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The International Tropical Timber Agreement (ITTA)

Tropical timber is important economically for its large export earnings and the income and employment generated by forestry and wood processing industries in developing countries, where tropical forests are located. Tropical timber is also important because it is a commodity derived from a natural resource, which is crucial at national, regional and global levels. For this reason, tropical timber is significant in the world trade in commodities and in the world economy, as well as in the framework of environmentally-sustainable development.

Tropical forests fulfil crucial ecological and socioeconomic functions at the national level, such as conserving soil and water and providing habitats for plants and animal species. They also serve as a source for many products for indigenous people, as well as for income and employment. At the regional level, tropical forests play a key role in climatic conditions, including rainfall and temperature. They are also important where watersheds and migrations of birds and animals extend over national boundaries. Tropical forests are important at the international level in climate change, since they help slow down global warming. They are reservoirs of biological diversity, since they harbour more than half the world's plant and animal species. Finally, as well as being a heritage in their own right, tropical forests are also important for biotechnology and efforts to improve production of food, fibres and pharmaceuticals.

For all these reasons, the depletion of tropical forests jeopardizes global ecological balance and human development. Destruction and degradation of the world's tropical forests is increasing in pace and is resulting in loss of plant and animal species, soil erosion, watershed degradation and other environmental damage. There is also mounting evidence of global warming and the consequent expansion of oceans. These trends have called attention to the need to promote sustainable management of tropical forests.

There are many complex causes of the destruction and degradation of tropical forests. In terms of land area, it is thought the leading cause is the conversion of forests to agricultural and grazing areas. Although commercial logging is considered a relatively less important cause, logging for industrial timber is a major cause in certain countries. However, commercial logging, if carried out with sustainable management practices, has the potential to provide an economic incentive

to protect tropical forests and maintain their productivity. This incentive can also help minimize conversion to agricultural or other uses that are less remunerative.

In 1995, the production of tropical logs by members of the International Tropical Timber Organization (ITTO) totalled 133.6 million cubic metres. Of this total, 67.1% came from producing members in the Asia/Pacific region. The leading producers were Malaysia, with 39% of the region's total, and Indonesia, with 37.9%. Latin America accounted for a further 25.1% of the total production, while Africa's share was only 7.3%. In the same year, ITTO members exported a total of 61.7 million cubic metres (in roundwood equivalent) of logs, sawnwood, plywood and veneers, which are products comprising the definition of "tropical timber" in the 1983 International Tropical Timber Agreement. Almost three-quarters of all log exports, equivalent to some 11.6 million cubic metres, originated from the Asia/Pacific region, with Malaysia responsible for 69% of the region's total. Similarly, Asia/Pacific members accounted for over 31.5 million cubic metres of sawnwood exports, with Malaysia representing 90% of the region's total. However, Indonesia accounted for over 60% of the total plywood exports from all regions, and the Asia/Pacific region was the origin of 90% of all plywood exports. Latin American members exported sawnwood, plywood and some veneer. African members exported mostly logs with some sawnwood and a relatively small amount of plywood and veneer.

In 1995, Japan was the destination for 38% of all tropical logs imported by ITTO members, 15.3% of all tropical sawnwood, almost half of all tropical plywood, and 13.7% of all tropical veneer. European Union members imported 13.8% of the total quantity of tropical logs, 25.5% of tropical sawnwood, 14.1% of tropical plywood, and 23.5% of tropical veneer. In the same year, other major importing countries were: China (including Taiwan Province), the Republic of Korea and Thailand. In 1994, ITTO producer members reported that about 20.7 million hectares of tropical forest in their territories was under sustainable management, which is about 1.5% of their total area of natural forest.

International action on tropical timber was considered in a series of six preparatory meetings and a number of other meetings and seminars convened between May 1977 and

December 1982. The meetings were called for by the United Nations Conference on Trade and Development (UNCTAD) resolution 93 (IV) on the Integrated Programme for Commodities.

The first preparatory meeting was held on 23-27 May 1977 and laid the basis for further detailed examination of appropriate measures and techniques. One of the meeting's objectives was to promote investment for regeneration of forest resources to achieve continuity of long-term supplies of tropical timber. Linked to this and other objectives was the aim to build and sustain a comprehensive programme of research and development aimed at improving forest management, reinvestment and maintenance. The programme would also aim to improve the quality of tropical timber and products, expand their end-uses, and maximize use of lesser-known species.

The first preparatory meeting also agreed on two further objectives. The first was to achieve stable market conditions in the tropical timber trade, avoid excessive price fluctuations, and ensure prices are remunerative to producers and fair to consumers. The second objective was to improve and sustain the real income of countries producing tropical timber through increased export earnings.

Specific measures were envisioned to achieve these objectives. One goal was to accomplish greater accessibility to, and continuity of, information relating to supply and market structure, and conditions and behaviour in producing and consuming countries. A second goal was to overcome technological and structural deficiencies within the tropical timber industries of the producing countries. A third was to develop and expand the processing and manufacturing of timber-based products in the producing countries to improve their industrialization and increase their export earnings. Other, more specific objectives included: improving access to markets in consuming countries; achieving international standardization of nomenclature of species, qualities, grades and specifications in the tropical timber trade; and combatting non-tariff barriers as a prerequisite for proper development of non-discriminatory and undistorted trade.

The second through sixth preparatory meetings were held from October 1977 to June 1982. These meetings considered appropriate measures, techniques and a work programme to reach the objectives laid down by the first preparatory meeting.

Concerning appropriate measures, the sixth preparatory meeting recognized the problem of rapid depletion of industrial tropical timber resources and the implications for international trade for both producing and consuming countries. Participants emphasized that to solve this problem, increased efforts were needed at both the national and international levels. They acknowledged that certain activities and functions in the field of reforestation and forest management could be handled through international cooperation and within the framework of an international agreement on tropical timber between producers and consumers.

Activities and functions of the proposed agreement included: to keep under review the support provided at national and international levels for forest resource management and reforestation for the production of industrial tropical timber; encourage national-level technical assistance to reforestation and forest resource management programmes; assess needs and resources for financing these activities, review future needs of the international trade in industrial tropical timber, and identify possible schemes aimed at satisfying these needs; facilitate transfer of knowledge in forest resource management and reforestation and assistance of competent organizations; and coordinate these activities with relevant activities of other organizations. These include the Food and Agriculture Organization of the United Nations (FAO), the

United Nations Environment Programme (UNEP), the World Bank, regional banks and others.

Concerning research and development, the meeting endorsed the agreed conclusions of an intergovernmental expert group on the subject. It also reviewed proposals on improvement of market intelligence and endorsed the intergovernmental group's conclusions on the results of the final preparatory phase.

In order to pave the way for the 1983 United Nations Conference on Tropical Timber and facilitate its task, an additional meeting on tropical timber was held from 29 November-3 December 1982. It examined institutional and other remaining questions. The meeting agreed that the envisioned International Tropical Timber Organization, when identifying and implementing its activities, should give due regard to ecological and other considerations for the effective conservation and development of tropical timber resources.

On the basis of various understandings reached during the preparatory process, the first part of the conference, in 14-31 March 1983, considered draft texts submitted by several governments and multilateral groups.

Since the conference could not complete its work during the first session, a second one was held on 7-18 November 1983. Representatives of 69 states, as well as the European Economic Community, participated in both sessions. After all remaining matters were settled on 18 November 1983, the closing plenary session adopted the text of the 1983 International Tropical Timber Agreement, known as ITTA, 1983. It was open for signature from 2 January 1984 to 1 May 1985 and entered into force provisionally on 1 April 1985.



The agreement covered only tropical timber, which was defined as non-coniferous tropical wood produced for industrial uses in countries situated in the tropic zone. It covered logs, sawnwood, veneer sheets and plywood. Its objectives were an effective framework for cooperation and consultation between producing and consuming countries, and promoting the expansion and diversification of international trade in tropical timber. The agreement was also concerned with the economic use of tropical forests, improving structural conditions in the market, and keeping conservation efforts in balance. To achieve these objectives, it said the following should be taken into account: a long-term increase in the consumption and continuity of supplies; prices that are remunerative to producers and equitable for consumers; and better market access. Other areas covered: wood use; improving market intelligence; encouraging tropical timber processing in producing countries to promote their industrialization; improving marketing and distribution of exports; encouraging the development of national policies aimed at sustainable use and conservation of tropical forests; and maintaining ecological balance.

To provide an international structure for the achievement of these objectives, the agreement established the International Tropical Timber Organization. The organization was composed of the International Tropical Timber Council and three permanent committees.

The Committee on Economic Information and Market Intelligence was mandated to review and analyze statistical data required by the organization and to make recommendations to the council on appropriate studies on tropical timber. The Committee on Reforestation and Forest Management was mandated to review and increase technical and financial assistance to national and international efforts at reforestation

and forest management. In addition, it was to review and consider schemes to meet the needs of international trade in industrial tropical timber, facilitate transfer of knowledge, and coordinate cooperation with the relevant activities of FAO, UNEP, the World Bank, regional banks and other organizations. The Committee on Forest Industry was created to promote cooperation between producers and consumers in the development of processing activities in producing member countries, such as transfer of technology, training, standardization of nomenclature of tropical timber and specifications of processed products, encouraging investments, and marketing.

All three committees were also to be involved in research and development, evaluating project proposals, identifying financial resources and implementing pre-projects activities, following-up the implementation of projects and publicizing their results, and making recommendations to the council.

Members submitted project proposals relevant to the agreement to the council through the committees. The council examined them, together with recommendations of the committees, and approved projects for financing and arranged for implementation and follow-up on the condition that they met certain criteria. The council also decided on the priorities among approved projects. All projects had to yield benefits to the tropical timber economy as a whole and be relevant to both producers and consumers.

The organization could finance and monitor approved projects through funds in the special account established under the agreement. The account was supplied with funds through voluntary contributions from governments or other sources. There was a provision in the agreement for possible funding of projects through the Common Fund for Commodities, and regional and international financial institutions.

In its annual review of the world tropical timber situation on the basis of data and indicators provided by members, the council also arranged for studies on trends of the world tropical timber market, and it ensured that recent and reliable information was available on all factors concerning tropical timber. To avoid duplication of work and enhance efficiency in achieving its objectives, the organization made arrangements and cooperated with other governmental and intergovernmental organizations, including UN bodies and specialized agencies as well as non-governmental organizations (NGOs).

To date, 26 producing countries are members of the agreement; they account for about 90% of the world's tropical forests and the total net exports of tropical timber by volume. Another 27 consuming countries are members, including the European Economic Community, which together account for 85% of total net imports of tropical timber by volume.



In pursuing the provisions of the 1983 agreement, the ITTO council was active in policy development and in establishing standards. The council adopted four sets of guidelines designed to promote sustainable management of tropical forests, and it recommended them as international reference standards to the international community. They are: the Guidelines for the Sustainable Management of Natural Tropical Forests, adopted on 23 May 1990; the Guidelines for the Sustainable Management of Planted Natural Forests, adopted on 6 June 1991; the Criteria for the Measurement of Sustainable Tropical Forest Management, adopted on 14 May 1992; and the Guidelines for the Conservation of Biological Diversity in Tropical Production Forests, adopted on 21 November 1992.

On 23 November 1990, the council adopted the ITTO Action Plan, which identifies priority areas for programme development and project work with a broader policy content. Priority objectives include stopping the degradation of tropical forests and bringing all productive forest estates under sustainable management. The council also launched a policy target: by the year 2000, total exports of tropical timber products should come from sustainably-managed resources.

On 6 June 1991 the council adopted Decision 3 (X), which set out strategic policies to implement the year 2000 target, now called the ITTO Year 2000 Objective. The objective of the strategy was to ensure that "through international collaboration and national policies and programmes, ITTO members will progress towards achieving sustainable management of tropical forests and trade in tropical timber from sustainably-managed resources by the year 2000." The target date was considered a major achievement of the ITTO.

Under the 1983 agreement, the core purpose of the operational activities of the council and the permanent committees was to formulate and implement projects in three fields: reforestation and forest management, forest industry, and economic information and market intelligence. A closely-linked function was to seek finance for projects approved by the council.

As of 31 December 1995, the council had approved a total of 302 projects, pre-projects and other activities with ITTO budgets amounting to US\$119.4 million, plus an additional US\$31 million of counterpart contributions from the countries of implementation. Reforestation and forest management account for about 64% of all projects by value, followed by forest industry (22%) and economic information and market intelligence (14%). In recent years more funds have been allocated to activities concerned with advice on policy development, for example the creation of sustainable management guidelines.

ITTO has also sponsored non-project activities, including studies, workshops, seminars, missions and publication of reports. One example of these activities is the interdisciplinary mission sent to Sarawak (Malaysia) to assess the sustainable use of tropical forests, determine the maintenance of the ecological balance in Sarawak, and make recommendations to strengthen sustainable management practices and policies (including international cooperation and assistance). The most important of the mission's recommendations was that the rate of timber harvesting should be reduced significantly to achieve sustainable output, although in the short-range this entails immediate loss of income and employment at local levels, and loss of government export earnings at the national level.



The International Tropical Timber Organization Council's Decision 3 (XI), on 4 December 1991 at its eleventh session on arrangements for the renegotiation of the 1983 agreement, requested the UNCTAD Secretary-General to hold a conference on the text of a successor agreement. On 14 October 1992 the UNCTAD Secretary-General convened the United Nations Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1983. Four negotiating sessions of the conference were held at the United Nations in Geneva. Participants included national governments and the European Economic Community, United Nations bodies and agencies, the African Unity Organization, NGOs and the timber trade industry. A list of participants at each part of the conference can be found in TD/Timber.2/Inf.1, TD/Timber.2/Inf.2, TD/Timber.2/Inf.3 and TD/Timber.2/Inf.4.

Meetings were also held from 11-13 and 24-25 November 1992 in Yokohama (Japan) at the headquarters of the ITTO, and from 22-30 January 1993 in Quito (Ecuador). Participants discussed the scope of a successor agreement, the legal character of a target year on sustainably managed resources, and financial and budgetary issues, among other things. According to Wisber Loeis, Director General of Foreign Economic Relations of Indonesia and the conference president, the meetings enabled consumers and producers to state their views and understand the reasons behind each others' positions before actual negotiations started at the conference. Producers and consumers presented separate proposals for a successor agreement to the 1983 ITTA.

The first session of the conference met in Geneva under UNCTAD auspices on 13-16 April 1993. The session was opened by Carlos Fortin, Deputy to the Secretary-General of UNCTAD and Director of the Commodities Division, and by B.C.Y. Freezailah, Executive Director of the ITTO. The conference brought together 55 countries attending as participants and two as observers, including the 50 member countries of the 1983 ITTA. They covered the totality of world trade in tropical and temperate timber.

On the first day, procedural and structural matters were addressed, and the conference adopted its agenda. Mr. Loeis also chaired the Executive Committee of the Whole and played an active and decisive role in the negotiating process. The executive committee held 11 meetings throughout the negotiating process. When necessary, the chairman also convened an informal contact group to deal with a number of key issues pending before the executive committee.

The conference endorsed an ITTO council recommendation regarding the structure of the conference. It said that economic and technical issues would be dealt with in the Economic and Technical Committee under the chairmanship of David K. Boulter, Director of Economic Studies of Forestry Canada and a former chairman of the council. The Financial and Administrative Committee was chaired by Eugène Capito, Minister of Forests, Fisheries and Environment of Gabon. These two committees were established at the executive committee's first meeting on 13 April 1993.

The conference had before it five clusters of substantive issues: the scope of the agreement, target year 2000, financial resources, trade discrimination, and the functioning of the organization (see official documentation TAD/Inf/2317, TAD/Inf/2319 and TAD/Inf/2320). The spokesmen for consumers, Milton Drucker (United States), and for producers, Amha Bin Buang (Malaysia), expressed their readiness to engage in constructive consultations and negotiations. They also referred to their respective positions on key issues before the conference, which had already been discussed during the preparatory meetings.

Positions on the main issues were polarized along producer-consumer lines. Producers favoured extending the scope of the agreement to cover all timber from all sources. They wanted to bring all other forests, and mainly temperate forests, under the same scrutiny, stringent guidelines and target date for sustainability, as agreed in the ITTO for tropical forests. Therefore, the producers' proposal covered all timber in a general International Timber Trade Agreement. They said that tropical forests had been singled out and made a convenient scapegoat for all the environmental woes facing the planet; this had resulted in undue criticism of, and pressure on producers. Producers said this was an unfair and distorted approach to the environmental crisis, and what they called the double standard between tropical and other timber had become unbearable and should be eliminated.

Consumers wanted to stick to the 1983 International Tropical Timber Agreement; they said that broadening the scope of the negotiation to a global forests convention did not fall under the conference's mandate, and forest principles were agreed to at the 1992 United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro.

Consumers suggested the council report annually on how member states were progressing toward achieving international trade in tropical timber from sustainably managed forests. However, producers expressed fear that this would lead to yet more pressures and conditionalities on trade in tropical timber and the loss of sovereignty over the use of their forests.

Concerning the year 2000 target, producers considered that it should be viewed as a non-binding, guiding and indicative goal, but consumers said that the target should figure prominently in the legally-binding articles of the new agreement.

In a resolution adopted at the final plenary meeting on 16 April 1993, the conference requested the UNCTAD Secretary-General, in cooperation with the ITTO Executive Director, to prepare a composite text of a draft successor agreement based on proposals made by the producer and consumer groups. The first draft of the composite text would be used for consultations during the meeting of the ITTO council to be held from 11-19 May 1993 in Kuala Lumpur (Malaysia). Both officials were also requested to maintain appropriate contacts with the producer and consumer groups to help the conference achieve a successful conclusion.

The chairman of the conference made an overall positive assessment of the work done during its first session. He said that some progress had been made in a "healthy and instructive" atmosphere. The consumers thought that the debate had been useful and that the negotiating process should continue with a full understanding of all parties' needs. They were also encouraged by the clear commitment expressed by producers to the target year 2000 in some form, as well as to sustainable management. Consumers began developing proposals that took into account producers' concerns expressed at the conference. Producers also thought the debate had been constructive and had helped identify key issues in the negotiation. The NGO community expressed its support for the proposal to expand the scope of the agreement to cover all timber. It considered this approach realistic and equitable, as opposed to a legal regime covering only a fraction of timber trade.

The second session of the conference was held from 21-25 June 1993 and was attended by the representatives of 50 participating countries. The same five core issues were discussed: the agreement's scope, target year 2000, financial resources, trade discrimination, and the organization's functioning. The closing statement of the president expressed mixed feelings that although signs of progress in exploring areas of convergence and constructiveness had been seen, too much caution had been manifest on both sides to achieve a breakthrough. According to him, the deadlock was due to unwillingness by all parties to compromise on immutable principles.

Producers reiterated that they put great emphasis on the elimination of double standards and discrimination imposed on sustainability and tropical timber in international trade, and therefore a top priority should be the extension of the scope of the agreement to all timber. Consumers said they had taken note of the major concerns expressed by producers about the scope of the agreement and what they considered to be trade discrimination and double standards imposed on trade in tropical timber. Both consumers and producers felt their efforts had not been in vain, since they had achieved a

clear understanding of each others' positions and of linkages between issues. At the closing plenary meeting, the president circulated a discussion paper containing an indicative list of proposals taken from all sides, and possible approaches to bridge the divergent views on core issues to elicit further proposals that could contribute to a compromise. All parties committed themselves to carefully study the president's discussion paper.

To foster new advances and lay groundwork for the next substantive session, the president also consulted with an informal group that assembled at ITTO headquarters in Yokohama from 11-13 August 1993. Fourteen persons, including the spokespersons of the producer and consumer groups, participated in the consultations in a personal capacity. While it was not possible to agree on any draft formulation of the scope of a successor agreement, the consultations proved fruitful since new language was suggested on the four other outstanding core issues.

The third part of the conference took place from 4-15 October 1993. (Although it was initially scheduled from 4-8 October, the conference adopted a one-week extension by consensus.) It was attended by representatives of 52 states. The president tabled the revised discussion paper, which was the outcome of the informal consultations held in August. He emphasized that the proposals were non-binding and submitted for consideration by the conference. On the issue of trade discrimination, new language in the revised discussion paper reflected the desirability of having all timber producing countries meet comparably high standards of sustainability, and removing unilateral measures incompatible with international trade laws to restrict trade in timber. The year 2000 target could not be agreed upon for all exports of timber products to come from sustainably managed forests. As to the future of the international organization, one of its functions would be to undertake policy work and project activities. It would have to integrate these, in a balanced way, in the areas of economic information and market intelligence; reforestation and forest management; and forest industry. Concerning the most difficult point, the president envisaged a moderate but enhanced scope for a successor agreement. He suggested that, in relation to UNCED developments, the new agreement provide an expanded scope for consultation and exchange of information on the global timber economy. This would bring into focus the interlinkages between tropical timber and temperate timber trade.

The revised discussion paper also aimed to develop a spirit of negotiation and compromise, defined by Mr. Loeis as "the least common denominator of acceptability among options which may be contingently tolerated." The president called for critical work on texts and a real effort toward finding a compromise.

At the start of the session, both producers and consumers expressed their urgency to finalize the work of the conference. They felt an additional session might make it even more difficult to reach consensus. However, the third session ended without resolving the main outstanding issues. The outcome of the session was a new non-binding working document for further discussion. Consultations on the main issues between all conference participants and the president were planned in conjunction with the session of the ITTO council, scheduled for 10-17 November 1993 in Yokohama.

Producing and consuming countries did affirm their determination to conclude the negotiations as soon as possible. All parties agreed that progress had been made on narrowing differences, and they showed optimism that they would be able to reach an agreement soon. But consumers firmly rejected any suggestion to extend the scope of the agreement to cover all timber. They again recommended concentrating on other

specific problems and mechanisms, such as revamping the ITTO, which would make available the financial assistance producers needed to work toward the target year 2000. The EEC made clear that it did not support the use of any kind of trade restrictions in working toward the year 2000 objective. It also reaffirmed its commitment to renew the ITTA, hopefully before January 1994. On the other hand, producers said much remained to be done to achieve a breakthrough. Their concrete proposals included agreeing in principle to the year 2000 objective on two conditions: all members commit themselves to the same objective within the ITTO, and new and additional resources be made available for developing countries to enhance their capacity to fulfil the objective.

NGOs, such as the Global Forest Policy Project and the World Wide Fund for Nature (WWF), said they appreciated the fact that NGOs were allowed to attend the informal meetings, but they were disappointed with the absence of substantive solutions to the main issues, in particular the scope of the agreement because of what they called a lack of compromise by consumers answering the producers' proposal.

The fourth and final meeting of the conference was convened from 10-26 January 1994, in light of consultations held by the conference president with representatives of 48 states. An editorial group was established—it became paramount to finalize an agreement because the 1983 ITTA was due to expire on 31 March 1994. The ITTO council held an extraordinary session on 21 January and decided to extend the 1983 agreement, pending the entry into force of a new one.

The president's informal consultations, which had been held during the intermediary period, resulted in a new proposal. At the opening of the session, the president reasserted the necessity for parties to compromise, and he put forward his vision of a new agreement. He said while the successor agreement should be essentially limited to tropical timber, the guiding inspiration for the mandate and all activities under the agreement should be UNCED's forest principles (see below). He said the year 2000 objective should be considered as indicative and accepted by all members of the ITTO without discrimination, as evidenced by the decision to institute information-sharing in the ITTO forum, where both tropical and non-tropical members discuss policies on the basis of equality. The president said that implementing the measures needed to ensure progress toward the year 2000 required increased financial resources channelled to the developing member countries. Also, all guidelines adopted for sustainable management and trade should be applicable and respected by all members, with appropriate modifications. Finally, the president said that among the mechanisms for achieving the objectives of a successor agreement, the most essential forum is the one to be created for consultation and cooperation within the ITTO.

During the session, producers reaffirmed the necessity to enlarge the scope of the negotiated agreement so that sustainable management would apply to all forests. If this were not the case, tropical timber would be subjected to trade discrimination. The year 2000 objective could be pursued as soon as additional financial and technological resources were

The major ITTO tropical timber exporters, accounting for about 92% of total net exports by volume, are: Brazil, Cameroon, Côte d'Ivoire, Gabon, Ghana, Indonesia, Malaysia, Myanmar, Papua New Guinea and Philippines.*

The major ITTO tropical timber importers, accounting for 82% of total net imports by volume, are: China (including Taiwan Province), France, Germany, Italy, Japan, Netherlands, Republic of Korea, Thailand and the United States.

made available. The consumer group said it would be tragic if all the efforts undertaken so far stumbled on a few points—it was in the interest of all to conclude the negotiations soon. The European Union (EU) reasserted its commitment to sustainable forest management and a new agreement, adding sustainable management practices were already applied to all forests in the union's member states. The EU said it recognized the importance of avoiding trade discrimination in the international timber market, and the necessity to hold negotiations on a global convention on forests and to establish internationally-agreed mechanisms to monitor performance in timber-related matters in all forests. The EU said this should allow for the integration of the aims of the ITTO Year 2000 Objective into a legally binding instrument covering all types of forests. The EU said it was updating its forest strategies and preparing national action plans to implement the Rio Statement of Forest Principle (see below) to achieve the highest standards of sustainability in forest management, especially in promoting international cooperation.

At the session, 26 consuming countries made a formal statement that committed them to implement appropriate guidelines and criteria for sustainable management of their forests, which were comparable to those developed by the ITTO. The countries included Austria, Canada, China, Japan, New Zealand, the Republic of Korea, the Russian Federation, the United States and EU members, as well as the European Union itself.

Governments finally adopted the 1994 International Timber Trade Agreement (TD/Timber.2/L.9) as a successor to the 1983 agreement and a final resolution at the 14th and closing plenary meeting on 26 January 1994. The vice-president of the conference, Christian Espinoza (Ecuador), said that the new agreement offered the possibility of consolidating achievements already made. A number of countries expressed their satisfaction with the results of the negotiations. The European Union, Austria and China had certain reservations, although they did not oppose the adoption of the agreement. However, the EU stated that because the agreement raised "not only procedural difficulties but also important substantive questions," it was "unable to associate itself" with the text, thus raising doubts as to whether EU member states would eventually ratify the agreement.

WWF reiterated its view of the necessity to expand the scope of the agreement and urged participants not to reach a weak compromise on the issue. WWF said that organizations, both intergovernmental and non-governmental, must take a global approach in the 1990s or become irrelevant. NGOs expressed disappointment that temperate and boreal woods were excluded from the pact in a joint statement by the Global Forest Policy Project, Friends of the Earth-US, National Wildlife Federation, Sierra Club and WWF. The NGOs criticized what they called the delegates' "suspicious and mistrusting" attitude during the negotiations and their use of the negotiation process for public relations purposes, rather than constructive improvement of commitment to sustainable forest management. The NGOs also said that the consumers' pledge to sustainably manage their forests had no legal status, structure or process for implementation or monitoring, and it would not be part of the ITTA. The NGOs said they resented the secrecy of the negotiations, despite an NGO presence and participation in the sessions of the renegotiation process, which all governments could attend.

According to Chris Elliott, WWF Senior Forest Officer, "Negotiators have finally decided to duck the issue of including temperate timber in the new agreement," thereby failing to follow the "unified global approach to forests [which] was agreed upon at the Earth Summit in Rio....Both producers and consumers agreed behind closed doors to a compromise which leaves the world's forests as endangered as ever."

In recent years, forests and the international trade in timber have been subject to discussion in many local, national and international organizations.

For example, the eighth session of UNCTAD in Colombia in February 1992 adopted a final document on A New Partnership for Development: the Cartagena Commitment (TD/364). The document takes a holistic and cross-over approach to environment, trade and development, and it contains policy orientations as well as specific policies and measures relevant to these areas. It advocates an optimal functioning of commodity markets through market transparency, and substantive negotiations between producers and consumers toward efficient international agreements, particularly regarding tropical timber and some other commodities.

The subject of forests was discussed extensively before and during UNCED, although it proved impossible for participants to agree to negotiate a global forests convention. However, forest issues related to sustainable development were addressed in part during negotiations for the Framework Convention on Climate Change and the Convention on Biological Diversity. UNCED also adopted a non-legally binding authoritative statement of principles for a global consensus on the management, conservation and sustainable development of all types of forests (A/Conf.151/6/Rev.1) and a statement of forest principles (A/Conf.151/26, Vol. III). Since then the Commission for Sustainable Development (CSD) has established an Intergovernmental Panel on Forests (IPF), which is due to report to the fifth session of the CSD in 1997. The IPF is expected to propose concrete action in line with the forest principles agreed at UNCED.

The first statement stresses the link between forests, environmental and development issues, including the right to socio-economic development on a sustainable basis. It is a consensus on forests and is meant to apply to all forests everywhere. The statement says the environmental value of forests to local communities and their sound management are the concern of governments, since forests represent the basis for potential capacity to provide resources to meet human needs. The statement also recognizes forests as essential to economic development. The statement of forest principles consists of a wide-ranging set of commitments and other interrelated elements that concern the 1983 ITTA and negotiation of a successor agreement.

The most important provisions include new and additional funding devoted to full incremental costs of achieving forest conservation; states' sovereign and inalienable right to manage and utilize forests in accordance with their development needs and on the basis of national policies consistent with sustainable development; sustainable management of forests to meet the social, economic, ecological, cultural and spiritual human needs of present and future generations; international cooperation between governments and with intergovernmental organizations to strengthen policies and programmes aimed at conservation and sustainable management of forests; promotion of planted forests as a source of industrial raw material; the need to undertake efforts for "greening" the world; policy transparency and access of developing countries to environmentally-sound technologies to enhance their capacity to manage and conserve their forest resources; the necessity to strengthen national, regional and international capabilities in education, training, science and technology of forest management; and the development of multilaterally-agreed rules and procedures consistent with trade law and practices on trade in forest products.

UNCED also adopted Agenda 21 (A/Conf.151/26, Vols. I-III), which is an action plan for the 1990s and the 21st century. It contains provisions and a specific chapter related to forests,

including trade in timber. Chapter 11 on combating deforestation consists of four programme areas, which set out the basis for action, objectives and activities in tropical areas and means of implementation. The programme areas aim to sustain the multiple roles of all types of forests; enhance their conservation and sustainable management and the greening of degraded areas; promote efficient use and assessment to recover the full valuation of the goods and services provided by forests; and establish and strengthen capacities for assessment and systematic observation of forests.

Objectives and Principles

The objectives of the 1994 agreement, which recognizes the sovereignty of members over their natural resources, include:

- n providing an effective framework for cooperation, consultation and policy development among all members on all relevant aspects of the world timber economy;
- n contributing to the process of sustainable development and supporting member countries' national strategies for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000; and
- n providing a forum for consultation to promote non-discriminatory timber trade practices so environmental concerns will not give rise to protectionism. This concern, addressed in Article 36, says that nothing in the agreement authorizes the use of measures to restrict or ban international trade of timber and timber products, particularly imports and use.

The following should be taken into account to achieve these objectives and improve the structural conditions of international markets: a long-term increase in the consumption and continuity of supplies; and prices that reflect the costs of sustainable forest management and that are remunerative and equitable for members, as well as the improvement of market access.

The agreement also aims to promote and support research and development; improve market intelligence to ensure greater transparency in the international timber market; increase processing of tropical timber from sustainable sources in producing member countries to promote their industrialization and increase their employment opportunities and export earnings; improve marketing and distribution of tropical timber exports from sustainably managed sources; encourage members to develop national policies aimed at sustainable use and conservation of timber producing forests and their genetic resources, and maintain the ecological balance in the regions concerned; and promote access to technologies and their transfer (Article 1).

The agreement seeks to create a framework for cooperation on all relevant aspects of the world timber economy (Article 1), and it takes into account the linkages of tropical timber trade and the international timber market, as well as the need for a global perspective (Preamble). However, the agreement remains concentrated on tropical timber. According to Article 35, the council will review the scope of the agreement four years after its entry into force.

Governing Structure

The ITTO established by the 1983 ITTA will continue to administer the provisions and supervise the operation of the agreement; it will function through the council (Article 3).

Under chapter IV, the council is the highest authority of the organization and consists of two categories of members: producing and consuming countries. The council adopts financial, administrative and procedural rules in accordance with several provisions of the agreement, including its own rules

of procedure. It elects its chair and vice-chair and appoints its executive director, who is the chief administrative officer of the organization and appoints the staff. The council meets at least once a year and may hold special sessions.

Each category of member holds 1000 votes. Four hundred votes are distributed among producing regions, 300 among countries according to their share of tropical forest resources, and 300 among producing members in proportion to the average values of their net exports of tropical timber. Each consuming member holds ten votes, plus the amount of votes apportioned to its average volume of net imports of tropical timber. The council endeavours to reach consensus in decisions and recommendations, or adopt them by a simple majority vote.

The council cooperates and coordinates with the United Nations and its organs, including UNCTAD, CSD and other intergovernmental organizations, such as the World Trade Organization (WTO), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and NGOs. The council reports annually on its activities and the world timber trade situation, and it provides other information and statistical data.

To achieve the objectives of the agreement, the organization must undertake policy work and project activities in the areas of economic information, market intelligence, reforestation, forest management and industry.

Four permanent committees were established to assist the organization in undertaking its operational activities. The council may set up other subsidiary bodies as it deems necessary (Article 26). Under Article 27, the Committee on Economic Information and Market Intelligence must carry out tasks related to the economic, technical and statistical aspects of timber, such as analyzing statistical data, reviewing the international timber market, and making recommendations to the council on appropriate studies of tropical timber.

The Committee on Reforestation and Forest Management promotes cooperation between members in the development of forest activities, notably in the fields of reforestation, rehabilitation and forest management. It also encourages technical assistance and transfer of knowledge and technology in those fields to developing countries; follows up ongoing operational activities in those fields; reviews the future needs of international trade in industrial tropical timber and seeks appropriate schemes; and coordinates those activities with relevant ones pursued elsewhere, including those of FAO, UNEP, United Nations Development Programme (UNDP) and regional development banks.

The tasks of the Committee on Forest Industry include promoting cooperation between members to develop processing activities in producer countries; human resources training; standardization of nomenclature of tropical timber; promoting information exchange; follow-up activities; and encouraging more technical cooperation in processing of tropical timber.

In order to promote the policy and project work of the three committees in a balanced manner, they make recommendations to the council concerning projects; follow-up on their implementation; review their results; and review the strategies, criteria and priorities for programme development contained in the organization's action plan. The new Committee on Finance and Administration advises the council on the

FURTHER READING

Preparation of a Successor Agreement to the International Tropical Timber Agreement 1983, *UNCTAD, February 1993*,

organization's administrative budget, work programme, actions, and other administrative and financial matters. It also reviews the organization's assets and reserves to ensure their availability and prudent management.

Funding

Three financial accounts were established under the agreement; the council may set up such accounts as it deems necessary. All accounts are administered by the executive director (Article 18) and subjected to audits and accounts (Article 23). Administrative expenses entailed by the implementation of the agreement are brought into the administrative account and are met from annual contributions of members (Article 19).

A special account, divided into a pre-project sub-account and a project sub-account, was established to finance approved projects under the financial rules in Article 20. Possible sources of finance may be the Common Fund for Commodities, regional and international financial institutions, and any other voluntary contributions.

UNCED called for new resources for developing countries to enable them to sustainably manage, conserve and develop their forests, and to combat deforestation and forest and land degradation. For this reason, the Bali Partnership Fund has been established, which assists producing members to make the investments necessary to achieve objectives of the agreement (Article 21).

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Entry into Force, Duration and Succession

The agreement was open for signature at the United Nations headquarters in New York on 1 April 1994, until one month after the date of its entry into force by governments invited to the conference. It is open for accession by the governments of all states upon conditions established by the council (Article 39).

The agreement was to enter into force definitively on 1 February 1995, or on any date thereafter if 12 governments of producing countries (holding at least 55% of the total votes within the ITTO) and 16 governments of consuming countries (holding at least 70% of the total votes within the ITTO) had signed the agreement definitively or had ratified, accepted or approved it (Article 41). If the agreement had not entered into force on the fixed date, it was to enter into force provisionally if ten governments of producing countries (holding at least 50% of the total votes) and 14 governments of consuming countries (holding at least 65% of the total votes) had signed the agreement. If the requirements had not been met on 1 September 1995, the Secretary-General of the United Nations was to invite governments that had signed the agreement to meet at the earliest time practicable to decide whether to put this agreement into force provisionally or definitively among themselves, in whole or in part.

Since these requirements were not met by 1 September 1995, a United Nations meeting, held on 13 September 1996, decided to put the agreement into force among its parties, with effect from 1 January 1997. The members of the agreement are: Australia, Belgium/Luxembourg, Bolivia, Cameroon, Canada, China, Congo, Côte d'Ivoire, Denmark, Ecuador, Egypt, Finland, Gabon, Germany, Ghana, Honduras, Indonesia, Japan, Liberia, Malaysia, Myanmar, Netherlands, New Zealand, Norway, Panama, Papua New Guinea, Peru, Philippines, Republic of Korea, Spain, Sweden, Switzerland, Thailand, Togo, United Kingdom and Zaire.

The agreement will continue for a period of four years after its entry into force, unless the council decides to extend, renegotiate or terminate it. The agreement may be extended for two periods of three years each.

It is noteworthy that current ITTO guidelines and projects remain, since Article 48 arranges for a transition between the 1983 ITTA and the 1994 agreement. It also provides that all acts by or on behalf of the ITTO, or any of its organs that are in effect on the date of entry into force of the agreement, shall remain in effect unless otherwise provided in the agreement. In order to preserve the integrity, balance and consistency of the agreement, reservations may not be made with respect to any of its provisions (Article 47).

- n Twenty-second session of the International Tropical Timber Council, Santa Cruz de la Sierra (Bolivia), 21-29 May 1997
- n Twenty-third session of the International Tropical Timber Council, Yokohama (Japan), 12-20 November 1997

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