTTC(III)/18
page 74

INTERNATIONAL TROPICAL TIMBER COUNCIL
Third Session
Yokohama, 16-20 November 1987

MEMBERS ONLY
ITTTC(III)/10
16 November 1987
Original: English

Report of the Chairperson of the Headquarters Committee
on the Drafting of a Headquarters Agreement between
the Government of Japan and
the International Tropical Timber Organization

Report of the Chairperson of the Headquarters Committee
on the Drafting of a Headquarters Agreement between
the Government of Japan and
the International Tropical Timber Organization

Mr. Chairman, Distinguished Delegates,

1. It gives me great pleasure to address the Council and to report to it on the work of the Headquarters Committee in the drafting of a consensus text of a headquarters agreement between the Government of Japan and the International Tropical Timber Organization.

2. The Headquarters Committee, composed of representatives of Brazil, Ghana and the Philippines for the producers, and the Soviet Union, the United Kingdom and the United States of America for the consumers, held meetings from 12 to 15 May, from 21 to 24 September and on 15 and 16 October 1987 at the Palais des Nations in Geneva. The Committee had the benefit of the presence of the Executive Director of ITTO and in one meeting his representative, Mr. Roos. The Committee was also assisted by the UNCTAD secretariat and its Legal Adviser.

3. On the unanimous decision of the Committee I assumed the duties of its Chairman in replacement of Mrs. Agnes Aggrey-Orleans, Minister and Deputy Permanent Representative, Permanent Mission of Ghana, who was at the time expecting to leave Geneva towards the end of August 1987, to take up another assignment. I wish to pay tribute to the skilful and competent manner in which she presided over the first three sessions of the Committee. Under her able guidance the Committee drew up and agreed on the structure of an Agreement, which, now completed, I have the honour to present to the Council. The text of the Agreement has been circulated in advance of this session of the Council.

4. The Committee took as a basis for its work the text of the Agreement as it had emerged from the two earlier rounds of informal meetings. The Committee at its third and fourth sessions reviewed the Agreement article by article. In carrying out this task, careful consideration was given to the corresponding provisions in the headquarters agreements of other commodity organizations. This approach was justified because the Agreement deals with subjects that are normally taken up in headquarters agreements of similar organizations. It may be of assistance to the Council if I mention the provisions of the Agreement and make comments on certain of its provisions.

5. The Preamble to the Agreement recalls the decision of the Council to establish the headquarters of the Organization in Yokohama. Article 1 defines in paragraph 1 a number of expressions that are used throughout the text of the Agreement, and also sets forth in paragraph 2 a guideline on the interpretation of the Agreement. Article 2 provides for the legal status of the Organization in Japan.

6. Article 3 and article 4 of the Agreement state that the premises and the archives of the Organization shall be inviolable. In connection with article 4, paragraph 1, the representative of Japan informed the Committee that the Government of Japan interprets the expression "emergencies" to mean such cases as where human life or property is endangered by a disaster, explosion, or traffic accident or a disorder caused by rioters and/or terrorists, or when a crime of violence is being committed against life or property."

7. The Members of the Committee attached much importance to the reflection of the offer of Japan either in the Agreement or in an appropriate instrument. The Committee, which considered several possible approaches, had a full discussion of this matter which is of great importance to the successful operation of the Organization. The Committee adopted the following approach.

8. Items 1, 2 and 3 of the revised offer, circulated as Council document ITTO(II)/L.1, are reflected in article 5 entitled "Premises" which reads:

Article 5

The Government shall ensure that suitable premises, with the fittings, furniture and equipment, as well as conference facilities, shall be made available gratis for the use of the Organization, and that necessary gas, electricity, water and fire protection shall be supplied gratis for the premises of the Organization.

In connection with article 5, the representatives of the Government of Japan informed the Committee that should the present premises be moved in Yokohama, Japan's offer would cover all the costs of moving the organization to other suitable premises in Yokohama.

9. The Committee, recognizing that not all the items of the offer could be reflected in an appropriate manner in treaty language in the body of an international agreement, recommends to the Council that the remaining items of the revised offer should be contained in a letter which the Government of Japan has addressed to the Chairman of the Headquarters Committee for her to convey it to the Council. This letter is contained in Council document ITTC(III)/9. The Committee recommends to the Council that it requests the Executive Director to acknowledge receipt of this letter.

10. Items 1, 2 and 3 of the attachment to the the letter contained in Council document ITTC(III)/9 call for the following comments. As regards item 1,

Japan will bear the cost of interpretation and the translation of documents in the agreed official languages of the Council and the Permanent Committees established by article 24, paragraph 1, of the International Tropical Timber Agreement, 1983. As regards item 2 Japan will bear the cost of one-way travel of professional staff members and their dependants and the transportation to Yokohama of their personal effects, which may include a car, on their assignment for the first time to an established post; replacement staff subsequently assigned falls outside the scope of item 2; and Japan shall not pay an assignment allowance. As regards item 3, namely the supply gratis of several Japanese staff members of the general service category, three members are currently supplied and, should the need arise, for any replacement or addition of such staff, the matter shall be subject to consultation between the Government and the Executive Director. I shall now turn to the other articles of the Agreement.

11. Article 6 states that the Organization shall be entitled to its flag and emblem. Article 7 confers limited immunity of jurisdiction on the Organization. Article 8 exempts the Organization from taxes and customs duties. The Organization may hold any funds and currencies, in accordance with article 9. Article 10 ensures that the official communications of the Organization shall not be interfered with save in exceptional circumstances, and article 11 states that the circulation of the publications of the Organization shall not be hindered.

12. Article 12 grants representatives attending sessions of the Organization certain privileges and immunities, which shall be without prejudice to any special immunities to which they may be otherwise entitled.

13. Article 12 bis which is still in brackets provides for the establishment of permanent missions to the Organization. Members of the Committee, with the exception of one member, objected to the inclusion of this article in the Agreement. The Committee hopes that this matter will be resolved in this Council meeting.

14. Articles 13, 14 and 15 confer certain privileges and immunities on the Executive Director, the staff members and the experts of the Organization. In connection with Article 14, paragraph 1, sub-paragraph (f), the representative of the Government of Japan noted that, although there was no explicit time-limit as regards the importation in Japan of personal effects, the Government expects that the importation will take place within a reasonable period of time and preferably before or at the time the family joins the staff member concerned in Yokohama.

15. Taxation and social security of staff is taken up in articles 16 and 17. As they contain important provisions I shall read them:

Article 16

TAXATION

The staff members of the Organization, who are not nationals of or permanently resident in Japan, shall be exempt from Japanese taxation on the salaries and emoluments that they receive from the Organization. However, the Government shall have the right to take these salaries and emoluments into account for the purpose of assessing the amount of tax to be applied to income from other sources.

Article 17

SOCIAL SECURITY

1. The staff members of the Organizatin, who are not nationals of or permanently resident in Japan, shall not be required to participate in, and the Organization with respect to these staff members shall be exempt from all compulsory contribution to, any social security scheme established by the law of Japan.
 2. The Council shall make necessary provisions to enable staff members, who are nationals of or permanently resident in Japan, to participate in the social security scheme of Japan.
16. I should bring to the attention of the Council that the representative of one Member of the Committee stressed that article 16 should be implemented by way of the staff assessment formula or bilateral tax reimbursement arrangements in a manner that ensured that the cost of taxation of staff members that are nationals of or permanently resident in Japan, should be borne fully by the Government of Japan and in no way by the Organization and its Member States. The representatives of other Members and the representative of the Government of Japan concurred with this view.
17. Article 18 requires that the Organization notify the Government of Japan of the appointment of a staff member or an expert. The various aspects of co-operation between the Government of Japan and the Organization as regards the implementation of privileges and immunities conferred by the Agreement is taken up in articles 19, 20 and 22. Modes for the settlement of disputes to which the Organization may be a party shall be settled in accordance with article 21. In this connection I wish to draw your attention to paragraph 2 of article 21 which requests that the Organization shall provide for appropriate modes of settlement of disputes specified therein.

18. Article 24, dealing with the entry into force and the termination of the draft Agreement, reads as follows:

Article 24

ENTRY INTO FORCE AND TERMINATION

1. This Agreement shall enter into force on the date on which the Government and the Organization exchange notes indicating their acceptance of this Agreement.

2. This Agreement may be terminated by agreement between the Government and the Organization. In the event of the headquarters of the Organization being moved from the territory of Japan, or the liquidation of the Organization, this Agreement shall, after the period reasonably required for such transfer or liquidation and the disposal of the property of the Organization in Japan, cease to be in force.

The representative of the Government of Japan informed the Committee that the approach concerning the coming into force and the termination of the Agreement set forth in article 24 is suitable to the constitutional practice of the host country.

19. The Committee, working in a spirit of co-operation and compromise, has settled a number of delicate issues in a relatively short period of negotiations, for example, taxation and social security, the Organization's immunity from jurisdiction and the question of privileges and immunities. In this regard the Agreement strikes a balance between the interests of the host Government and those of the Organization and its Member States.

20 In concluding my statement I would like to thank the representatives of the Members of the Committee and the representatives of the Government of Japan who gave so much of their time and experience in the preparation of the Agreement which I have had the honour to present to the Council. I recommend the Agreement to the Council for consideration and action.

Annex VIII

Administrative Budget for 1988

- Estimated Expenditure for the Financial Year 1988
- Estimated Receipts to the Administrative Budget for 1988
- Approved Posts for 1988

Estimated Expenditure for the Financial Year 1988
(US\$)

A.	<u>Salaries and Benefits</u>	1,382,457	
	A1. Salaries		563,488
	[A2. Staff assessment		37,877]*
	A3. Post adjustment		631,819
	A4. Rental subsidy		70,000
	A5. Education grant plus travel		70,000
	A6. Dependency allowance		10,500
	A7. Home leave		3,000
	A8. Language allowance		3,800
	A9. Overtime		3,000
	A10. Assignment allowance		26,850
B.	<u>Installation and Initial Travel</u>	37,350	
	B1. Installation grant		32,550
	B2. Lumpsum		4,800
C.	<u>Official Travel</u>	160,000	
	C1. Tickets		
	C2. DSA		
D.	<u>Social Security</u>	133,785	
	D1. Provident fund		92,318
	D2. Accident/health exp. insurances		14,000
	D3. Japanese national scheme		27,467
E.	<u>Consultants</u>	50,000	
	E1. Fees		-
	E2. Travel		-
	E3. DSA		-
	E4. Others		-
F.	<u>Other Costs</u>	214,000	
	F1. Communications		40,000
	F2. Publications		30,000
	F3. Transport		30,000
	F4. Library		40,000
	F5. Supplies		30,000
	F6. Hospitality		25,000
	F7. Bank charges		4,000
	F8. Auditor		15,000
G.	<u>Council Meetings</u>	40,000	
	G1. Costs not met by Japan		40,000
H.	<u>Costs Met by Japan</u>		
	H1. Office, equipment, utilities		p.m.
	H2. Council meetings		p.m.
	H3. Initial travel		p.m.
	H4. Removal costs		p.m.
I.	<u>Contingency</u>	160,408	
		US\$2,178,000	
		=====	

* Applied to Japan only

Estimated Receipts to the Administrative Budget for 1988
(Total: US\$2,178,000)

Contributions:

	<u>Votes</u>	
A. <u>Producers</u>		
Africa		
Cameroon	34	37,026
Congo	33	35,937
Cote d'Ivoire	34	37,026
Gabon	34	37,026
Ghana	33	35,937
Liberia	33	35,937
Asia		
India	43	46,827
Indonesia	141	153,549
Malaysia	158	172,062
Papua New Guinea	35	38,115
Philippines	47	51,183
Thailand	26	28,314
Latin America		
Bolivia	38	41,382
Brazil	191	207,999
Ecuador	29	31,581
Honduras	25	27,225
Peru	44	47,916
Trinidad and Tobago	22	23,958
Total	1,000	1,089,000
B. <u>Consumers</u>		
Austria	12	13,068
Canada	17	18,513
China	39	42,471
Egypt	15	16,335
European Economic Community		
Belgium-Luxembourg	24	26,136
Denmark	14	15,246
France	56	60,984
Germany, Federal Republic of	49	53,361
Greece	14	15,246
Ireland	12	13,068
Italy	41	44,649
Netherlands	38	41,382
Spain	24	26,136
United Kingdom of Great Britain and Northern Ireland	55	59,895
Finland	11	11,979
Japan	350	381,150
Korea, Republic of	87	94,743
Norway	11	11,979
Sweden	11	11,979
Switzerland	11	11,979
Union of Soviet Socialist Republics	14	15,246
United States of America	95	103,455
Total	1,000	1,089,000

Approved Posts for 1988

1. Executive Director (ASG)
 2. Assistant Director of Management Services (D1)
 3. Assistant Director of Economic Information and Market Intelligence (D1)
 4. Assistant Director of Reforestation and Forest Management (D1)
 5. Assistant Director of Forest Industry (D1)
 6. Statistician (P5)
 7. Finance/Administrative Officer (P4)
 8. Projects Manager (P3/4)
 9. Personal Assistant to Executive Director (G7)
 10. Secretary (G5)
 11. Secretary (G5)
 12. Secretary (G5)
 13. Secretary (G5)
- Staff Provided by Japan:
14. Special Assistant
 15. Special Assistant
 16. Driver

Annex IX

Yokohama, 20th November 1987

STATEMENT TO THE ITTC ON BEHALF OF THE
EUROPEAN COMMUNITY AND ITS MEMBER STATES

Mr. Chairman,

1. The European Community and its Member States acknowledge the progress made during this Session in evolving the profile and work priorities of the Council and its Permanent Committees.
2. In our work over the last nine days we have sensed a growing spirit of cooperation emerging in the course of deliberations. The Community and its Member States welcome the growth of this cooperative atmosphere between producers and consumers, especially as it has been expressed in a concrete way, examining and shaping a work programme of specific projects.
3. We reaffirm our support of the activities of ITTO. This support is shared not only by the EC's national governments and public administrations, but also our professional and commercial sectors, as well as many NGOs concerned particularly with environmental protection.
4. Indeed it is the unique characteristic of ITTO that it addresses multiple objectives with a global vision, featuring :
 - a commercial component, in which it concerns itself with the trade in tropical timbers, and focusses on issues concerning the production, distribution and marketing of this commodity;
 - and, within the commodity framework, a development component, in that it seeks to promote forest utilization as a contribution to sustainable social and economic development which takes into account the environmental importance of maintaining the equilibrium of tropical ecosystems.

As you know, Mr. Chairman, the Community and its Member States attach great importance to the protection of the global environment. As recently as its Session of the 9th of November, the Council of Ministers of the European Community "reaffirmed the necessity of integrating the environmental dimension in the development policies of the Community." In the same resolution the Council of Ministers noted the report of the World Commission on Environment and Development (Brundtland Report) which underlined the importance of environmental issues in the execution of development policies.

5. In this connection, we have also noted with interest the document presented to ITTO by the Worldwide Fund for Nature entitled "Project Concepts to Promote the Utilization and Conservation of Tropical Forests". Some of the issues raised are of concern to us and, we are sure, to many delegations here. Most of these ideas are in fact concerned with the question of sustainable management, a topic which needs close examination by the Council in its future work.

6. Mr. Chairman, we feel that not only on such issues as these, but also on others arising within the purview of the International Tropical Timber Agreement, it is important that the Council and its Committees should not restrict itself to the function of a body with the sole purpose of considering projects. It should also evolve as a forum for dialogue between producers, consumers and other interested parties on all aspects of the tropical timber trade and of the sustainable management of forests covered in the Agreement, and should emerge as a forum for review of the current situation in these fields.
7. The Community and its Member States would like to stress the importance that it attaches to having, in the Council, in-depth discussions on these matters in the course of reviewing the tropical timber situation in both retrospect and prospect. This discussion could be based on Secretariat analysis and on the results of work authorised by the Council to improve market intelligence and ensure greater transparency of market information.
8. We have noted with interest the various elements of the proposed ITTO programme of work contained in the Secretariat document Review of Problems of Tropical Timber (ITTO III/5). This document contains some interesting ideas, which, again, will require further examination. We are also pleased at the progress made by the Permanent Committees in developing guidelines and priorities for the future work of the Organization. From the foregoing it appears inevitable that priorities be set in the choice of the Organization's future activities, taking account of the limited means at the Organization's disposal.
9. On the question of resources, Mr. Chairman, we would also recall that the Member States and the Community itself are already supporting through bilateral programmes and, multilaterally, through the European Development Fund, the Tropical Forest Action Plan and through other international organizations and agencies, a wide variety of forestry and forest industry related projects many of which fall within the concerns of the ITTA.
10. Finally, Mr. Chairman, we believe that ITTO will develop a distinct profile or character for itself if it provides the right framework for consultation and cooperation between the members of the ITTC, so that the Council becomes a recognised international platform for presentation and discussion of its three major themes of concern: statistics and market information on the trade in tropical timber, the continuity of supply of tropical timber through sustainable utilization of the forest resource and the expansion of timber industries in producer countries. To achieve this standing the Organization will need to take other steps as well to achieve a recognizable and positive image, especially through promotion of the message of the unavoidable need for a new harmony between sustainable utilization of resources and conservation. In promoting this concept, Mr. Chairman, the Organization and its Council will indeed be pioneers.

INTERNATIONAL TROPICAL TIMBER COUNCIL

Fourth Session

Rio de Janeiro, 29 June - 1 July 1988

Restricted

ITTC(III)/D.5 Add.1

1 April 1988

Original : ENGLISH

Amendments to the Draft Report of the
International Tropical Timber Council
on its Third Session (November 16 - 20 November 1987).

Proposed Amendments to Document ITTC(III)/D.5

1. By Switzerland, page 5, to add a separate paragraph following paragraph 27 :

"The delegate of Switzerland noted that the draft Headquarters Agreement had been submitted to the Council at such short notice that it was not possible to discuss the amendment proposals made by his Government. Nevertheless in a spirit of compromise Switzerland did not oppose the Council's decision concerning the approval of the text."

2. Typing error : page 32, Distribution of Votes, please read "European Economic Community (327)" instead of "European Economic Community (272)".