

**FORTY-THIRD SESSION OF THE
INTERNATIONAL TROPICAL TIMBER
COUNCIL AND ASSOCIATED SESSIONS OF
THE FOUR COMMITTEES:
5-10 NOVEMBER 2007**

The forty-third session of the International Tropical Timber Council (ITTC-43) took place from 5-10 November 2007, in Yokohama, Japan. This was the first Council session to be held during the tenure of the new Executive Director, Emmanuel Ze Meka. Delegates discussed issues concerning operational, project and policy work for 2008-2009, including, *inter alia*: the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) listing proposals by members; annual review and assessment of the international timber situation; and preparations for entry into force of the International Tropical Timber Agreement (ITTA), 2006. The Council approved 15 projects and three pre-projects, and pledged US\$5.6 million in project financing. The Council adopted the International Tropical Timber Organization (ITTO) Biennial Work Programme for 2008-2009, with a total budget of US\$9.2 million. Part of the funding announced at this session included US\$4 million targeted at Tropical Forest Law Enforcement and Trade, provided by a major contribution by the Netherlands coupled with Japan, the US, Australia, Norway and the Japan Lumber Importers Association. The Council also reviewed the status of the ITTA, 2006, which has only been ratified by four countries – the US, Malaysia Switzerland and Poland – but which must be ratified by 10 consumer and 12 producer countries before it enters into force.

Delegates also convened the forty-first sessions of the Committees on Economic Information and Market Intelligence, Forest Industry, and Reforestation and Forest Management to approve projects and pre-projects, review projects and pre-projects under implementation and *ex-post* evaluations, and conduct policy work. The twenty-second session of the Committee on Finance and Administration also met to discuss the administrative budget, the current status of the Administrative Account, and considered a request by the Government of Liberia for the waiver of its debt to the ITTO.

This session demonstrated that ITTO is an organization in the midst of transition. Uncertainty over when the ITTA, 2006 will enter into force affected the course of the meeting, and

put on hold some of the important decisions needed to prepare for the new era. However, this session also showed that the Organization is progressing in new and positive directions, especially with regard to its relationship with Africa.

**A BRIEF HISTORY OF THE INTERNATIONAL
TROPICAL TIMBER COUNCIL**

The International Tropical Timber Agreement (ITTA) was negotiated under the auspices of the United Nations Conference on Trade and Development (UNCTAD) to: provide an effective framework for cooperation and consultation between countries producing and consuming tropical timber; promote the expansion and diversification of international trade in tropical timber and the improvement of structural conditions in the tropical timber market; promote and support research and development to improve forest management and wood utilization; and encourage development of national policies for the sustainable utilization and conservation of tropical forests and their genetic resources and for maintaining the ecological balance in the regions concerned.

The ITTA was adopted on 18 November 1983, and entered into force on 1 April 1985. It remained in force for an initial

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This issue of the *Earth Negotiations Bulletin* © <enb@iisd.org> is written and edited by Deborah Davenport, Ph.D., Twig Johnson, Ph.D., Kate Louw, Jonathan Manley and Peter Wood. The Digital Editor is Dan Birchall. The Editor is Pamela S. Chasek, Ph.D. <pam@iisd.org> and the Director of IISD Reporting Services is Langston James "Kimo" Goree VI <kimo@iisd.org>. The Sustaining Donors of the *Bulletin* are the United Kingdom (through the Department for International Development – DFID), the Government of the United States of America (through the Department of State Bureau of Oceans and International Environmental and Scientific Affairs), the Government of Canada (through CIDA), the Danish Ministry of Foreign Affairs, the Government of Germany (through the German Federal Ministry of Environment - BMU, and the German Federal Ministry of Development Cooperation - BMZ), the Netherlands Ministry of Foreign Affairs, the European Commission (DG-ENV) and the Italian Ministry for the Environment, Land and Sea. General Support for the *Bulletin* during 2007 is provided by the Swiss Federal Office for the Environment (FOEN), the Norwegian Ministry of Foreign Affairs and the Ministry of Environment, the Government of Australia, the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management, the Ministry of Environment of Sweden, the New Zealand Ministry of Foreign Affairs and Trade, SWAN International, the Japanese Ministry of Environment (through the Institute for Global Environmental Strategies - IGES) and the Japanese Ministry of Economy, Trade and Industry (through the Global Industrial and Social Progress Research Institute - GISPRI). Funding for translation of the *Earth Negotiations Bulletin* into French has been provided by the International Organization of the Francophonie (IOF) and the French Ministry of Foreign Affairs. Funding for the translation of the *Earth Negotiations Bulletin* into Spanish has been provided by the Ministry of Environment of Spain. The opinions expressed in the *Earth Negotiations Bulletin* are those of the authors and do not necessarily reflect the views of IISD or other donors. Excerpts from the *Earth Negotiations Bulletin* may be used in non-commercial publications with appropriate academic citation. For information on the *Bulletin*, including requests to provide reporting services, contact the Director of IISD Reporting Services at <kimo@iisd.org>, +1-646-536-7556 or 300 East 56th St. Apt 11A, New York, NY 10022, USA.

period of five years and was extended twice for three-year periods. The Agreement was renegotiated during 1993-1994. The successor agreement, the ITTA, 1994, was adopted on 26 January 1994, and entered into force on 1 January 1997. It contains broader provisions for information sharing, including on non-tropical timber trade data; allows for consideration of non-tropical timber issues as they relate to tropical timber; and includes the ITTO Objective 2000 for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000. The ITTA, 1994 also established the Bali Partnership Fund (BPF) to assist producing members in achieving the Year 2000 Objective. Initially concluded for three years, the ITTA, 1994 was extended twice for three-year periods.

In 2003 negotiations began on a successor agreement to the ITTA, 1994. The ITTA, 2006 was adopted by the UN Conference for the Negotiation of a Successor Agreement to ITTA, 1994 in Geneva on 27 January 2006. The ITTA, 2006 builds on the foundations of the previous agreements and focuses on the world tropical timber economy and the sustainable management of the resource base, simultaneously encouraging the timber trade and improving forest management. It also allows for the consideration of non-tropical timber issues as they relate to tropical timber.

The ITTA established the International Tropical Timber Organization (ITTO), headquartered in Yokohama, Japan, which provides a framework for tropical timber producer and consumer countries to discuss and develop policies on issues relating to international trade in, and utilization of, tropical timber and the sustainable management of its resource base. The ITTO also administers assistance for related projects. The ITTO has 60 members, including the European Community (EC), which are divided into two caucuses: producer countries (33 members) and consumer countries (27 members). The ITTO's membership represents 90% of world trade in tropical timber and 80% of the world's tropical forests.

The governing body of the ITTO is the International Tropical Timber Council (ITTC), which includes all members. Annual contributions and votes are distributed equally between the producers and consumers. The Council is supported by four committees, which are open to all members and provide advice and assistance to the Council on issues for consideration and decision: Economic Information and Market Intelligence; Reforestation and Forest Management; Forest Industry; and Finance and Administration. The ITTC performs, or arranges for the performance of, all functions necessary to carry out the provisions of the ITTA, 1994.

ITTC-38: The 38th session of the ITTC convened in Brazzaville, Congo, from 19-21 June 2005. Participants deliberated on, *inter alia*: ITTO missions to Liberia and Gabon; *ex-post* evaluations of project work, including on transboundary protected areas; phased approaches to certification; and the State of Tropical Forest Management report. Participants also discussed ITTO's support to the Conference of Ministers in Charge of Forests in Central Africa, and approved US\$7.6 million in project funding.

ITTC-39: The 39th session of the ITTC met from 7-12 November 2005, in Yokohama, Japan. During the session, delegates discussed a range of issues, including: the ITTO Objective 2000; negotiation of a successor agreement to the ITTA, 1994; and phased approaches to certification. Delegates

approved 11 projects, one pre-project, pledged US\$5.2 million in project financing, and adopted a decision requesting the ITTO Executive Director to implement a list of thirty Biennial Work Programme activities and to seek voluntary contributions to finance these.

ITTC-40: The 40th session of the ITTC met from 29 May to 2 June 2006, in Mérida, Mexico. Delegates proposed the formation of a committee on wildlife trafficking, and received a report on the status of tropical forest management. The Council approved 18 projects and three pre-projects and allocated US\$3.9 million in project funding. The Council also decided to allocate US\$200,000 to help fund the First Parliamentarians Meeting on the Management of Central African Forests in Yaoundé, Cameroon.

ITTC-41: The 41st session of the ITTC met from 6-11 November 2006, in Yokohama, Japan. The Council approved 13 new projects and granted funding for 11 projects and seven pre-projects. Additional funding from the European Commission was allocated to support capacity building in ITTO member states for the implementation of CITES listings of timber species. The Council adopted terms of reference for selecting a new Executive Director, but postponed a decision on whether to agree to waive Liberia's arrears to the ITTO until ITTC-42.

ITTC-42: The 42nd session of the ITTC met from 7-12 May 2007 in Port Moresby, Papua New Guinea. The Council selected Emmanuel Ze Meka (Cameroon) as the new Executive Director of the ITTO. Delegates also discussed issues concerning operational, project and policy work, including: forest law enforcement in the context of sustainable timber production and trade; CITES listing proposals; ITTO guidelines for the restoration, management and rehabilitation of degraded and secondary tropical forests; civil society/private sector partnerships for sustainable forest management; and developments in the UN Framework Convention on Climate Change (UNFCCC) regarding forests.

ITTC-43 REPORT

ITTC-43 Chair Luis Macchiavello Amoroz (Peru) opened the Council session on Monday, 5 November 2007. He highlighted the election of Emmanuel Ze Meka as the new Executive Director at ITTC-42, noting Ze Meka's vast experience and qualifications. Macchiavello noted that work on a draft Action Plan, 2008-2013 had been initiated, with the purpose of identifying new themes and opportunities for the ITTO. He suggested that delegates discuss whether issues such as climate change, deforestation and illegal logging are within the mandate of the ITTO, noting that if so, greater involvement of local and indigenous communities may be necessary to address these issues.

Hiroshi Nakada, Mayor of Yokohama, noted his city's continued support for ITTO and for hosting the ITTO Secretariat. He emphasized the importance of forests for mitigating global warming as well as for maintaining biodiversity and water resources so that future generations can benefit from them.

ITTO Executive Director Ze Meka reported that under the leadership of the previous Executive Director, Manoel Sobral Filho, the majority of tasks under the Biennial Work Programme (BWP) 2006-2007 had been completed, including: promotion of investments in tropical timber and forests; regional workshops

on Sustainable Forest Management (SFM); work with CITES to protect endangered timber species; and the continued promotion of non-timber forest products (NTFPs). Ze Meka highlighted that under ITTA, 2006 the establishment of thematic programmes and thematic sub-accounts would take place and that the European Commission, the US and the Netherlands had already committed funds to these. He noted that a draft Action Plan, 2008-2013 had been produced, emphasizing improved coordination with other organizations on topics such as climate change, poverty reduction and governance. He also called for a decision to be taken during this session regarding Liberia's debt relief request.

Osamu Uno, Japanese Vice-Minister of Foreign Affairs, welcomed delegates on behalf of the Government of Japan. He noted that climate change had increased attention to the benefits of SFM. He called for other countries to work together to bring the ITTA, 2006 into force in February 2008. He noted that Japan is ITTO's primary donor, despite financial constraints, and urged other members to increase contributions to alleviate some of this pressure. He thanked the ITTO Secretariat and the Mayor and staff of the City of Yokohama for their role in hosting ITTC-43.

Elvis Ngolle Ngolle, Minister of Forestry and Wildlife, Cameroon, emphasized Cameroon's confidence and support for Ze Meka as he assumes the responsibilities of Executive Director. He noted Cameroon's commitment to increase SFM and reforestation activities in support of combating climate change, and called for more regional and community-level involvement in projects for poverty alleviation.

Esther Obeng Dapaah, Minister of Lands, Forestry and Mines, Ghana, said Ghana hopes to ratify the ITTA, 2006 by the end of January 2008. She reviewed special efforts in the area of forest law enforcement and governance (FLEG) with support from the Netherlands and the US. She asked delegates to support Ghana's offer to host ITTC-44 in Accra, Ghana, and proposed 2-7 June 2008 as dates for the meeting.

Daniel Ahizi Aka, Minister of Environment and Forests, Côte d'Ivoire, noted his country's socio-political problems since 2002, its gratitude for ITTO support in rebuilding its forest economy, and the need for further support. He announced an upcoming international workshop on technological innovation in tropical timber industries, to be hosted by Côte d'Ivoire, and a recent agreement for an ITTO assessment of his country's forest situation. He stressed the need for, *inter alia*: funding for already-approved projects and pre-projects; entry into force of the ITTA, 2006; and recognition that addressing climate change provides opportunities for carbon credits to fund projects for forest rehabilitation.

Emile Doumba, Minister of Forest Economy, Water, Fisheries and National Parks, Gabon, reaffirmed Gabon's support for international forest law enforcement, governance and trade (FLEGT) processes and highlighted ITTO efforts toward the restructuring of Gabon's forest industry. He stressed that thematic programmes must respond to the needs of developing countries as well as the financial exigencies of developed countries and called for increased consumer country participation in them. He congratulated Ghana on its offer to host ITTC-44 and called for maintaining and funding the current schedule of meetings.

Ali Mchumo, Common Fund for Commodities (CFC), stated that the CFC is mandated to contribute to poverty alleviation in countries whose economies are reliant on commodities,

through transferring technology, increasing competitiveness and improving market access and marketing of products. He highlighted that under the CFC's new five-year action plan, the ITTO and the CFC are expected to collaborate on issues relating to small-scale processing, entrepreneurship in the tropical timber industry and applied research and development of forest products.

Coosje Hoogendoorn, Director-General, International Network of Bamboo and Rattan (INBAR), described INBAR's efforts to contribute to meeting the Millennium Development Goals, and supported further cooperation with the ITTO.

Don Koo Li, International Union of Forestry Research Organizations (IUFRO), described a memorandum of understanding between IUFRO and ITTO on forest-related research. He congratulated Emanuel Ze Meka on his new role as the Executive Director of ITTO, and announced that IUFRO has issued a certificate of appreciation to outgoing Executive Director Sobral. Ze Meka accepted the certificate on Sobral's behalf.

ORGANIZATIONAL MATTERS: Executive Director Ze Meka noted that quorum for the meeting had been attained. Delegates then adopted the agenda and organization of work (ITTC(XLIII)/1) without amendment. Ze Meka reported that there had been no change in ITTO membership since ITTC-42 and that the total membership remains at 60, with 27 consuming and 33 producing members. Chair Macchiavello introduced the proposed distribution of votes for 2008, as outlined in the agenda, and noted that votes determine members' assessed contributions. Delegates adopted the document without amendment. Chair Macchiavello updated participants on applications for observer status, and the relevant document (ITTC(XLIII)/Info.3) was adopted without amendment.

The Officers presiding at ITTC-43, in addition to Chair Macchiavello, were Vice-Chair Katharina Kuehmayer (Austria) and the committee officers: Committee on Economic Information and Market Intelligence (CEM) Chair Chantel Adingra (Côte d'Ivoire); Committee on Reforestation and Forest Management (CRF) Chair Flip van Helden (the Netherlands); CRF Vice-Chair Elect Carlos Enrique Gonzalez (Mexico); Committee on Forest Industry (CFI) Chair Dani Pitoyo (Indonesia) and Vice-Chair Jürgen Blaser (Switzerland); and Committee on Finance and Administration (CFA) Chair James Singh (Guyana) and Vice-Chair Marcel Vernooij (the Netherlands). The Producer Caucus Spokesperson was B.C.Y. Freezailah (Malaysia) and the Consumer Caucus Spokesperson was James Gasana (Switzerland).

COUNCIL SESSIONS

The Council met throughout the week to consider issues concerning operational, project and policy work for 2008-2009, most notably the Biennial Work Programme 2008-2009.

REPORT OF THE INFORMAL ADVISORY GROUP: On Monday, Chair Macchiavello presented the Report of the Informal Advisory Group (IAG) (ITTC(XLIII)/2), reporting that the IAG held its 21st meeting on Sunday, 4 November 2007. Regarding the frequency, duration and financing of Council sessions, he noted that the IAG had recommended the formation of a contact group to consider this issue and identify possible solutions, with a view to arriving at a decision at this session.

The Chair reported that Liberia had submitted a draft decision proposing the relief of its debt to ITTO, and added that the IAG recommended that this be considered by the CFA with a view to making a “definitive and favorable decision” at this session. He noted that Norway had banned the use of tropical wood in public buildings, and cautioned that this may be inconsistent with ITTA, 1994 Articles 1(b) and 36, and recommended that this should be discussed. On Tuesday, under review of the annual timber situation, Norway clarified that they have not instituted a tropical timber ban, explaining that the “Norwegian Public Procurement Policy” (in CEM-CFI(XLI)/6, p. 62), has no legal basis. He said it resulted from a revelation that a building built by Statsbygg, a state-owned enterprise company, contained illegal timber and was developed voluntarily by that company. He furthered that this company policy was then put into an “action plan” which only constitutes a “moral request” for buyers for the state. He noted Norway’s intention to replace this policy with one based on certification or FLEGT agreements as soon as possible. Brazil questioned whether Norway’s domestic timber industry would be affected by similar trade prohibitions or commitments. Malaysia requested a written explanation.

Indonesia, China and others expressed appreciation to Japan for its continued support of ITTO, thanked outgoing ITTO Executive Director Sobral for his service, and offered their full support for the new leadership of Ze Meka. Liberia thanked those who have been supportive of their pleas for debt relief, and said that Liberia had made major steps towards achieving SFM.

CITES LISTING PROPOSALS BY MEMBERS: The issue of CITES listings was taken up on Wednesday morning. As there were no new listing proposals, the Secretariat reviewed discussions at CITES CoP14, noting, *inter alia*: only Brazilwood was listed in Annex II, with little discussion; other proposals were withdrawn by their sponsors; and delegates broadly supported a US resolution appreciating excellent ITTO-CITES cooperation and noting ITTO’s unique contribution as a source of technical information. The Secretariat requested advance notification of listing proposals in order to avoid potential conflicts.

ANNUAL REVIEW AND ASSESSMENT OF THE INTERNATIONAL TIMBER SITUATION: On Tuesday, the Secretariat reported on the Annual Review and Assessment of the World Timber Situation 2006 (ITTC(XLIII)/4). She bemoaned the lack of complete primary data due to: the failure of many countries to return the ITTO Joint Questionnaire; problems in using other sources of information; inconsistencies on reported imports and exports; and incomplete or erroneous responses. She reported on trends in the tropical timber trade, including: the increasing importance of China as both a producer and a consumer; rising timber prices due to supply constraints; declining Japanese and US domestic markets; and increasing imports of secondary processed products to producer countries.

The European Community (EC) queried whether efforts exist to control increasing tropical timber traffic in Arabian Gulf countries. He announced a recent European Union (EU) Council decision, with Norway, to ban imports from Myanmar given the government’s recent use of force against peaceful protesters. Noting its own restrictions on Myanmar, the US said the Annual Review was one of ITTO’s core work areas. He asked for more deliberation on statistics for China, the growing secondary forest product market, and growing South-South timber trade during

discussions on the BWP 2008-2009, expressing concern over continuing reporting difficulties.

PREPARATIONS FOR ENTRY INTO FORCE OF THE ITTA, 2006: The Secretariat explained that while only Japan, Switzerland, the US and Malaysia have deposited instruments of ratification, acceptance, approval or accession to the ITTA, 2006, some, including Mexico, Indonesia, and the EC, are in the process of ratifying (Decisions 2(XXXIX) and 3(XLI)).

ITTO OBJECTIVE 2000: On Wednesday morning delegates heard a report of a diagnostic mission, “Achieving the ITTO Objective 2000 and Sustainable Forest Management in Nigeria” (Decision 2(XXIX)), which highlighted constraints identified in a 1992 diagnostic mission and a 2005 World Bank report, including: lack of political will; misguided macro-economic and sectoral policies; weak capacity in forest institutions; minimal private sector involvement; and excessive state involvement, which continues to constrain SFM development. Recommendations focused on capacity building, cooperation with institutions of higher education, and raising SFM awareness among policy makers.

REVIEW OF THE IMPLEMENTATION OF THE YOKOHAMA ACTION PLAN: Ricardo Umali and Patrick Hardcastle, consultants, presented a report on the review of the Yokohama Action Plan (YAP), 2002-2006 (ITTC(XLIII)/7 Rev. 1). The review focuses on the extent to which the YAP has informed and assisted development of work programmes and projects, and how it was reflected in decisions. They concluded that overall the YAP has been successful in this regard, but suggested that demonstrations and pilot projects could be more widely used and that information sharing and capacity building require more attention. They noted that compared to work conducted under the Libreville Action Plan, the proportion of economic information and marketing intelligence projects had increased notably and the number of reforestation and forest management projects reduced, while the number under Forest Industry had remained static, and suggested that this be increased. They expressed concern that many poor countries with some of the most significant forest cover, most notably in Africa, receive proportionately little project funding.

REPORT OF THE INTERSESSIONAL WORKING GROUP ON THE ELABORATION OF A NEW ITTO ACTION PLAN: Jürgen Blaser, consultant, presented the draft action plan for 2008-2013 (ITTC(XLIII)/8), developed by an intersessional working group in Yaoundé, Cameroon. He noted that the structure and introduction of the draft new action plan was designed to make it more generally accessible. He said the action plan was based on the new features of the ITTA, 2006 and noted that ITTO priorities would be defined according to Article 25 of the ITTA, 2006. He outlined the structure and sections of the draft action plan and requested the Council’s consideration on the matter. In the ensuing discussion, Brazil said it did not endorse the draft due the wording of references made to thematic programmes on biofuels monitoring, climate change, and transboundary monitoring.

On the transition period between the ITTA, 1994 and the ITTA, 2006, the EC noted that much groundwork needs to be done, such as in the area of thematic programmes. On Brazil’s concerns regarding ITTO’s competence on climate change, he added that it must be included as an emerging issue. The US welcomed this discussion as “food for thought,” noting that the

consultants had developed criteria for assessing performance that the US was not prepared to endorse. The US, supported by Switzerland, noted that conclusive action cannot be taken at this Council session, which does not have the required competence given that there will be a new Agreement and a new Council. Norway said the draft action plan was very forward-looking and encouraged its adoption at ITTC-43, noting that all opening session speakers had referred specifically to aspects of climate change that relate to the ITTO's mandates. Co-author Alhassan Attah said delegates need to consider if the ITTA, 2006 is likely to enter into force, and if so, work must be done to identify the issues that need to be addressed by the group that will finalize the Plan.

THEMATIC PROGRAMMES: The Secretariat noted that while some donors, such as the Netherlands and the US, are funding thematic programmes such as FLEGT, no agreement on procedures and priorities was reached during ITTC-42 or during intersessional discussions. Norway, supported by many, asked the Secretariat to convene a contact group to suggest ways to proceed. The EC said it was important to agree on procedures, noted that priorities cannot be established prior to entry into force of ITTA, 2006, and asked which donors are interested in funding thematic programmes. Brazil said it hoped the thematic approach would increase financial flows. The US suggested pilot testing the approach in the BWP 2008-2009. The Philippines suggested looking at procedures developed in other areas and Switzerland said the thematic approach would better integrate and coordinate efforts, recommending that priorities should be established by all members.

ITTO BIENNIAL WORK PROGRAMME: On Tuesday, Executive Director Ze Meka presented a progress report on the implementation of the ITTO BWP 2006-2007 (ITTC(XLIII)/9). He summarized administrative, strategic policy and project activities, including: studies and fieldwork; workshops and conferences; revision of manuals and guidelines; project evaluations, and communication and outreach. He highlighted completed work, including: a project on forest management capacity building in Central Africa; a study on the comparability of forest certification systems; research on subsidies affecting tropical timber products; the creation of a global mangrove atlas with the United Nations Environment Programme and the Food and Agriculture Organization (FAO); and a study on US timber markets.

Stewart Maginnis, IUCN, reported on ten national workshops held on the prospective Guidelines for the Restoration of Degraded Forest Ecosystems, noting the importance of tailoring guidelines to the local context.

Jeffrey Sayer, IUCN, presented on the updated Guidelines for the Conservation of Biodiversity in Tropical Production Forests (CRF(XLI)/7), and described the extensive field testing and consultation that had been carried out in Brazil, Guyana, Cameroon and Indonesia. He cautioned that overregulation of forestry may provide a perverse incentive to convert the forested land to other uses, and that incentives need to be provided to protect biodiversity.

Augusta Molnar, Rights and Resources Initiative, reported on an ITTO conference for Community Based Forest Management (CBFM) held in Rio Branco, Brazil, from 16-20 July, 2007, saying that the conference had raised awareness of the

importance of CBFM and the political and market challenges it faces.

Eva Müller, FAO, reported on ITTO/FAO workshops on best practices in law enforcement, held in the Amazon, Central Africa, and Central America.

ITTO BIENNIAL WORK PROGRAMME FOR 2008-2009: On Tuesday, ITTO Executive Director Ze Meka presented the draft BWP for 2008-2009 (ITTC(XLIII)/10). He provided an overview of associated activities, noting that these are linked with either the Council, the Committees or the Secretariat and that the draft BWP includes the following elements: administrative activities; project activities; strategic policy activities; work of the Joint Committees; Committee on Finance and Administration activities; Committee on Economic Information and Market Intelligence activities; Committee on Reforestation and Forest Management activities; Committee on Forest Industry activities; and Secretariat activities.

He noted a number of planned workshops and conferences under the BWP, including on the promotion of intra-African timber trade, criteria and indicators (C&I) for SFM, and land tenure. He highlighted studies to be conducted, including on markets, national procurement policies and on environmental standards in major markets. He emphasized the importance of continuing information dissemination and outreach activities. On enhancing SFM, he observed that there would be continued work on C&I, assessments of the impact of technical missions and continued cooperation with the FAO for data collection.

On Wednesday, the US called for clarification on time frames and the terms of reference for BWP activities. The Philippines, the EC and Norway noted complications with adopting the BWP during the transition from ITTA, 1994 to ITTA, 2006, especially regarding the budget for 2009. Japan, with Switzerland, said the BWP should include more budgetary information for activities and funding.

On opening the floor for discussion of the 2008-2009 BWP (ITTC(XLIII)/15) on Saturday, there were no comments.

Administrative Activities: On administrative activities, the Council adopted the following activities:

- a decision on dates and venues for Council Sessions during the Biennium;
- the revision and approval of the Organization's administrative budget;
- review of the situation regarding encouraging participation of least developed country members in Council sessions;
- consideration of the progress in implementation of the ITTO BWP for 2008-2009
- consideration the draft ITTO BWP for 2010-2011; and
- consideration and execution of measures related to the entry into force of the ITTA, 2006.

Project Activities: On project activities of the Council, the Council adopted the following activities:

- consideration of the eligibility of approved actions, projects and pre-projects for funding out of Sub-Accounts A and B of the BPF;
- project work, including financing, taking into account the recommendations made by committees on project proposals and ongoing and completed approved projects;
- the allocation of unearmarked funds available in the BPF and/or Special Account to fund implementation of eligible approved actions, projects and pre-projects; and

• continuing publication of the ITTO quarterly *Tropical Forest Update* and bi-weekly *Market Information Service*.

Strategic Policy Activities: The Council adopted the proposed strategic policy activities, including on:

- enhancing cooperation between ITTO and CITES;
- considering further work on civil society and private sector partnerships for SFM and certification;
- promoting trade in tropical timber and associated products from sustainably managed and harvested forests;
- continuing to promote improvement in forest law enforcement;
- encouraging and increasing the involvement of non-governmental stakeholders in ITTO activities;
- disseminating statistics, studies and information on tropical timber and tropical forests;
- enhancing the technical capacity of member countries to meet statistical and reporting requirements;
- enhancing regional trade in tropical timber and tropical timber products in Africa;
- strengthening policies and opportunities for forest investment;
- considering results from technical diagnostic and planning missions;
- reviewing the achievement of sustainable management of tropical timber-producing forests;
- studying the implications of climate change for tropical forests and the contribution of tropical forests in mitigating climate change;
- reviewing the adequacy of the resources available in the BPF and endeavoring to obtain additional resources;
- continuing collaboration with the Collaborative Partnership on Forests, the United Nations Forum on Forests, and other relevant organizations, institutions and initiatives;
- enhancing publicity on the purpose and activities of ITTO; and
- considering advice from, and increased involvement of the Trade Advisory Group (TAG) and Civil Society Advisory Group (CSAG).

All Three Technical Committees: On Joint Committee activities, the delegates approved the following without change:

- appraising relevant project and pre-project proposals evaluated by the Expert Panel;
- ensuring effective monitoring and evaluation of approved projects with the assistance of the ITTO Secretariat and consultants;
- reviewing results of project work and making recommendations to Council on BWPs;
- selecting projects for *ex-post* evaluations based on ITTC criteria;
- providing guidance to member countries for formulation of project proposals;
- disseminating information on project findings and results; and
- reviewing results of policy work in committees and making recommendations to the Council.

Committee on Economic Information and Market

Intelligence: On activities of the CEM, the following activities were adopted by the Council:

- assisting the TAG in organizing the ITTO's annual market discussions in 2008 and 2009;
- reviewing the timber market in two emerging markets;

- enhancing statistical work and training workshops on statistics;
- monitoring developments and progress in timber procurement policies;
- reviewing the long-term outlook for the tropical timber market;
- conducting a study on the economic valuation of the forest sector, with particular reference to the Amazon basin;
- monitoring the competitiveness of tropical wood products compared with other materials; and
- assisting market remuneration for environmental services provided by tropical forests in three producing regions.

Committee on Finance and Administration: On the activities of the CFA, the following were adopted:

- reviewing the independent audited statement for 2007 and 2008;
- making recommendations to the Council on appointment of auditors;
- reviewing the Administrative Budget for 2009 of the approved budget for 2008-2009;
- examining and making recommendations on the budget for 2008-2009;
- reviewing the assets of ITTO to ensure prudent asset management; and
- examining and making recommendations on budgetary implications of the BWP.

Committee on Reforestation and Forest Management:

On activities of the CRF, the Council adopted the following activities:

- supporting measures to reduce deforestation and degradation, thereby improving tropical timber resource security and reducing tropical countries' carbon emissions;
- continuing to monitor progress in the application of SFM C&I;
- promoting implementation of Guidelines for the Management of Secondary Tropical Forests, Restoration of Degraded Tropical Forests and the Rehabilitation of Degraded Forest Land;
- contributing to efforts relating to fire management for tropical timber-producing forests;
- reviewing and promoting the use of the revised ITTO Guidelines for the Conservation of Biodiversity in Tropical Timber Producing Forests (1993);
- reviewing and updating "ITTO Guidelines for the Sustainable Management of Natural Tropical Forests," to take into account tropical forestry developments;
- reviewing and updating, where necessary, "ITTO Guidelines for the Establishment and Sustainable Management of Planted Tropical Forests," taking into account recent tropical forestry developments; and
- supporting networking and information exchange with international organizations to maintain the integrity of ITTO's resource base; including on protected areas, and the effective enforcement of forest laws and regulations ensuring SFM.

Committee on Forest Industry: On activities of the CFI, the Council adopted activities on:

- studying technical and environmental standards of tropical timber products in international markets;
- promoting wood-based bio-energy using wood residues and wastes in tropical countries;

- promoting further processing in tropical timber; and
- continuing the review of tropical timber transportation.

Secretariat: The Council adopted activities for the Secretariat, which are guided by the BWP 2008-2009. The Secretariat will implement or arrange the implementation of projects, pre-projects and activities on:

- the ITTO Fellowship Programme;
- assistance for project identification and formulation;
- ITTO information network and project support;
- Market Information Service for tropical timber and timber products;
- strengthening the annual market discussion; and
- building capacity to develop and implement afforestation and reforestation projects under the Clean Development Mechanism (CDM) of the Kyoto Protocol in the tropical forest sector.

CIVIL SOCIETY/PRIVATE SECTOR PARTNERSHIPS

FOR SFM: On Wednesday, the Council heard reports on two activities in implementing a pilot programme to support the development of civil society/private sector partnerships to promote SFM and certification. Mimbimi Esono, Forest Stewardship Council Cameroon, reported on a project involving villages near a forest concession that aims to inform residents about SFM and relevant forest legislation and income creation activities and build relationships between the villagers and economic actors in the area.

Marcelo Schmidt, consultant, reported on a pilot project in Rondônia, Brazil, to assist forest managers in implementing SFM and achieving certification. He identified two over-arching goals: to enhance capacity for, assess progress towards, and achieve forest certification; and to create an SFM area to serve as a benchmark for other operators. Brazil commented that this project does not reflect Brazil's vision of a civil society/private sector partnership as no civil society organizations participated.

DEVELOPMENTS IN THE UNFCCC REGARDING

FORESTS: On Wednesday, Jürgen Blaser, consultant, reported on developments in the United Nations Framework Convention on Climate Change regarding forests and their potential implications for tropical forests and the ITTO. He noted that tropical forests are vulnerable to the effects of climate change, and have the potential to both contribute to and mitigate this problem. He highlighted that forest restoration and rehabilitation has had tremendous potential for increasing carbon stocks in degraded forests and that the ITTO should work to include SFM and forest restoration as important mitigation tools for UNFCCC activities. Blaser noted that reducing emissions from deforestation and forest degradation (REDD) programmes could be linked to financing instruments such as the CDM. He highlighted areas for UNFCCC/ITTO collaboration, including: hosting two side-events at UNFCCC COP 13 in Bali, Indonesia, in December 2007; sharing ITTO knowledge on SFM implementation and benefits; and supporting climate change mitigation activities that advance SFM. He recommended future actions for ITTO, including: capacity building; promoting inclusion of REDD activities by more ITTO members; quantifying emissions from forest degradation and developing baselines; identifying potential carbon reservoirs in ITTO members; developing a thematic area for developing ITTO's climate agenda; and initiating pilot projects for carbon sequestration.

In the ensuing discussion, delegates agreed that forests play an important role in climate change, and should have a higher profile in future UNFCCC negotiations. Malaysia emphasized the opportunities available to producers under the CDM. Norway highlighted that forests can also play a role in adaptation. The Philippines expressed concern that the new BWP did not fully reflect the need for a strong team to support SFM and climate change initiatives. Japan noted its continued financial and technical support for REDD activities within the ITTO and Cameroon lamented the lack of forestry experts at climate change negotiations. The EC noted a recent EU Council decision on the need for concrete action on climate change, including at UNFCCC COP 13. He urged reflection on how ITTO can best contribute to mitigating the effects of climate change.

REPORT OF THE ITTO FELLOWSHIP SELECTION

PANEL: On the status of the Fellowship Fund, the Secretariat reported on Saturday that a total of 392 fellowships totaling US\$2,248,051 had been distributed thus far, and thanked Japan, the US and Australia for their contributions to the programme's costs for 2008.

On the report of the ITTO Fellowship Programme selection panel, Katharina Kuehmayer reported that the panel recommended approval for 22 applications, adding that women accounted for 36% of the applications, more than any previous round.

SPECIAL ACCOUNT AND THE BALI PARTNERSHIP

FUND: On Saturday, the Netherlands announced a pledge of US\$3 million to support activities related to FLEGT in ITTO member countries, including: encouraging civil society's participation; providing support for forest-dependent communities; and enabling small and medium enterprises to benefit from legal and sustainable sources of timber.

STATEMENTS OF OBSERVERS: On Tuesday, Wulf Killmann, FAO, commended the ITTO's commitment to addressing the numerous issues facing the forestry sector. He highlighted a number of ITTO-FAO collaborations, including: use of joint questionnaires to gather data for the tropical timber industry; and regional and national training workshops. Killmann emphasized the importance of forests in mitigating climate change, noting that discussions on increasing capacity in this area have already begun.

OTHER BUSINESS: On Tuesday, Poland, participating for the first time as a full member, noted it was the first of the new EU members to join the ITTO. He highlighted that their total imports of tropical timber have been increasing since joining the EU, and said they expect to ratify ITTA, 2006 in early 2008.

Soledad Blanco, EC, reaffirmed the ECs support for the ITTO. She highlighted activities in the EC relating to tropical forests, including the EC FLEGT agreement with Ghana and Indonesia and upcoming agreement with Cameroon; and noted the increased influence that climate change will provide for tropical timber issues. Peter Csoka, United Nations Forum on Forests (UNFF), reported on developments within UNFF, including agreement on a non-legally binding instrument on all types of forests and the multi-year programme of work for 2007-2015, achieved at UNFF-7. Australia thanked UNFF for its presentation and announced that Switzerland and Australia approved a UNFF programme to support regional meetings, the first of which will be held in Geneva, Switzerland, from 28-30 January 2008.

The Trade and Advisory Group (TAG) Chair reported concerns regarding the impact of rising oil prices, the lack of instruments on forests under the UNFCCC, pressure on natural forest management from plantations and bio-fuel, and Norway's drastic action based on only one bad experience. He asked that the Council inform Norway of the impacts of its actions, announced that the theme of next year's meeting would be intraregional trade in wood products, and proposed that the TAG role should be clarified and strengthened.

JOINT COMMITTEE SESSION

The Joint Committee, chaired by Flip van Helden (the Netherlands), met on Monday and Wednesday to discuss the revised project appraisal system and the results of *ex-post* project evaluations.

REPORT OF THE EXPERT PANEL FOR TECHNICAL APPRAISAL OF ITTO PROJECT PROPOSALS:

On Monday, Guy Robertson, consultant, presented the Report of the Expert Panel (EP) for Technical Appraisal of ITTO Project Proposals (CEM, CRF, CFI, CFA (XLI)/1). He described the new appraisal system used to evaluate project proposals, highlighting that the new system is simpler and contains fewer categories for scoring projects. He said the system allows the EP to send proposals to the Committees with a recommendation that they not be approved, without the EP having to re-evaluate projects. He said that project proposals developed under the current project development manual were difficult to assess under the new appraisal system due to compatibility issues, but that countries experiencing this problem were not being penalized. He recommended that the new project manual address this.

The Philippines agreed that the new rating system poses a problem for projects developed using the old manual and Japan asked for clarification on criteria required to develop new projects. These issues were referred to the Secretariat for clarification. Robertson noted that while the new system was quantitative, some EP members preferred to discuss projects in more general terms. On Wednesday, responding to a request from Japan, Chair van Helden invited the Secretariat to elaborate on progress made in improving the project development cycle, through updating of manuals and guidelines. The Secretariat noted that the updated manuals were presented at ITTC-41 and members were invited to make comments. He highlighted that the draft manuals were currently in use by selected countries in order to determine their usefulness and they would be re-tabled for consideration at the next Council session. Japan welcomed the re-tabling of the revised text at the next session, and encouraged the EP to meet again to assess the functioning of the new scoring system.

EX-POST EVALUATION PRESENTATIONS: Monica Borner, consultant, reported on the *ex-post* evaluation of a biodiversity management and conservation project in a forest concession adjacent to a protected area in Northern Congo. She noted that the project partnership between the Congolese government, the Congolese Wood Industries, and the Wildlife Conservation Society, was the first such partnership in Africa. She said that project activities included decreasing reliance on poached bushmeat by providing other protein and income sources and that the project provides a positive model for others to follow. She noted challenges due to increasing human-

elephant conflict, lack of trained personnel, and the need for long-term commitment in achieving sustainability.

The Republic of the Congo noted its efforts to address the destructive effects of elephants, such as through compensating affected populations. Côte d'Ivoire queried how the public could be further involved in the project's conception, implementation, and follow-up, and cautioned against addressing wildlife management and forest habitat management as separate issues.

In response to Liberia, Borner noted there has been some civil society involvement in the project to date but recommended that this be increased. Responding to Switzerland, Borner acknowledged challenges to sustaining this kind of partnership. Following a query from Japan on the use of quantitative indicators, the Secretariat noted that the terms of reference for this evaluation were established before quantitative indicators were agreed upon. In response to Ghana, Borner noted that the community is still learning how to work together and handle financial contributions.

Don Wijewardana, consultant, presented the findings of an *ex-post* evaluation for a project to bridge the information gap regarding the activities of SFM in the private sector and promote SFM practices (CEM-CFI(XLI)/3). He noted the success of the project in promoting SFM through identifying best practices and successful SFM cases and in disseminating this information to private companies. He emphasized the importance of the contribution of the project to SFM at the Forest Management Unit level, recommending this knowledge be kept relevant to the industry.

Marc Dourojeanni, consultant, presented a synthesis report (CRF(XLI)/8) on promoting the exchange of SFM implementation experiences at the regional level. He highlighted lessons and concerns from the workshops including, *inter alia*: inappropriate project durations; gaps between project approval and financing; the need to maintain community relations for the duration of the projects; and the necessity of sufficient project planning prior to implementation.

In the ensuing discussion, delegates agreed that the regional workshops had been useful. Indonesia proposed that they be held more often, while the Philippines said discussions should extend more into implementation of projects.

COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE AND COMMITTEE ON FOREST INDUSTRY

The Committee on Economic Information and Market Intelligence (CEM), chaired by Chantal Adingra (Côte d'Ivoire), and the Committee on Forest Industry (CFI), chaired by Dani Pitoyo (Indonesia), met from Monday to Friday to consider, *inter alia*: completed projects and pre-projects; *ex-post* evaluation; projects, pre-projects and activities in progress; project and pre-project proposals; policy work; election of officers; and other business.

COMPLETED PROJECTS AND PRE-PROJECTS: On Monday, the CEM/CFI considered completed projects and pre-projects (CEM-CFI(XLI)/2). Delegates heard reports of completed projects and pre-projects; including on:

- promotion of sustainable management of African forests;
- transparency in trade flows and distribution of tropical wood products in China;

- expanding and improving the Global Mangrove Database and Information System;
- analysis of the status of a project proposal for strengthening the Forest Statistical Information Centre in Honduras;
- promoting sustainable utilization of bamboo through community participation in SFM in Myanmar; and
- sustainable management of NTFPs in Cameroon, Congo, Gabon and Central African Republic.

EX-POST EVALUATIONS: On Monday and Tuesday, the CEM/CFI considered *ex-post* evaluations. Delegates reviewed the *ex-post* evaluation of a project to develop and implement guidelines to control illegal logging for SFM in Indonesia (CEM-CFI(XXXIX)/3). The Secretariat provided an update on progress on several *ex-post* evaluations, and reported that several *ex-post* evaluation missions will be conducted concomitantly, including to Indonesia, Thailand and the Philippines.

Two CFI projects were recommended for consideration for *ex-post* evaluation: technology for sustainable utilization of raw forest materials in Brazil; and improved and diversified use of tropical plantation timber in China.

On Thursday the Committee heard updates from the Secretariat on *ex-post* evaluations (CEM-CFI(XLI)/3), including:

- evaluating the performance of export wood furniture compared to other end-use applications in the Philippines;
- supplementing natural forest supplies in China with tropical timber plantation timber; and
- sustainable management of sympodial bamboo in southern China.

PROJECTS, PRE-PROJECTS AND ACTIVITIES IN PROGRESS: On Thursday the CEM/CFI received updates on projects, pre-projects and activities in progress (CEM-CFI(XLI)/4) including:

- development of biomass energy using wood and agricultural waste in Malaysia and Cameroon;
- production of tropical non-wood forest products and sustainable development in the Amazon in Brazil;
- processing of Almaciga resin for industrial chemicals in the Philippines;
- a regional workshop for processing wood products from teak plantations in India;
- establishing a statistical system for imported timber and timber products in Egypt;
- promotion of SFM in African forests;
- a study of the trade flow of timber and timber products in the Philippines;
- establishing a national system for forestry statistics in Togo;
- enhancement of a forest statistics system in Gabon;
- adoption and implementation of an information system for forestry in the Philippines;
- establishing a national forest and timber marketing statistics system in Ecuador;
- creating a forest statistics management system in the Democratic Republic of Congo; and
- developing financial compensation and environmental services in tropical forests in Guatemala.

CEM-CFI projects pending agreement included:

- an analysis of the training needs in the woodworks industry in Philippines;
- plantation teak utilization in Myanmar; and

- the establishment of a national forest and timber marketing statistics system in Ecuador.

On projects and pre-projects pending financing, Chair Adingra noted there were 12 projects and two pre-projects under the CFI, including a project to train rural village communities on eucalyptus oil extraction in Congo.

CONSIDERATION OF PROJECT AND PRE-PROJECT PROPOSALS: On Tuesday, the CEM/CFI discussed project and pre-project proposals (CEM-CFI(XXXIX)/5) and noted the recommendations of the EP (CEM,CRF,CFI,CFA(XXXIX)/1). The Committees recommended that the Council approve projects on:

- enhancement of the timber marketing information system in Papua New Guinea;
- promoting and creating market demand for certified and verified legal tropical wood in Japan;
- economic and technical information to train professionals in producing and marketing timber products in Colombia;
- a testing laboratory for the development of quality standards for Mexican tropical forest products;
- developing environmentally-sound wood preservation technology for plantation timber in China;
- value-adding and kiln-drying of commercial timber by small-scale community saw millers in Guyana;
- sustainable management and utilization of tropical bamboo in China;
- sustainable production and development of eaglewood (Gaharu) in Indonesia;
- processing and utilization of farmland trees and logging residue through collaboration with local communities in Ghana; and
- introduction of a village industry around an industrial forest plantation in Indonesia.

The Committees recommended that the Council approve pre-projects on:

- value-adding processes for community teak plantations in Indonesia; and
- a national training programme to promote the adoption of reduced-impact logging in Papua New Guinea.

The Committees recommended delaying examination of project proposals on:

- establishment of a voluntary and independent monitoring system for forest concessions in Central Africa;
- capacity building for environmental and forestry training institutions in Central Africa; and
- nanotechnology applied to tropical timber products in Brazil.

The Committees recommended that a pre-project proposal on training for operating sawnwood stocking centers with legal timber in the Ecuadorian Amazon Region not be considered further by ITTO.

POLICY WORK: On Tuesday, Wednesday and Thursday, the CEM/CFI considered strategic policy activities and issues. On market access, the Secretariat noted that there were no new developments in the Doha Development Agenda. The Secretariat also noted that no feedback had been received since the enforcement of the European Conformity (“CE”) marking. Malaysia lamented the high cost of implementing and testing the standard, and the negative effects this has had on exporters. The EC said these issues may apply to all countries involved and need more detailed examination. The Secretariat reported

on the ITTO annual review and analysis of the world timber situation and highlighted five important issues facing the Chinese timber market, including: the impact of the US housing crisis; the impact of a Russian log export tax; uncertainty concerning Chinese domestic demand following the 2008 Beijing Olympics; continued statistical discrepancies; China's role in the tropical timber trade as both the main market for primary products and a formidable competitor in secondary forest wood product markets; and the impact of demographic change in China on domestic demand and export competitiveness. Malaysia, Brazil and the Netherlands affirmed the need for forecasts on the supply and demand of timber products in China. China said they would continue to share data in order to make statistics more accurate.

On Tuesday, the CEM/CFI addressed a Draft Report on the Comparability and Acceptance of Forest Certification Systems (CEM-CFI(XLI)/6). Issues identified in the report include: the increasing uptake of certification and its use as a governance tool; synergies with legality verification systems; the use of certification by financial institutions; the contribution of certification to SFM; and the need to encourage consolidation between competing certification systems. He noted that the report emphasizes the need for ITTO to support capacity building and the development of national standards among Producers, noting the small number of certified areas in these countries. Delegates expressed interest in including certification in the agenda of future meetings.

On the enhancement of statistical work and training workshops on statistics, the Secretariat highlighted, *inter alia*: a workshop in Latin America in 2007; intra-secretariat working groups on statistics; and plans for continued capacity building under the new BWP, including assistance to countries. In response to the US, the Secretariat confirmed a link between the provision of the joint questionnaires and requests for assistance, noting that specific countries had requested the workshops. She reported that funds were still available and invited proposals from members.

The Committee considered further work on country studies for tropical timber markets and agreed that analysis of the conducted country studies should take place.

From Tuesday to Friday, the Committee considered subsidies affecting the tropical timber trade. Malaysia expressed concern over whether to advance into the second phase of the project, as there was a mixed reaction among members. New Zealand, upon its submission of a non-paper on subsidies, commented that an understanding of, and framework for, considering subsidies is necessary.

On Thursday morning delegates discussed the proposed terms of reference for the Study on Subsidies Affecting Tropical Timber Products drafted by New Zealand, which focuses on forest subsidies. The EC, supported by Congo and Malaysia, asked for a clearer statement of the objective of the study. He also said the focus should be on subsidies used to promote SFM. Mexico, Congo and Malaysia asked why other types of forests were included. New Zealand clarified that there were commonalities in the types of subsidies that could help develop a typology for tropical forests. The Secretariat noted that funds were available, and asked delegates to consult and submit comments on the terms of reference.

The Secretariat reported on the economic valuation of the forest sector with particular reference to the Amazon Basin. She

reported that this work had been delayed but is now moving forward, with a meeting planned for early 2008.

Jean-Jacques Landrot, Association Technique Internationale des Bois Tropicaux, presented a report (CEM-CFI(XLI)/7) on a study of the International Transportation of Timber Products. He highlighted various causes of data discrepancies, presented possible methods for reducing their effects, and made recommendations for their prevention. The EC lamented the lack of information regarding the legal context of data discrepancies. The US expressed concern that comments they had made at ITTC-42 in Papua New Guinea were ignored, saying they could not endorse the study. The Secretariat recalled that only verbal comments had been made in Papua New Guinea and invited members to submit comments. Barney Chan, TAG, recalled proposing a meeting on transportation in Interlaken in 2004, to focus on marine transport issues, and bemoaned the focus on land-based issues. The Chair proposed three alternative ways forward: revising the draft based on comments received; convening an informal working group to propose a way forward; or moving on to discussions of the BWP. Brazil, supported by the US and Malaysia, proposed halting further work on this study. This was agreed on by the Committee.

The Secretariat reported on outcomes of work to promote wood-based bio-energy using wood residues and wastes, noting a conference held in May 2007. He highlighted key outcomes of the conference, including on: the use of bio-energy to decrease greenhouse gas emissions; the need to facilitate technology transfer; and the necessity of capacity for assessment, monitoring and reporting of wood-related energy data. He observed that the subject could be followed up in the draft BWP and in the convening of regional fora. The Netherlands, with Mexico, emphasized the need for clear C&I when using bio-energy. The Secretariat highlighted that the focus was on wood wastes for bio-energy.

On promoting private investment through facilitating information exchange on investment opportunities, the Committees heard the outcomes of two of four regional fora convened by the ITTO. Key outcomes of these workshops included identifying constraints and opportunities for investment and suggestions for the ITTO.

On the promotion of NTFPs and forest services, the Secretariat noted a conference held in Beijing, which highlighted the need for national action plans, the improvement of legal frameworks, and the financial mechanisms available for their development. Papua New Guinea requested further elaboration on suitable legal frameworks for the sector.

BIENNIAL WORK PROGRAMME FOR 2008-2009:

The CEM/CFI agreed to the administrative and strategic policy activities contained under the draft BWP 2008-2009.

ELECTION OF CHAIRS AND VICE-CHAIRS FOR

2008: The CEM/CFI elected Michele Mire (US) as CEM Chair and Siti Syaliza Mustapha (Malaysia) as CEM Vice-Chair. Jürgen Blaser (Switzerland) and James Singh (Guyana) were elected CFI Chair and Vice-Chair, respectively.

DATES AND VENUES OF FUTURE MEETINGS:

It was decided that the forty-second, forty-third and forty-fourth sessions of the Committees will be held in conjunction with ITTC-44, ITTC-45 and ITTC-46, respectively.

ADOPTION OF REPORT: On Friday, the CEM/CFI draft report to ITTC-43 (CEM-CFI(XLI)/8) was adopted by the Committees with minor amendments.

COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

The Committee on Reforestation and Forest Management (CRF), chaired by Flip van Helden (the Netherlands), met from Monday to Friday to consider: completed projects and pre-projects; *ex-post* evaluations; projects and pre-projects in progress; approval of project and pre-project proposals; policy work; election of officers; and dates and venues of future committee meetings. As Vice-Chair elect Alfredo Carrasco was unable to attend the session, the Producer Caucus elected Carlos Enrique Gonzalez (Mexico) as Vice-Chair.

COMPLETED PROJECTS AND PRE-PROJECTS: The Committee met on Monday to discuss completed projects and pre-projects, including those with a financial audits pending (CRF(XLI)/3).

One project was completed with financial audit, on the promotion and transfer of knowledge on SFM models to timber producers in Peru.

Completed projects with financial audits pending included the following:

- sustainable use and reforestation of Amazon forests by indigenous communities in Peru;
- phase three of a model forest management area in Malaysia;
- remote sensing technology and information systems to support forestry-legislation monitoring in the Republic of Congo; and
- a national monitoring information system for the effective conservation and sustainable management of Thailand's forest resources.

Completed pre-projects pending financial audits included those on:

- a model forest management area in Papua New Guinea;
- technical assistance for institutional strengthening of forest fire management in the natural and planted forests of Panama;
- SFM for the production forest area in the northern and north-eastern regions of the Department of Antioquia, Colombia;
- identification of a rehabilitation and management project for degraded secondary forests of the Mvila Department in Cameroon; and
- rehabilitation of degraded forest using indigenous species through collaboration with local communities in West Kalimantan, Indonesia.

EX-POST EVALUATIONS: On selection of projects for *ex-post* evaluation (CRF(XLI)/5), Switzerland, the US and Ghana volunteered to work with the Secretariat to select projects for *ex-post* evaluation.

Twelve projects were recommended for consideration for *ex-post* evaluation, including seven on forest management:

- management of the Tapajos National Forest for sustainable industrial timber production in Brazil;
- phase 2 of a project for SFM in Peninsular Malaysia;
- preparation of a management plan for forest management in the Republic of Congo;
- development of a demonstration area for SFM in Gabon;
- promotion and transfer of knowledge of SFM models to timber producers in Peru;

- collaborative SFM in the Bulungan model forest in Indonesia; and
- information and training programme for SFM in the Amazon in Peru;

and five projects on forest rehabilitation:

- rehabilitation of degraded forests through collaboration with local communities in Ghana;
- sustainable use and reforestation of Amazon forests by indigenous communities in Brazil;
- a pilot plan for sustainable management of secondary forest in San Lorenzo, Esmeraldas in Ecuador;
- support to grassroots forestry promotion initiatives in Togo; and
- the establishment of a cuttings propagation unit local species production in Togo.

On the selection of projects for *ex-post* evaluation, Chair van Helden added that a new set would be selected in two years time.

REVIEW OF PROJECT AND PRE-PROJECT WORK IN PROGRESS: This agenda item was discussed from Monday to Wednesday.

Projects in progress: The Committee reviewed projects and pre-projects in progress, including: an SFM project for community involvement in Si-Kop forest area in Cameroon; and pre-projects on the conservation of forest genetic resources in Ecuador, and the evaluation of the status of forest resources in Côte d'Ivoire

On a project for evaluation of mangrove forests in the Northeast Orinoco Delta region with a view to sustainable forest utilization in Venezuela, the committee requested that the Secretariat perform a viability assessment for a mid-term evaluation for this project, noting that the ITTO did not have budget allocations for mid-term evaluations.

On a project on national forest inventory and forest resources monitoring in Bolivia, the Secretariat reported that although it was reported as completed in 2005, some output documents had not been submitted. He said that at the CRF's request, the Secretariat had investigated, but was unable to ascertain whether the documents could be expected. In the absence of a Bolivian representative, the CRF voiced support for sending the ITTO regional officer to Bolivia to revive and finalize the project for November 2008 and to terminate it in the case of failure.

On two related projects in Colombia, for the establishment and management of production-protection community forests in lower and middle Atrato in the Department of Chocó and for productive forest management for the rural reserve area of Guaviare, the Secretariat reported that both projects had been suspended due to inappropriate activities by one of the participants. He noted the Secretariat is now endeavoring to lift the suspensions expeditiously. The CRF supported this action.

On Tuesday afternoon, the CRF discussed projects under implementation, a project extension request and a report on the ITTO diagnostic mission to Ecuador.

Japan proposed, and delegates agreed, to lift the suspension of a project on SFM and community involvement in Cameroon, on condition that ITTO funds that have been used by the executing agency be replenished.

Fernando Montenegro, consultant, reported on a project for the training and application of ITTO C&I for SFM in natural production forests. He noted that the project expanded capacity at all levels and achieved natural forest regeneration.

PC Kotwal, Indian Institute of Forest Management, presented an 18-month extension proposal for a project on community-based SFM in India. He said that the project had achieved considerable success in capacity building and creating awareness among stakeholders in developing a system of C&I for SFM, and that the extension would use remaining funds to extend this to the biodiversity-rich Sikkim and Kerala regions. The committee agreed to approve the project on condition of submission of a project audit for 2007 and a work plan for the extension.

The Secretariat reported on a special ITTO monitoring and evaluation mission on a demonstration project for the rehabilitation and sustainable management of mangrove forest ecosystems in Ecuador. He said that the investigative mission had revealed that the executing agency had not carried out its mandate to establish demonstration areas and highlighted numerous shortcomings witnessed over the project cycle. The Secretariat underlined that the EP had submitted this project to the Council, recommending that it not be approved, and recommended that an ITTO Secretariat division be established to monitor and evaluate projects in progress. Japan, supported by Norway, proposed terminating the project, and returning remaining funds to the donors. The Committee concurred with this proposal.

Project extensions with additional funding: Norway and the US supported approving an extension for a project to develop a strategy for the sustainable management of commercial mahogany stocks in Peru (CRF(XLI/9)), allowing the same study to be done on cedar stocks.

Projects awaiting implementation agreement provisions: The Committee noted that seven projects are still awaiting implementation agreements.

Projects awaiting financing and coming under sunset provisions: The Committee noted that 18 projects approved at earlier sessions are still awaiting funding, and that nine projects fall under the sunset provision.

Pre-projects awaiting implementation agreement, awaiting financing or coming under sunset provisions: There were no comments on: a pre-project awaiting an implementation agreement on guidelines for the restoration of mangroves in the Asia-Pacific region; pre-projects awaiting financing on forest promotion and development in Peru and restoration of forest landscape in Ghana; or on pre-projects, coming under sunset provisions, on genetic improvement of forest species in Ecuador and on decentralization of forest seed production in Guatemala.

CONSIDERATION OF PROJECTS AND PRE-PROJECT PROPOSALS: The Committee approved revised projects on:

- conservation and development in natural protected areas in Peru and Bolivia;
- forest seed management and conservation in Côte d'Ivoire;
- promoting SFM in the Brazilian Amazon;
- institutional strengthening for integrated fire management in Panama;
- integrated SFM in North Santander, Colombia;
- improving enabling conditions for SFM of sandalwood resources in Indonesia;
- sustainable management of mangrove forests in China;
- the fourth Latin American Forestry Congress; and
- C&I for sustainable management of planted and community forests.

The Committee approved revised pre-projects on CBFM in Malaysia, and a study for conservation, land management and sustainable mountain biodiversity management in Togo.

The Committee endorsed the EP's decision not to commend a project proposal on management of a National Park in Indonesia and the EP's recommendation not to approve project proposals on establishing a model forest in Cameroon, and regeneration and sustainable management of degraded forest ecosystems in the Republic of Congo.

Brazil, supported by Peru as co-proponent and Colombia, opposed the EP's recommendation not to approve a project proposal on capacity-strengthening on C&I for SFM in the Amazon. Supported by China and the US, he requested another opportunity to revise the proposal, saying the Panel's recommendation to submit a pre-project proposal did not constitute a recommendation for revision. Japan, with the Philippines, objected. After protracted discussion, the Committee agreed to consider this situation as an extenuating circumstance and to send the proposal back to the EP with instructions to make recommendations for another revision.

BIENNIAL WORK PROGRAMME FOR 2006-2007: Chair van Helden noted that the BWP would be discussed in the Council session.

POLICY WORK: From Tuesday to Friday, the Committee considered the acceptance of revised Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests developed for ITTO.

On Tuesday, Jeffrey Sayer, IUCN, presented the draft Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests (CRF(XLI)/7), noting their aim to convey a holistic, integrated understanding of necessary processes at all levels. He highlighted numerous issues, including the need for incentives for forest operators to conserve biodiversity while maintaining competitiveness. He noted that biodiversity expertise is limited and costly, but investment in better production forest management buys more biodiversity conservation than investment in protected areas. In the ensuing discussion, many expressed reservations on adopting the draft guidelines. A contact group was formed to discuss the guidelines, and draft a decision to accept them.

The contact group met on Tuesday, Wednesday and Thursday, and the outcomes were presented to the Committee on Friday by Patrick Hardcastle (UK). He noted that the draft decision took into account requests, including to: request members to submit comments for the revision of format and structure by 15 February 2008; and encourage members to develop and adapt the guidelines for regional applicability. The US, supported by Brazil and Malaysia, said it was reluctant to adopt the guidelines prior to their being finalized. The consultants, supported by Norway, reminded delegates that the knowledge contained in the guidelines stood to inform upcoming international meetings including the World Conservation Congress in Barcelona in 2008. The Chair requested that UK, US, Brazil, the Philippines and Norway deliberate and decide on options available for adopting and finalizing the guidelines and report back to the Committee. Chair van Helden proposed submitting the decision to the Council, noting the efforts of the contact group to draft a decision that was suitable to the CRF and the importance of the

guidelines in promoting the ITTO and its institutional knowledge on biodiversity conservation.

The Secretariat reported on other policy matters relating to the 2006-2007 BWP and noted the availability of reports on fire management, assessing costs and benefits of SFM in natural forests, and supporting forest law enforcement.

ELECTION OF THE CHAIR AND VICE-CHAIR FOR 2008: Van Helden announced that Carlos Enrique Gonzalez (Mexico) was elected as Chair of the CRF for 2008 and Hideaki Takai (Japan) was elected Vice-Chair.

DATES AND VENUES OF FUTURE MEETINGS: The forty-second, forty-third and forty-fourth sessions of the CRF will be held in conjunction with ITTC-44, ITTC-45 and ITTC-46, respectively.

ADOPTION OF REPORT: On Friday the draft report (CRF(XLI)/11) to ITTC-43 was accepted by the Committee for submission to the Council with minor amendments.

COMMITTEE ON FINANCE AND ADMINISTRATION

The Committee on Finance and Administration (CFA), chaired by James Singh (Guyana), and Vice-Chair Marcel Vernooij (the Netherlands) met from Monday to Friday to discuss, *inter alia*: the draft biennial Administrative Budget; the status of the Administrative Account; the BWP for 2008-2009; the relief of Liberia's debt; and adoption of the Committee's report.

REVIEW OF CONTRIBUTIONS TO THE ADMINISTRATIVE BUDGETS: On Tuesday, the Secretariat presented the Statements of the Administrative Account (1986-2007) (CFA(XXII)/3), highlighting that US\$1,190,034.31 and US\$27,765.00 are outstanding from producer and consumer country members, respectively. Liberia noted that it had paid its contribution for 2007 although that had not been reflected. The Secretariat said it would pursue this matter. In response to Peru, the Secretariat noted that their payment for 2007 had been received and they were eligible to receive project funds.

STATUS OF THE ADMINISTRATIVE ACCOUNT: On Tuesday, the Secretariat presented the Status of the Administrative Account for the Financial Year 2007 (CFA(XXII)/4). He said the Administrative Budget for 2007, including contributions received and expected up to 31 December, total US\$4,272,880.69, making a deficit of US\$15,947.00 after expected expenditures of US\$4,680,296.00. Arrears for Producer and Consumer countries together total US\$4,963,359.20.

DRAFT BIENNIAL ADMINISTRATIVE BUDGET FOR 2008-2009: On Tuesday, the Secretariat presented the draft biennial budget for 2008-2009 (CFA(XXII)/2) and a revised budget updating exchange rates (CFA(XXII)/2/amend2). He highlighted the assumption made that in 2008 the ITTO would still be operating under ITTA, 1994 and ITTA, 2006 would only affect the 2009 budget year. Japan queried the increase in their contribution under the revised draft budget despite their policy of zero nominal growth; the Secretariat responded that this was due to shifting exchange rates.

On Wednesday, the Secretariat noted that the budget had been revised in the format of the ITTA, 1994 (CFA(XXII)/2/Rev.1) as requested by delegates in the previous day's session. He emphasized that the increase in expenditure was mainly due to proposed new positions within the Secretariat. On Wednesday, ITTO Executive Director Ze Meka, introduced the proposed

position for an Assistant Director for strategic planning, monitoring and evaluation. He stressed that the position was important to ensure the strategic success of the ITTO, noting the proposed action plan and the transition to ITTA, 2006. He highlighted that included in the terms of reference is the development of a strategic operational plan to align the ITTO with international goals such as poverty alleviation and the Millennium Development Goals.

In the ensuing discussion, delegates agreed that such a position was important. Liberia, with Norway, Côte d'Ivoire, Malaysia, Mexico, Gabon, and Congo, supported the immediate creation of the position. Poland, with Germany, Japan, and China, proposed postponing the creation of the position until ITTA, 2006 enters into force. Germany, with the EU and Japan, queried the use of differing exchange rates when preparing and considering the draft biennial budget and asked for clarity on the matter.

The discussion of the draft biennial budget 2008-2009 resumed on Thursday morning. The Secretariat presented a revised budget using the August 2007 exchange rate (CFA(XXII)/2/Amend.3). Delegates agreed to adopt the 2008 budget, but were unable to reach consensus on the 2009 budget as it still contained additional expenses to finance the new assistant director position. Germany questioned the Committee's ability to discuss the issue prior to the ITTA, 2006 entry into force, and whether the position should be fully financed through the biennial budget. The US, with Japan and the EC, agreed that there should be no growth in the 2009 budget, but said that reshuffling of resources to finance the new position would be acceptable.

On Friday, the Secretariat tabled another revision of the administrative budget for 2008-2009 (CFA(XXII)/2/Amend.4), taking into account the Committee's request that the allocation of funds for the assistant director position be within the resources of a zero nominal growth budget for 2009. The US, with Norway, agreed to an amendment allowing the position to be filled. The US noted their preference that the Executive Director be allowed flexibility to compose and change his staff within the framework of the budget. Chair Singh noted that all producer countries supported the creation of the post. Germany, with Japan, strongly opposed the creation of the position and requested that references to the commitment for the creation of the position be removed. Vice-Chair Vernooij, expressing disappointment, suggested that the draft text state that the majority of the Committee appreciated the proposal of the Executive Director. This was agreed upon by the Committee.

RESOURCES OF THE SPECIAL ACCOUNT AND THE BPF: On Tuesday, the Secretariat informed the Committee that US\$7,321,344.33 is available in the Special Account as of 31 October 2007, US\$5,405,607.63 of which is earmarked (CFA(XXII)/5). On the BPF, he said there is US\$621,366 available in Sub-account A, while for Sub-account B current resources equal US\$789,803.14, which along with interest totaled \$2.75 million available to allocate at ITTC-43.

LIBERIAN DEBT RELIEF: On Tuesday, Chair Singh recalled that after discussions at ITTC-38, Liberia sent a request for a waiver of its financial obligations during its recent civil war. He stated that the Council had recommended several actions for Liberia, including submission of a proposal to the Council with its request, and noted that Liberia had tabled a draft

decision for ITTC-43. Papua New Guinea supported the view that the provisions contained in ITTA, 1994 Article 33 were applicable to Liberia.

Liberia reported the actions it had taken to comply with the Council's recommendations, including numerous reform programmes and ITTC attendance. Indonesia and Côte d'Ivoire noted their own recent problems, but with Malaysia and the Philippines, supported Liberia's request. The EC agreed in principle, but, with Japan and China, cautioned against considering this case a precedent. He preferred referring to periods "when the trade in tropical timber was not possible" over direct reference to the war and recommended using percentages rather than absolute figures in order to calculate the final debt. Japan cautioned that some of Liberia's recent problems in financial flows were caused by UN Security Council sanctions. It was agreed that the draft decision would be modified to take into consideration these views, the fact that they were working under ITTA, 1994 Article 33 and the need to focus on Liberia's debt, voting rights and project eligibility.

On Wednesday, Vice-Chair Vernooij tabled an updated draft decision. The draft decision included a payment plan with four elements, namely: a cancellation of arrears from 1989-1996; a full waiver of debt from 2003-2005 due to lack of trade; the payment of contributions for 2002, 2006, 2007; and the payment of 25% of arrears for 1997- 2001. Members were then given time to consider the proposal.

On Thursday, Chair Singh opened discussion on the draft decision. On an annex specifying the proposed payment plan to reschedule Liberia's arrears to the Administrative Budget, the EC, supported by Japan, preferred payment of 30% of its contribution for 2003-2005 rather than full relief. Malaysia, for Producers, preferred 25%. Liberia said it would agree to pay 20%. Germany preferred that Liberia pay 25% of its total arrears, or 50% of arrears for 2003-2005. She asked for restoration of Liberia's voting rights "after paying the second amount of the installment plan" and for a breakdown on debt written off, debt waived, debt remaining, and total payment due.

Malaysia, supported by Indonesia, noted that other countries are also behind in contributions and that Liberia should be commended for coming forward to regularize its payments.

On Friday, the draft decision was revised to include the restoration of Liberia's voting rights upon payment of its arrears for 1997-2001 and its contributions for 2008. The decision also included a request for Liberia to pay the 30% of the arrears from 1997-2001 and 20% of the arrears from 2003-2005. The Committee agreed to recommend that Council adopt the decision.

RULES OF PROCEDURE: On Wednesday, Vice-Chair Vernooij presented the proposed amendments to the financial rules and rules relating to projects (CFA(XXII)/6). Japan tabled proposed amendments (CFA(XXII)/6 CRP-1) which were accepted with minor changes.

On Thursday, Vice-Chair Vernooij proposed amendments to the rules of procedure (CFA(XXII)/7). On the definition of "projects," delegates agreed to omit reference to "specific objectives" and "wider development objectives." The CFA then reviewed Japan's proposed amendments to the Rules of Procedure (CFA(XXII)/7 CRP-2).

On procedures related to the Chair and Vice-Chair of the Council, Germany favored reference to "Chairperson" and "Vice-

Chairperson" over "Chairman" and "Vice-Chairman" as was agreed for the ITTA, 2006 and this language was retained in the new Rules.

On sessions of the Council, Japan proposed that date, duration and venue of regular sessions be set "only after adequate funding is confirmed." The Secretariat said the new Agreement states, "in considering [their] frequency and location the Council shall seek to ensure the availability of sufficient funds." Japan agreed to this formulation.

On the agenda of each session, delegates agreed with a US proposal that this shall be prepared by the Executive Director "in consultation with the Chairperson of the Council" for adoption by the Council.

On the establishment of committees, delegates agreed to add reference to the possibility of "dissolution" of committees in both the title and text of the paragraph.

On languages, delegates agreed to a Japanese proposal to allow a representative of a member to speak in a non-official language if the member "provides" for interpretation into one official language. Japan confirmed that this included payment for the interpretation and Vice-Chair Vernooij asked for this to be recorded.

The EC then asked why Russian was included among "official languages." After lengthy discussion, delegates agreed to include both Russian and Arabic as languages "in which the ITTA text is authentic." Delegates agreed to a Chinese suggestion to state that the "current working languages" are English, French, and Spanish.

Delegates debated the proposed amendments by Japan. Following a query from the Secretariat, the proposed adjustment for the rule on the use of a special vote was accepted to reflect the wording of the ITTA, 2006. The US then highlighted that a second possibility for a special vote to occur had not been reflected in the rules of procedure, and that there must be a majority of votes in both caucuses for a measure to pass. Japan questioned whether this was indeed the case. The Committee, upon reflection, determined that the two possibilities did exist, and changed the rule to reflect this. Delegates remained unresolved over the changes for rules concerning voting procedures.

Noting time constraints, Chair Singh asked the EC, the US and Japan, in consultation with the Secretariat, to finalize the wording of the rules before Saturday morning's Council session.

ELECTION OF THE CHAIR AND VICE-CHAIR FOR 2008: The CFA elected Marcel Vernooij (the Netherlands) as CFA Chair and Schadrack Ondoua Ekotto (Cameroon) as CFA Vice-Chair.

DATES AND VENUES OF FUTURE MEETINGS: The forty-second, forty-third and forty-fourth sessions of the CFA will be held in conjunction with ITTC-44, ITTC-45 and ITTC-46, respectively.

ADOPTION OF REPORT: On Friday the draft report (CFA(XXII)/8) to ITTC-43 was accepted by the Committee for submission to the Council with minor amendments.

CLOSING PLENARY

On Saturday, participants convened throughout the day in contact groups to achieve consensus on a draft decision on the frequency of Council sessions. This led to a postponement of the

closing plenary until late afternoon. Chair Macchiavello opened the closing plenary session at 3:30 pm.

REPORT OF THE CREDENTIALS COMMITTEE: Chair Macchiavello introduced the report of the Credentials Committee (ITTC(XLIII)/3). The Council adopted the report without amendment.

ELECTION OF CHAIR AND VICE-CHAIR FOR 2008: On Saturday, Malaysia, on behalf of the Producers, nominated Katharina Kuehmayer (Austria) as Chair, and the Council elected her by acclamation. The selection of a Vice-Chair was postponed until ITTC-44 in November 2008, pending discussion within the Producers' Caucus.

REPORTS OF THE COMMITTEES: The reports of the Associated Committees were presented to Council on Saturday. CEM Chair Adingra presented, and Council adopted, the report of the CEM (CEM-CFI(XLI)/8). CRF Chair Van Helden presented, and the Council adopted, the report of the CRF (CRF(XLI)/11). CFI Chair Pitoyo presented, and the Council adopted, the report of the CFI (CEM-CFI(XLI)/8). CFA Vice-Chair Vernooij (in the absence of Chair Singh) presented, and the Council adopted, the report of the CFA (CFA(XXII)/8).

DATES AND VENUES OF FUTURE SESSIONS: Following lengthy consultations among members throughout the week in Council sessions, the CFA and contact groups, the Council adopted a decision (Decision 6(XLIII)) to hold an intersessional meeting on the operational modalities of future work of the Council in Accra, Ghana, from 2-5 June 2008. The forty-fourth session of Council will be held in Yokohama, Japan, from 3-8 November 2008.

DECISIONS AND REPORT OF THE SESSION: On Saturday, Chair Macchiavello presented six draft decisions (ITTC(XLIII)/14); they were adopted without amendment.

The first decision, on projects, pre-projects and activities (Decision 1(XLIII)) approves:

- 13 new projects and three pre-projects;
- funding for 19 projects and five projects;
- budgetary amendments for four projects; and
- release of US\$200,000 for the continuation of the Freezailah Fellowship Fund.

The decision also urges members to: consider financing approved projects, pre-projects and activities for which funds are not immediately available; make unearmarked contributions to the Special Account in accordance with Decision 6(XIII); and make voluntary contributions to the BPF. The decision requests the Executive Director to continue consultations with potential donors and the CFC.

Decision 2(XLIII) on the ITTO BWP 2008-2009 extends the implementation period of the ITTO Yokohama Action Plan 2002-2006 through to 2008. It adopts the BWP presented to the Council, and notes that the BWP is subject to revision should the ITTA, 2006 enter into force. It also requests the Executive Director to implement and facilitate the implementation of activities contained in the BWP.

Decision 3(XLIII) approves the draft Financial Rules and Rules Relating to Projects of the ITTO (CFA(XXII)/6/Rev.1) along with the draft Rules of Procedure (CFA(XXII)/7/Rev.1), for consideration and final adoption at the first Council session under the ITTA, 2006. The decision also calls for using Rules

of Procedure (ITTC(XXIX)/32) and Financial Rules and Rules relating to Projects (CFA(II)/5/Rev.2) until the draft rules have been adopted.

Decision 4(XLIII) welcomes the draft ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Producing Forests. The decision requests: members to comment on the draft by 15 February 2008 and for the Executive Director to arrange for the incorporation of relevant comments and observations to be included in the final draft and make the final draft available for review prior to formal adoption. It also encourages members to adapt and make use of the guidelines at regional, national and/or local bases. It authorizes the Executive Director to seek voluntary contributions for implementing the decision, not exceeding US\$120,000, and otherwise to use funds from Sub-account B of the BPF. The decision also requests that the Executive Director promote and commend the "Guidelines," as a work in progress, at relevant international events.

Decision 5(XLIII) approves Liberia's request for debt relief. The decision confirms that Article 33 of the ITTA, 1994 does apply to Liberia and reschedules the outstanding arrears in accordance with Annex A of the decision. It also confirms: that Liberia will be eligible for project and pre-project funding; that Liberia's voting rights will be restored upon payment of its contributions for 1997-2001, and 2008; and that the implementation of the decision will be monitored on the basis of information provided by the Government of Liberia.

The final decision, Decision 6(XLIII) on a meeting on operational modalities of future work of the ITTC, calls for holding a four-day meeting in Accra, Ghana, to: review and clarify operational issues of the ITTA, 2006; make proposals to ITTC-44 on the operational issues, the work of the Committees and the project cycle under the new Agreement; and organize a one-day conference for member countries on regional challenges, the identification of regional issues and development assistance needs in the context of the ITTO. The decision also maintains the spring project cycle for 2008 and authorizes the Executive Director to seek contributions to finance the decision. Should sufficient funds not be obtained, the Executive Director is authorized to use unearmarked funds from the Special Account for the holding of the meeting.

CLOSING STATEMENTS: The EC said they were pleased with the outcome of ITTC-43, given the transitions the Organization is experiencing, and thanked the Chair for his leadership. Ghana noted the creation of the thematic sub-account and said they look forward to hosting the ITTO Intersessional Meeting in June 2008 in Accra. Liberia thanked all for approving its request for debt relief. Switzerland, on behalf of Consumers, thanked the Producer spokesperson for helping move discussion on difficult issues forward. The CSAG expressed appreciation for integrating civil society and the TAG into Council sessions, and urged further clarification of their role and greater support for participation. Katharina Kuehmayer thanked delegates for entrusting her with her new role as Chair, said that thematic programmes will hopefully increase available resources, and urged members to ratify the ITTA, 2006 prior to ITTC-44.

Chair Macchiavello thanked delegates and the Secretariat for their hard work and gavelled the session to a close at 5:56 pm.

A BRIEF ANALYSIS OF ITTC-43

The International Tropical Timber Organization is an institution in the midst of transition. This played out in many aspects of ITTC-43. Uncertainty over when the ITTA, 2006 will enter into force affected this session's outcomes, and put on hold some of the important decisions needed to prepare for the new era. However, this session also demonstrated that the Organization is maturing, especially with regard to its relationship with Africa. This analysis will focus on the combined impacts of the current transitional era and Africa's increasing influence within the ITTO on the outcomes of ITTC-43.

"LOST IN TRANSITION"?

This session was by and large productive, and the majority of committees' work, including approval of 14 new projects, proceeded with little drama. However, uncertainty over when ITTA, 2006 will enter into force led to some missed opportunities. For example, plans for project funding under "thematic programmes" and a new Action Plan for ITTO work under the ITTA, 2006 were ultimately left hanging. One view expressed during this session was that it was too soon to conclude work on issues pertaining to the new Agreement because it has not entered into force. On the other hand, it was also noted that preparations must be made so that the Organization can shift its *modus operandi* to fit the requirements of the new Agreement as soon as it does enter into force. Ultimately, though, any hope of undertaking effective action on these two major guides was sidelined as the Council gave priority to smaller but more immediate matters.

Nevertheless, delegates did successfully address many issues, including some related to the entry into force of the ITTA, 2006. First, revised draft Rules of Procedure and Financial Rules of Procedure were approved for consideration and final adoption at the first meeting of ITTA, 2006, "if," as ITTC-43 Chair Macchiavello noted, "it comes into force."

Second, after several lengthy drafting group sessions, a Biennial Work Programme (BWP) for 2008-2009 was successfully formulated, despite the caution voiced by the US and others that by 2009 the new Agreement may be in force, which would necessitate reconsideration of the work programme for 2009. Controversies also arose; in particular, delegates debated the question of whether Trade Advisory Group or Civil Society Advisory Group members together should be eligible for ITTO funding to attend ITTC meetings or, alternatively, whether least developed countries should be eligible for such funding (which they are not under either the present or future ITTA). This was despite concerns expressed by several delegates that some aspects of the BWP may serve to limit or "micro-manage" the Secretariat, thereby hampering the Secretariat's functionality.

Third, a compromise was successfully reached on what became the ultimate sticking point of ITTC-43: the question of when the next ITTC session should take place. The issue of session frequency arose early in negotiations towards the ITTA, 2006, due to Japan's announcement that they are no longer able to fund more than one meeting per year held in Yokohama. However, even those members most vocally opposed to continuing the custom of two meetings per year due to budgetary implications recognize the value of intersessional policy

discussions in preparation for entry into force of the ITTA, 2006, even though any formal decisions will have to await ITTC-44 in November 2008. Although Ghana was less than happy that the intersessional meeting it will host in June will not be an official ITTC session, they graciously agreed to this compromise in the end.

AFRICA'S TURN

By all accounts the "roar" of the African lion was felt throughout the session, with Liberia and Ghana at center stage in two of its most talked-about decisions and the new Cameroonian Executive Director, Emmanuel Ze Meka, taking his first turn in the spotlight. These African successes contributed to, or perhaps resulted from, a recent growth in confidence among Africans and concomitant calls for more attention, justice and equity for the continent. Thus, for instance, this Council session was made publicly aware of statistics highlighting extreme inequities in project funding, according to some measures, with many of the poorest members with relatively more tropical timber production for the international trade – among them numerous African countries – losing out to richer countries that have relatively little to do with the international tropical timber trade. This is due to several factors, including greater capacity to develop project proposals and access these funds.

The African lion's roar was heard even at the very end of the session, when more than one African delegation made their complaint publicly known that they had not been consulted on the Producer caucus' nomination for the Vice-Chair for 2008 (and, according to practice, eventual Chair) of the Council. This, in effect, gave the Africans the final word at ITTC-43, putting everyone on notice that Africa is no longer allowing itself to be marginalized within the Organization as was too often the case during the first 20 years of the ITTO's existence.

LOOKING TO THE FUTURE

The future does not just hinge on the prospective entry into force of the new ITTA, 2006. Even as the ITTO's current transition to ITTA, 2006 is occurring, the Organization is interacting with and attempting to influence other international processes, such as the biodiversity and climate change regimes, more than ever before.

On biodiversity, a far-reaching revision of the ITTO's Guidelines on the Conservation and Sustainable Use of Biodiversity in Tropical Timber-Producing Forests, based on increasing knowledge gained since its first Guidelines were first produced in 1993, has been welcomed and will be publicized at upcoming intergovernmental biodiversity-related meetings, most notably the Conference of the Parties to the Convention on Biological Diversity. On climate change, although there are still differences of opinion yet to be resolved on how the ITTO should incorporate climate change into its work, delegates agreed to put US\$300,000 into studying all aspects of the relationship between climate change and tropical forests, including interaction between the ITTO and the UNFCCC. This will include facilitating a larger ITTO presence at upcoming intergovernmental climate change-related meetings, including two side events at the UNFCCC Conference of the Parties in December in Bali, and much closer work with the UNFCCC Secretariat.

The future of the organization may ultimately be focused on the Secretariat, and the need for it to be empowered with a full mandate to carry out the work of the Organization. One outcome of ITTC-43 that bodes well in this regard was a decision to create a fifth assistant director post for the Secretariat, for monitoring and evaluation. The eventual filling of this post and those of two other assistant director posts that are currently vacant could, along with the other successes of this session, have far-reaching effects and create a positive momentum for future developments in the ITTO.

Until the ITTA, 2006 enters into force, the ITTO will continue to find itself somewhat in limbo. The ratification process is complex and lengthy, and not a top priority for many members. Thus, it is premature to question the prospects for entry into force, and the Organization continues to function under the assumption that this will occur in due time. Yet, despite this uncertainty, ITTC-43 demonstrated that its members are not content to sit back and wait for ITTA, 2006 but are enabling the organization to evolve and mature.

UPCOMING MEETINGS

7TH MEETING OF THE ASIA FOREST

PARTNERSHIP: The AFP7 meeting will be held from 12-15 November 2007, in Yokohama, Japan. For more information, contact: AFP Secretariat; e-mail: afp@cgiar.org; internet: <http://www.asiaforests.org/>

FIFTH ROUNDTABLE MEETING ON SUSTAINABLE PALM OIL: PROMOTING THE GROWTH, TRADE IN AND USE OF SUSTAINABLE PALM OIL: This meeting will take place from 20-22 November 2007, in Kuala Lumpur, Malaysia. It will discuss the latest developments in bringing sustainable palm oil to the marketplace and developing, verifying, and implementing global standards on sustainable palm oil production. For more information, contact: Ms. Ng Lay Mei, RT5 Secretariat; tel: +603-2168-8887; fax: +603-2168-8886; e-mail: rt5@groundbreakers.com.my; internet: <http://www.rspo.org>

IUFRO TRAINING WORKSHOP: WORKING EFFECTIVELY AT THE INTERFACE OF FOREST SCIENCE AND FOREST POLICY: This meeting will take place from 4-6 December 2007, in Muguga/Nairobi, Kenya. Jointly organized by the International Union of Forest Research Organizations (IUFRO) and the Forestry Research Network of Sub-Saharan Africa (FORNESSA), the workshop will aim to provide concepts and methods to researchers on how to plan, conduct and organize research activities so that results can more quickly and easily be transformed into usable information for problem-solving and policy-making. For more information, contact: IUFRO; tel: +43-1-877-01-51-0; fax: +43-1-877-01-51-50; e-mail: office@iufro.org; internet: <http://www.iufro.org/science/special/spdc/actpro/wkspmal07/trainwshpnairobi/>

FOREST DAY: SHAPING THE GLOBAL AGENDA FOR FORESTS AND CLIMATE CHANGE: This "Forest Day" event will take place on 8 December 2007, in Bali, Indonesia, in conjunction with the 13th session of the Conference of the Parties to the UNFCCC. The event is an international forum on forest and climate change policies at the global, national and local levels. For more information, contact: Rachel Carmenta,

CIFOR; tel: +62-251-622-622; fax: +62-251-622-100; e-mail: r.carmenta@cgiar.org; internet: <http://www.cifor.cgiar.org/Events/COP-ForestDay/Introduction.htm>

SFM FOR REDD: FROM ACRONYMS TO IMPLEMENTATION IN THE TROPICS: This ITTO side event will be held on 8 December 2007 in Bali, Indonesia, in conjunction with the 13th session of the Conference of the Parties to the UNFCCC, and will focus on the relationship between SFM and the reduction of emissions from tropical deforestation. For more information, contact: Hwan Ok Ma, ITTO Secretariat; tel: +81-45-223-1110; fax: +81-45-223-1111; e-mail: ma@itto.or.jp; internet: <http://www.itto.or.jp/live/PageDisplayHandler?pageId=223&id=3616>

SUSTAINABLE FOREST MANAGEMENT TO REDUCE DEFORESTATION AND FOREST DEGRADATION IN THE TROPICS: This side event, organized by ITTO, the Brazilian Forest Service, and the United Nations University-Institute of Advanced Studies (UNU-IAS) will be held on 10 December 2007, in Bali, Indonesia, and will provide a forum for sharing experiences in enhancing SFM focusing on avoided deforestation and conservation of biodiversity. For more information, contact: Hwan Ok Ma, ITTO Secretariat; tel: +81-45-223-1110; fax: +81-45-223-1111; e-mail: ma@itto.or.jp; internet: <http://www.itto.or.jp/live/PageDisplayHandler?pageId=223&id=3642>

INTERNATIONAL CONFERENCE ON SUSTAINABLE FOREST MANAGEMENT AND POVERTY ALLEVIATION: ROLES OF TRADITIONAL FOREST-RELATED KNOWLEDGE: This conference will be held from 17-20 December 2007, in Kunming, China. Organized by the IUFRO, FAO and others, the conference will provide a platform for the sharing of information and exchanging experiences related to traditional forest-related knowledge (TFRK) in the Asia-Pacific region, and will highlight the importance of TFRK in achieving the Millennium Development Goals and SFM. For more information, contact: Liu Jinlong, Chinese Academy of Forestry; tel: +86-10-6288-9691; fax: +86-10-6287-2015; e-mail: liujl@caf.ac.cn; internet: http://www.apafri.org/files/2nd_Announcement_Sustainable_Forest%20Management.pdf

AUSTRALIA-SWITZERLAND REGION-LED INITIATIVE ON REGIONAL PROCESSES IN SUPPORT OF THE UN FORUM ON FORESTS: This meeting, sponsored by the Department of Agriculture, Fisheries and Forestry, Australia, and the Federal Office for the Environment, Switzerland, will take place from 28-30 January 2008, in Geneva, Switzerland, with the goal of finding practical ways to incorporate UNFF work into the existing regional processes. For more information, contact: Mick George, Australian Department of Agriculture, Fisheries and Forestry; tel: +61-2-6272-3356; fax: +61-2-6272-4875; e-mail: mick.george@daff.gov.au; internet: <http://www.daff.gov.au>

OLD FORESTS, NEW MANAGEMENT: This international scientific conference "Old Forests, New Management: Conservation and use of old-growth forests in the 21st century" will take place from 17-21 February 2008, in Hobart, Tasmania, Australia. For more information, contact the conference organizers: tel: +61-3-6224-3773; fax: +61-3-6224-3774; e-mail: info@cdesign.com.au; internet: <http://www.cdesign.com.au/oldforests2008/>

16TH SESSION OF THE AFRICAN FORESTRY AND WILDLIFE COMMISSION: This meeting will be held from 18-21 February 2008, in Khartoum, Sudan. For more information, contact: Eduardo Mansur, FAO; e-mail: eduardo.mansur@fao.org; internet: <http://www.fao.org/forestry/site/afwc/en/>

18TH SESSION OF THE NEAR EAST FORESTRY COMMISSION: This meeting will be held from 18-21 February 2008, in Khartoum, Sudan. For more information, contact Pape Djiby Koné, FAO; e-mail: djiby.kone@fao.org; internet: <http://www.fao.org/forestry/site/31112/en/>

LINKING FOREST INVENTORY AND OPTIMIZATION: This conference will take place from 1-4 April 2008, in Freising, Germany. It will seek to provide a platform for international exchange of knowledge and to facilitate a discussion on forest management optimization, sustainability assurance, risk modeling, applications of remote sensing, and up-to-date collection of terrestrial data. For more information, contact: Petra Zeller, Technische Universität München; e-mail: Lifo2008@forst.wzw.tum.de; internet: <http://w3.forst.tu-muenchen.de/~waldbau/lifo2008/index.php>

INTERNATIONAL WORKSHOP ON FOREST GOVERNANCE AND DECENTRALIZATION IN AFRICA: This Country Led Initiative (CLI) in support of UNFF, hosted by the Governments of South Africa and Switzerland, will be held from 8-11 April 2008, in Durban, South Africa. For more information, contact: Jürgen Blaser; tel: +41-31-385-1010; fax: +41-31-385-1009; e-mail: foren@intercooperation.ch; internet: <http://www.intercooperation.ch/projects/p170>

22ND SESSION OF ASIA-PACIFIC FORESTRY COMMISSION: This meeting will be held in Hanoi, Viet Nam, from 21-25 April 2008. For more information, contact: Patrick Durst, FAO; e-mail: patrick.durst@fao.org; internet: <http://www.fao.org/forestry/site/30112/en/>

16TH SESSION OF THE COMMISSION ON SUSTAINABLE DEVELOPMENT: This meeting will be held from 5-16 May 2008, at UN headquarters in New York. The review session will focus on agriculture, rural development, land, drought, desertification and Africa. For more information, contact: DESA Secretariat; tel: +1-212-963-8102; fax: +1-212-963-4260; e-mail: dsd@un.org; internet: <http://www.un.org/esa/sustdev/csd>

ITTO INTERSESSIONAL MEETING: This meeting will be held from 2-5 June 2008, in Accra, Ghana. ITTO members will discuss policy work of the organization and make recommendations for Council decisions at ITTC-44. For more information, contact: ITTO Secretariat; tel: +81-45-223-1110; fax: +81-45-223-1111; e-mail: itto@itto.or.jp; internet: <http://www.itto.or.jp>

24TH SESSION OF THE NORTH AMERICAN FORESTRY COMMISSION: This meeting will take place from 9-12 June 2008, in San Juan, Puerto Rico. For more information, contact Douglas Kneeland, FAO; e-mail: douglas.kneeland@fao.org; internet: <http://www.fao.org/forestry/site/31117/en/>

25TH SESSION OF THE LATIN AMERICAN AND CARIBBEAN FORESTRY COMMISSION: This meeting will take place from 29 September - 3 October 2008 in Quito, Ecuador. For further information, contact Carlos Carniero, FAO;

e-mail: carlos.carneiro@fao.org; internet: <http://www.fao.org/forestry/site/31106/en/>

IUCN 4TH WORLD CONSERVATION CONGRESS: IUCN's 4th World Conservation Congress is scheduled to take place in Barcelona, Spain, from 5-14 October 2008. The first half of the Congress will be the World Conservation Forum, from 6-9 October. For more information, contact: IUCN; tel: +41-22-999-0000; fax +41-22-999-0002; e-mail: congress@iucn.org; internet: <http://www.iucn.org/congress/2008/>

34TH SESSION OF THE EUROPEAN FORESTRY COMMISSION: This meeting will take place from 20-24 October 2008, at FAO headquarters in Rome, Italy. For more information, contact: Wulf Killmann, FAO; e-mail: wulf.killmann@fao.org; internet: <http://www.fao.org/forestry/site/31095/en/>

ITTC-44: The forty-fourth session of the International Tropical Timber Council and associated sessions of the committees will be held from 3-8 November 2008, in Yokohama, Japan. For more information, contact: ITTO Secretariat; tel: +81-45-223-1110; fax: +81-45-223-1111; e-mail: itto@itto.or.jp; internet: <http://www.itto.or.jp>

GLOSSARY

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| BPF | Bali Partnership Fund |
| BWP | Biennial Work Programme |
| C&I | Criteria and Indicators |
| CBFM | Community Based Forest Management |
| CDM | Kyoto Protocol Clean Development Mechanism |
| CEM | Committee on Economic Information and Market Intelligence |
| CFA | Committee on Finance and Administration |
| CFC | Common Fund for Commodities |
| CFI | Committee on Forest Industry |
| CITES | Convention on International Trade in Endangered Species of Wild Fauna and Flora |
| CRF | Committee on Reforestation and Forest Management |
| CSAG | Civil Society Advisory Group |
| EP | Expert Panel |
| FLEG | Forest Law Enforcement and Governance |
| FLEGT | Forest Law Enforcement, Governance and Trade |
| ITTA | International Tropical Timber Agreement |
| ITTC | International Tropical Timber Council |
| ITTO | International Tropical Timber Organization |
| NTFP | Non-Timber Forest Products |
| REDD | Reduction of Greenhouse Gas Emissions through Avoiding Deforestation and Forest Degradation |
| SFM | Sustainable Forest Management |
| TAG | Trade Advisory Group |
| UNFCCC | United Nations Framework Convention on Climate Change |