
Committee on Trade and Environment

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**COMMUNICATION FROM THE SECRETARIAT OF THE INTERNATIONAL
TROPICAL TIMBER ORGANIZATION (ITTO)**

Communication from the ITTO Secretariat

The attached background note¹ has been received from Secretariat of the International Tropical Timber Organization. It is being circulated to members of the CTE in preparation for the Committee Meeting on Trade and Environment to be held on 29-30 June 1999.

Comité du commerce et de l'environnement

**COMMUNICATION DU SECRÉTARIAT DE L'ORGANISATION
INTERNATIONALE DES BOIS TROPICAUX (OIBT)**

Communication du Secrétariat de l'OIBT

Le Secrétariat de l'Organisation internationale des bois tropicaux a fait parvenir au Secrétariat la note d'information¹ ci-après, qui est distribuée aux membres du Comité du commerce et de l'environnement en vue de la réunion que le Comité tiendra les 29 et 30 juin 1999.

Comité de Comercio y Medio Ambiente

**COMUNICACIÓN DE LA SECRETARÍA DE LA ORGANIZACIÓN
INTERNACIONAL DE LAS MADERAS TROPICALES (OIMT)**

Comunicación de la secretaría de la OIMT

La secretaría de la Organización Internacional de las Maderas Tropicales ha enviado la nota documental adjunta², que se distribuye a los miembros del CCMA como parte de los preparativos para la reunión que celebrará el Comité de Comercio y Medio Ambiente los días 29 y 30 de junio de 1999.

¹ English only./En anglais seulement./En inglés solamente.

BACKGROUND NOTE ON THE INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

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I. INTRODUCTION

1. The International Tropical Timber Agreement is one of the several intergovernmental international commodity agreements (ICAs) negotiated by United Nations conferences under the auspices of the United Nations Conference on Trade and Development (UNCTAD). Unlike the conventional ICAs, which focus on price stabilization measures (commonly referred to as the ICAs with economic provisions) or those considered as administrative agreements, the ITTA is often categorised as a **developmental agreement** which seeks to promote the international trade in tropical timber, the sustainable management of tropical forests, and the development of tropical forest industries through international cooperation, policy work and project activities.

2. The ITTA, 1983 was adopted in 1983 and entered into force in 1985. In November 1986, the International Tropical Timber Organization (ITTO) began to function in the administering of the provisions and operation of the agreement following the appointment of the Executive Director and the selection of Yokohama as the headquarters. The ITTA, 1983 was succeeded by the ITTA, 1994 which has entered into force on 1 January 1997.

II. MEMBERSHIP

3. As of 15 June 1999, the membership of the ITTA, 1994 and ITTO stands at fifty-three (53), comprising 29 producing members and 24 consuming members including the European Union (EU) as follows:

Table I

Producing Members	Consuming Members
Africa Cameroon Central African Republic Côte d'Ivoire Democratic Republic of Congo Gabon Ghana Liberia Republic of Congo Togo Asia & Pacific Cambodia Fiji India Indonesia Malaysia Myanmar Papua New Guinea The Philippines Thailand Latin America Bolivia Brazil Colombia Ecuador Guyana Honduras Panama Peru Suriname Trinidad and Tobago Venezuela	Australia Canada China Egypt European Union Austria Belgium/ Luxembourg Denmark Finland France Germany Greece Italy Netherlands Spain Sweden United Kingdom Japan Nepal New Zealand Norway Republic of Korea Switzerland United States of America

4. Although the ITTA, 1994 could still benefit from an expanded membership, all members that are considered "key players" save the Russian Federation, are already party to the Agreement. In spite of it being an intergovernmental organization, ITTO adopts a policy of openness to ideas from members of the trade and non-governmental organizations (NGOs). Many of its members include advisers from the trade and on the environment in their delegations. Even so, there is no information indicating any non-parties which are in compliance with the ITTA, 1994.

III. TRADE MEASURES

5. There are no provisions for trade measures in the ITTA, 1983 and the ITTA, 1994. Neither are there trade measures being proposed nor decisions being taken to introduce these measures within the ambit of the Agreement.

6. However, much focus is being given to the achievement of the **ITTO Year 2000 Objective**. Originating from a proposal for the ITTO Action Plan, 1990, the Objective emerged in the form of a commitment of all members made in Bali in 1990 to achieve exports of tropical timber products from sustainably managed sources by the year 2000. Following the adoption of the Objective, much work had been undertaken towards operationalizing the goal. This included the formulation of a strategy adopted in 1991 by which members, through international collaboration and national policies and programmes, will progress towards achieving sustainable management of tropical forests and trade in tropical timber from sustainably managed resources by the year 2000. The strategy has since been incorporated as one of the operative objectives of ITTA, 1994.

7. The foregoing has spurred ITTO to embark on its pioneering mission of bringing tropical forests under sustainable management. This involves, *inter alia*, the development of a series of guidelines covering the sustainable management of natural tropical forests (1990), the sustainable

management of planted tropical forests (1991), the conservation of biological diversity in tropical production forests (1992) and the protection of tropical forests against fire (1997). Work on the development of a definition of sustainable forest management and a set of criteria for measuring sustainable forest management was also initiated at the early stage of ITTO's establishment (1991), well before the launching of the Helsinki and Montreal processes for non-tropical forests after UNCED 1992. Since then, a revised version of the ITTO Criteria and Indicators has been approved in 1998 followed by the adoption in 1999 of the ITTO Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests. Independent ITTO missions were dispatched to Sarawak (1989) and Bolivia (1995) to assess forest management and offer recommendations for improvement while several projects have been approved for implementation in member countries with the view to enhancing capacity in managing tropical forests on a sustainable basis.

8. As the costs of bringing tropical forests under sustainable management are substantial and increasing and in recognition of the need to develop and contribute towards mechanisms for the provision of new and additional financial resources and expertise needed to enhance the capacity of producing members to attain its objectives, the ITTA, 1994 provides for the establishment of the Bali Partnership Fund for the sustainable management of tropical timber producing forests. The fund is exclusively reserved for producing members to achieve objective (d) of the ITTA, 1994 and is additional to the Special Account which remains in existence. Following the entry into force of the ITTA, 1994, work on finalizing the operation of the Bali Partnership Fund has been completed and members as well as the international donor community are being asked to make pledges and contributions to the fund.

9. With the year 2000 fast approaching, the attainment of the ITTO Year 2000 Objective will feature prominently in the coming meetings of the International Tropical Timber Council (ITTC) and its subsidiary committees. At its Twenty-sixth Session held recently, the ITTC decided to conduct a review at its Twenty-eighth Session in May 2000 of the progress made by members towards achieving the ITTO Year 2000 Objective and by ITTO in enhancing the capacity of members to implement a strategy for the attainment of the Objective. The focus will indeed be on progress, together with the factors contributing or hindering it. As its name suggests, the ITTO Year 2000 Objective is not to be viewed as a guillotine or deadline for the application of sanctions against tropical timber exports from unsustainably managed sources but as an indicative and guiding goal to facilitate the achievement of sustainable forest management.

10. As there are no provisions for trade measures in the ITTA, 1994, there is concern regarding pressures for urgent and definitive measures to be taken to save the world's tropical forests in the form of threats of bans and boycotts as well as discrimination against tropical timber and unilateral actions to restrict or prohibit the use of tropical timber. In view of these, the ITTA, 1994 has a specific objective of providing a forum for consultation to promote non-discriminatory timber practices. In this connection, the agreement contains an important provision for non-discrimination in its Article 36 which states that nothing in the agreement authorizes the use of measures to restrict or ban international trade, and in particular, as concerns imports of, and utilization of timber and timber products. This provision is meant to prevent the use of the ITTA, 1994 as a basis for discrimination particularly against tropical forest and timber.

11. Under Article 32 of the ITTA, 1994, members are generally obliged to use their best endeavours and cooperate to promote the attainment of the objectives of the agreement and to avoid any action contrary thereto. Members also undertake to accept and carry out the decisions of the ITTC and shall refrain from implementing measures which would have the effect of limiting or running counter to them. As provided for in Article 31 of the ITTA, 1994, any complaint that a member has failed to fulfil its obligations under the agreement and any dispute concerning the interpretation or application of the agreement shall be referred to the ITTC whose decisions shall be final and binding. Article 33 of the ITTA, 1994 provides the authority to the ITTC to relieve a

member of an obligation under the agreement on account of exceptional circumstances or emergency, while Article 34 of the agreement provides for differential and remedial measures and special measures for developing consuming members and for members in the category of least developed countries respectively.

IV. TIMBER CERTIFICATION AND LABELLING

12. Timber certification and labelling is closely related to the issue of sustainable forest management and has emerged with an initial focus on tropical forest and timber. While the objective of timber certification and labelling in distinguishing products from sustainably managed sources has been generally accepted, there remain several concerns regarding the proliferation of initiatives, the credibility factor and the possibility of it being used as a non-tariff barrier and a means to discriminate against a particular product. It is observed that of late, there has been a shift from the threats of bans and boycotts against tropical timber to the call for the certification and labelling of the product.

13. ITTO's work on timber certification and labelling began with the commissioning of a report on *"The Economic Linkages between International Trade in Tropical Timber and Sustainable Management of Tropical Forests"* in 1993 leading to the convening of the *"Working Party and Report on Certification and Labelling of All Timber and Timber Products"* in Cartagena, Colombia in 1994. This was followed by a detailed study on *"Market and Market Segments for Certified Timber"* in 1995, a comprehensive *"Study on the Development in the Formulation and Implementation of Certification Schemes for All Internationally Traded Timber and Timber Products"* in 1996 and the *"Study on Timber Certification: Progress and Issues"* in 1998.

14. The issue of timber certification and labelling is still evolving and will continue to be ventilated at appropriate fora particularly in the context of the UNCED follow-up under the Intergovernmental Forum on Forests (IFF). For its part, ITTO has made significant contributions to the development of principles, criteria and indicators of sustainable management of tropical forests. Although ITTO has not assigned itself the role in the development and practice of timber certification per se as well as in the accreditation of timber certification bodies, it has, nevertheless, commissioned relevant studies on the subject and approved projects aimed, *inter alia*, at improving the marketing of tropical timber from sustainably managed sources and training of human resources towards its end. Indeed, timber certification and labelling remains very much in the on-going ITTO agenda.
