

THE INTERNATIONAL TROPICAL TIMBER AGREEMENT

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development and forest management

by Terence Hpay



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**THE INTERNATIONAL TROPICAL TIMBER AGREEMENT:
ITS PROSPECTS FOR TROPICAL TIMBER TRADE, DEVELOPMENT AND
FOREST MANAGEMENT.**

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Terence Hpay*

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* Terence Hpay is Consultant to the International Tropical Timber Organisation (ITTO), Yokohama. He was recently substantive officer for tropical timber in UNCTAD and member of the Secretariat team which serviced the tropical timber meetings under the auspices of UNCTAD. He has been closely involved with the institutional evolution of tropical timber for several years.

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- Land Clearing in the Humid Tropics, based on experience in the conversion of tropical moist forests in South East Asia.
- Runway and Treadmill deforestation: reflections on the economics of forest development in the tropics.
- Management of moist tropical forest for the sustained production of timber: some issues.



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Summary

The purpose of this paper is to consider briefly the International Tropical Timber Agreement, 1983, and what prospects it may hold for the tropical timber trade, forest development, environment improvement, forest industry, and research and development, bearing in mind that tropical timber is both a resource and a commodity.

The International Tropical Timber Agreement, 1983, came into force as of April 1, 1985. On July 29, 1986, the Council of the International Tropical Timber Organization at the third resumed First Session, decided on Yokohama as the location of the Headquarters, and Dr Freezailah bin Che Yeom, Deputy Director of the Forestry Department, Malaysia, as the first Executive Director. The Agreement is based on four essential elements, namely, market intelligence, reforestation and forest management, further and increased processing in producer countries, and research and development. Based on the fact that its members comprise about 71 per cent of the world population, and account for about 83 per cent of world GDP, and about 70 per cent of world tropical forest resources, the political potential of the International Tropical Timber Council at global level to make important decisions on tropical timber development is touched upon.

The institutional innovation of having three inter-linked permanent committees covering market intelligence, reforestation and forest management, and forestry industry is discussed. Their prospect for developing these sectors is also mentioned. Although established as a commodity agreement, the ITTA takes into account the environmental implications of tropical forest development in the preamble to the agreement and as one of the main objectives of the Organisation. The need for environmental impact considerations to be taken into account in the assessment of tropical timber development projects which the ITTO will sponsor or approve, is briefly considered.

The support-role which the ITTO can play, notably in the generating of funding for tropical timber development is dealt with. Finally, the paper takes into consideration the new dimension created for tropical timber development by the location of the headquarters of the International Tropical Timber Organization in Yokohama, in Japan, the country which is central to the dynamic growth of the Asia Pacific Region, which accounted for more than half of the world's total economic growth in recent years.

1. The International Tropical Timber Agreement, 1983 (ITTA)

Introduction

In November 1983, 36 producer countries and 33 consumer countries of tropical timber, negotiated and adopted the International Tropical Timber Agreement, at the second part of the United Nations Conference on Tropical Timber (Geneva, 7-18 November 1983). In servicing that Conference, the secretariat of the United Nations Conference on Trade and Development (UNCTAD) was assisted by the secretariat of the Food and Agriculture Organization of the United Nations (FAO). The Agreement entered into force as of April 1st, 1985, and will remain in force for a period of five years from the date of its entry into force, unless the Council decides to extend, renegotiate or terminate it. The Agreement further provides that the Council may decide to extend the Agreement for not more than two periods of two years each (Art. 42).

A number of United Nations bodies and specialized and related agencies of the United Nations sent observers to that Conference. These were: the Economic Commission for Europe (ECE), the United Nations Industrial Development Organization (UNIDO), the United Nations Environment Programme (UNEP), International Trade Centre (UNCTAD/GATT), the International Labour Organization (ILO), the International Monetary Fund (IMF), and the General Agreement on Tariffs and Trade (GATT). In addition, observers were sent by two intergovernmental organizations: the African Timber Organization (ATO) and the Permanent Secretariat of the General Treaty on Central American Economic Integration. Observers were also sent by two national liberation movements: the Pan Africanist Congress of Azania, and, the South West Africa People's Organization who were invited pursuant to the relevant resolutions of the General Assembly of the United Nations.

On July 29, 1986, over two and a half years after its adoption, and about one and a quarter years after it came into force, the International Tropical Timber Council at its third resumed First Session in Geneva, decided on Yokohama in Japan as the Headquarters of the International Tropical Timber Organization (ITTO), and Dr Freezailah bin Che Yeom, Deputy Director-General of the Forestry Department of Malaysia as the first Executive Director of the ITTO.

The membership of the ITTO is impressive and increasingly worldwide, representing 70.6 per cent of world population and 82.7 per cent of world gross domestic product (GDP). The present membership comprises 22 consumer countries (Belgium/Luxemburg being considered as one) representing 76 per cent and 18 producer countries representing 6.7 of the world GDP. Although not all the developing producer countries which participated at the negotiating conference have so far become member, those that did, account for about 70 per cent of the world's tropical forest resources. Of the 33 consumer countries that also participated 22 have become members, and these account for over 95 per cent of the world imports of tropical timber⁽¹⁾. More countries are expected to join.

International organizations generally commence operations with the minimum time lag after the agreements under which they are created, come into force. The ITTO is an exception because there was a protracted delay before it became operational. This is due to the difficulties which the International Tropical Timber Council faced in deciding two vital issues, namely, on the choice of the Headquarters and of the Executive Director.

These difficulties highlight three significant factors. First, the political nature of decision making in the Council, and therefore, essentially of the Council itself. Second, the difficulty on the part of some members in adjusting to the concept of the headquarters of the ITTO being established in the Far East, in Yokohama, instead of the 'traditional' West. Third, the importance and prestige which all the members attributed to the ITTO and its global potential in the field of tropical timber trade, development and forest management, as evidenced by the fact that no fewer than eight major cities competed to host the headquarters of ITTO. These were: Amsterdam, Athens, Brussels, Jakarta, London, Paris, Rio de Janeiro and Yokohama.

The International Tropical Timber Agreement (ITTA) seeks to establish a viable system of international consultation and co-operation between producer and consumer countries of tropical timber. The institutional mechanism to achieve that co-operation is by means of the Council as the supreme body of the organization and the three permanent technical committees which operate as the Council's working arms. These permanent committees are implicitly inter-linked by their membership and functions. The institutional framework of ITTO is innovative and unique because, first, it institutionally evolved from preceding international organizations concerned with tropical timber development; and second, it is the only international inter-governmental organization devoted exclusively to tropical timber development.

The comprehensiveness of the objectives of ITTO in the field of tropical timber trade, development and forest management is the result of the careful scrutiny of the multifarious problems of tropical timber defined in the early stages of the international meetings which culminated in the Agreement. In the course of those international meetings spanning some six years, it became increasingly clear, that no one problem in the field of tropical timber was isolated but that the whole gamut of its problems, from the resource base to the consumer, were interlinked. As the representative of the Food and Agriculture Organization (FAO) said at one of these meetings: "the commodity component of tropical timber development is inextricably interwoven with tropical forest development as a whole"⁽²⁾. In other words, tropical timber is both a resource and a commodity. These two aspects are different but inseparably joined like the two sides of a coin.

Tropical timber regarded as a 'resource' implied the necessary conservation of the tropical forests from which the tropical timber is derived; and tropical timber as a 'commodity' implied the necessary utilization of those forests. The need to establish a pragmatic balance between these two aspects, namely, between conservation and utilization of the tropical forests was emphasised by Dr Freezailah, the Executive Director Designate of the ITTO, in his address to the third resumed First Session of the International Tropical Timber Council. He compared the Herculean task before him to guiding a canoe down the rapids by means of a two-paddled oar, one paddle representing conservation, and the other, utilization⁽³⁾. The connotation is that the two paddles on the single oar are meant to, and must, work together, to negotiate the difficult way ahead for ITTO. In other words, tropical timber development cannot, and should not, be separated from its environmental implications.

The analogy also underscores the concern for the environment which was clearly expressed in the Preamble to the Agreement, which stressed the importance of, and the need for, proper and effective conservation and development of tropical timber forests with the view to ensuring their optimum utilization while maintaining the ecological balance of the regions concerned and of the biosphere. In addition, there were the life-support implications of tropical timber development which were underlined by Dr Tatsuro Kunugi, Chairman of the United Nations Conference on Tropical Timber when he opened that historic conference where the International Tropical Timber Agreement was adopted in November 1983. He called tropical timber "a unique commodity that requires a special treatment from the perspective of global resource management because the sustainable development of tropical timber resources would have far-reaching beneficial effects on other key sectors such as agriculture, food and water supply, energy and the preservation of the ecosystems for future decades."

That close linkage between resource and commodity and the environmental and life-support implications of tropical timber development, needs to be borne in mind in considering the ITTA. It would be a mistake, therefore, to hastily dismiss the ITTA purely as a trade agreement without significance for the global environment. On the contrary, the ITTA might be regarded as an international institutional framework exclusively for tropical timber development, where related environmental concerns may also be discussed, in cooperation with competent international institutions and organizations, both governmental and non-governmental. For example, environmental concerns related to particular tropical timber development projects, such as those seeking ITTO's approval or sponsorship, can be fully discussed in the relevant Permanent Committee of the Organization.

2. The Institutional Structure of the ITTA

The International Tropical Timber Agreement, 1983, was conceived as a commodity agreement and it was drafted as such, based on the institutional models of the Rubber Agreement, 1979, and the Jute Agreement, 1982. By the time the draft of the ITTA was tabled for discussion by the Japanese delegation which drafted it, it was clear that tropical timber is not a simple commodity like rubber or jute. Its tremendous diversity in terms of species and qualities, its variety in terms of the product categories that it was converted into, its different markets separated by different regions and circumstances, its origin in the tropical moist forests which span over a gigantic area of land-space on this planet covering some 12 million square kilometres and straddling three continents, the great many complex 'upstream' and 'downstream' problems that beset it, and, most of all, the significant environmental and social implications of its extraction from the forests, all make tropical timber uniquely *sui generis*.

When the final version of the institutional draft emerged, after several intensive negotiations, discussions, and modifications, it was no longer a commodity agreement as such, with its traditional commodity clauses, but a comprehensive development-oriented agreement on

tropical timber. By the time the ITTA was adopted in November 1983, it was clear that it was an important and essential agreement with global potential for development, which went well beyond the narrow confines of a commodity agreement *per se*.

The International Tropical Timber Agreement, 1983, is based on four essential elements which are a synthesis of the numerous facets of tropical timber development, making the ITTA a development agreement. The following four relatively comprehensive elements represent the four main areas of work of the ITTO:

- (a) market intelligence;
- (b) reforestation and forest management;
- (c) increased and further processing in developing countries;
- (d) research and development.

The institutional structure of the ITTO is based on these four elements. It consists of the Council, the Permanent Committees and the Secretariat. The Council is the highest authority of the Organization and it is made up of all the Member States. The Permanent Committees of the Organization and the Executive Director, who is the chief administrative officer of the Organization as well as the Head of its Secretariat, are responsible to and fall under the direction of the Council.

The Council

Based on its present membership representing about 70.6 per cent of world population, 82.7 per cent of the world GDP, about 70 per cent of the world's tropical forest resources, and 95 per cent of world tropical timber imports, the International Tropical Timber Council of the ITTO will probably be the most powerful political body that has evolved, for action dedicated exclusively to the development of tropical timber both as a resource and as a commodity. As such, its potential in this particular field will be immense. But this will place on its members a correspondingly immense responsibility to ensure the establishment of a wise and pragmatic balance between the utilization and the conservation of the world's tropical forest resource.

In the discharge of that responsibility, the regularity of attendance of its members in the number that will make decision-making possible is of the greatest importance. It is left to be seen whether the location of ITTO at Yokohama will in any way affect the attendance at Council sessions. In this connection, the Agreement's provision for a minimum of one annual Council session and for the venue of a session to be away from headquarters, may ensure that there is the necessary quorum at any one session, whichever venue the Council decides on.

The Japanese package offer to secure Yokohama as ITTO's headquarters, in fact, took into consideration this sort of situation. In addition to its generous offer to subsidize office accommodation and equipment, cost of utilities on the office premises, cost of interpretation, translation and printing of documents related to the Council and Permanent Committee sessions, cost of the transport of professional staff, their families and effects to Yokohama, and cost of Japanese staff (if requested), Japan also offered to pay for the normal additional cost of holding a Council session outside of Japan, especially in a developing producer country, provided that the Council decided upon holding two annual sessions, with one away from Yokohama. This will strengthen the likelihood of a quorum being present at a Council session.

The Council operates at the political level on the basis, *inter alia*, of recommendations of the Permanent Committees. Its function also includes the co-ordination of the work of the Permanent Committees and the carrying out of the provisions of the Agreement. The functions of the Permanent Committees, on the other hand, are generally at the technical level.

The Permanent Committees

Participation in each of the Permanent Committees is open to all Member States. As the technical working arms of the Council, they are an important part of the institutional mechanism of ITTO. There are three Permanent Committees responsible for three of the four above-mentioned elements. These are: the Permanent Committee on Economic Information and Market Intelligence; the Permanent Committee on Reforestation and Forest Management; and the Permanent Committee on Forest Industry. The last-named Permanent Committee is responsible for encouraging the implementation of the third element, namely, increased and further processing in developing countries. The fourth element, namely,

research and development, is not allotted a separate Permanent Committee as it is a common component in the activities of all three committees.

The Permanent Committees are an institutional innovation from the logistic and political points of view. They are logistically innovative in that they are composed of the same member countries. This has two advantages. First, it enables the sessions of the Permanent Committees to be organized to take place consecutively, immediately one after the other, culminating with the Council session. This saves time and expense, because it enables a participant to attend the meetings of the Committees and the Council, during a single visit to the ITTO headquarters. Second, it facilitates interaction and coordination between the Committees, thereby increasing their effectiveness. They are politically innovative in that the members of the Permanent Committees are also members of the Organization's Council, the deciding authority. This could have the advantage of facilitating and expediting decision-making at the level of the Council particularly in regard to the recommendations submitted by the Permanent Committees.

The effectiveness of the Permanent Committees will depend upon the type of participants and the regularity of the meetings. As the meetings are of a technical nature, their purpose will be best served by the attendance of representatives who have the requisite technical knowledge or are accompanied by their own technical experts. This would mean that each delegation may sometimes consist of more than one person, and this may have budgetary implications for some delegations, with the result that the overall effectiveness of the sessions may be reduced if there is not adequate attendance by representatives from the Capitals. Such a contingency may be alleviated by holding alternate sessions away from headquarters, in the West, or in a producing country, such as when the Council decides to hold a session away from headquarters, as mentioned on page 3.

3. Prospect of Development in the Market Intelligence Sector

The inclusion of the improvement of tropical timber market intelligence in the ITTA is predicated on the consensus reached by producer and consumer countries of tropical timber that improvement is needed in this particular sector. It is the overall function of the Permanent Committee on Economic Information and Market Intelligence to achieve that improvement. To this end the Agreement indicates the specific functions of this permanent committee (Art. 25 para 1) as follows:

- (a) to keep under review the availability and quality of statistics and other information as required by the Organization;
- (b) to analyse the statistical and other specific indicators, as identified in the Agreement, for the monitoring of the international tropical timber trade;
- (c) to keep under continuous review the international tropical timber market, its current situation and short-term prospects on the basis of data mentioned in (b) above and any other relevant information;
- (d) to make recommendations to the Council on the need for, and nature of, appropriate studies on tropical timber, including long-term prospects of the international tropical timber market, and monitor and review any studies commissioned by the Council;
- (e) to carry out any other tasks related to the economic, technical and statistical aspects of tropical timber assigned to it by the Council;
- (f) to assist in the provision of technical cooperation to producer countries to improve their relevant statistical services.

The coverage of the market intelligence activities, as indicated by the functions, is fairly complete. It resulted from the work and detailed discussions at the preparatory meetings in UNCTAD, covering virtually all aspects of market intelligence on tropical timber. The following are three possible areas of work for the ITTO's Permanent Committee on Economic Information and Market Intelligence on the basis of the outlined functions:

- (A) the provision of market intelligence services to the member countries;
- (B) the encouragement of the development of market intelligence services in the producer countries, so that these services may more closely interact with the ITTO;
- (C) the provision of technical assistance by the ITTO to those producer countries that may need and request it, to establish or improve their market intelligence and dissemination services.

A. The provision of market intelligence services to members

There are two types of market intelligence, one aimed at the needs of the policy makers, and the other, at the trade. For the former, current and prompt information is not essential, but for the latter, it is vital. The Forestry Department of the Food and Agriculture Organization (FAO) and the Timber Committee of the Economic Commission for Europe (TCECE), which is the Timber Section of the FAO/ECE Agriculture and Timber Division, are probably the most important sources of the former type of information.

In regard to the second type, namely, current and prompt information on the international trade in tropical timber, no present source exists at the international level. The ITTO's Permanent Committee on Economic Information and Market Intelligence could try to fill this vacuum, to the extent that is feasible, taking advantage of the advances in information-technology, particularly in telecommunications. Some international organizations such as the International Trade Centre (UNCTAD/GATT) in Geneva (ITC), are studying the possibility of providing such information. Cooperation with such organizations, may increase the prospects of overcoming some of the constraints in the way of providing up-to-date market information at the international level.

A new dimension in the provision of market intelligence at the international level is the location of the ITTO in Japan, the world's largest importing country, in volume terms, of tropical timber. There will probably be a formidable task ahead for the ITTO, to explore this new dimension in its many facets and to coordinate and harmonize not only the market information from Japanese and Western sources, but also the possibly different methodology, classifications and terminologies which may be involved.

Being located in Japan, the ITTO may be able to play an important role, in close cooperation with the Japanese timber trade, to provide information on the substantial Japanese timber market to its interested members and the United Nations bodies concerned with market intelligence, and, correspondingly, provide market information on the overall equally substantial Western timber market to Japan. For the ITTO, this clearing house role, in the market intelligence and other related trade and industry sectors, may provide ample room for development and expansion.

The annual or biannual sessions, as the case may be, of the Permanent Committee on Economic Information and Market Intelligence will mark the culminating point of its work, where members may consult each other on a range of problems, in which they are mutually interested, relating to various aspects of the tropical timber economy. The experience of the ECE Timber Committee has shown that such regular consultations provide an effective basis for the harmonization of information, and, whenever relevant and feasible, co-ordination of action. While such consultations do not commit the participating countries, they serve a useful purpose in providing a country with an overview of what other countries within the region, or regions, are doing about common problems, and this may influence, or facilitate, that country's future action in this regard.

The Permanent Committee on Economic Information and Market Intelligence will have the opportunity to build on the experiences of the ECE Timber Committee (TCECE) and create a regular consultative group for tropical timber at the global level, just as the TCECE has successfully done for coniferous timber at the level of the European region, although some major producer countries outside of that region, such as Canada and the USA, were later included. In view of the increasing substitution of tropical timber for end-uses which previously depended almost entirely on temperate timbers, the need for the harmonization of information on world demand for, and supply of, timber generally (i.e. whether temperate or tropical, coniferous or non-coniferous) seems inevitable. In that respect, the Permanent Committee of the ITTO and the ECE Timber Committee, could closely complement each other's activities. A sound, cooperative and mutually satisfactory working arrangement, with the TCECE and with FAO, would seem a desirable and logical step for the Permanent Committee on Economic Information and Market Intelligence. Such an arrangement, particularly in its formative years, could also facilitate its task to set up a comprehensive economic information and market intelligence service for tropical timber at the global level.

B. Prospect of development of market intelligence services in the producing countries

It is logical to assume that the development of market intelligence services in the ITTO, to the extent envisaged in the functions of the Permanent Committee on Economic Information and Market Intelligence, could have a profound and catalytic effect upon the producing exporting countries, for example, to improve their own market intelligence services,

particularly in regard to the dissemination of market intelligence, domestically, to the relevant government departments and to the private sector, and externally, to ITTO and other inter-governmental and non-governmental organizations.

Another area where the envisaged tropical timber market intelligence services of the ITTO could have a direct effect on the market intelligence services of the producer countries, and result in the development of these services, is in stimulating the collection and standardization of statistical data pertaining to the international tropical timber trade. Such a result, when attained, would be a major step forward in the development of market intelligence for tropical timber as a whole.

Interaction between producer countries on the one hand, and between producer and consumer countries on the other hand, at the regular consultative meetings of the Permanent Committee referred to above, may also be an effective way to further clarify, for the relevant producer countries, the areas of constraints in their respective market intelligence systems, which require remedial action.

C. Prospect of technical cooperation which the ITTO will provide to producer countries to develop their relevant statistical services.

The Permanent Committee on Economic Information and Market Intelligence is mandated under the Agreement, to "assist in the provision of technical cooperation to producing members to improve their relevant statistical services." One main area which such technical cooperation could focus on, is to assist producer countries to effectively utilize the fairly complete range of data which the ITTO would provide, and, correspondingly, to feed back to the ITTO, the type and quality of data, that the ITTO itself may need. If this two-way information flow can be achieved, the ITTO may be able to avoid one of the major constraints facing international organizations concerned with tropical timber market intelligence today, namely, the paucity and irregularity of information feedback from most producer countries.

The prevailing practice for obtaining information feedback from developing producer countries is to send carefully formulated questionnaires, but this has not always been successful, as the replies are sometimes unduly delayed, or inadequate, or, as is quite often the case, not forthcoming at all. This suggests another area of technical assistance which would focus on identifying the causes of such constraints and recommending appropriate action. It would be a challenging task for ITTO to look into the time-honoured, but possibly obsolete, "questionnaire method", which still appears to be used, in the absence of a more efficacious method. In this day and age of high-tech, there may be more efficient and speedier methods to replace the "questionnaire method". This is an area that the Permanent Committee may need to look into more closely in close co-operation with the TCECE and the Forestry Department of FAO.

ITTO can build up the necessary expertise and experience in providing technical co-operation, with the prospect of the organization becoming a major factor in the provision of market intelligence services.

4. Prospect of Development in the Reforestation and Forest Management Sector

In incorporating reforestation and forest management as essential elements of the ITTO, the rationale was that development activities in this sector were essential for the continuous availability of tropical timber supplies to meet the needs of the tropical timber trade and tropical timber using industries, both national and international, or, as it is put in the ITTA, "for the production of industrial tropical timber". The result was, as emphasised earlier, the close linkage between tropical timber as a commodity and as a resource. It would be erroneous to assume, therefore, that tropical reforestation and forest management *per se*, were in the minds of the producer and consumer countries, when this particular element was promulgated as one of the bases on which the ITTO would be established.

Nevertheless, once admitted as an essential element of the Agreement, the discussion and debates on the subject of deforestation and reforestation, as well as on that of tropical forest management that followed, in the preparatory meetings that culminated in the ITTA, were consequential and logical. The discussions and debates, however, intentionally fell short of any substantive reference to the actual techniques of forest management nor did they enter the controversial aspect concerning the methodology of ascertaining the area of forest loss in the tropics, nor even the quantitative or qualitative results of tropical forest loss assessment.

Despite this clear recognition of the parameters of the discussion on this important subject, considerable work was done to bring to the notice of the meetings, the status of the tropical forests and topics related thereto. In this regard, the meetings also had the benefit of the technical expertise on these subjects from the representatives of the Forestry Department of FAO.

The ITTO's activities in this sector would be implemented through the institutional medium of the Permanent Committee for Reforestation and Forest Management, which has the following functions as stipulated in Art. 25 para 2 of the ITTA:

- (a) to keep under regular review the support and assistance being provided at a national and international level for reforestation and forest management for the production of industrial tropical timber;
- (b) to encourage the increase of technical assistance to national programmes for reforestation and forest management;
- (c) to assess the requirements and identify all possible sources of financing for reforestation and forest management;
- (d) to review regularly future needs of international trade in industrial tropical timber and, on this basis, identify and consider appropriate possible schemes and measures in the field of reforestation and forest management;
- (e) to facilitate transfer of knowledge in the field of reforestation and forest management with the assistance of competent organizations;
- (f) to coordinate and harmonize these activities for cooperation in the field of reforestation and forest management with the relevant activities pursued elsewhere, such as those under FAO, UNEP, the World Bank, regional banks and other competent organizations.

There is an obvious close linkage between the Permanent Committee on Reforestation and Forest Management and that on Economic Information and Market Intelligence. The linkage lies in the dependence of the Permanent Committee on Reforestation and Forest Management on the latter Committee for information on the future needs of industrial tropical timber by the international tropical timber trade as may be derived from the studies on long-term trends and prospects of that trade which are part of the latter Committee's functions to provide. It is on such information of future needs of the trade that the Committee on Reforestation and Forest Management would mainly base its activities for reforestation and forest management. The Permanent Committee on Economic Information and Market Intelligence, on the other hand, depends upon the former Committee for information relating to the prospects of future availability of industrial tropical timber and the source-countries from where such future supplies may be expected. Such or similar linkages invariably exist between the three Permanent Committees and, to repeat, constitute the strength and institutional uniqueness of the ITTO.

The support-role of the ITTO in reforestation and forest management

The functions of the Permanent Committee on Reforestation and Forest Management are clearly oriented to the support-role which the ITTO would play and fall short of any implementing role which the ITTA implicitly recognizes as the function of organizations already providing the requisite technical and other assistance in forest management matters. The ITTO, however, has the potential to become a vital and potent factor in that support-role on two counts. The first count is when it is able to muster a meaningful amount of funds for reforestation and forest management projects generated among its members within or outside the Organization, and from the development finance of the Second Account of the Common Fund for Commodities targeted at \$280 million, to which the ITTO will have access, when that Fund is established. An example of generating funding outside the Organization could be in encouraging, as and when necessary or appropriate, bilateral funding or technical assistance arrangements between ITTO members in projects connected with tropical forest management and development. The second count is that, because its worldwide membership consists of producer countries which hold about 70 per cent of the tropical forest resources, and consumer countries which account for over 95 per cent of global tropical timber imports, which are together closely involved in many or most tropical forest development projects, the ITTO may become increasingly involved in a **harmonizing and co-ordinating role**.

In regard to the first of these two counts, namely the fund-role of the ITTO, reference may be made to item (c) of this Permanent Committee's functions. Under this function, the ITTA provides that the Permanent Committee on Reforestation and Forest

Management should "assess the requirements and identify all possible sources of financing for reforestation and forest management." This fund-raising type of activity of the ITTO raises two vital interpretations. One interpretation is that this activity is, *mutatis mutandis*, linked to the projects in reforestation and forest management proposed by members within the Organization, or to any related project which the Organization may 'encourage' or 'facilitate'. That is the restrictive interpretation. The second interpretation is much wider. Under this wider interpretation, the Organization is empowered to make a general assessment of tropical reforestation and forest management requirements, seemingly at global level. In other words, the function could be interpreted as a mandate for the Organization to raise an international tropical reforestation and forest management fund, based on any area or areas which it has ascertained as being in need of reforestation and forest management.

In its supportive role for tropical timber development, particularly in reforestation, and in furtherance of its important objective to pragmatically encourage a workable ecological balance between the conservation and utilization of the tropical forests, which is so vital for the rational conservation of all living resources, of which humankind is the most crucial part, the ITTO would need to overcome the paralysing constraint of inadequate funds. In this regard, the ITTO would need to look into all possible options. Although it is to the United Nations that it owes its birth, the ITTO is not a United Nations organization, but an independent global entity. As such, and in furtherance of its possible fund-raising role mentioned above, the ITTO has the flexibility to appeal to the world's industrial sector, as well as to the world's general public, for global financial and moral support.

It would be unrealistic to speculate on the possible future development of the ITTO in the reforestation and forest management sector, particularly tropical reforestation, on the basis of the wider interpretation of its fund-raising role, for which it has the potential. In this connection, it is interesting to recall from the report of the Fifth Preparatory Meeting on Tropical Timber under UNCTAD's auspices⁽⁴⁾, that the idea of a global fund for tropical reforestation was discussed and commended by the representative of the World Bank who was present. The concept of that fund was based on a one per cent levy on tropical log imports into the consumer countries, as one possible source. Such a levy would have been meaningful in the light of the peak figure of seven billion dollars that the international tropical timber trade once reached. Tropical log imports accounted for a considerable part of this trade value. The advent of such a fund would then have had the immediate effect of significantly raising the level of the availability of funds for reforestation. The proceeds of such a possible fund could have also provided other benefits, such as augmenting the members' contributions to the administrative budget of the then prospective international tropical timber organization, and alleviating the financial burden on the developing countries, particularly of the least developed countries, to contribute to that budget. At least to the extent that the proceeds of the fund might be used for that purpose.

The concept of the fund, however, failed to win general support in that preparatory meeting and disappeared from further discussion in the preparatory meetings on tropical timber in UNCTAD. Nevertheless, the concept seems to have remained alive, inside and outside the UN system. Also there does not seem to be a lack of supporters which see such a fund as a catalytic means to accelerate reforestation in the tropics. There is even support for the view that such a fund is not only desirable but that it is also feasible. At least one international organization, namely, "The Global Forest Fund" (GFF), which is registered in the Netherlands, has similar objectives, but no effective follow-up by the GFF appears to have been made so far⁽⁵⁾. If the concept of an international tropical reforestation fund resuscitates once the ITTO becomes fully operational, the possibility of such a fund being established, within or outside the ITTO, should not be discounted.

Massive global tropical reforestation effort required

The ITTO may have the potential to fulfil a continuous, harmonizing and co-ordinating role to stimulate the massive global tropical reforestation that is needed today to help stem the tide of irrational and uncontrolled tropical deforestation that is causing environmental concern. Given that stimulus, it is within the bounds of human vision and possibility today to launch the massive global reforestation which will not only help stem that tide, but also enable us to discharge our intergenerational responsibility⁽⁶⁾ to the future generations for whom we hold the tropical forests in trust. Global tropical reforestation is therefore a global responsibility.

But a massive tropical reforestation on a global scale needs massive global means in terms of funds and technical support to put it into effect. Most of all it needs bold, new and resolute thinking with a strong sense of global urgency and purpose. To achieve this massive tropical reforestation, an International Tropical Reforestation Fund (ITRF) may need to be founded. To establish this macro-project, conventional 'money-oriented' thinking would

need to give way to 'project-oriented' thinking, 'North-South' thinking to 'global' thinking, and 'save the cargo' thinking to 'save the ship' thinking. While the ITRF would be beyond the budgetary and institutional means at the disposal of the ITTO at this stage when it has just come into operation, it is clearly within its mandate to initiate or support such a massive scheme, when the time comes.

Such a macro-project is, however, not beyond the scope of current thinking, and probably not beyond the scope of current global capacity to put into effect. "The Global Infrastructure Fund"⁽⁷⁾ (GIF) as conceptualized by a study group headed by Chairman Masaki Nakajima of the Mitsubishi Research Institute in 1977 is an example. It may be of interest to dwell a little on the GIF, even if it is only to draw some parallel from it to support the view that a macro-project such as massive reforestation in the tropics is within the bounds of human vision and possibility. The GIF is aimed at funding fifteen macro-projects including the "Greenization of the deserts in the Sahara, the Sinai and the Arabian peninsula". It also includes the erection of a large-scale installation for the collection of solar energy in a remote part of the world; while another macro-project is for the generation of electric power using 'oceanic' energy. The GIF is conceptualized to be funded in the following way. Beginning with an initial annual contribution of \$13 billion by the US, the Federal Republic of Germany, Japan, OPEC and interested industrialized countries, the Fund envisages further annual inputs of the same amount until the end of the century, so that over a period of about twenty years and with 'multiplier effects', the GIF would reach a level of £500 billion. The underlying aim of the GIF is to stem 'stagflation' in the major industrialized countries, to which end, "it is necessary to implement 'New Deal' policies⁽⁸⁾ on a global scale in order to first stimulate private business activity in the advanced industrialized countries and then extend its effects to the economies of the developing countries." An example of the sort of stimulus that world industry may obtain from, say, the macro-project for the erection of the above-mentioned large scale installation for the collection of solar energy in a remote part of the world, may be gauged from the estimate that the "total investment in land, pipelines, and accessory equipment would reach £20 to £50 trillion".

Global tropical reforestation requires global efforts on the part of governments, relevant UN agencies, competent intergovernmental and non-governmental organizations, public and private foundations and funds and, not least, the world public. The ITTO is mandated, under the Agreement, to cooperate with competent organizations, in particular the Food and Agriculture Organization (FAO), the United Nations Environment Programme (UNEP), the World Bank and the regional banks, in the field of reforestation and forest management. Such co-operation could be instituted by regular, as well as *ad hoc* joint sessions, of the Permanent Committee on Reforestation and Forest Management of the ITTO with these competent organizations, to act together in concert at the overall global level, since unity of effort and resources will expedite the possible massive implementation breakthrough that is required, and obviate undue duplication of effort and its concomitant duplication of the spending of scarce funds.

ITTO has 42 project profiles in hand

The ITTO would not be commencing its work from scratch as it already has in hand several project profiles, including those that relate to reforestation and forest management. There are, at present, 42 project profiles which have been synthesised by the forestry experts of the producing member countries, from a total of 189 project proposals submitted by the producing members in the three regions (25 from Africa, 134 from Latin America and 30 from Asia). The Intergovernmental Group of Experts on Research and Development which met under the auspices of UNCTAD in November 1981, not only synthesised the project profiles but allotted priority ratings to them on the basis of regions. This may, to some extent, facilitate the task of the ITTO, when the opportunity comes to implement them. While these profiles are fairly comprehensive, the ITTO would presumably not be limited to them and may, in pursuance of its objectives, initiate or sponsor other project profiles or projects in the reforestation and forest management sector⁽⁹⁾.

The 42 ITTO project profiles, which may also be considered as investment profiles, have been estimated to cost some \$106 million, of which the largest weighting (45%) was given to reforestation and natural forest development, 40% was given to wood utilization and the balance was divided between wood harvesting, logging, manpower development, and strengthening of the institutional framework. Before they can be implemented, the profiles would need to be prepared and reformulated as final projects, but in the meantime they are useful guidelines to prepare the Organizations's programme of work. In this regard, Japan has already made a voluntary contribution to the ITTO of \$150,000, towards feasibility studies to reformulate the project profiles into full-fledged projects. That 'seed' contribution

of Japan may sprout into more voluntary contributions for projects from members during or after the Second Session of the Council at Yokohama, projected sometimes in spring 1987.

In carrying out its mandate to co-operate with competent international organizations in the field of reforestation and forest management and tropical forest development generally, the ITTO would need to take into account the recent international "Tropical Forestry Action Plan" (TFAP), not only to harmonize its activities with those under the TFAP, but also to consider its possible prospective sponsorship of some of the TFAP investment profiles, which may fall broadly within its objectives, in particular those relating to forest-based industrial development and the conservation of forest ecosystems, two out of the five priority areas identified by the TFAP. The TFAP is a global conceptual framework of investment profiles in the field of tropical forestry, including reforestation and forest management, which governments and agencies concerned may usefully employ as a common reference "for the formulation of their own forestry programmes and for the harmonization of action between them". The TFAP was prepared by the FAO, World Bank, UNDP and the Washington-based World Resources Institute⁽¹⁰⁾.

5. The ITTA and the Environmental Sector

The relevance of the ITTA to the environmental sector is predicated on the knowledge that "from the perspective of global resource management.... the sustainable development of the tropical forest resources would have far-reaching beneficial effect on other key sectors such as agriculture, food and water supply, energy and preservation of the ecosystems for future decades" ⁽¹¹⁾. This description of the possible positive relationship between sustainable tropical forest development and the environment and the consequent long-term beneficial effects upon the key sectors brings into focus what could be a new and forward-looking approach to encourage tropical forest development and environmental improvement.

Under this approach, tropical forest development is seen as a means to improve environmental conditions, rather than a means to prevent the deterioration of the environment. Reforestation will, therefore, be seen as one of the most potent means to improve global environmental conditions and bring about the far-reaching beneficial effects on key sectors, such as agriculture, food, water supply, energy and the preservation of the ecosystems for future decades, as referred to above.

Tropical timber trade and industry's approach to the environment, as, indeed, the approach of those concerned with tropical forestry in general, to the environment sector, should not be guarded and defensive, but straightforward and co-operative. Correspondingly, the approach of the environmental sector to tropical forestry in general, and to tropical forest development in particular, including the tropical timber trade and industry, should **not** be as an enemy or potential enemy who is, or will be, despoiling the environment, but as an ally, a comrade-in-arms, whose assistance is needed to improve the environment which is already in a sorry condition in many areas of the world.

Of special interest to environmentalists and conservationists in general are two provisions in the ITTA which attempt to take care of environmental concerns, insofar as the parameters of the discussions on tropical timber in the forum of UNCTAD allowed. The first is to be found in the preamble and reads: "Recognizing the importance of, and the need for, proper and effective conservation and development of tropical timber forests with a view to ensuring their optimum utilization while maintaining the ecological balance of the regions concerned and of the biosphere". The second, which is one of the expressed objectives of the International Tropical Timber Organization (ITTO), reads: "To encourage the development of national policies aimed at sustained utilization and conservation of tropical forests and their genetic resources, and at maintaining the ecological balance in the regions concerned".

At first glance such provisions may seem prosaic but seen against the background of one of the main activities of the ITTO, which is to assess and assist member countries in the implementations of their development projects in tropical timber and tropical forest management, which the ITTO has sponsored or approved for financial or other support, the provisions become significant and vital. This is because these environment-oriented provisions will *ipso facto* have to be taken into account in the assessment of projects, which makes it unlikely that any specific project with any possible adverse environmental impact on being implemented, will be supported by the ITTO. In fact, the practice of ensuring that the tropical timber development projects which it sponsors or approves are within universally accepted environmental guidelines, could become the standard practice of the Organization.

This practice would ensure that environmental concerns are taken into account at the time of the assessment of tropical timber development projects, rather than later, when the possible environmental damage may have already occurred. In the works, environmental

responsibility may be said to be implied in the criteria, as stipulated in the ITTA, for the assessment of projects which the ITTO may sponsor or approve. For example, in the assessment of projects involving forest utilization, feasibility surveys to evaluate possible environmental impact before the allocation of particular areas to logging, could be incorporated as a precondition to ITTO's sponsorship or approval of such projects.

In compliance with the above-mentioned objective of the ITTO to encourage national policies aimed at sustained utilization and conservation of the tropical forests and their genetic resources, and at maintaining the ecological balance in the regions concerned, the ITTO could, for example, encourage or promote the establishment of an international code of conduct in the exploitation of the natural tropical forests, which would be aimed *inter alia* at reducing environmental damage and forest stand destruction resulting from unskilful logging methods or the use of inappropriate equipment including tractors which are unduly heavy for the purpose. In furtherance of the same objective, and as another example, the ITTO could encourage or promote the promulgation of, or support where they already exist, national forestry laws aimed at the protection of watershed forests. Only with operational expertise will the extent or limits of ITTO's impact upon the environmental sector be known, but the positive potential is undoubtedly there.

Furthermore, as the ITTO is a totally 'new' organization, it would probably be receptive to any constructive idea related to tropical forest development. That being the case, the way may be open for pragmatic guidelines relating to the environment, such as the pertinent aspects of the "World Conservation Strategy"⁽¹²⁾, to be taken into account, or incorporated *de facto*, or even *de jure*, into the criteria for project assessment. In fact, as an organization with a continuous collective political will, at the global level, in matters relating to tropical timber development, as well as in environmental concerns that such development may impact upon, the ITTO could, indeed, be a potent ally to the environmental sector.

6. The ITTO and the Non-governmental Environmental Institutions

The final stages of the establishment of the ITTO were marked by the active and positive interest which non-governmental environmental institutions took in this young world organization. These institutions saw in the ITTO a forum where their concerns could be given a fair hearing and considered. As a result, they not only sent observers to the UNCTAD meetings where the ITTO was discussed and negotiated, but at the time during the negotiations when the meeting was bogged-down and stale-mated on the two vital issues of the choice of the Executive Director and the site for the headquarters of the Organization, they also activated public interest in the ITTO, and through the media, their own publications and cable-dispatches, they exhorted the negotiating Governments to expedite and reach a decision on those two issues, in order that the Organization may commence, without further delay, its work, which they considered important for the further integration of environmental concerns in the tropical forestry sector.

Although not of the scale of the support that these NGO's gave to the United Nations Conference on the Environment in 1972 when the United Nations Environmental Programme (UNEP) was established, the support given by them to the ITTO was nevertheless impressive. The meeting organized in March 1985 in London by the International Institute for Environment and Development (IIED) with the main objective of expediting ratification of the International Tropical Timber Agreement (ITTA) among some of the countries that adopted the Agreement but had not yet ratified, is a successful example of such support.

Some non-governmental environmental institutions concerned with sustainable development, such as the IIED, also see the advent of the ITTO as an opportunity to bring together the environmental sector and the timber trade and industry in a spirit of co-operation, rather than confrontation, in the overall interest of the world's environment. That this is possible within the conference room is borne out by the adoption of the ITTA by 36 producer countries and 33 consumer countries, with diversified interests and national priorities.

The meetings on tropical timber between the producer and consumer countries held under the auspices of the United Nations Conference on Trade and Development (UNCTAD) had been marked, at the beginning, by confrontation between the two negotiating sides, because one side or the other felt it necessary to be on the defensive, but this changed to co-operation during the series of meetings spanning over six years, when both sides began to appreciate the problems besetting tropical timber, and realized that without mutual goodwill and co-operation, they would never attain consensus and the International Tropical

Timber Organization, which both sides desired and saw as important and necessary, would never be established.

It is no exaggeration to state that, in the short annals of UNCTAD, in no other commodity negotiations had there been the same mutual goodwill, co-operation and sense of urgency to get on, as there were in the tropical timber meetings. What is possible within, should be possible outside the conference rooms. There is need for understanding and co-operation between the tropical timber trade and the environmental sector, because the time is ripe for their mutually constructive endeavour in the interest of tropical forest development, particularly in the areas of reforestation and forest management.

Hopefully, there will be the opportunity to further strengthen this understanding and co-operation between the environmental sector and the tropical timber trade and industry in some of the consultative meetings under the auspices of the ITTO, in those matters where environmental issues are involved. The initiative of the International Institute of Environment and Development (IIED) to try to bring about this understanding and co-operation between the tropical timber trade and industry and the environmental sector is as timely as it is praiseworthy.

7. Prospect of Development in the Industry Sector

The functions of the Permanent Committee on Forest Industry as stipulated in Art. 25 para 3 are:

(A) Promote co-operation between producing and consuming members as partners in the development of processing activities in producing member countries, *inter alia*, in the following areas:

- (i) Transfer of technology;
- (ii) Training;
- (iii) Standardization of nomenclature of tropical timber;
- (iv) Marketing;

(B) Promote exchange of information in order to facilitate structural changes in increased and further processing in the interests of both producing and consuming members;

(C) Monitor ongoing activities in this field, and identify and consider problems and possible solutions to them in co-operation with the competent organizations;

(D) Encourage the increase of technical assistance to national programmes for the processing of tropical timber.

The development of the forest industry of the producer countries is the third of four essential elements which form the basis of the ITTO. Its inclusion as an essential element testifies to the consensus among the producer countries, which are almost entirely developing countries, that an organization such as this, should have the mandate and the ability to provide the impetus and assistance for them to, from being producers and exporters of raw materials, in this case roundwood logs, become producers and exporters of processed tropical wood, whether in semi-finished or finished form. The reasons for the need for this development are economical, political and even social.

The tropical forest industry is of great interest to both consumer and producer countries and it is also the focal point of competition in the overall field of tropical timber development, not only among the consumer countries, but also among the producing countries; and, in recent times, increasingly between the consumer and producer countries. This particular element, therefore, underwent considerable negotiations between consumer and producer countries before it was included in the Agreement as part of the activities of the Permanent Committee on Forest Industry. Then even the term 'Forest Industry' was, by agreement, substituted for 'Further and Increased Processing in the Developing Countries' which the producer countries favoured. In effect, however, "Forest Industry" is a generic term and, consequently, flexible enough to include whatever aspect of forest industry the members mutually agree to adopt eventually.

Although the functions of the Permanent Committee on Forest Industry are rightly development-oriented in favour of the producer countries, competition between the developed consumer countries to provide such development assistance will be as strong as their cautiousness not to accelerate competition for development assistance among the recipient countries by precipitating their development assistance to the latter. Under these

circumstances, the functions of the Permanent Committee on Forest Industry are more delicate to fulfil than those of the other two permanent committees. This situation may be further influenced by the fact that the ITTO is located in Yokohama, given the strength of the Japanese industry in general and its timber industry in particular.

The ITTO's role in the field of the tropical industry may well be catalytic by virtue of two facts; that it is an independent, inter-governmental and global entity outside of the United Nations system, and, that it is located in Japan. If the sponsoring, supporting and funding roles of ITTO, combined with its harmonizing and co-ordinating roles, which appear to be applicable in the field of reforestation and forest development, are equally applicable to the field of 'forest industry', then ITTO can be a major world factor in furthering the cause of the increased industrialization and modernization of the tropical timber industry in the producer countries, in close co-operation with competent United Nations Organizations, including FAO and UNIDO, and other international and national organizations and institutions.

Perhaps one of the important advantages of ITTO's Permanent Committee on Forest Industry, is the fact that it will meet at regular annual or biannual consultative sessions, depending on the Council's decision in this regard. In other words, a pattern of development-related industrial topics for consultations can be established in the field of forest industry. This provides the continuity that is necessary to increase the effectiveness of the meetings, and it may even facilitate and expedite whatever follow-up is required. Such regular sessions also have the obvious advantage that participating countries can know, in advance, when to expect the next and the following meetings of the Permanent Committee on Forest Industry, thus enabling them to prepare ahead for a forthcoming meeting. This does not obviate the possibility of an *ad hoc* session being called, if the Council so decides, when an emergency situation occurs, such as during an international economic crisis.

The ITTA also focuses attention on the prevailing structural changes taking place in the tropical timber market, and stipulates that the committee should "promote the exchange of information in order to **facilitate** structural changes involved in increased and further processing in the interests of both producer and consumer countries". Structural changes in the tropical timber market and industry are difficult to monitor, but by co-ordinating closely with the Permanent Committee on Economic Information and Market Intelligence, the Committee on Forest Industry may be able to keep informed of changes in the patterns of the international trade in tropical timber and processed tropical timber products which may point to possible structural shifts in the market or in the exporting countries. Such fore-knowledge of possible specific structural changes that are taking place obtained through the Permanent Committees concerned, will enable the tropical timber trade and industry sectors of the members, to take step to adjust their activities accordingly.

As a result of structural changes which have already occurred, in some producer countries in the Asia Pacific region⁽¹³⁾ for example, there is at present in at least one of these producer countries, considerably increased potential for the manufacture of wood-based panels, notably plywood. The likelihood, if not the prevalence of over-production in plywood, beyond the limits the international markets can absorb, clearly suggests that one of the important functions of this committee should also be to encourage or sponsor managerial and marketing assistance to producer countries in order to develop their domestic markets, particularly for building materials, such as wood-based panel products. Such a situation could also apply to other product categories, which may be similarly over-produced in some producer countries. In such a situation, the development of domestic capacity to absorb the products can act as a cushion, giving time for the industry to adjust its production. Technical co-operation directed at the development of domestic marketing and distribution of tropical timber products could also help to strengthen the foundation of further and increased processing in the producer countries.

Given the seed and the fertile soil, investment funds represent the vital water that will start the process of life and bring that seed of industry to fruition, using the fertile soil. Investment is needed in many producer countries to provide the impetus to bring into effect increased and further processing in their forest industries. The funding and supportive roles of ITTO are particularly pertinent in the forest industry sector and may take different forms. Examples of such roles include the direct funding of forest industry and related projects, which the ITTO may initiate or sponsor; and the encouraging of joint ventures, not only between consumer and producer countries, but also between the more industrially advanced producer countries and those which are less so, usually within the same region.

In this regard ITTO's location in Yokohama may have a catalytic effect, given the fact that Japan constitutes a major sphere of influence in the financial world, with its banks being the world's largest lenders, while it is now also the second largest shareholder in the World Bank, after the USA, which is still by far the largest shareholder⁽¹⁴⁾. Japan is also one of the

world's largest partners in industrial joint ventures at the global level, and it is probably the largest joint venture partner in the Asia Pacific Region. The possibility of financial assistance for ITTO's projects from the private and public Japanese financial sectors as well as from Japanese foreign co-operation agencies should not be discounted.

8. Prospect of Development in Research and Development (R & D)

While the ITTA did not provide for the establishment of a specific permanent committee for research and development, because this essential element is a common function of all the committees, its importance was always recognized. In fact, the ITTA spells out that in view of the close relationship between research and development, reforestation and forest development, increased and further processing, and market intelligence, each of the Permanent Committees, in addition to carrying out the functions assigned to it shall, with regard to project proposals referred to it, **including those on research and development in its area of competence**, consider and technically appraise and evaluate project proposals.

The implication of that mandate is that the Permanent Committees, in their respective areas of competence, are not restricted to the project profiles which the ITTO has in hand, valued at around \$106 million, which were mentioned in chapter 4, but may appraise and evaluate any R & D project on tropical timber, even those originating outside the Organization, such as, for example, project proposals from R & D institutions world-known for their work on tropical timber, if such project proposals will further the fulfilment of the Organization's objectives through its sponsoring and funding roles.

The omission of a specific permanent committee for research and development on tropical timber is, therefore, a clear indication that the ITTO is not intending to, and will not be entangled in the mesh of actual research and development activities, which are already being undertaken by a large number of governmental and non-governmental institutions, throughout the consumer and producer countries. Rather, as a global organization dedicated exclusively to the development of tropical timber, as well as the improvement of the environment, by bringing about a pragmatic balance between development and conservation, the ITTO could be in a significant position to further encourage research and development in tropical timber, particularly, for example, in the field of reforestation and forest management and the improvement of the forest-related environment.

The way ahead for the ITTO in the R & D sector, seems to be to harness existing capabilities, by close co-operation with the institutions concerned, and pragmatically focusing the expertise available, to furthering its objectives and, in doing so, ensuring that the R & D activities it sponsors are categorically confined to those objectives, bearing in mind that the well of research funding requirements is as bottomless as the spatial black-hole.

9. The Possible Impact of Yokohama as ITTO Headquarters

The establishment of the headquarters of the International Tropical Timber Headquarters in Yokohama introduces a new, if not dramatic, dimension which may have important implications for the future development of the tropical timber trade and industry and, indeed, for the development of tropical forestry as a whole, in particular, including global tropical reforestation. Whether the core of major international tropical timber development activities, which are traditionally located in the West, will also spread out towards the East, now that ITTO is located there, until there is a balance between West and East in such activities, is left to be seen, but such a balance seems desirable.

International organizations, particularly organizations and institutions of the United Nations, are heavily grouped in the West, in Europe in particular, apart from the regional organizations of the United Nations which are located in the regions concerned. Although not a member of the United Nations family, the International Tropical Timber Organization has a global stature in terms of its membership which comprises the vast majority of the world's population (about 71 per cent). Its location in Yokohama, therefore, may provide the impetus for more international and world organizations to spread to the economically and industrially dynamic Asia-Pacific Basin, so that, here also, there may be a balance of international organizations between West and East.

Such a balance could form part of the significant economic and institutional development that is taking place today in that region. The following excerpts from an article

in the "Observer" of 21.9.86 by Edward Heath MP, former Prime Minister of the United Kingdom, is illustrative of the dynamic growth of the Asia-Pacific region, which he refers to as the Pacific Rim countries. To quote: "The Pacific Rim constitutes 34 countries and 23 island states scattered across 70 million square miles. They contain between them approximately 2.4 billion people, more than half the world's population. Collectively, they produce almost half the world's wealth. The region has been immensely helped by the development and increase of transport and communications. Today four out of every five air flights in the world are either going to, or coming from, or are internal flights within the Pacific Rim". The region is also emerging as "one of the richest and most dynamic regions on earth".... "the Pacific Rim possesses 21 per cent of the world's oil resources, 63 per cent of its wool, 67 per cent of its cotton, 87 per cent of its natural rubber and 94 per cent of its natural silk. Since 1979, 13 Pacific Rim countries — the United States, Canada, Japan, Australia, New Zealand, South Korea, Hong Kong and the six ASEAN partners of Malaysia, Singapore, Thailand, Indonesia, the Philippines and Brunei — have between them accounted for more than half the world's total economic growth".... "In all this, of course, Japan has played a leading part".

It would be quite misleading to underestimate the initial difficulties at the accommodation, budgetary, cultural, language, living costs, personnel and organizational levels, which may be encountered by the ITTO's non-Japanese personnel. However, the overall Japanese offer of headquarters at Yokohama, together with the subsidized administrative facilities which were included in that offer, and which were valued at around \$1 million in July 1985, go a long way to help the young organization to be established, and also, to ease to some extent the cost of preparations for the Second Council Session projected for Spring 1987 in Yokohama. It does not seem to be clear from the offer, whether this financial assistance, which is part of it, is a recurrent one. If it is, it will certainly alleviate part of the financial burden on ITTO, given the high costs, and in that way help it to be firmly established in Yokohama. Meanwhile, it will provide a significant boost for ITTO to get off the ground in its first year.

It is also probable that the impact of ITTO upon Japan may be as significant, if not more so, than that of Japan upon ITTO, during the initial period of its establishment there. It seems that the Japanese Timber Industry, in general, and the Japanese lumber importers, in particular, and still less the Japanese public, knew extremely little, or nothing at all, about the ITTO and the candidature of Yokohama as its headquarters, during its gestation period of over six years in Geneva, despite the presence of large Japanese delegations that participated at the preparatory meetings. When the knowledge of the establishment of this global organization on Japanese soil, at the invitation of their Government, impacts upon the Japanese public, presumably through the very active media in Japan, the effect may well be quite positive, particularly if it is known that the ITTO has a good potential to bring about a pragmatic balance between tropical forest utilization and the environment, which could result in environmental improvement in the regions concerned. If that should be so, ITTO would have public support as well, particularly from the environment sector, and this could portend well for ITTO's future in Japan, considering the growing political influence of that sector. As an independent world organization, it may be in ITTO's interest to establish a positive image of itself in the eyes of the world's public, particularly in those of the Japanese.

The location of ITTO in Yokohama may also give the Japanese a reason, tantamount, from a possible Japanese point of view, as an obligation to the host country, to support to some extent the tropical timber development programmes of ITTO. In doing so, Japan would also be giving effect to its expression of preparedness to expand its bilateral economic and technical co-operation in the field of forestry if the headquarters are located in Japan. Perhaps the world, particularly the developing world, may see a possible significant increase in Japan's economic and technical co-operation to the developing producer countries, including in the important and urgent tropical co-operation reforestation sector.

The scale of Japanese co-operation is sometimes very substantial in value terms and underscores, as was stated earlier, that ITTO's location in Yokohama may be a new dimension for tropical timber development. For example, the afforestation project reported in the "Financial Times" of 7.1.1982, involved an area of 120,000 hectares in Indonesia, Papua New Guinea, Philippines and Solomon Islands, and was valued in the first of five phases, at around \$90 million. Japanese pulp manufacturers, which formed a consortium for the purposes of the project, are to buy the wood harvest about 15 years after planting, as raw material for pulp manufacture. Such magnitudes make sense of the possibility of massive tropical reforestation at the global level.

While the new dimension created by ITTO's location in Yokohama is part of the reality of the situation, it should not obscure the fact that ITTO is a global and not a regional organization. Consequently, its effectiveness as an organization is wholly dependent upon the

active participation in the Council of all its members, from all regions, possibly at decision-making levels. It would indeed be unfortunate if, in the course of the institutional evolution of tropical timber, the 'break with tradition' in locating ITTO in the Far East, in Yokohama, instead of in the West, would be viewed askance by some. If this should be so, it is **tropical timber** which would be the loser. Rather, the view should be to accept the challenge of the new dimension of the location in Yokohama, and help build afresh upon it, implanting within the new Organization the experience of half a century in the field of tropical timber that the West has gained, and ensuring that the world entity that the West also helped to generate, is sufficiently nurtured with the same care and dedication that was bestowed upon it when bringing it forth.

Let the future speak for itself.

Footnotes

- (1) The population and GDP are based on 1982 figures. Source: UNCTAD'S "Handbook of International Trade and Development Statistics" (1985).
 - (2) Dr Michael Arnold, Chief, Forestry and Planning Service, Forestry Department FAO, Rome.
 - (3) Dr Freezailah bin Che Yeom in his address to the third resumed First Session of the International Tropical Timber Council August 1, 1986.
 - (4) "Report of the Fifth Preparatory Meeting on Tropical Timber on its Second Part" Ref. TD/B/IPC/TIMBER/32 on p.20, dated 31/7/1980 (UNCTAD document).
 - (5) The Global Forest Fund is an international non-profit organization registered in the Netherlands.
 - (6) Intergenerational responsibility was succinctly expressed by Dr Edith Brown Weiss when she wrote "While we do not now consider the interests of future generations in managing our natural and cultural heritage, we should. We hold this planet in trust for future generations. In carrying out this responsibility, we should be guided by at least two normative principles: a principle of conservation of options, which means conserving the diversity of the resource base, and a principle for conservation of quality of environment, which means leaving the planet in no worse condition than received:" (Source: Paper prepared for the Workshop on "The Future of the International Law of the Human Environment", The Hague Academy of International Law, the Peace Palace, The Hague, Netherlands, November 1984, being part of the research in progress on "International Law, Common Patrimony and Intergenerational Equity" — by Dr Edith Brown Weiss, Associate Professor of Law, Georgetown University Law Center, Washington, DC 20001).
 - (7) Source: Paper entitled "Global Infrastructure Fund" delivered by Dr Norio Yamamoto of the Mitsubishi Research Institute, Inc., at the Caux Industrial Conference of the International MRA Association, Caux, Switzerland, August 23-29, 1984.
 - (8) The "New Deal" was a policy instituted by President Franklin Roosevelt and consisted of a sum of pragmatic measures, such as large public works outlays, to overcome the emergency caused by the Depression in the early thirties in the United States.
 - (9) "Report of the Intergovernmental Group of Experts on Research and Development for Tropical Timber" Ref. TD/B/IPC/TIMBER/33, TD/B/IPC/TIMBER/AC.1/5 - dated 26.1.1982 (UNCTAD).
 - (10) "Tropical Forestry Action Plan" — FAO 1985.
 - (11) Dr Tatsuro Kunugi, Chairman, United Nations Conference on Tropical Timber, UNCTAD, 1983.
 - (12) The "World Conservation Strategy" (1980) was prepared by the International Union for Conservation of Nature and Natural Resources (IUCN), with financial assistance and cooperation of the United Nations Environment Programme (UNEP) and the World Wildlife Fund (WWF), and in collaboration with the Food and Agriculture Organization (FAO) and the United Nations Education, Scientific and Cultural Organization (UNESCO).
 - (13) See Terence Hpay: "Structural Changes and Development Co-operation in Wood-Processing in the Asia Pacific Region". This paper also deals with the aspect of joint ventures and re-deployment of industry in that region. Mimeograph prepared for UNIDO, 1983, and re-issued by IIED with UNIDO's consent.
 - (14) According to the Annual Report of the World Bank, the USA is the largest shareholder with 19.88 per cent of the voting power, then Japan with 5.9, UK with 5.6, France with 5.3 and the Federal Republic of Germany with 4.9 per cent, while industrialized countries together hold about 60 per cent.
- Note: For copies of "International Tropical Timber Agreement, 1983" Ref. TD/TIMBER/11/Rev.1, published by United Nations, New York, 1984. (Sales No. E.84.II.D.5), apply to UN, New York, or to UNCTAD, Geneva.

Annex

List of Members of ITTO (July 29, 1986)

Currently, there are 40 Council members, 18 producer and 22 consumer countries as follows:

Producing:

Africa

1. Cameroon
2. Congo
3. Gabon
4. Ghana
5. Ivory Coast
6. Liberia

Asia

7. India
8. Indonesia
9. Malaysia
10. Papua New Guinea
11. Philippines
12. Thailand

Latin America

13. Bolivia
14. Brazil
15. Ecuador
16. Honduras
17. Peru
18. Trinidad & Tobago

Consuming:

Africa

1. Egypt

Asia

2. China
3. Japan
4. Republic of Korea

EEC

5. Belgium/Luxembourg
6. Denmark
7. France
8. Germany FR
9. Greece
10. Ireland
11. Spain
12. Italy
13. Netherlands
14. United Kingdom

Other Europe

15. Austria
16. Finland
17. Norway
18. Sweden
19. Switzerland
20. USSR

North America

21. Canada
22. USA