

ITTA, 1994 RENEGOTIATION HIGHLIGHTS: MONDAY, 16 JANUARY 2006

Delegates convened at the Palais des Nations in Geneva, Switzerland for the opening of the UN Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1994 (ITTA, 1994), Fourth Part. In the morning, delegates gathered for a brief plenary session before breaking into two working groups for the remainder of the day. Working Group I (WGI), chaired by Alhassan Attah (Ghana), discussed the Preamble and Objectives, while Working Group II (WGII), chaired by Jürgen Blaser (Switzerland), discussed financial arrangements, operational activities and entry into force.

OPENING PLENARY

OPENING STATEMENTS: Amb. Carlos Antonio da Rocha Paranhos, President of the UN Conference, opened the session, highlighting outstanding issues such as distribution of votes, illegal logging and requirements for the future agreement to enter into force. He cautioned against making new proposals and suggested building upon the final working paper from ITTA-3 (TD/TIMBER.3/L.6). Paranhos emphasized the need to reach agreement on outstanding issues and finalize text by next Tuesday.

ORGANIZATIONAL MATTERS: Delegates adopted the agenda (TD/TIMBER.3/8) and rules of procedure (TD/TIMBER.3/2) at ITTA-3. President Paranhos noted the previous appointment of Austria, Cameroon, Indonesia, Mexico and the US to the Credentials Committee. He recognized Jürgen Blaser (Switzerland) as Vice-President of the Conference, Vice-Chair of the Committee of the Whole (COW), and Chair of WGII, and Alhassan Attah (Ghana) as Chair of WGI. Noting that the present ITTA expires at the end of 2006, Lakshmi Puri, UN Conference on Trade and Development (UNCTAD), highlighted the importance of flexibility for reaching agreement at this session. The EC expressed hope that this session will lead to a new agreement with a structure consistent with its predecessor's.

WORKING GROUP I

PREAMBLE: With regard to maintaining sovereignty over resource exploitation, SWITZERLAND suggested, and delegates agreed to, substituting "members" for "States." On recognizing the multiple benefits provided by forests, including "timber and non-timber products and ecological services," INDIA, opposed by MEXICO, SWITZERLAND, TOGO and the US, suggested deleting "ecological services." MEXICO proposed keeping "ecological services" or "environmental services." NORWAY agreed to withdraw its proposed inclusion of

"peoples" after "indigenous," but proposed retaining reference to the International Labor Organization with respect to improving working conditions. A working group led by the EU was formed to discuss this further.

OBJECTIVES: In the chapeau, INDIA requested deletion of reference to "ecological services" and "legally harvested" timber. INDONESIA, supported by SWITZERLAND, JAPAN, and the US, requested maintenance of language on legally harvested timber. The EU emphasized distinguishing between "sustainable" and "legally harvested" sources, and delegates agreed to retain reference to "legally harvested." SWITZERLAND recalled that the current reference to "ecological services" is a compromise and is necessary in order to reflect ITTO's evolution. SURINAME, opposed by the US, wished to retain language maintaining the Organization's focus on timber trade. On contributing to the process of sustainable development, the EU, supported by NORWAY, INDONESIA and SURINAME, suggested adding a reference to poverty reduction. The US suggested replacing "reduction" with "alleviation," to which delegates agreed.

On "sustainable utilization and conservation of timber-producing forests and their genetic resources," MEXICO, responding to CAMEROON's concerns regarding the term "genetic resources," proposed adding "as defined in the Convention on Biological Diversity." SWITZERLAND proposed, and delegates agreed, to include "genetic resources" without reference to other treaties.

On the issue of "maintaining ecological balance," the EU, supported by INDONESIA, stated that this was implied in the terms "sustainable management and use." SWITZERLAND proposed including the term "poverty alleviation," and delegates agreed. On the issue of strengthening capacity, delegates agreed on removing reference to improving forest law enforcement and governance. The US proposed new language on "encouraging information sharing on the use of voluntary market based mechanisms, such as certification, to promote trade in tropical timber from sustainably managed forests." NORWAY, opposed by the EU, suggested "promoting" rather than "encouraging" information sharing.

On promoting certification of tropical timber-producing forests, NORWAY, supported by BRAZIL, the EC, SURINAME and the US, suggested "encouraging" rather than "promoting." MALAYSIA suggested including "promoting/encouraging information sharing on voluntary mechanisms to promote trade in tropical timber from sustainably managed forests." Chair Attah called for informal consultations between India, Indonesia, Malaysia, the US and others on the issue.

DEFINITIONS: On “sustainable forest management” (SFM), SWITZERLAND and CÔTE D’IVOIRE favored keeping the definition, while TOGO preferred deleting it. The US proposed, and delegates agreed, that “SFM will be understood according to the Organization’s relevant policy documents and technical guidelines.”

The EU, CANADA and MEXICO supported referring to Producer “members”, as opposed to “countries,” and delegates agreed. JAPAN, opposed by the EU, requested deletion of the term “net” before “exporters.” The Chair encouraged the Consumer group to discuss this further.

The US and SWITZERLAND agreed to retain the current name of the Organization, as proposed by TOGO and supported by BRAZIL, JAPAN, PANAMA, MALAYSIA and THAILAND, while noting that they preferred a name that would reflect the evolution of the organization.

On the Special Vote, the EU, supported by SURINAME, suggested equal thresholds for both groups. The US agreed, but expressed reservations regarding the complexity of the voting system. Chair Attah suggested that this be addressed on Tuesday.

On “tropical forest resources,” the EU said that reference to “productive forest” is ambiguous. SURINAME emphasized the need to distinguish the production area from the total area of forest.

Delegates agreed that the establishment of regional offices should be addressed in a future Council decision, and the US, supported by SWITZERLAND, suggested text to this effect. The EU and Japan requested time for further consultation.

On vote distribution, delegates agreed that Producer and Consumer members should hold 1,000 votes each. Regarding each Consumer’s initial votes, the US suggested inserting “15” in brackets alongside “10” initial votes. She also suggested capping the maximum number of any one Consumer member’s votes at 200. SWITZERLAND observed that votes and assessment levels should be addressed together.

On Sessions of the Council, JAPAN, supported by SWITZERLAND, suggested holding only one regular session a year, and that if a meeting is held outside Yokohama the host country should pay, with the financial support of other members as necessary.

WORKING GROUP II

ADMINISTRATIVE ACCOUNT: Noting its proposals at ITTA-3 concerning allocation of payments among Producers and Consumers, the US suggested a 70:30 split between them, respectively, for half of the Administrative Account and a 50:50 split for the remainder. JAPAN proposed Administrative Work and Key Policy Work Sub-accounts, with a 75:25 ratio for Consumer and Producer contributions to the Key Policy Work Sub-Account and, opposed by the EU, differentiated contributions from OECD and non-OECD Consumer members to the Key Policy Work Sub-account.

The EU favored a 50:50 split for contributions to administrative work and a 70:30 split for key policy work. He also preferred putting text on the Sub-accounts into two separate articles and limiting contributions for key work to 15% of the Administrative Account.

BRAZIL, for the Producer Group, opposed the current funding of administrative activities from funds reserved for project work, and stressed that Producers’ contributions should not rise from their current level. He recalled the Producers’ proposal for an 80:20 split in burden-sharing for both an Administrative Account and the Key Policy Work Account.

To enable a quick solution for defining an account for key activities, SWITZERLAND suggested funding both administrative and key organizational activities under one assessed account, and letting member states decide on specific activities to be funded by assessed contributions at a future Council session.

MALAYSIA requested cost estimates for possible spending on activities through the proposed Administrative and Work Programme Sub-accounts. Chair Blaser said he would table a compromise proposal on this Article based on proposals from Producers and Consumers.

SPECIAL ACCOUNT: Chair Blaser noted proposals on the Special Account were discussed at ITTC-39. GHANA and the EC said further clarity is needed on the mechanism for financing projects and pre-projects and on the specific organizational account from which financing would be obtained.

BALI PARTNERSHIP FUND: Chair Blaser noted two alternative proposals on the Bali Partnership Fund (BPF). GHANA requested further clarification on the specific mechanism for the transfer of resources from donor members to the BPF.

POLICY WORK OF THE ORGANIZATION and PROJECT WORK OF THE ORGANIZATION: The US proposed text to link Articles 24 and 25 on Operational activities more closely with Article 20 on the Special account, and Chair Blaser said this would be included in the Chair’s compromise text.

COMMITTEES AND SUBSIDIARY BODIES: The EU recommended reference to a statistical committee. Delegates agreed informally to maintain reference to the Economic Information and Market Intelligence Committee, and to consider including statistics in its terms of reference at a future Council session.

ENTRY INTO FORCE: The EC noted that problems could arise with the threshold of 16 Consumer members, depending on how EU membership is counted. The US proposed text for revising membership definitions based on trade shares in order to finesse the issue of membership thresholds. Chair Blaser proposed integrating the US text into a working draft for later discussion.

BRAZIL noted ongoing Producer caucus efforts to produce new text on the financial articles. WGII was suspended for further Producer caucusing, after which BRAZIL introduced a Producer Proposal (TD/TIMBER.3/CRP.24). Intended to replace the earlier Producer proposal for an 80:20 split, the new proposal called for a Consumer side statement affirming a commitment to provide financial resources through the ITTO totaling US\$200 million annually. It also called for text in the Preamble and Objectives highlighting additional financial resources from a wider Consumer donor community.

FINLAND queried whether developing country Consumer members would contribute to the Special Account as well. BRAZIL responded that a list of donors should be decided by consultation among Consumers. Chair Blaser stated that the Bureau would discuss how to approach the proposal and adjourned the meeting at 5:50 pm.

IN THE CORRIDORS

Day One began with signs that delegates were responding to President Paranhos’ call for speedy negotiations. However, while WGI went directly into textual negotiations, hopes for similar progress in WGII were soon dashed. At first it appeared that US and Japanese proposals would form the basis for compromise text on finance. However, progress was delayed in WGII while Producers drafted a new proposal to replace their earlier proposal for an 80:20 split. Upon reconvening, the Producers proposed a Consumer side statement affirming a commitment to provide more resources for ITTO project funding. While Chair Blaser remained optimistic about the prospect of producing a Chair’s compromise text by Day Two, the call for a Consumer statement raises a whole new issue, resolution of which will largely be determined by the Producers’ firmness on this position.