

INTERNATIONAL TROPICAL TIMBER COUNCIL
Second session
Yokohama, 23 March 1987

DRAFT REPORT OF THE INTERNATIONAL TROPICAL TIMBER
COUNCIL ON ITS SECOND SESSION

held in Yokohama from 23 to 27 March 1987

Table of contents

	<u>Pages</u>
Draft report	1 - 6
Annex I Texts of the main decisions and resolutions adopted by the Council at its second session	7 - 16
Annex II Speeches delivered at the opening ceremony and press release on the tree planting ceremony	17 - 23
Annex III Statement of the Executive Director at the second session of the International Tropical Timber Council, 23 March 1987 Yokohama, Japan	24 - 32
Annex IV List of producing and consuming members and allocation of votes for the purposes of article 10	33 - 35
Annex V List of States and organizations admitted by the Council as observers at its second session	36 - 38
Annex VI Draft report of the Informal Working Group on agenda item 8 (a), (b), (c), (d) and (f)	39 - 44
Annex VII Report of the Headquarters Committee of the International Tropical Timber Council on two rounds of informal meetings held at the Palais des Nations, Geneva, in December 1986 and March 1987	45 - 48
Annex VIII Final press communiqué	49 - 50

Introduction

1. Under the Chairmanship of Mr. Denis Konan (Côte d'Ivoire) and in the presence of representatives of 39 members 1/, of observers from New Zealand, from various organs of the United Nations, from intergovernmental organizations and from non-governmental organizations, as well as invited guests, the second session of the International Tropical Timber Council, being the first to be held at its headquarters in Yokohama, was solemnly opened by His Excellency Mr. Tadashi Kuranari, Foreign Minister of Japan and His Excellency Mr. Michikazu Saigo, Mayor of Yokohama, who gave a welcome address to the audience. The texts of these speeches are reproduced in annex II.

2. The opening of the session was followed by a ceremony where three Gingko trees were planted in Yamashita Park by the Mayor of Yokohama, the Chairman of the Council and the Executive Director of the International Tropical Timber Organization (see press release in annex II).

Adoption of the agenda (agenda item 1)

3. At its 1st meeting on 23 March 1987, the Council adopted the agenda of its second session as contained in document ITTC(II)/1.

Report on membership of the Council (agenda item 2)

4. The Council noted that no change in its membership had occurred since its last session.

Distribution of votes (agenda item 3)

5. At its 1st meeting on 23 March 1987, the Council adopted its new distribution of votes for the purposes of article 10 of the Agreement. The new distribution of votes is contained in document ITTC(II)/5 reproduced in annex IV.

Election of the Vice-Chairman (agenda item 4)

6. At its 5th meeting on 26 March 1987, the Council elected Mr. Otto Th. Genee (Netherlands), as its Vice-Chairman for 1987.

Credentials Committee (agenda item 5)

7. At its 1st meeting on 23 March 1987, the Council appointed a Credentials Committee composed of Cameroon, France, Ghana, Japan, Peru, Philippines, Union of Soviet Socialist Republics and the United States of America. The Committee met on 26 March and elected Mr. S. Makon Weihong (Cameroon) as its chairman. The Committee found the credentials submitted to it to be in good and due form and recommended to the Council to approve them which it did at its 6th meeting on 27 March. The report of the Credentials Committee is contained in document ITTC(II)/16.

Admission of observers (agenda item 6)

8. At its 1st meeting on 23 March 1987, the Council admitted a representative of New Zealand as well as representatives of those organizations which had been admitted at its first session. Subsequently at its 2nd meeting on 24 March the Council admitted a further three organs of the United Nations family and an intergovernmental organization, and at its 3rd meeting on 25 March it admitted another 27 non-governmental organizations. In doing so, the Council recommended that in the future those non-governmental organizations which have not yet done so, shall submit to the Executive Director, prior to the session of the Council which they would like to attend as observers, a short note describing their activities. The list of observers is reproduced in annex V.

Report of the International Tropical Timber Council on its first session (agenda item 7)

9. At its 1st meeting on 23 March 1987 the Council took note of the report on its first session contained in document ITTC(II)/15 and corrigendum 1.

Statement by the Executive Director (agenda item 9)

10. At the 1st meeting of the second session of the Council on 23 March 1987, the Executive Director, Dr. Freezailah, presented a report to the Council covering the activities of the organization since he took up his duties in November 1986 and reflecting his views about its future developments. The statement is reproduced in annex III.

Matters arising (agenda item 8)

11. At its 1st meeting on 23 March 1987, the Council established an informal working party to examine items 8 (a), (b), (c), (d) and (f). Under the Chairmanship of Mr. Y. Chiba (Japan) the working party held two meetings. At the 5th meeting of the Council on 26 March, Mr. Chiba presented the report which is reproduced in annex VI.

(a) Rules of procedure (document ITTC(I)/14)

12. Upon the recommendation of the informal working party, the Council, at its 6th meeting on 27 March, deferred consideration of the matter to its next session. However, it was agreed to include "Chinese" among the languages mentioned in the bracketed rule 32 of the draft rules of procedure. (See document ITTC(I)/14/Add.1.)

(b) Financial rules (document ITTC(I)/3)

13. Upon the recommendation of the informal working party, the Council deferred the question to its next session with the understanding that the Executive Director should bear in mind the draft financial rules in the conduct of business of the organization.

(c) Staff regulations and rules (documents ITTC/PC/R.4, ITTC(I)/4 and ITTC(II)/CRP.1)

14. Upon the recommendation of the informal working party this matter was also deferred to the next session of the Council with the understanding that the Executive Director could apply the existing draft regulations and rules provisionally when engaging staff. In doing so the Council clearly stated that the interim application of those regulations and rules would not prejudice the final ones to be adopted subsequently and that staff members would not acquire any permanent rights or benefits due solely to the interim adoption of those regulations and rules.

(d) Review of conditions of accession

15. At its 6th meeting on 27 March 1987, the Council adopted Decision 1 (II) reproduced in annex I.

(e) Headquarters Agreement

16. At its 2nd meeting on 24 March 1987, the Council took note of a report presented by the Chairperson of the Headquarters Agreement Committee, Mrs. A. Aggrey-Orleans (Ghana). This statement is reproduced in annex VII.

17. At its 7th meeting on 27 March 1987, the Council adopted Resolution 1 (II) contained in annex I.

(f) Other business

18. No specific issue was raised under this agenda item.

Draft work programme (agenda item 10)

19. The Executive Director presented a draft programme of work in document ITTC(II)/2. At its 6th meeting on 27 March the Council adopted Decision 2 (II) reproduced in annex I.

20. Upon the adoption of the decision the representative of the United States said that her delegation still had serious reservations about the amount of information to judge the project proposals and that her Government looked forward to receiving the full project proposals listed in the document annexed to the decision.

21. During the course of the session the Council welcomed an amount of \$US 2 million pledged to the Special Account by the Government of Japan, subject to approval by the Diet. Switzerland pledged \$US 1 million for co-financing of projects approved by the Swiss authorities in accordance with their priorities. The representative of the Netherlands announced that his Government was also prepared to co-finance field projects and was considering a voluntary contribution to the Special Account whose collective value, together with the co-financing would represent an amount of about \$US 600,000. In addition, 14 non-governmental conservation organizations made contributions to the Special Account for a total amount of \$US 12,330.

Draft structure of the Organization (agenda item 11)

22. The Council had before it a draft of the structure of the organization contained in document ITTC(II)/3. At its 6th meeting on 27 March the Council took Decision 3 (II) reproduced in annex I allowing the Executive Director to engage, in addition to the four posts already agreed to, two professional staff, i.e. a Finance Manager and a Statistician. Through the decision reached on the budget (see paragraph 25 below), the Council also authorized the Executive Director to engage another two staff of the general service category.

23. The representative of the United States stated that her Government could not accept that the four posts agreed to at the first session of the Council should be filled at the D.1 level. Several delegations pointed out, however, that this view was inconsistent with the spirit of Decision 7 (I) adopted by the Council at the 33rd meeting of its first session.

Draft budget (agenda item 12)

24. At its 7th meeting on 27 March 1987, the Council decided to approve provisionally the administrative budget for the second half of 1987, subject to review and if necessary to revision at its next session. The text of Decision 4 (II) together with the draft budget is reproduced in annex I.

Permanent Committees (agenda item 13)

25. At its 7th meeting on 27 March 1987, the Council decided to establish the three Permanent Committees referred to in article 24 of the Agreement. The Council agreed that these Committees should meet in conjunction with its own sessions so as to avoid the necessity for duplication of travel requirements. Decision 5 (II) is reproduced in annex I.

Date and venue of the next meeting of the Council (agenda item 14)

26. At its 7th meeting on 27 March 1987, the Council decided to hold its third session at headquarters during the second half of November 1987. The exact date shall be established by the Executive Director in consultation with the Chairman and taking into account the international calendar of meetings concerning commodities, in particular sessions of the International Jute Council and of the International Natural Rubber Council.

Press communiqué (agenda item 15)

27. The text of the press communiqué issued by the Council at the end of its second session is reproduced in annex VIII.

Other business (agenda item 16)

28. At its 2nd meeting on 24 March 1987, the Council took note with appreciation of the reconfirmation by the Japanese Government of the "Revised offer of Japan to invite the headquarters of the International Tropical Timber Organization" dated 26 June 1985. The text of that communication is now contained in document ITTC(II)/17 which was distributed to participants during the session as document ITTC(II)/L.1.

Record of decisions

29. The texts of the main decisions and resolutions taken by the Council at its second session are reproduced in annex I.

Closing of the session

30. The representatives of Ghana and of the European Economic Community, the Executive Director and the Chairman addressed briefly the Council upon the closure of its session.

Note

1/ The list of participants is reproduced in document ITTC(II)/17.

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Annex I

**TEXTS OF THE MAIN DECISIONS AND RESOLUTIONS ADOPTED
BY THE COUNCIL AS ITS SECOND SESSION**

Decision 1 (II). Establishment of conditions of
accession to the Agreement

The International Tropical Timber Council,

Noting that the International Tropical Timber Agreement, 1983, is open for accession by the Governments of all States upon conditions established by the Council in accordance with article 35 of the Agreement,

1. Decides that for all States acceding to the International Tropical Timber Agreement, 1983, the conditions shall be that they accept all the obligations of the Agreement;

2. Decides also that the time-limit for the deposit of instruments of accession shall be the duration of the Agreement.

6th meeting
27 March 1987

Decision 2 (II). Work Programme

The International Tropical Timber Council,

Having noted the report of the Executive Director and

Having examined document ITTC(II)/2,

1. Decides:

(a) To take note of the three pre-projects being implemented by contract;

(b) To invite the Executive Director to pursue work on the pre-project activities in document ITTC(II)/2;

(c) To authorize the Executive Director to draw, for this purpose, on the pre-projects sub-account up to an amount of \$640,000;

(d) To request the Executive Director to submit to the members of the Council, if possible not later than 31 August 1987, full project proposals for consideration by the Council at its next session;

(e) To draw to the attention of members the advisability of transmitting to the secretariat projects for consideration by the Council not less than four months before each Council session;

2. Requests the Executive Director to arrange for work to commence immediately on the building up of the market intelligence capability with a view to compiling, collating and, as necessary, publishing statistical information.

6th meeting
27 March 1987

Appendix to Decision 2 (II)

Project	Coverage	Pre-Project	Project
<u>Economic Information and Market Intelligence</u>			
1. Export market structure: End-uses	Italy All consuming regions	\$20 000 <u>1/</u>	\$150 000
2. Market transparency	Asian Pacific All consuming countries	\$30 000	\$150 000
3. Statistical information and market indicators	International tropical timber market	\$15 000	\$150 000
4. Framework for producers/ consumers co-operation exchange of views and for the country data	Europe, USA, Japan	\$5 000	\$ 60 000
<u>Reforestation and Forest Management</u>			
1. Conservation and management of tropical forests	All producing countries	-	\$500 000 over 3 year period
2. Productivity of logged- over forests	Asian Pacific region	\$ 50 000 <u>2/</u>	
3. Natural forests management and conservation	All three producing regions	\$250 000	
4. Reforestation	All producing countries	\$ 20 000	\$200 000
5. Conservation and sustained timber supply	All three producing regions	\$150 000	
6. Future needs of trade in tropical timber			
(a) Swietenia	Latin America/ Asian Pacific	\$ 10 000	\$150 000
(b) Tectona	Asian Pacific/ Africa	\$ 10 000	\$ 60 000

Appendix to Decision 2 (II) (continued)

Project	Coverage	Pre-Project	Project
<u>Forest Industry</u>			
1. Lesser-known species	Africa/ Latin America	\$ 50 000 ^{3/}	
2. and 3. Sawing of difficult species and seasoning of mixed species of tropical timber	Africa/ Latin America	\$ 10 000	\$150 000
4. Increased and further domestic processing	Africa (1987) Latin America (1988)	\$ 20 000	\$250 000
		-	\$250 000
Estimated Cost		\$640 000	\$2 070 000

1/ Already under contract with FAO draft report received.

2/ Already under contract with JOFCA (Japan Overseas Forestry Consultants Association).

3/ Already under contract with CTFT (Centre Technique Forestier Tropical).

Decision 3 (II). Structure of the organization.

The International Tropical Timber Council,

Having considered the work-load of the secretariat, the staffing situation and the present financial situation of the International Tropical Timber Organization,

Decides:

1. To establish, in addition to the approved professional staff posts up to and including D.1 level, two professional posts, a Finance Manager (at P.4 level), and one Statistician (at P.4/P.5 level), subject to availability of appropriate funds;
2. To review the staffing situation at the next session of the Council.

6th meeting
27 March 1987

Decision 4 (II). Budget for the remainder of 1987

The International Tropical Timber Council,

Having examined the draft budget for the second half of the financial year of 1987,

1. Notes the difficulties faced by the secretariat in preparing a full budget document;
2. Decides:
 - (i) To adopt the budget items as listed in document ITTC(II)/CRP.4 on a provisional basis with the reserved right to review and revise it as necessary at the next Council session;
 - (ii) To instruct the secretariat to prepare within one month a detailed budget document which shall be circulated to member Governments and which shall incorporate those specific details requested by certain members of the Council.

7th meeting
27 March 1987

Appendix to Decision 4 (II)

Budget items for the second half of 1987

Salaries and Benefits

Salary	266 000	
Post adjustments	215 000	
Dependency allowances	5 000	
Assignment allowances	13 000	
Rental supplement	73 000	
Education grant	27 000	<u>599 000</u>

Installation and Transportation Costs

Fares	35 000	
D.S.A.	35 000	
Removal	13 000	
Lump sum	8 000	<u>91 000</u>

Other Operating Costs

Duty travel	96 000	
Contribution to superannuation, medical, accident and travel insurance	83 000	
Expenses connected with meetings not covered by host Government	40 000	
Consultants/Audit	60 000	
Communications	30 000	
Publications	25 000	
Transportation/vehicle	20 000	
Library facilities	30 000	
Supplies	20 000	
Hospitality	20 000	
Bank charges, etc. on contributions	2 000	<u>426 000</u>
Subtotal		1 116 000
10 per cent contingency		<u>112 000</u>
TOTAL		<u>1 228 000</u>

Less contribution by host Government

Decision 5 (II). Permanent Committees

The International Tropical Timber Council,

Taking into consideration article 24 of the International Tropical Timber Agreement, decides:

1. To establish three Permanent Committees namely:
 - (a) Committee on Economic Information and Market Intelligence;
 - (b) Committee on Reforestation and Forest Management; and
 - (c) Committee on Forest Industry;
2. To request the Executive Director to arrange for meetings of these Committees as necessary at a date immediately prior to, or at other times during the course of, the Council session and to provide secretarial assistance as required;
3. That at the beginning of each meeting the Committee will elect amongst the delegates present an officer or officers who will co-ordinate the work of the Committee and report to the Council subsequently.

7th meeting
23 March 1987

Resolution 1 (II). Headquarters Agreement

The International Tropical Timber Council,

Availing itself of the opportunity of its second session to formally record its acceptance of the "Revised offer of Japan to invite the headquarters of the International Tropical Timber Organization" dated 26 June, 1985,

Taking note of the facilities already placed at the disposal of the International Tropical Timber Organization by the authorities of the host country,

Taking account of the report of the Chairperson of the Headquarters Committee,

Convinced that the conclusion of a Headquarters Agreement is a prerequisite for the establishment of the secretariat of the International Tropical Timber Organization and the effective discharge of its functions in fulfilment of the purposes of the organization,

Urges the Government of Japan and the Headquarters Committee to make every effort to finalize a draft agreement as soon as possible,

Invites the Headquarters Committee to submit the draft agreement to the Council at its next session,

Earnestly hopes that during the period prior to the conclusion of such an Agreement, the Government of Japan will continue to make every effort to facilitate the smooth functioning of the International Tropical Timber Organization and the effective establishment of its secretariat.

7th meeting
27 March 1987

THE PRESIDENT OF THE REPUBLIC OF CONGO
AND
THE PRESIDENT OF THE NATIONAL ASSEMBLY

THE PRESIDENT OF THE NATIONAL ASSEMBLY

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Annex II

**SPEECHES DELIVERED AT THE OPENING CEREMONY AND
PRESS RELEASE ON THE TREE PLANTING CEREMONY**

THE PRESIDENT OF THE NATIONAL ASSEMBLY

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Speech by Foreign Minister Tadashi Kuranari
at the Opening Ceremony of the International
Tropical Timber Council

Distinguished Delegates, Mr. Chairman, Dr. Freezailah, Ladies and Gentlemen:

It gives me very great pleasure to welcome the many distinguished delegates who have come so far to attend the first ITTO Council to be held here in Yokohama. I myself used to be a "forestry man". Earlier in my career, I was head of Nagasaki Prefecture's Department of Agricultural Land, Agriculture and Forestry. So I have important personal reasons for feeling delighted to be addressing so many of the world's leading figures in the field of forestry at the Opening Ceremony of this Council.

With the exception of the United Nations University, the ITTO is the first full-scale international organization to have its headquarters in Japan. "Internationalization" is a term with very special importance in Japan today. Internationalization is progressing rapidly and significantly not only in the economy but also in society at large, in education and a wide range of other fields. The location of an important international organization's headquarters in Japan and the consequent enhanced international exchange are most welcome, as they may be expected to speed up the process of our internationalization.

The ITTO, as the only international organization concerned solely with tropical timber, has been the focus of very considerable interest and expectations on the part of all concerned with tropical timber for some years now.

As you, of course, know, it took a long time to conclude the International Tropical Timber Agreement and then to decide the location of the ITTO's headquarters, with the result that the ITTO's beginning of substantive operations has been regrettably delayed. However, as an old Japanese saying goes, "A child delivered with difficulty grows sturdily." I am certain that this organization will thrive all the more because of the difficult labour that accompanied its birth.

Tropical timber ranks third among the non-oil primary commodities of export importance to developing countries, being preceded by only coffee and sugar, and expansion of their timber exports is becoming increasingly important for the development of many developing countries. Timber, of course, has a much longer "gestation period" than agricultural products. To

preserve and revitalize the world's diminishing tropical forests is a task of crucial importance, not only for the developing countries but for all mankind. True wisdom requires us to harmonize the production and preservation of tropical timber. The ITTO provides a forum in which countries may co-operate to that end.

The tropical forests of Asia, Africa and Latin America present different problems. We need to expand trade in tropical timber and its products in a way that is compatible with those differing situations. It is essential to work out and implement effective international co-operation, particularly in the areas of market information, processing, R & D and afforestation.

I should like to emphasize here that Japan, which is both the world's largest importer of tropical timber and the host country of ITTO, will, as I believe many countries hope, contribute very positively to the organization's activities. Japan, of course, bears the cost of the headquarters facilities. For fiscal year 1987, Japan will, subject to Diet approval, make a voluntary contribution of approximately \$US 2 million to assist ITTO projects.

However, positive support from as many member countries as possible is vital if the ITTO is to carry out its activities soundly and in a balanced manner. This infant organization will suffer from malnutrition if the sources of contributions are few. Let us give the ITTO the ample nourishment it needs to grow up strong and full of vitality.

I hope that the present Council, which will discuss the ITTO's initial operations and work plans, will show the world an example of constructive co-operation worthy of the Council held to begin the work of the ITTO.

In conclusion, I should like, on behalf of the Government and people of Japan, to express my most sincere best wishes for the success of the ITTO's activities.

Thank you.

Speech by the Mayor of Yokohama at the Opening Ceremony
of the International Tropical Timber Council

Mr. Chairman, Your Excellencies, Distinguished Delegates and Distinguished Guests:

This is your first Council meeting since the ITTO headquarters initiated its operation in Yokohama. As mayor of your host city, and on behalf of 3 million citizens of this largest port city in Japan, I am highly honoured to say a few words of welcome.

Yokohama has been serving as Japan's gateway to the rest of the world. In so doing, Yokohama has made a major contribution to the creation of the nation's new culture on the basis of the composite of Japanese and western cultures. Yokohama is an energetic city. It is on the move. It is rich in its unique charm.

Yokohama has come to increasingly solidify its economic and cultural footing since it came into existence. Standing on this footing, Yokohama is in the process of building itself into a new internationally oriented cultural city, which will carry us forward into the twenty-first century. In this context, I feel enormously delighted to see that ITTO has headquartered in Yokohama, as it is an international organization in which the peoples all over the world place their great expectations and hopes.

At this time, I have to refer to our own ambitious project, the so-called MM 21 Project. It is designed to develop our new urban core along the waterfront area. The project calls for ¥ 2 trillion in its investment. It plans creating a tract of land extending to 180 hectares, thereby building a future city equipped with an information network system.

As part of a series of projects in this direction, a six month long Yokohama Exposition will be held in 1989. The year 1989 is special for Yokohama as it marks the centennial of the city's incorporation. We anticipate some 10 million visitors to the Exposition from the country and from overseas. The year 1988 will see the completion of our new fine arts museum, and the year 1990, a gigantic international conference centre built with the co-operation on the part of our national Government. We are looking forward to the patronage of the conference centre not only by those connected with ITTO, but also by peoples from every corner of the world for their conferences and conventions.

The city building projects as I have stated are in no way to be interpreted to be our only and single concern in our administration programme, for our attention is also so directed as to meet challenges presented by our citizens in their concern about their natural environment and their enthusiasm for the cultural aspects of their daily lives.

People call us "Hamakko". I believe this is the most appropriate nickname given to us, for it aptly suggests that the city itself is open to everyone, and I myself being "Hamakko", born and raised in Yokohama, am much proud of it.

The people of Yokohama are prepared to extend their best possible assistance and co-operation to your ITTO-Headquarters, in order that you may be able to work out co-ordination of supply and demand of tropical timbers, and scheme out harmonious development of the global economy and the natural environment.

We are now in the middle of the spring. Toward the time when your session is over, I am sure you will be seeing our cherry blossoms beginning to bloom. I hope you will enjoy every minute of your spring in Japan.

Thank you.

Press Release

TREE PLANTING CEREMONY COMMEMORATES ESTABLISHMENT OF
INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)
HEADQUARTERS, YOKOHAMA, JAPAN 23 MARCH 1987

At 11.30 a.m. on Monday 23 March, three Gingko trees will be planted in Yamashita Park overlooking Yokohama's busy harbour, to mark the establishment of the headquarters of the new International Tropical Timber Organization, which came into being in June 1986. The trees will be planted by Mr. Michikazu Saigo, Mayor of Yokohama, Mr. Denis Konan (Côte d'Ivoire) Chairman of the International Tropical Timber Council, and Dr. B.C.Y. Freezailah, Executive Director of ITTO.

The Gingko tree (*Gingko biloba*) chosen for this ceremony, is a great survivor. Once almost extinct due to human development activity, the Gingko is reputed to have been saved by Buddhist monks who planted and protected Gingkos in the sanctuary of their temple compounds.

The Gingko is a great survivor botanically, too. The single species in its genera, we know from fossil remains that the Gingko has come down to the present day unchanged in its characteristics from its ancestors which lived in the primaeval forest hundreds of millennia ago.

The Gingko originated in China, but very few remain there now in the wild, found only in Chow Chiang province. It is unclear when the Gingko came to Japan from China: tradition has it that it was brought over together with the great Kannon statue. From Japan the Gingko was introduced to Europe, thence to the United States and elsewhere in the world. Today, apart from adorning the compounds of many Japanese temples, the Gingko lines many city streets in Yokohama as elsewhere in Japan and other parts of the world, where it continues to demonstrate its qualities of endurance and resilience in its remarkable resistance to industrial air pollution.

Gingko trees can achieve great stature, quite commonly reaching 2 metres in diameter and up to 30 metres in height. The bole of the greatest, in the precincts of Chosenji temple in Iwate prefecture, has a circumference of 14 metres. Many very large Gingkos are designated as national monuments in Japan.

Like its cousins of the tropical rainforest, the Gingko is deciduous (broadleafed), but unlike most other broadleafed trees it is also dioecious (either male or female). The fruit of the female is edible.

The ceremonial planting of trees has a special national significance in Japan, where tree planting ceremonies are organized each year by every prefecture to symbolize the nation's dependence on regeneration in nature.

The ceremonial planting of these Ginkgo biloba trees symbolizes this same commitment to the living force of the tropical rainforests, and the growing international awareness of the urgent need for their conservation. It also expresses symbolically the hopes that 41 member countries of ITTO, the tropical timber trade, the world conservation movement and the people of Japan hold for a new innovative venture in international co-operation: innovative because ITTO is the first international commodity agreement to have the conservation of a natural resource among its objectives. It is the hope of ITTO's well-wishers that ITTO, growing close to its sibling trees, will thrive like them and remain vigorous and resilient in fulfilling its responsibilities in the administration and operation of the International Tropical Timber Agreement.

Mr. Chairman, Members of the Council, Ladies and Gentlemen:

This, as you well know, is the very first meeting of the Council to take place at our headquarters in the City of Yokohama. I wish at the outset to take this opportunity to place on record the warm welcome we have received from the City Council and to express our thanks for the very efficient and rapid manner in which they have put the office into shape on the eighth floor overlooking the picturesque Bay of Tokyo. It is my duty, as the first Executive Director of the International Tropical Timber Organization, to also express our gratitude for the tremendous effort they have made in respect of the material facilities for and the servicing of this meeting. What the City of Yokohama has done only reflects the outstanding support that the Government of Japan has given and is giving to the ITTO. Without that support, moral and material, and encouragement, the difficulties of the past two months would have been impossibilities. My personal gratitude to both the Government of Japan and the City of Yokohama is boundless.

In the next half-hour or so, I hope to outline the way ahead that I see for ITTO's corporate strategy and the rationale underlying it.

But first, I feel that it is necessary to give you a quick account of the activities of ITTO since I took up my duties as Executive Director about four months ago. I do this not because you might otherwise think that we have been having a good time. Certainly, it has been an exciting period and a memorable experience. At times it was, I confess, enjoyable as well, but far from all the time. Indeed, there were times, when it was anything but enjoyable.

The reason for summarizing the work of the previous four months is far more important than just an accounting of the time spent. To a very large degree, the strategy I have in mind and the programme of work for giving effect to it, evolved out of what we did and found out in that time.

First, I started by visiting Yokohama.

Second, it was necessary for me to visit Geneva to:

- (1) work out the hand-over arrangements with UNCTAD;
- (2) thank the Secretary-General of UNCTAD for looking after ITTO's affairs, and also providing ITTO with office space and facilities in November and December;
- (3) discuss with the permanent missions of some member Governments;
- (4) discuss with relevant United Nations bodies in Geneva;
- (5) interview with prospective candidates;
- (6) search for and contacts with other possible candidates;

- (7) visit Amsterdam, Brussels, Rome, London, Vienna and Abidjan for discussions with other United Nations bodies, ministries, trade and environment interests. With Christmas and New Year cutting into that two-month work period, there was just not enough time to cross the Atlantic much as I wanted to;
- (8) draft the work programme and the consequential budget.

Next, came the transfer to Yokohama in early January. The past two months - January and February - were entirely taken up with the installation of the headquarters and preparations for this second session, including the preparation of the documentation to comply with the statutory requirements, such as article 19, section 7, in particular.

I will not bore you with the difficulties which we encountered, and it is with almost sheer luck that we have been able to meet the deadline for the documentation for this meeting. Any shortcomings will, I hope, be borne with patience and understanding.

I must place on record at this point, the enthusiasm with which everyone with whom I came in contact received me, endorsed ITTO and offered their co-operation. I was left with the impression, virtually everywhere, that if there ever was an organization which the world at large wanted, and wanted it to succeed, it is ITTO.

I must, therefore, emphasize how high are the expectations held for ITTO and how heavy an obligation it places on ITTO to succeed. My strategy for ITTO is aimed at being what we must be, and doing what needs to be done. We may not succeed, but that will not be for want of trying on my part.

Let me now move towards what I see as the way ahead for ITTO.

It is my duty to report to you the progress which has been achieved. But before I do that, I would like to put this meeting into a time perspective in the interest of the representatives of some members of the Council who are attending for the first time.

Here in Yokohama, we are separated from Geneva where the past meetings have taken place, not only in terms of space but also of time. The vast distance in between can be bridged by fast airlines but, even mentally, it will not be as easy to span the 10 years when negotiations were started in 1977 to establish this organization and this present auspicious occasion.

Even the much shorter period of three and a half years when the International Tropical Timber Agreement was adopted in November 1983, and the still shorter period of just about two years since that Agreement entered into

force on 1 April 1985, must seem remote for delegates who are attending for the first time. For some delegations it is possible that the International Tropical Timber Organization is a totally new phenomenon. To all such delegations I would ask for their patience. The secretariat is at your disposal to provide you with what documentation you may require, if available, from our present supplies. However, I have to say that our archive of historical documents is still being assembled and not quite ready.

Allow me now to hark back to the time perspective, because it is extremely relevant in terms of the tropical forests. During the 10 years that negotiations began, to the time the ITTO became operational, it is well known that nothing significant has happened on the ground to halt the irrational rate of tropical forest depletion, or to replace the prime or noble species that have disappeared, or are disappearing. If that continues, the tropical timber trade does not have much of a future. At best it will be a very different future, much more difficult than in the past.

It is in this context that the most unique role of the ITTO has to be seen. It is unique because it is the only international, intergovernmental organization, of global stature, which is solely concerned with the tropical forests, and solely focused on the production from those forests, of industrial wood for export, but this production and export represent only a narrow segment of the tropical forestry problem.

Nevertheless, that narrow segment is the crucial segment, and it is absolutely vital, that you, members of the Council, as well as all who have gone through so much trouble to be here today, appreciate that important fact. It is in that narrow segment that a glimmer of hope for the tropical forests may be seen. Given the present conditions and attitudes, it is essential to realize that the conservation of the tropical forests will depend upon their rationally managed use so as to perpetuate themselves.

What is crystal clear is that conservation of the tropical forests is one of the specific objectives of the ITTO. Indeed, it can be said that conservation is a pre-condition for the survival of the tropical timber trade. It is in that specific objective, that the interests of conservationists, environmentalists, tropical timber producers, traders and users, coincide in ITTO. It is that coincidence of interest, through which ITTO can transform its unique role into a decisive role in the interest of tropical forestry. But how is that decisive role of ITTO to be played? This is where ITTO's uniqueness comes to the fore. It is new! It is global!

There is no established and traditional way to follow. No scientific formulae to be guided by. No red tape to be strangled by. The objectives of the organization are clearly before it. These objectives have to be attained, and attaining them means to balance, or to try to achieve a balance, between conservation and wise utilization. ITTO's efforts in that direction can start immediately, in ways which are consistent with the urgency of the problems of the tropical timber trade and the tropical forest resource. There is nothing to dismantle, nothing to change before it can start.

Starting the operations of a new organization, in the parlance of international organizations, is to initiate projects and to have these implemented towards the overall objective of the organization. The International Tropical Timber Agreement provides that ITTO projects may be proposed by any member of the ITTO, whether producer or consumer, and this provision is of the utmost importance because any improvement in the tropical timber trade is of mutual benefit to producer and consumer alike. This brings me to stress the mutuality of interests among the members. Indeed, within ITTO, the conventional terminology of donors and recipients, even producers and consumers, with the traditional distinction that this particular terminology implies, will become increasingly irrelevant, as the ITTO evolves. There should no longer be the distinction between "us" and "them". There should only be "us", the global "us".

The responsibilities which ITTO will shoulder eventually will not be to producers and consumers of tropical timber only, but to the world as a whole. Indeed, the responsibilities should span the generational gap and be inter-generational, which means, the responsibilities which the present generation owes to future generations. Indeed, the potential which ITTO has for the well-being of the tropical forests and, consequently, for the well-being of humankind, has yet to be fathomed. What seems certain, members of the Council, is the fact that if full advantage can be taken of the opportunities thus offered, ITTO can tip the scales and correct the present imbalance in the tropical forests. If ITTO cannot do that, it is difficult to see what else can.

I now come to the more pragmatic aspects of my report, and what can be more pragmatic than to elaborate a little on the style and modus operandi which ITTO will adopt and adapt to achieve its objectives. It may seem too succinct to say that in the circumstances of ITTO, the style and the modus operandi virtually suggest themselves. But that is exactly the case.

In style, ITTO must be action-oriented, quick, decisive and flexible in response to situations, and conduct its affairs in a business-like manner. To achieve that it must be, and remain, relatively small organizationally. On the basis of that style, the modus operandi it will follow, in its formative years, will be:

- (1) working with and through existing organizations to do all that ITTO sees as needed;
- (2) not competing with any existing body or duplicating programmes;
- (3) identifying what, from the point of view of tropical timber trade, needs to be done, or if already being done, is not being done with the necessary emphasis or priority;
- (4) selecting the most appropriate organizations to do what ITTO wants to get done, and arranging with them to do it, and facilitating such activities;
- (5) taking the opportunity to have hand-picked ITTO staff trained by these organizations with which ITTO is co-operating;
- (6) monitoring results to ensure that ITTO assistance produces the results which ITTO needs or wants.

Such a modus operandi should enable ITTO to get off the ground with the minimum time-lag, bearing deeply in mind the time that has already been lost since the International Tropical Timber Agreement entered into force.

This style and modus operandi, in turn, will govern the following three main areas:

- (1) The types and activities which make up an effective programme of work;
- (2) The qualifications and calibre of the people necessary to make up the secretariat to implement the programme;
- (3) The size, structure and deployment of the funds of the special account by means of which the programme will be implemented or effected.

Of these three main areas, inevitably, the impetus, if not the key, to the launching of the activities of ITTO is the special account which is nurtured by voluntary contributions from members and other sources exterior to the organization. Without these funds, nothing can be done, nothing can be improved, and without change or improvement, nothing can be done to help the tropical timber trade.

In regard to the activities in which ITTO will be involved, or with which ITTO will be concerned, it seems to me, at this point in time, there is no need to embark upon large-scale activities. Looking back a little, there was, in fact, no large-scale activity called for in the research and development projects identified and adopted in UNCTAD five years ago, by most of the countries who became members of the ITTO, and are represented here today. In fact, most of the projects which were warranting urgent action can now be activated with relatively small but well targetted injections of financial assistance.

While on the topic of ITTO's possible activities, it is necessary to point out that what were problems 10 years ago when the possibility of an organization like ITTO was still being discussed, may no longer be problems, or problems which are no longer acute, or problems which have been or are being resolved as a result of the upsurge of international interest, such as the "Tropical Forest Action Plan" (TFAP). There are, today, large-scale public or quasi-public investments, mainly associated with resource replacement through plantations such as those envisaged by "TFAP", for instance.

In this regard, as far as I can see, the indications are that the way ahead for the tropical timber trade may lie more in the improvement of the management of the natural forests, because there is increasing evidence that natural management under timber management régimes is feasible. In other words, until ITTO is sure of the direction to take and how to proceed further, no large-scale investment programme is envisaged.

Some delegations may, therefore, be perturbed at my initiating activities in advance of this session. That would be understandable. After all, it is certainly unusual but ours is an unusual Agreement established to deal with a most unusual and desperate situation. During the time it will take me to explain why I went into immediate action, we would have allowed at least another 30 hectares of the world's tropical forests to disappear. This borders on the irresponsible. There should be no need to say any more to impress upon you that a sense of urgency must be the hallmark and the corner-stone of ITTO.

The financial implications of the style and modus operandi which I have briefly dealt with, are that a relatively small operation budget may be optimal. While on the subject of financing, let me refer to the Common Fund which is being established in UNCTAD. The ITTO will have the right of access

to the second account of the Common Fund, the development account, of this Fund. The International Tropical Timber Agreement specifically mentions ITTO's relationship with the Common Fund for Commodities in article 26. However, its extremely long gestation period has made many feel that this Fund will not get off the ground. There are, however, other views that new situations may develop which will bring the Fund nearer to realization. As far as ITTO is concerned, the Common Fund's resources would be a welcome addition to the Special Account to finance its programmes, but for the time being voluntary contributions will necessarily be the ITTO's mainstay.

As another aspect of ITTO's policy in regard to international financial sources, it is my considered view that ITTO should not rely too much on conventional international resources because, firstly, what is needed right now is not the redeployment of the present financial flow, but for more resources to go into tropical forestry outside the conventional flows; secondly, competing for existing resources is likely to lead to inter-organizational antagonism rather than co-operation; and, thirdly, such antagonism and transfers of existing resources rather than increased resources will not be beneficial to ITTO and perhaps even render it ineffective, in which case, the tropical timber trade would not benefit, and tropical timber both as a resource and as a commodity would be the loser.

I now come to the equally important and pragmatic topic of the administrative budget. To some of the delegations which are attending the Council meeting for the first time, this subject may be like an icy shower on a cold day, especially to those who were taken by surprise when a statement of account from ITTO landed on their desks in the embassies in Tokyo, especially when prior to that, the initials "ITTO" were unheard of. Believe me, members of the Council, I have been undergoing such icy showers every day to the point that I feel frozen hard when I take stock of ITTO's financial situation. Here are the cold figures.

Because a number of countries have not yet paid up their contributions to the administrative budget, ITTO will face a deficit of about \$362,000 by the end of June 1987, as of today instead of a surplus of about \$319,000 if all the commitments had been met. As of the beginning of March 1987, no less than 54 per cent of the administrative budget still remained outstanding, based on the budget for the first half of 1987, as authorized by the Council at its first session in Geneva during 1986.

Indeed, if the four professional positions authorized by the Council, had been filled as from 1 January 1987, ITTO would have been placed in an embarrassing position. But that is not the reason why the professional posts are not filled. The principal reason is that it was not possible to find the best available people in such a hurry. Such people are not waiting to be picked up. They have to be identified, persuaded and recruited. They have to disengage from where they presently are and then re-established. All this takes time and time was in short supply, particularly in the light of the Council's decision to hold the second session in March. In the circumstances, it was necessary to proceed in stages to the finalization of the establishment of the secretariat.

But in the meantime, preparations for this meeting had to go on, if the commitment to hold the second session in March was to be honoured. There was no other way than to engage consultants to assist in preparations, conduct and follow-up work. Indeed, the position was in the nature of a "fait accompli" which the circumstances placed me in. No consultants. No meeting. It was as simple as that!

It seems appropriate at this juncture to bring to the notice of members of the Council, the formidable task ahead of me to establish the secretariat particularly here in Japan. Perhaps the most difficult obstacles arise in relation to filling the professional positions. The absence of a headquarters agreement is largely to blame. As you will hear from the Chairperson of the Headquarters Committee, progress is being made. But it is slow - too slow from the administrative point of view. The lack of adequate protection and privileges is a formidable handicap for recruiting staff of the calibre ITTO needs. The Agreement must be completed satisfactorily and quickly, lest ITTO is stillborn. But I am not going to end my statement on such a gloomy note. ITTO, as I said earlier, HAS BEEN CHALLENGED. I intend to take up that challenge, and trust that you too, members of the Council, will rise to the occasion!

Mr. Chairman, Members of the Council, Ladies and Gentlemen, thank you.

Annex IV

**LIST OF PRODUCING AND CONSUMING MEMBERS AND ALLOCATION
OF VOTES FOR THE PURPOSES OF ARTICLE 10**

A. List of producing members and allocation of votes for the purposes of article 10, as established on 2 March 1987

Producing members	Tropical forest resources (per cent)	Values of net exports (per cent) */	Regional votes	Resource votes	Export votes	Total fractional votes	Total votes
<u>Grand total</u>	100.00	100.00	400.00	300.00	300.00	1 000.00	1 000
<u>Africa</u>	9.49	13.08	133.33	28.48	39.24	201.06	201
Cameroon	2.85	1.64	22.22	8.54	4.93	35.70	34
Congo	2.30	1.08	22.22	6.90	3.25	32.38	33
Côte d'Ivoire	0.55	6.21	22.22	1.66	18.64	42.52	34
Gabon	3.35	2.97	22.22	10.04	8.92	41.18	34
Ghana	0.22	0.46	22.22	0.67	1.37	24.26	33
Liberia	0.22	0.71	22.22	0.67	2.13	25.02	33
<u>Asia</u>	25.57	79.82	133.33	76.71	239.46	449.51	450
India	6.45	0.34	22.22	19.34	1.02	42.58	43
Indonesia	12.37	27.27	22.22	37.10	81.80	141.12	141
Malaysia	2.61	42.79	22.22	7.84	128.36	158.43	158
Papua New Guinea	2.36	1.71	22.22	7.08	5.13	34.43	35
Philippines	1.13	7.15	22.22	3.38	21.44	47.04	47
Thailand	0.66	0.57	22.22	1.97	1.72	25.92	26
<u>Latin America</u>	64.94	7.10	133.33	194.81	21.30	349.44	349
Bolivia	5.02	0.14	22.22	15.05	0.42	37.69	38
Brazil	50.53	5.69	22.22	151.59	17.08	190.90	191
Ecuador	1.83	0.43	22.22	5.50	1.29	29.01	29
Honduras	0.25	0.77	22.22	0.75	2.30	25.27	25
Peru	7.28	0.07	22.22	21.84	0.21	44.28	44
Trinidad and Tobago	0.02	.	22.22	0.07	0.00	22.30	22

*/ Calculations based on data from 1983, 1984 and 1985, supplied by FAO.

B. List of consuming members and allocation of votes for the purposes of article 10, as established on 2 March 1987

Consuming members	Volume of net imports (per cent) */	Basic votes	Import votes	Total fractional votes	Total votes
<u>Total</u>	100.00	220	780.000	1 000.000	1 000
<u>EEC</u>	29.14	100	227.289	327.289	327
Belgium/Luxembourg	1.77	10	13.837	23.837	24
Denmark	0.52	10	4.024	14.024	14
France	5.88	10	45.885	55.885	56
Germany, Fed.Rep.of	5.04	10	39.343	49.343	49
Greece	0.51	10	4.001	14.001	14
Ireland	0.22	10	1.699	11.699	12
Italy	4.01	10	31.273	41.273	41
Netherlands	3.63	10	28.315	38.315	38
Spain	1.79	10	13.986	23.986	24
United Kingdom	5.76	10	44.924	54.924	55
Austria	0.26	10	2.004	12.004	12
Canada	0.90	10	6.997	16.997	17
China	3.75	10	29.269	39.269	39
Egypt	0.63	10	4.896	14.896	15
Finland	0.07	10	0.522	10.522	11
Japan	43.58	10	339.908	349.908	350
Korea, Rep.of	9.84	10	76.756	86.756	87
Norway	0.11	10	0.842	10.842	11
Sweden	0.11	10	0.842	10.842	11
Switzerland	0.19	10	1.446	11.446	11
United States of America	10.92	10	85.176	95.176	95
USSR	0.52	10	4.054	14.054	14

*/ Calculations based on data from 1983, 1984 and 1985, supplied by FAO.

Annex V

**LIST OF STATES AND ORGANIZATIONS ADMITTED BY THE
COUNCIL AS OBSERVERS AT ITS SECOND SESSION**

States

New Zealand

United Nations

Economic Commission for Europe
Economic and Social Commission for Asia and the Pacific
United Nations Conference on Trade and Development
United Nations Development Programme
United Nations Industrial Development Organization
United Nations Environment Programme
United Nations University
International Trade Centre UNCTAD/GATT

Specialized and related agencies

International Labour Organisation
Food and Agriculture Organization of the United Nations
World Bank
International Monetary Fund
General Agreement on Tariffs and Trade

Intergovernmental organizations

African Timber Organization
ASEAN Promotion Center on Trade, Investment and Tourism
Organization of African Unity
Permanent Secretariat of the General Treaty on Central American Economic
Integration

Non-governmental organizations

Association Technique Internationale des Bois Tropicaux
BOMACO
Centre Technique Forestier Tropical
Environment Liaison Centre
Federazione Nazionale Commercianti Legno
Forestry and Forest Products Research Institute
International Union of Forestry Research Organizations
Japan Forestry Association
Japan Forest Technical Association
Japan Overseas Forestry Consultants Association
Malaysian Wood Moulding Council
Philippines Wood Products Association
Rainforest Information Centre
Sahabat Alam Malaysia (Friends of the Earth)
Sekretariat Kerjasama Pelestarian Hutan Indonesia
The Timber Trade Federation
Union pour le Commerce des Bois Tropicaux dans la CEE
Asia Pacific People's Environment Network
International Institute for Environment and Development
International Union for Conservation of Nature and Natural Resources
Wildlife Trade Monitoring Unit

Korea Society for the Protection of Wild Animals
Tropical Ecosystem Research and Rescue Alliance
Friends of the Earth, Japan
Les Amis de la Terre, France
Philippines Federation for Environmental Concern
Rainforest Action Network, USA
Friends of the Earth (UK)
Friends of the Earth International
World Wildlife Fund
World-Wide Fund for Nature International
International Union for the Conservation of Nature and Natural Resources

Annex VI
DRAFT REPORT OF THE INFORMAL WORKING GROUP ON
AGENDA ITEM 8 (a), (b), (c), (d) AND (f)

The Informal Working Group met on 24 March 1987 and elected Mr. Y. Chiba (Japan) as Chairman.

The Group carefully examined the relevant documents relating to each sub-item and wishes to report the following finds to the Council.

1. 8 (a): Rule 32 of the rules of procedure concerning the languages of the Organization

The delegation of China proposed that Chinese should be included as one of the languages of the organization, since it was an official working language of the United Nations and the principle involved should be maintained in any international organization. The delegation of the USSR reiterated its Government's position that Russian should be an official language of the organization. A number of members, supported by several other members, opposed the proposal to adopt any languages in addition to English, French and Spanish, now being used by the Council as its working languages. They pointed out that the adoption of its six languages by such a small organization might create very serious financial and technical problems for it and that, further, Arabic, Chinese and Russian were each used by only one member.

After holding a useful exchange of views, the Group found that it was not in a position to reach any conclusion on the question of languages. Nevertheless, the Group noted with appreciation the following proposals to resolve the situation.

One proposal was that documents might be translated initially into Arabic, Chinese and Russian, taking account of the costs incurred of interpretation at meetings in English, French and Spanish only. Another was that, against some form of reimbursement, translation into Arabic, Chinese and Russian should be limited to major Council documents with discretion as to the selection of those documents left to the Executive Director. The delegation of the USSR made a proposal in that regard, the text of which is appended to the present report.

The Group agreed to a proposal to restrict translation practices, since it considered it unnecessary that the organization should translate every document, including working papers and technical documents, into all the languages of the organization. Such practices would help to maintain the secretariat's efficiency. Documents for Council meetings would be prepared in all the languages of the organization.

The Group recommended that the Council should request the Executive Director to explore the possible costs of translation and interpretation into the languages proposed and to report back to the Council.

2. 8 (b): Financial rules

The Group examined document ITTC(I)/3 on the draft financial rules and rules relating to projects of the organization.

The Working Group recommended that the Council should adopt the draft financial rules and rules relating to projects, on the understanding that modifications might prove necessary in the light of experience. In that regard, the Working Group noted that certain suggestions concerning revision had been submitted by the Government of Canada. It recommended that those suggestions should be considered at the Council session to be held in the autumn of 1987, together with any amendments that may be proposed by the Executive Director.

For the information of members of the Council, the suggestions by Canada are reproduced below:

(a) In view of the location of the headquarters of the organization (rule 2 (e)), the currency of the administrative budget should be the Japanese Yen.

(b) Paragraphs 2 and 3 of rule 3 on supplementary expenditures/contributions should be redrafted to stress the "very exceptional circumstances" under which such supplementary expenditures/contributions could be considered by the Council. Budgetary discipline was essential in all international organizations in order to maintain the confidence of member Governments.

(c) Canada noted that no rules for borrowing in relation to the administrative budget had been established either in the Agreement or in the financial rules. (Article 20 of the Agreement prohibits borrowing for projects and pre-projects.) The Group considered it advisable that rules on borrowing for administrative purposes should be spelt out clearly in the financial rules. Essentially, the Executive Director should be allowed to borrow short-term funds in exceptional circumstances after approval by the Council, adducing the majority concept contained in rule 37 of the rules of procedure, regard being taken of the importance of the matter.

With respect to the second suggestion, other members stated that if such rules were necessary, there should be some limitation of perhaps 5 or 10 per cent on the total budget as well as other conditions.

3. 8 (c): Draft Staff Regulations and Rules

The Group examined documents ITTC/PC/R.4, ITTC(I)/4 and ITTC(II)/CRP.1. It considered the many suggestions, mainly of a technical nature, made by the Preparatory Committee, to be acceptable and also agreed to most of the proposals made by Japan. A revised text containing those amendments would be circulated by the secretariat. The following important points should be reported to the Council:

(a) Rule 101: Working hours should be from [9.30 a.m. to 5.45 p.m.] Monday through Friday, in accordance with the working hours in the Japanese administration.

(b) Regulation 2.3, Regulation 2.11 and Rule 207: The square brackets contained in these regulations and rule should be retained for the time being, being closely related to the administrative budget to be adopted and the relevant articles of the headquarters Agreement.

(c) Rule 501: The Group considered the Provident Fund Committee referred to in subparagraph (c) to be unnecessary due to the limited number of staff. The Council should consider an amendment authorizing the Executive Director to entrust the management of the Fund to a reliable private financial institution, subject to annual audit by the organization's external auditors.

(d) Rule 504: The rule concerns accident and health insurances and should be placed in brackets because of its relationship to the administrative budget and the relevant articles of the headquarters Agreement. However, if an appropriate budget allocation and insurance scheme were approved by the Council, the Executive Director might make arrangements to establish the requisite insurance scheme.

(e) Rule 705: The schedule in subparagraph (V) should end with five or more completed years of service.

(f) The following annex to the staff rules was proposed by Japan:

"GENERAL PROVISIONS

These Staff regulations and rules shall apply in principle to the staff members in the general service category who are seconded to the organization by the City of Yokohama, provided that the regulations and rules regarding salaries and related allowances in Title 2 other than Rule 204 (Overtime and Compensatory Time Off) shall not apply."

The Working Group recommended that, as an interim measure, the Council should adopt the draft staff regulations and rules, as amended, on a provisional basis, on the understanding that some questions remained pending

on a number of the provisions in the draft staff regulations and rules, and that member Governments would continue to suggest appropriate modifications as they worked towards the adoption of the final version of the staff regulations and rules. To avoid any misunderstanding, the Working Group recommended that when adopting the provisional staff regulations and rules, the Council should clearly state that the interim application of those regulations and rules would not prejudice the final ones to be adopted subsequently, and that staff members would not acquire any permanent rights or benefits due solely to the interim adoption of those regulations and rules. When the final staff regulations and rules will have been adopted by the Council, they would override any practice established under the provisional rules.

4. 8 (d): Review of conditions of accession

The Working Group proposed that the Council should adopt a decision on the question.

Appendix

Proposal by the delegation of the Union of Soviet
Socialist Republics on agenda item 8 (a)

With regard to rule 32 of the rules of procedure (ITTC(I)/14), the delegation of the USSR proposes that the Council should adopt Arabic, Chinese, English, French, Russian and Spanish as the official languages of the organization.

Bearing in mind the expense involved in adopting six official languages, and taking financial, economic and other difficulties fully into consideration, the delegation of the USSR proposes that English, French and Spanish should be selected as the working languages of the organization in its initial phase, for example for two or three years, on the assumption that at the later stages of the organization's development the three other languages will be brought into full use.

Also, in the initial phase, only major and basic documents of the organization shall be translated (at the discretion of the Executive Director) into all official languages of the organization, and the translation of all working documents and those having lesser status should be restricted (also at the discretion of the Executive Director) to the above working languages of the organization or possibly to English only, as the language most common to the members of the organization.

Annex VII

**REPORT OF THE HEADQUARTERS COMMITTEE OF THE INTERNATIONAL
TROPICAL TIMBER COUNCIL ON TWO ROUNDS OF INFORMAL MEETINGS
HELD AT THE PALAIS DES NATIONS, GENEVA, IN DECEMBER 1986
AND MARCH 1987**

On 1 August 1986, the Council established a Headquarters Committee, composed of the 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, with the mandate of preparing a draft headquarters Agreement in co-operation with the Government of Japan.

The Committee has held two rounds of informal meetings in Geneva under my Chairmanship, one in December 1986 and one earlier this month. The Executive Director of the ITTO, Dr. Freezailah, or one of his two consultants was present throughout the meetings. The meetings with the delegation of the host Government were on both occasions preceded by preparatory meetings of the Committee itself.

In early December 1986, a first draft for a headquarters Agreement between the Government of Japan and the ITTO had been prepared by the host Government.

The Committee considered this draft text and based on the results of the first round of consultations a second draft was prepared by the ITTO secretariat for the March round of informal meetings.

A broad and fruitful exchange of views between the Committee and the host Government led to some progress and the Committee hopes to be able to present a draft text of agreement for consideration and adoption by the Council at a subsequent session of the Council.

In view of the heavy agenda of this second session of the Council it would seem inappropriate to try to report in detail on a technical matter which has not yet reached its final stage. However, the following points should perhaps be brought to the attention of the full Council at this stage:

- (i) The Committee welcomed the rapid preparation of a first draft text of an agreement by the host Government. It equally noted with satisfaction the generous assistance afforded to the ITTO secretariat so far as reported by its Executive Director, Dr. Freezailah.
- (ii) In the course of the Committee's work it became increasingly clear that members of the Committee attached prime importance to appropriate reflection, in the headquarters Agreement, of the offer of the Government of Japan, which was unprecedented in its

generosity. The delegation of the host Government, on the other hand, expressed a preference for drawing up a traditional headquarters Agreement and reflecting the offer in a letter to the Executive Director of the International Tropical Timber Organization which would be made available to members of the Council at this session. Several alternative ways of dealing with this fundamental issue were identified, but this is a matter which clearly needs further consideration and negotiation by the Committee and the host Government. It is my hope that a new approach will emerge during our future discussions.

- (iii) Committee members noted the generous role being played by the City of Yokohama in hosting the ITTO, but found it difficult to accept mention of the City of Yokohama in the headquarters Agreement due to legal implications.
- (iv) With regard to the issues of taxation and social security, I am pleased to report that a meeting of minds developed in the course of our last consultations. It is hoped that, after we have received some additional clarifications on the matter, a solution will be reached.
- (v) The entry into force formula, however, caused some concern to the Committee, since the traditional solution applied in most headquarters Agreements does not seem to suit the constitutional practice of the host country. Several options were examined and it is trusted that a satisfactory solution can be found which would accord equal treatment to the two parties to the Agreement.

A very constructive spirit prevailed in the deliberations of the Committee, but there still remains further work to be done. In the interim period before the headquarters Agreement enters into force, de facto solutions will rapidly have to be found to all emerging problems. The Committee is certain that the host Government will continue to apply the necessary degree of generosity and flexibility in dealing with these matters. In the meantime, the Committee is glad to note that the Japanese authorities have already indicated their readiness to discuss any problems on an ad hoc basis with the Executive Director of the International Tropical Timber Organization.

The Committee has so far met in Geneva and would expect to continue to do so, if this is in conformity with the Council's intentions, and a further meeting is planned in Geneva in May 1987. The ready and informal support from UNCTAD and the availability of reference material in Geneva, coupled with the understanding developed amongst members of the Committee there would indicate an advantage in continuing their discussions in such an atmosphere. In view of the complex issues involved, the task of the Committee would be greatly facilitated if the Committee were to have the services of a legal counsel as and when required.

Annex VIII

FINAL PRESS COMMUNIQUE

International Tropical Timber Council Agrees Structure
Administration and Work Programme of Newly-formed
International Tropical Timber Organization

Japan, Switzerland and Netherlands indicate voluntary contributions
to ITTO's project budget totalling \$3.6 million

The second session of the International Tropical Timber Council, the first to be held here in Yokohama and chaired by Mr. Denis Konan (Côte d'Ivoire) with Mr. Otto Genee (Netherlands) as Vice-Chairman, concluded this afternoon. Much of the work of the session was devoted to organizational and administrative matters.

In agreeing a work programme, the Council noted pre-project work already being implemented by ITTO on end-uses of tropical timber in consuming countries, preparatory study work on the productivity of logged-over forest in the Asia Pacific region and a study of the potential utilization of lesser known species in Africa and Latin America.

The Council also authorized ITTO's Executive Director, Dr. B.C.Y. Freezailah, to establish an in-house statistical capability, and to pursue pre-project activities on 10 potential projects in the fields of economic information and market intelligence, reforestation and forest management and forest industry, drawing, for this purpose, on up to \$640,000. The Council also requested the Executive Director to submit full project proposals to the Council for consideration at its next session.

At the opening of this second session, Japan's Minister for Foreign Affairs, Mr. Tadashi Kuranari pledged \$2 million to ITTO's Special Account, subject to the approval of the Japanese Diet. In the course of the session, Switzerland pledged \$1 million for co-financing under this Account, and the representative of the Netherlands announced that this Government was prepared to co-finance field projects and was favourably considering a voluntary contribution to the Special Account whose collective value, together with the co-financing would represent some \$600,000.

In addition, 14 non-governmental conservation organizations, attending the session as observers also made symbolic contributions to the Special Account totalling \$12,330.