

ITTO ACTION PLAN

CRITERIA AND PRIORITY AREAS
FOR PROGRAMME DEVELOPMENT
AND PROJECT WORK



INTERNATIONAL TROPICAL TIMBER ORGANIZATION

ORGANISATION INTERNATIONALE DES BOIS TROPICAUX

ORGANIZACION INTERNACIONAL DE LAS MADERAS TROPICALES

**CRITERIA AND PRIORITY AREAS FOR PROGRAMME DEVELOPMENT
AND PROJECT WORK**

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INTERNATIONAL TROPICAL TIMBER COUNCIL
Ninth Session
Yokohama, 16-23 November 1990

FOREWORD

It is with particular pleasure that I present the Action Plan of the International Tropical Timber Organization to a wider public, since at no time in the past has general concern over the future prospects for the conservation and sustainable development of the world's tropical forests been so intense or so universal.

The ITTO Action Plan directly addresses these concerns by identifying priority areas for programme development and project work in order to ensure optimal use of scarce resources, especially of personnel and funds. The Plan outlines basic strategies to be followed by the three Permanent Committees on Reforestation and Forest Management, Forest Industry, and Economic Information and Market Intelligence, strategies which are then translated into Programmes of Work. These strategies in effect operate as criteria by which proposals presented to the Council for funding - projects, pre-projects, or other non-project activities - can be objectively assessed for their relevance and potential contribution to ITTO's objectives.

In this context, I wish to note that the Organization has been very active over the last twelve months in developing several approaches to improve the ITTO Project Cycle. These approaches have been implemented simultaneously, and they consist of the establishment of an Expert Panel for Technical Appraisal of Project Proposals, a major report by two consultants who completely reviewed the existing Project Cycle, the organization of missions to specific countries or regions to assist member countries to formulate projects, the implementation of workshops to train middle management in project identification and formulation, and finally a new decision emerging from the recent Tenth Session of the ITTC which will lead to the preparation of a new manual on project preparation.

The ITTO Action Plan is central to every one of these initiatives because it summarises in a straightforward manner the basic principles which every responsible project developer must bear in mind when drafting his proposals. Indeed, the Terms of Reference for the Expert Panel specifically require it to screen project proposals for their relevance "on the basis of the ITTO Action Plans and Work Programs"... I therefore urge all readers, and especially those whose task it is to formulate proposals for ITTO, to read this publication with a view to understanding the criteria and the work programmes, and to encourage them to give further thought to the problems and opportunities outlined in the Plan. I look forward with earnest hope to this Action Plan being fully used to guide project identification and related non-project activities to attain the objectives of the Organization.

Dr. B.C.Y. Freezailah
Executive Director

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1. INTRODUCTION.

This Action Plan aims at defining the role of the International Tropical Timber Organization (ITTO) and the consequent actions to be taken. ITTO was created to administer the provisions and supervise the operation of the International Tropical Timber Agreement (ITTA) of 1983. The ITTA has its primary focus on the sustainable utilization and conservation of tropical forest resources in a broad sense as well as the expansion and diversification of trade and wood-based processing industries.

Its actions fall within the scope of the three spheres of work namely reforestation and forest management, forest industry, and economic information and market intelligence which are covered by its three Permanent Committees.

Economy and ecology are becoming ever more interwoven - locally, nationally, regionally and globally. The existence of forests and of potential forest land in a country represents a potential vehicle for development. In addition to planning and implementing measures which are urgently needed for environmental reasons, we need to plan and implement measures for an increased future consumption of forest products. Conservation of forests and establishment of a permanent forest base are prerequisites of the future wood supply.

ITTO should not only try to strike a balance between conservation and utilization of tropical forests but should also encourage and support efforts to achieve an integrated and balanced development of the production chain reflected in the scope of work of its three Permanent Committees on forest, industry and market. The sustainable management and development of tropical forest resources must be a common goal not only for the tropical countries that own them but also for the world community.

2. ROLE OF ITTO IN THE INTERNATIONAL COMMUNITY.

ITTO is an inter-governmental organization including all major producers and consumers of tropical timber. It is the only organization established by an international treaty focussing solely on tropical forests, and constitutes a **UNIQUE FORUM FOR COOPERATION AND CONSULTATION** between Member Governments and Non-Governmental Organizations, Industry and Trade.

Unique features of the ITTO as an organization are:

Combined objective of utilization and conservation.

Equal partnership between producing and consuming countries.

Promoting and facilitating inputs of NGO's, Industry and Trade.

The characteristics of ITTO's objectives, structure and working procedures create specific opportunities which do not exist elsewhere. Among them are a forum for consultation and exchange of market information and a forum for the development of policies.

ITTO AS A FORUM FOR MARKET INFORMATION

The long term prospects of the tropical timber market provide essential elements for long term policy planning. Improved information on production, consumption, export, import, prices, processed products and end-uses achieved through collective efforts and in collaboration with FAO and other relevant international agencies is a core feature of the output of activity within the ITTO. Non-governmental timber trade and industry associations and conservation NGOs are active and valuable participants in these discussions.

ITTO AS A FORUM FOR THE DEVELOPMENT OF COMMON POLICY ELEMENTS

Standard guidelines of practices for the development of sustainable forest management systems and stimulation of the establishment of national permanent forest areas are necessary to secure future wood supply and trade. Recognizing and respecting the importance of forest uses other than for wood production, such as conservation of biodiversity, protection of soils, habitat functions and the necessity to reach a balance between these uses and the production of wood, ITTO should stimulate long-term wood production plans as an indispensable element of overall forest policies.

ITTO'S SPECIFIC ROLE IN THE INTERNATIONAL ARENA

On the international arena the encouragement and promotion of long term wood production plans and related sustainable and economically viable management systems will be the major thrust of the efforts of ITTO. It should make appropriate arrangements for harmonizing its activities with other activities such as the Tropical Forestry Action Plan (TFAP) and for consultation and cooperation with the United Nations and its organs, such as UNCTAD, UNIDO, UNEP, ITC and FAO, and with other appropriate intergovernmental, governmental and non-governmental organizations. To the maximum extent possible, it will utilize facilities, services and experts of these organizations in order to avoid duplication of efforts and to enhance efficiency. ITTO itself is not an executing agency.

3. BASIC PRINCIPLES

The work of ITTO consists basically of continuous work (Committees/Secretariat) and non-continuous work (projects and pre-projects). The continuous non-project activities of the Committees and the Secretariat are inter-linked with the operational activities under projects and should be mutually supporting.

ITTO Member countries will propose to the Organization projects or other operational activities to implement the Actions under the Action Plan. Some of the actions should be implemented directly by ITTO and others can be most efficiently accomplished by influencing the work and priorities of other organizations.

Further prioritization will be set by the Member Countries themselves, when selecting problems to be addressed and covered in their project proposals, and at a final level by Council when approving and authorizing implementation and financing of projects.

In consideration of the availability of funds, it is necessary to focus ITTO's action and resources on areas of highest priority, and especially those in which the organization has exceptional or unique competence. In this connection there is a need to take into consideration the activities and competence of other international and bilateral organizations involved in tropical forestry and to complement their efforts.

Duplication of work and overlapping can be easily avoided at project preparation and appraisal stages as mandated in the ITTA and in accordance with procedures set out in the ITTO Project Cycle. Consultations with relevant agencies should also be undertaken to avoid duplication and maximize benefits.

ITTO appreciates the importance of social, economic and political constraints as well as technological constraints.

The thrust of ITTO's activities should support national strategies or efforts, but should take place in full conformity with the collective policies defined and agreed upon and with the criteria established for projects.

ITTO should essentially work with Governments by encouraging, stimulating, and convincing them and by facilitating and coordinating work with them.

Project programmes should be given focus and priority in areas where ITTO can make effective contributions, thus creating a role for the Organization through producing meaningful results in carefully selected areas of activity.

4. STRATEGIES AND ACTION PLANS

The main problems and corresponding opportunities as they have been defined in the relevant sections in the Action Plans of the Committees are summarized in a comparative format in Appendix 1.

ITTO objectives are to provide a forum for cooperation and consultation between producing and consuming members and other interested parties with regard to all aspects of the tropical timber economy, especially the sustainable utilization and management of tropical forests and their genetic resources, while maintaining the ecological balance of the regions concerned.

A priority objective is to arrest the decline and degradation of tropical forests; bringing all productive forest estates as soon as possible under sustainable management, so that, by the year 2000, the total exports of tropical timber products should come from sustainably managed resources.

Reforestation and Forest Management

The objectives are to encourage the development of national policies and to support the development and implementation of sustainable forest management systems.

The following basic strategies have been identified:

- a) Provide a forum for discussion on matters related to tropical forest management.
- b) Encourage the development of national and international policies towards sustainable management of tropical forests and strengthen the national institutions responsible.
- c) Instil a sense of urgency amongst consumer and producer nations to maintain tropical timber supply through sustainable forest management.
- d) Demonstrate the economic viability and promote long term investments in sustainable forest management.
- e) Assist producer countries in the development of legislation and national land use policies for permanent forest estates and help in accelerating their establishment.
- f) Assist in creating a scientific basis for sound forest management.
- g) Develop and promote the intellectual, economic, and technological basis for integrated forest management systems and optimal use of the tropical forests, taking in consideration multiple benefits that can be derived from them.
- h) Promote and assist in the development of adequate skills for research and for implementation of forest management operations.
- i) Encourage the development of sustainable timber production from tree plantations to rehabilitate and manage non-forest and degraded lands and to reduce the dependency on natural forests for timber supply.

- j) Assist in the formulation and publication of criteria, standards and guidelines for sustainable utilization and conservation of tropical forests.
- k) Facilitate the establishment of demonstration areas that reflect different models of management to enhance the transfer of technology and scientific knowledge.
- l) Encourage the full participation of local institutions in the development and implementation of projects.
- m) Promote the exchange of information and experience through the establishment of networks.

This Committee has organized its proposed actions in such a way as will contribute towards the widest possible extension of effective forest management practices. These actions are classified as:

1. Promotion - those actions aimed at persuading all those engaged in natural tropical forest management or affected by it.
2. Diagnosis - concerned with further examination of critical issues to determine exactly where action is most needed and what action should be taken.
3. Demonstration - to publicize examples of successful modes of operation which can be used elsewhere and to develop new models where necessary.
4. Facilitation - to provide assistance for more rapid and more effective expansion of successful management practices on a large scale.

Forest Industry

The objectives are to promote the expansion and diversification of international trade in tropical timber and the improvement of structural conditions; encouraging increased and further processing in producing member countries. It is a priority to increase the relevant knowledge and competence in this field which includes many managerial, logistical, technical, economic, biological, conservation, social and legal aspects.

The following key elements of the strategy have been identified:

- a) Promotion of development of high value-added products in producing countries.
- b) Improving the marketing and distribution of processed tropical timber products.
- c) Promotion of new species and products and the use of tropical timber in construction.
- d) Promotion of more efficient processing and use of tropical timber including waste reduction and recovery and utilization of logging residues.
- e) Introduction and demonstration of innovative methods of production and application.
- f) Promotion of human resources development on all levels.
- g) Enhancing the role of the private sector.
- h) Encouragement of appropriate policies and strengthening of institutions.
- i) Monitoring the development of further processing.

The Action Plan has been divided into five programme areas as follows:

1. Marketing of tropical timber products and enhancing marketing skills.
2. Investment and joint ventures promotion as a means of expanding further processing and modernizing existing industries.
3. Research and extension services in tropical timber processing and utilization to improve and optimize the use of resources and enhance industrial performance.
4. Human resources development at all levels, as a means of improving industrial efficiency, product performance and quality, and strengthening management skills.
5. Policy and institutional strengthening, as a means of improving sustainable raw material availability, market access, industrial profitability and investment attraction.

Economic Information and Market Intelligence

The objectives are improving the economic information on tropical timber for the benefit of Members and the international community and improving market intelligence with a view to ensuring greater transparency of the tropical timber market.

The following strategy elements have been identified:

- a) make ITTO a recognized forum for achieving consensus on the range of policy issues which would guide the overall strategy of sustainable development of tropical forests.
- b) provide information on the socio-economic aspects of forestry and the importance of integrating local people's own perceptions and priorities into policy-making and project planning.
- c) on the basis of studies, mobilize opinion world-wide to promote trade policies and create market transparency which will bring about the maximum sustainable benefits to both consumers and producers.
- d) ensure effective coordination of the work of the ITTO, national and international organizations by taking measures to fill gaps in data collection, market information and policy analysis.
- e) provide and strengthen the national statistical and analytical capability of the developing member countries.
- f) develop manpower from the producing countries equipped with the skills of project identification and formulation.

The Action Plan has been divided into five programme areas as follows:

1. Information Collection, Analysis and Dissemination.
2. Technical Assistance in Establishment and Improvement of Statistical and Analytical Services.
3. Consultative Forum for producers, consumers, trade and environmental organizations and other parties in the tropical timber market.

4. Situation, Trends and Prospect Studies to improve knowledge of trade conditions and prospects for tropical timber.
5. Policy - Oriented Studies aimed at strengthening the role of ITTO in collective policy formulation and coordination.

5. IMPLEMENTATION, MONITORING AND EVALUATION

The work and role of the ITTO should reflect a judicious balance between project and non-project work. ITTO Member countries will propose to the Organization operational activities to implement the activities in the Action Plan and Work Programme. The implementation of this Action Plan and its programme activities should place emphasis on efficient standards of monitoring, evaluation and review. The procedures set out under the ITTO Project Cycle should be under constant review in order to assist in achieving this goal: sound project formulation and efficient technical appraisal, prompt approval and allocation of funds for implementation. Progress reports on the implementation of activities should be prepared regularly by the Secretariat and submitted to the Committees and Council to facilitate the monitoring and evaluation of approved and implemented operational activities, as well as co-ordination with relevant programmes carried out by other organizations which contribute to attaining the objectives of this Action Plan. The Committee and Council will, by these and other processes, identify possible corrections or modifications in order to optimize the plan implementation and take action for review and corrective measures as needed. These processes must be followed scrupulously and with consistency in order to assess the impact of the activities of the ITTO and their relationship to the overall strategy for sustainable development of tropical forests.

6. CONCLUSIONS

The opportunities to conserve and utilize the tropical forests of the globe will remain elusive if both the level and balanced allocation of human and financial resources are not committed to this Action Plan.

There are a great many problems in the protection of the tropical forests that must be addressed on several fronts. ITTO can address only those few that fall within its mandate and competence. A more coordinated and balanced approach is needed by all those national and international organizations concerned with the multi-faceted character of this unique resource.

While our common knowledge of this resource may be limited, there can be no reason for lack of action to arrest the destruction of these forests and realize the multiple benefits they offer in a sustainable manner.

This Action Plan is predicated on a balance of remedial measures - promotion, diagnosis, demonstration and facilitation - in the areas of reforestation and forest management, industry development and market intelligence. Its implementation will depend on the goodwill and commitment of Members.

SUMMARY OF PROBLEMS AND OPPORTUNITIES

Problems

A. The tropical forests and its multiple use.

1. The tropical forest base and its resources are in the process of accelerating depletion and degradation.

This causes a number of immediate threats:

- There is a threat towards the forest itself, its flora and fauna, its biological diversity and towards the population which lives in the forest and of the forest.
- The tropical forest industry cannot develop unless there is a sustainable supply of wood raw material at competitive prices.
- The international tropical timber market will not survive unless there is an adequate, permanent and continuous supply of tropical timber products. There will always be a competition between tropical and temperate timber and there will be a competition between timber and other non-wood raw materials which are less desirable from the environmental point of view.
- International action aimed at restricting the utilization of tropical timber with a view to saving tropical forests may actually lead to a depreciation of its economical potential, thereby lessening the prospects of a sustainable utilization and conservation of the tropical forests. So far the actions just have instilled a widespread sense of urgency which might facilitate and stimulate adequate national and international action.

Opportunities

A. The tropical forests and its multiple use.

1. Integrated national and international actions aimed at arresting the decline and degradation of the tropical forests.

These include the following measures:

- Integrated land use planning, and development of sustainable agriculture systems.
- Development of legal frameworks for permanent forest estates.
- Planning in advance for sustainable and socially acceptable multiple use management of previously unexploited forests.
- Policy decisions and incentives for control of logged and unlogged areas.
- Measures for rehabilitation of degraded forest lands.
- Policies and incentives for creation of "protection" and "conservation" forests.
- Measures and incentives for establishing adequate forest plantations and tree crops on non-forest land for production of wood and/or environmental benefits based on long term wood production plans.

The collective decision by ITTO to fix a target date, namely the year 2000, within which time all tropical timber export should come from sustainably managed forests indicates the preparedness by producer countries to overcome, as best they can, political, social, economical and technical factors which are obstacles for sustainable management and utilization of their forests. Similarly it indicates the preparedness by consumer countries to encourage and support such efforts.

2. The prospects for sustainability differ.

Tropical developing countries face many problems and challenges which affect the prospects for sustainability. The potential for sustainable development of the tropical forests varies greatly between countries and regions, although the physical resource base is deteriorating in all three producing regions. The production chain from the forests via industries to the market is mostly not well developed nor well balanced and does not offer satisfactory profitability in its various stages.

3. Long-term land-use and forest policies are mostly non-existent or not adequately applied.

There are many political, social and economic factors which hamper the development of such policies. Nevertheless it is a fact that sustainable forest management, be it of natural or man-made forests, requires a long term and stable planning horizon. Adequate investments in future production require prospects of reasonable profitability and a safe legal environment. Provision of short-term and/or uncontrolled forestry concessions at nominal stumpage are counterproductive to any long term forest policy and are also counterproductive to any efforts aimed at improving logging standards and increasing environmental concern in forest operations.

2. Each country must determine its own strategy.

Forestry as a means of sustainable development will have to be developed differently in different countries and regions. Forestry for subsistence and environment protection may follow similar lines in most countries. Forestry for export of wood and other forest products must vary greatly depending on actual productivity, efficiency and competitiveness. There is a large scope for improvement, achieved by transfer of technology, by development of human resources and by means of increased regional and international cooperation. There is also great scope for better utilization of the capacity and competence already existing in the producer countries although it is hampered by political, social and economic factors.

3. Coordinating ITTO activities in land use and forest planning activities.

The Tropical Forestry Action Plan provides a framework for development of national forest policies. This activity should be an integral part of overall land use activity, assuring full acceptance and support for a permanent forest area. ITTO should stipulate that the role of forests as a sustainable source of timber and economic development is taken into account in the process of planning the permanent forest area and the forest uses.

Actions in this field include:

- Strengthen policy initiatives embracing the forest sector.
- Development of models of legal frameworks related to land-use, permanent forest estates, long term leasing of land or concessions.
- Development of models for demonstrating the economic viability of natural forest management including systems for integrated forest management.
- Consider incentives to encourage sustainable development.

4. Lack of knowledge hampers sustainable forest development.

Technical constraints such as lack of knowledge within forest biology, technology and economy, lack of competence, insufficient staffing as well as public ignorance and negligence of public interests are factors that severely restrict sustainable forest development. Both basic and applied forestry research is costly, difficult and takes time. Past experience shows that it is difficult to bring about an efficient international and regional cooperation, coordination and documentation within forestry R&D, although this is necessary. R&D programmes and projects thus need to be much better formulated, prepared, coordinated and documented in the future. The mechanisms for transfer of existing knowledge and for human resources management and development need to be made more efficient.

4. Organization of existing knowledge and development of human resources in the field of sustainable forest management can be initiated by immediate actions. R&D programmes and projects can be initiated after thorough problem formulation and preparation.

ITTO provides a forum for cooperation and consultation between members within ITTO's sphere of competence. ITTO also offers a potential for collective R&D actions within tropical forestry and tropical timber utilization. Measures aimed at the organization of existing knowledge include:

- Development of guidelines of 'best practices' for sustainable forest management.
- Development of guidelines addressing environmental and social issues related to forest management.
- Development of approaches to regional cooperation.
- Development of global networks of demonstration areas and projects and of information that is coordinated towards improving current technology of forest management in producer countries.
- Strengthen R&D in strategic areas such as responses to silvicultural treatment and site/species relationships.
- Specification of needs and means to upgrade the technology and expertise in producer countries including means for strengthening of its institutions.
- Specification of needs and means for provision of basic information for the development of national forest policies such as long term production and consumption studies.

B. The forest industry.

1. Sustainable supply of wood raw material at competitive prices is the most critical challenge facing the tropical timber industry.

Raising the production of tropical hardwood timber products and even maintaining present production levels is problematic because of log supply constraints due to wood shortage and problems related to logging and transportation. Insufficient log supply can often be traced back to past and present over-exploitation of more accessible forests without adequate regeneration. Concessionaires and independent loggers very often have little concern for forest areas once harvesting has been carried out. In what is almost a standard practice, the best logs of a few commercial species are "creamed" in logging operations which in turn carry relative high costs because of the low timber volume extracted.

The problem of sustainable supply of wood to existing and new forest industries within producer countries thus adds a number of new aspects to the problem of sustainable forest development:

- What are the production alternatives with respect to products and markets?
- What species, dimensions, qualities and volumes are required? In the short term - in the long term?
- What are the costs and means of harvesting and transportation at alternative industrial sites? Or different choices of raw material mix?
- What are the prospects for increased utilization of lesser known and lesser used species? From forest conservation and management point of view? From processing point of view? From market acceptance point of view?
- What are the long term prospects of industrial plantation forests from the same points of view?
- What are the prospects for improved logging and wood handling? Or alternative solutions for wood sales, harvesting and transportation?

B. The forest industry

1. Scope for improved or sustained supply.

A general improvement of gross supply is subject to long term and short term measures within the forestry sector as discussed above. In many producer countries there is also scope for improved industrial and fiscal policies which may hamper an integrated long term development of forestry and forest based industries. In most individual cases there is also a big scope for improvement of supply by improvement of the different stages in the production chain:

- Adaption of the industry to smaller dimensions and a wider use of species by widening the product mix and/or by substitution. A corresponding adaption of forest management in order to integrate forest management with industrial needs. Subject to acceptance from the multiple use point of view this might lead to a higher harvested volume per hectare under selective cutting systems.
- A recent study carried out on ITTO's behalf by Forest Operations Institute (Sweden) has indicated that harvesting systems and equipment commercially available to logging operations in the tropics - some 2 million hectares are harvested annually in ITTO member countries - are satisfactory, though some work on technical improvement needs to be done to adapt them to varying work conditions. The technically appropriate equipment, components and systems are however not extensively used. Where they are used, they are frequently operated in non-optimal manner and with inadequate skill. The report indicates a potential average cost saving of US \$ 8 per harvested m³ and a potential reduced damage of the remaining stand corresponding to an increased future value production of the order of 30%.

2. Export of logs is still dominating - the industry is weak.

As the industry evolves from its current transition stage to a situation of a sustainable use of resources, enterprises need to be better planned and they must have better trained manpower at management and technical levels. In most producing member countries the industry is generally characterized by small production units and low level of technology and mostly the industry is dependent solely on higher grades and larger diameter logs of a few prime species which will undoubtedly become more and more costly. Quality of production and equipment must be improved, incentives for improved conversion and increased recovery rates need to be created. Incentives for improvement of the industry must come from the market of its products. Unless there is a vital market demand also for products of lower grades such as construction timber and a demand for industrial residues it is very difficult to achieve a long term profitable industry.

3. Lack of finance is also a problem.

Modernization, expansion and new forest industries are required to enable tropical producing countries to increase further processing in order to optimize benefits from forest resources. These require large investments which are mostly not readily available. Lack of financing is essentially a sign of poor profitability and of an inadequate investment climate.

2. Scope for improvement of the forest industry.

Increased and further processing in producer member countries is a prime objective of ITTO as well as the expansion and diversification of the international trade with tropical timber products. In the present critical situation even the survival of the tropical timber economy is at stake. There is no key factor solution to forest industry development besides the necessity to create a good economic climate and a market competition which gives incentives for modernization and increased efficiency and productivity. Organization and transfer of existing knowledge and human resources development are measures for direct action where ITTO can make contributions.

3. Financing depends on the prospects.

Technical assistance and foreign investment in tropical hardwood-based industries are often suggested as means for solving the financing problem. Unless there are basic prerequisites for long term profitability and an adequate and stable investment climate, which mostly means a free, secure and competitive market, such investments are however not likely to materialize. Major ITTO contributions may be along the lines indicated above and on actions to improve market information at different stages of the production chain.

C. The tropical timber market.

1. The tropical timber market lacks transparency.

The tropical timber economy is characterized by instability not only due to resource destruction and depletion (partly as a result of short-sighted pricing policies) but also due to large currency fluctuations and non-uniform trade policies, to cite but a few reasons. Under these circumstances there is a need for the best possible market information and an increased market transparency.

Forest industries in producing countries rarely have access to adequate market information to make rational decisions on production and marketing strategies. Governments, although usually responsible for the major part of the forest resources, have insufficient data to assess trends in demand and prices for making rational choices of production and development strategies.

Consuming countries also need appropriate market information on the supply of tropical forest products and they are disadvantaged by inadequate transfer of market signals especially in the case of rapid changes in demand patterns arising from external causes.

The international public also needs information on the tropical timber market and its various aspects not least when addressing the issue of a reasonable balance between forest utilization and conservation.

C. The tropical timber market.

1. Scope for improvement of the tropical timber economy.

Improvement in market information and intelligence alone will neither improve the tropical timber economy nor reverse the deforestation trends. Long-term supply and demand forecasting (or rather production and consumption studies) based on good information on the resource, technological change, consumption and market trends is a sound way of improving the decisions and planning in tropical forest management and utilization. An efficient system of market information will provide a vital ingredient in the dialogue within the forum of the ITTO. The process should seek answers to pivotal questions such as:

- How prices at various stages for tropical timber products are formed in international markets.
- How increased market transparency and efficiency can affect product prices and costs at different stages.
- How the long term supply/demand balance is likely to affect both suppliers and consumers of tropical timber products.

2. Market information - a problem of cooperation, coordination and documentation - a problem of willingness and capability to provide information that is reliable and timely on a regular basis.

The short concept "market information" must be interpreted in a very wide sense. It includes the mass of information which is needed for the operation and long term planning of the forestry and forest industry sectors and markets. Some of the vital information needed is difficult to obtain due to its complexity and due to the fact that there are many sources of information. Basic national data are difficult to obtain for the reason that enterprises are small and widespread or for reasons of confidentiality. A good number of UN agencies such as FAO, ECE Timber Committee, UNCTAD and UNIDO contributes to the mass of data needed and so does national agencies, NGO's and research organizations. The capability of ITTO to provide market information services and to provide a forum for market discussions depends, however, basically on the cooperation and the solidarity of Member Governments.

2. Increased ITTO in-house capability is a key to market information services to the ITTO members.

The ITTO Secretariat is now in the process of building up its capability within this field in order to provide services to its members. The process is mutual from the point of view that successful ITTO work will increase the competence and capability of its members. Similarly there is scope for member countries to make (on request) voluntary contributions to the mass of knowledge which has to be built up within the ITTO Secretariat. One way of doing this would be to provide experts to a proposed consultative group of experts on market information. A first step to achieve a better cooperation between ITTO and its members would be the nomination of permanent country correspondents to assist the secretariat in the collection of relevant statistics and other information.

ELEMENTS OF A PROGRAMME OF WORK

This appendix contains a list of the elements of Programme of Work which are contained in the three Action Plans and Work Programmes of the three Committees. The list which refers to the Forest Committee contains both the elements of the original Work Programme, (PCF (IV)/2), from 1988 and those of the Work Plan for the year 1990 as adopted by the Council at the autumn session of 1989, PCF (V)/3-4 Rev 1.

REFORESTATION AND FOREST MANAGEMENT

Promotion

- Policy reviews embracing the forestry sector.

Action: Encourage and promote reviews of the forestry sector which pay full attention to natural forest management, to the influence of other economic sectors and to environmental concerns.

- ITTO sponsored meetings.

Action:

a) Arrange three regional meetings to mobilize support for natural forest management.

b) The Committee should urge the Permanent Committee on Economic Information and Market Intelligence to organize meetings to examine the supply and demand situation in the three regions.

- How much tropical forest does the world need?

Action: ITTO should urge FAO to conduct a study on the requirement of tropical forests support and actively participate in the study.

- Political representations

Action: Participate actively in conferences and meetings to ensure that sustainable management and conservation are given the attention they deserve.

Diagnosis

- Tropical forest resource assessments

Action: Request FAO to include quality and stand development information in the new resource assessment study and provide FAO with any information made available to ITTO by Members.

- The development of the economic case for natural forest management.

Action: Commission studies on economic and financial costs and benefits of forest management in the form of projects.

- Tropical timbers: financial aspects of harvesting, management and trade.

Action: Conduct an assessment of the financial implication of forest operations, timber processing and trade in all Producing Member countries.

- Identification of situations where technical constraints are limiting.

Action: Undertake, in cooperation with IUFRO and FAO, a review on research needs for tropical forest management.

- Identification of field projects where sustainable production of timber and non-timber products may be combined.

Action: Commission a study to identify potential demonstration projects for the joint harvesting of timber and non-timber products.

- Feasibility of measures to encourage sustainable management.

Action: Conduct a study into possible financial incentives by the consuming countries to encourage sustainable tropical forest management.

- Determination of responses to silvicultural treatments.

Action: Commission an assessment of permanent sample plots and provide guidelines for their establishment, maintenance, analysis and interpretation.

- Effect of logging intensity on sustainability of forests.

Action: Study the effect of different levels of timber harvesting on the sustainability of forest.

- Local timber processing, a key to stronger national forest policies.

Action: Collaborate with the Committee on Forest Industry in a study of the potential for expanded and further processing in producing countries.

- Human resources development.

Action: Regional studies to assess the current situation and to project the minimal manpower requirements needed for sustainable forest management.

Demonstrations

- Demonstration models of management.

Action: Promote and finance demonstration projects for different management models and promote regional and sub-regional networks of such projects.

Facilitation

- Guidelines of 'best practice'.

Action: ITTO should, in consultation with FAO, commission manuals setting out 'best practices' in relation to most activities involved in the sustainable management of natural forest for timber production.

- Guidelines for sustainability

Action: Commission one or more manuals setting out the steps that need to be taken in order to manage forests for sustained timber yields with minimum intervention and to assess financial and economic aspects. These manuals should cover the technical environment, financial, economic and manpower aspects.

- Appropriate education and training.

Action: Collaborate with FAO to specify training requirements for forest management and administration

- Tropical forest management information network.

Action: Stimulate, promote and provide seed finance for establishing information networks (at least in English, French and Spanish) as a means of disseminating information, especially up to date and unpublished information, about tropical forest management among those who are concerned with the subject in the field.

- Research networking

Action: Stimulate and support, in close cooperation with IUFRO and FAO, networking between tropical forest research institutes in the fields of reforestation, forest management and conservation, and forest products.

- Exchange visits, workshop and seminars for technical personnel.

Action: Establish a fund for financing of exchange visits and participation in workshops and seminars for technical personnel.

FOREST INDUSTRY

1. MARKETING

- a) Launch a public information campaign to stress the importance of sustainable management and utilization to the conservation of tropical forests.
- b) Investigate and, if feasible, establish promotional means of facilitating the production and marketing of new tropical timber products.
- c) Monitor the need for revision and for harmonization of nomenclature and grading rules of tropical timber.
- d) Organize seminars to encourage increased and further processing of tropical timber in producing member countries with a view to promoting their industrialization and thereby increasing their export earnings.
- e) Promote delivery of trial volumes of new species and products and other approaches to facilitate acceptance in selected external markets.
- f) Implement studies and support tours and seminars for supplier/client identification and establishment of business contacts.
- g) Publish promotional materials such as catalogues on new species, technical sheets etc.

2. INVESTMENT AND JOINT VENTURES

- a) Implement studies on the economics of further processing, including, **inter alia**, case studies.
- b) Promote the integrated development of sustainable forest management and industrial utilization through implementation of field projects in selected strategic locations.
- c) Assist in the identification of financial mechanisms and sources of funds for pioneer industrial projects and where appropriate assist in the financing.
- d) Support dissemination of information for investment promotion, through conferences, seminars and contacts with financing institutions and potential investors.

3. RESEARCH AND EXTENSION

- a) Establishing an International Network of Research Institutes of Tropical Timber.
- b) Further developing the ITTO Data Bank of technical information.
- c) Support laboratory research on new species and products.
- d) Support industrial trials, pilot production and marketing of new species and products.
- e) Support specific research and extension programs on:
 - Sawing difficult species;
 - Innovative drying, particularly drying of mixed species;
 - Wider production of preservatives, resins, etc.;
 - Processing and utilization of small-sized logs;
 - Waste utilization;
 - Other aspects of appropriate processing.

- f) Support research and development on utilization of tropical timber in construction, with particular reference to programs on:
- Research, testing and demonstration of new species and wood products and construction systems;
 - Improving the durability of timber products;
 - Innovative design;
 - Product performance in use;
 - Appropriate product standards and building codes.

4. HUMAN RESOURCES DEVELOPMENT

- a) Evaluate training needs and formulate training strategies.
- b) Support training in planning and management of appropriate forest industries in producing countries.
- c) Support training in marketing of forest products.
- d) Implement regional technical level training programs on sawmilling and veneer & plywood manufacturing.
- e) Support short term technical courses for the secondary processing industries.
- f) Support establishment of regional centers for technical and vocational training for wood industries.
- g) Finance study tours and on-the-job training for upgrading skills.
- h) Support regional training workshops to improve capability to prepare and appraise appropriate forest industry projects.
- i) Support conducted group study tours to appropriate machinery shows and trade fairs.
- j) Prepare and disseminate appropriate technical training materials.
- k) Improve the curricula of existing training institutes and provision of other support to them.

5. POLICY AND INSTITUTIONAL STRENGTHENING

- a) Assist government efforts to develop appropriate policies for sustainable management and utilization of forest resources and enhance forest industry development for long-term benefits to society.
- b) Encourage and assist in the formulation of appropriate policies for forest industry development to improve investment environment.
- c) Assist government efforts to develop and implement measures to improve industrial efficiency and discourage wasteful and environmentally harmful practices.
- d) Support development of industrial infrastructure, industrial information and research services, and adoption of appropriate standards.
- e) Support efforts to remove barriers to tropical timber trade and use.

- f) Assist with the creation and strengthening of industry and trade organizations and encourage their cooperation with the government.
- g) Support and assist in the design and preparation of sectoral reviews, plans, and investment programs.

ECONOMIC INFORMATION AND MARKET INTELLIGENCE

ELEMENTS OF THE WORK PROGRAMME

Details of the Programme of Work for each of the Programme Areas are as follows:

Programme Area 1: INFORMATION COLLECTION, ANALYSIS AND DISSEMINATION

Element 1.1: ITTO In-House Capability

Activities

- Develop, as a continuing task, the computer systems and equipment infrastructure in the ITTO Secretariat;
- Collect statistical data and other economic information on tropical timber
- Develop and if required, modify the form of this information to meet the interests and needs of member countries and disseminate it;
- Develop sub-sets of information on tropical timber from the information developed by others;
- Identify and fill existing gaps in information e.g. on stocks, prices, end-uses and further processed products;
- Secure the cooperation of member countries, to provide timely, comprehensive, regular, reliable and qualitative responses to enquiries for statistical and market information;
- Promote sound statistical methods : generate compatible statistical information at places where they are easily available and can be cross-checked;
- Develop common standards of measurement and classification.

Element 1.2: Publication of Joint ITTO/FAO Bulletin and other Publications

Activity

Proposals are under consideration to develop and publish an improved version of the existing FAO Monthly Bulletin on Tropical Forest Products in World Timber Trade and a periodic Analytical Supplement.

Other publications may be decided as resources and needs permit.

Element 1.3: Coordinating machinery for activities in the economic, statistical and marketing areas

Activities

- To obtain in a standard pattern existing information and act as a clearing house for information on forest resources, industries and international trade relevant to the work of ITTO;
- Encourage member countries to carry out joint activities to generate useful information for themselves and for ITTO;
- Establish a data bank on suppliers and buyers of tropical timber products in cooperation with the ITC.

Element 1.4: Establishment of Consultative Group of Experts on Economic Information and Market Information

Activities

Establish an ITTO Consultative Group of Experts, as an Advisory body on all matters concerning economic information and market intelligence.

Programme Area 2: TECHNICAL ASSISTANCE IN ESTABLISHMENT AND IMPROVEMENT OF STATISTICAL SERVICES

Activities

- Assist in the development of the statistical services in the producing member countries.
- Provide technical assistance to developing member countries to improve their statistical gathering, reporting and disseminating systems compatible with ITTO requirements, in accordance with their indicated needs and capabilities;
- Through ITTO's Fellowship Programme, develop manpower skills in statistical services;
- Organize, in collaboration with FAO and other interested donors, seminars/workshops at the sub regional or regional level;
- Prepare manuals, in collaboration with the FAO, containing description of standard practices in forestry statistics;
- Organize periodic conferences of Forestry Statisticians and Economists under ITTO sponsorship;
- By collaboration with FAO, ECE, and donor agencies, formulate a programme of assistance to enable forest economists and statisticians of developing countries to participate in Conferences of professional interest to them.

Programme Area 3: CONSULTATIVE FORUM - MARKET REVIEW AND OUTLOOK

Activities

- Plan and organize the annual Market Discussions;
- prepare the Annual Review in accordance with Article 28 of the ITTA;
- urge member countries to submit country market statements;
- secure the active and full participation of experts involved in the timber trade and industry in the discussions, including some on special subjects of relevance to an assessment of the tropical timber economy;
- prepare an authoritative ITTO Statement on the Market developments and short-term prospects and with time develop ITTO as a "Spokesman" on issues of importance to the tropical timber economy.

Programme Area 4: SITUATION, TRENDS AND PROSPECTS STUDIES

Element 4.1: Situation and Outlook Studies

Activities

- Undertake studies of the present supply and demand and performance of tropical timber markets in the major regions;
- Undertake end-use studies and update these in order to monitor changes in the market on a regular periodic cycle;
- Other subjects will include:
 - (i) The availability and market acceptance of lesser known species;
 - (ii) Image or Profile Studies covering an analysis of perceptions of tropical hardwood products vis-à-vis other wood products.

Element 4.2: Medium to Long-Term Trends and Prospects

Activities

- Prepare a study on the long-term supply and demand of tropical timber in the world as a guide to sectoral planning by producing countries;
- Identify potential markets and provide information relating to the structure, market relationships, product requirements, competition and the prospects for specific products;
- Conduct regular market studies in order to provide a more open and comprehensive understanding of markets for tropical timbers;
- Investigate topics of interest e.g. production and trade of added-value goods;

- Encourage production and consumption studies:
 - a) identify for a particular area products and services needed from the forest, considering such factors as population density, topography, climate etc.;
 - b) find out what resources the forest can provide sustainably;
 - c) identify necessary measures to counteract shortages and barriers as well as potentials for export of wood or other goods to other districts/countries;
 - d) determine the relationship between population growth, demand, trade, economic development and deforestation.

Programme Area 5: POLICY-ORIENTED STUDIES

Activities

- Carry out and encourage studies to satisfy information needs and to guide planning and the formulation of policies of importance to the tropical timber economy;
- Evaluate the implications to trade in forest products derived from legitimate land conversion activities, natural disasters, and policies which limit trade to products from only sustainably managed forests;
- Determine the economic comparative advantage held by tropical producing countries in further processing tropical timbers;
- Assess trade restrictions affecting tropical timbers and their impact;
- Evaluate the relative economics of natural and plantation forest management and the corresponding environmental impact assessment;
- Assess transport difficulties facing producer countries.

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