



ITTO

ITTO YOKOHAMA ACTION PLAN 2002-2006

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**INTERNATIONAL TROPICAL TIMBER ORGANIZATION
ORGANISATION INTERNATIONALE DES BOIS TROPICAUX
ORGANIZACION INTERNACIONAL DE LAS MADERAS TROPICALES**

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ITTO Mission Statement

The ITTO facilitates discussion, consultation and international co-operation on issues relating to the international trade and utilization of tropical timber and the sustainable management of its resource base.

ITTO YOKOHAMA ACTION PLAN 2002 TO 2006

1 Introduction

This Yokohama Action Plan for the ITTO, which replaces the Libreville Action Plan of 1998-2001, has been prepared in accordance with the International Tropical Timber Agreement, 1994 (ITTA, 1994) that entered into force on 1 January 1997. The new Action Plan builds upon and updates the main tenets of the Libreville Action Plan, and elaborates a strategy for advancing ITTO's objectives. As such, it provides guidance on the overall direction of the Organization both in terms of policy initiatives and project activities, and is the basis for developing the Annual Work Programme.

The Action Plan consists of three sections. The first section is an introduction, which provides information on the ITTO, on how it operates and on how it was established. Sub-sections 1.4 through 1.6 give details on the formulation of this Action Plan and how it is intended that it be implemented. The second section outlines the cross cutting actions of the Organization that will be useful in facilitating progress on the range of ITTO objectives and substantive areas of work. The third section is a set of goals and supporting actions that correspond to the three principal fields in which ITTO works: *Economic Information and Market Intelligence, Reforestation and Forest Management, and Forest Industry.*

This Action Plan was formulated on the basis of the terms of reference in Decision 11(XXIX). Its preparation was informed by a comprehensive working paper prepared by consultants in accordance with that Decision. It also draws upon the Review of Progress Towards Achievement of the Year 2000 Objective, and relevant Council Decisions since the Libreville Action Plan was adopted.

1.1 International Tropical Timber Agreement

The ITTO was first established by the International Tropical Timber Agreement (ITTA), 1983, which was negotiated with a limited life span under the auspices of UNCTAD and came into force in 1985. The Organization became operational in 1987. Unlike some other commodity agreements, the ITTA has neither price regulation mechanisms nor market intervention provisions.

The successor agreement to the ITTA, 1983 was negotiated in 1994 and came into force on 1 January 1997. The new agreement continues to focus on the world tropical timber economy. In addition, it contains broader provisions for information sharing, including non-tropical timber trade data, allows for consideration of non-tropical timber issues as they relate to tropical timber. It explicitly states that the agreement should not form a basis for trade discrimination against tropical timber.

The ITTA, 1994 was extended for a period of 3 years [Decision 4(XXVIII)] and will remain effective until 12 December 2003.

The agreement gives new emphasis to the policy work of ITTO. It enshrines the *Year 2000 Objective* which originated with Decision 3(X) which called for having all tropical timber entering international trade come from sustainably managed sources by 2000. It also provided for the establishment of the Bali Partnership Fund to assist Producing member countries in achieving that objective. It also notes the formal statement of commitment made by 25 consuming countries and the European Community to the goal of sustainably managing their respective forests by 2000, which was issued in Geneva on 21 January 1994 at the conclusion of the negotiations on ITTA, 1994.

1.2 The International Tropical Timber Organization

The ITTO is a commodity organization that brings together countries that produce and consume tropical timber to discuss and exchange information and develop policies on all aspects of the world tropical timber economy. The ITTO is headquartered in Yokohama, Japan and as of 1 October 2001 had 57 members, including the European Community, which together represent around 95 percent of world trade in tropical timber and 75 percent of the world's tropical forests.

The ITTO recognizes that a continuing supply of tropical timber on the world market depends on quality information about the trade and market place, efficient timber production and processing methods and sustainable forest management practices (see *Mission Statement*). The ITTA, 1994 sets forth a number of objectives for the Organization intended to promote the expansion and diversification of international trade in tropical timber from sustainable sources (*Box 1 – ITTA, 1994, Article 1*).

The Organization works towards its objectives on a consensus basis through two types of activities: policy development and related project activities. Both the policy and project work focus on, and are intended to improve understanding and awareness, of key and emerging issues in the three principal fields noted above. On the policy side, the Organization supports studies and consultancies, hosts seminars and panels of experts, gathers and disseminates statistics, and develops guidelines and manuals for use by policy makers and field practitioners. For example, the ITTO is well known for its *Year 2000 Objective* (Section 1.4) and its pioneering work on criteria and indicators for sustainable management of tropical forests, as well as its guidelines series on management of tropical forests and its quarterly newsletter (*Tropical Forest Update*).

While ITTO is not a development assistance agency, projects are an important aspect of the Organization's work and a primary means of assisting member countries to implement policy initiatives. Members may submit project proposals to the Council for review and financing consideration consistent with an agreed project cycle. Examples include pilot and demonstration projects, human resource development projects, and research and development projects. All projects are funded by voluntary contributions from member countries, institutions, corporations and trusts. Between the time it became operational in 1987 and January 2001, the ITTO has funded over 500 projects at a total cost of more than US\$200 million, nearly all of which has been provided by member countries. The Organization also supports a fellowship programme.

The Organization generally meets twice a year. Meetings are held at the headquarters in Yokohama unless the Council decides otherwise. Informal practice has established that the first (May) meeting is held in a Producer Member Country, the location rotating through the three regions: Latin America and the Caribbean, Africa and Asia. Intergovernmental organizations, such as the FAO, UNEP, World Bank and African Timber Organization, are welcomed as observers, as are representatives of industry and trade associations, environmental organizations, indigenous groups and other interested non-government parties.

Box 1 – ITTO's Objectives
(as expressed in Article 1 of the ITTA, 1994)

Recognizing the sovereignty of members over their natural resources, as defined in Principle 1 (a) of the Non-Legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of all Types of Forests, the objectives of the International Tropical Timber Agreement, 1994 are:

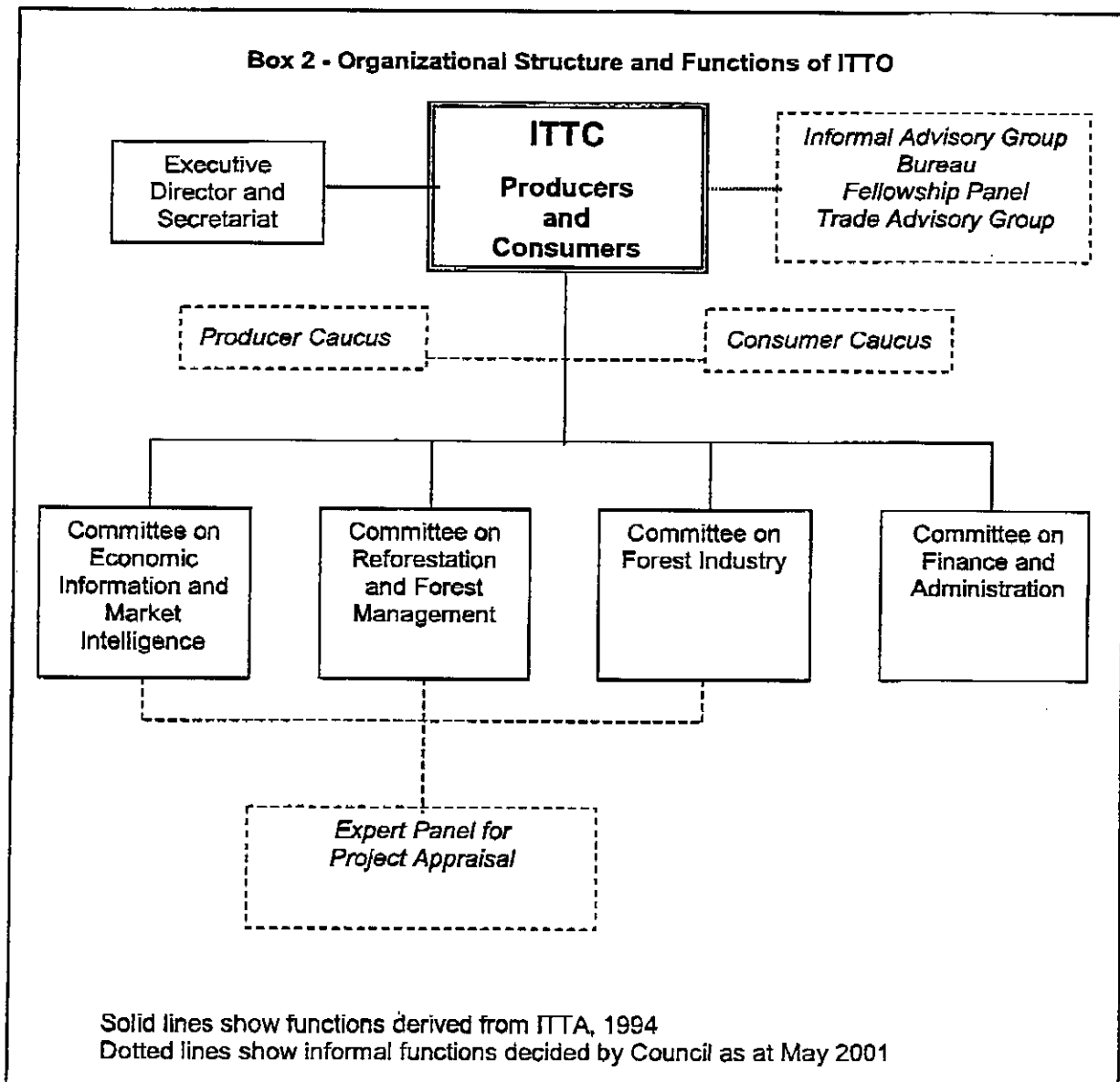
- (a) To provide an effective framework for consultation, international cooperation and policy development among all members with regard to all relevant aspects of the world timber economy;
- (b) To provide a forum for consultation to promote non-discriminatory timber trade practices;
- (c) To contribute to the process of sustainable development;
- (d) To enhance the capacity of members to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000;
- (e) To promote the expansion and diversification of international trade in tropical timber from sustainable sources by improving the structural conditions in international markets, by taking into account, on the one hand, a long-term increase in consumption and continuity of supplies, and, on the other, prices which reflect the costs of sustainable forest management and which are remunerative and equitable for members, and the improvement of market access;
- (f) To promote and support research and development with a view to improving forest management and efficiency of wood utilization as well as increasing the capacity to conserve and enhance other forest values in timber producing tropical forests;
- (g) 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 the objectives of this Agreement;
- (h) To improve market intelligence with a view to ensuring greater transparency in the international timber market, including the gathering, compilation, and dissemination of trade related data, including data related to species being traded;
- (i) To promote increased and further processing of tropical timber from sustainable sources in producing member countries with a view to promoting their industrialization and thereby increasing their employment opportunities and export earnings;
- (j) To encourage members to support and develop industrial tropical timber reforestation and forest management activities as well as rehabilitation of degraded forest land, with due regard for the interests of local communities dependent on forest resources;
- (k) To improve marketing and distribution of tropical timber exports from sustainably managed sources;
- (l) To encourage members to develop national policies aimed at sustainable utilization and conservation of timber producing forests and their genetic resources and at maintaining the ecological balance in the regions concerned, in the context of tropical timber trade;
- (m) To promote the access to, and transfer of, technologies and technical cooperation to implement the objectives of this Agreement, including on concessional and preferential terms and conditions, as mutually agreed; and
- (n) To encourage information sharing on the international timber market.

1.3 Organizational Structure and Functions

The governing body of the ITTO is the International Tropical Timber Council (ITTC), which includes all members. Like other UNCTAD-based commodity organizations, ITTO has two categories of membership: *Producer* and *Consumer* countries (Box 2). Annual contributions and votes are distributed equally between the two groups, which are called "Caucuses." Within each caucus, an individual member's dues and votes are calculated based on market share and, in the case of producers, the extent of tropical forests within the country.

The Council is supported by four committees, which are open to all members and provide advice and assistance to the Council on issues for consideration and decision. Three of the committees deal with the Organization's three major areas of policy and project work: *Economic Information and Market Intelligence*, *Reforestation and Forest Management*, and *Forest Industry*. These committees are supported by an *Expert Panel for the Technical Appraisal of Projects and Pre-Projects*, which reviews project proposals for technical merit and relevance to ITTO objectives. The fourth committee, on *Finance and Administration* advises the Council on matters related to the budget and other funding and administrative issues concerning the management of the Organization.

The Council and Committees are supported by a small Secretariat headed by the Executive Director who is responsible for the day to day running and administration of the Organization and for preparations for meetings.



1.4 Developments since the Libreville Action Plan

Policy

Objective 2000

A comprehensive review of the progress and actions taken towards achieving *Year 2000 Objective* in both Consumer and Producer members was undertaken in 2000. The significant achievements of several members were recognized, even though progress varied as countries faced varying degrees of challenge and had limited resources to apply. The review noted that both policy and project work had concentrated heavily on establishing frameworks for future actions, while relatively little had been done on implementation.

In Decision 2 (XXIX), the Council reaffirmed its full commitment to moving as rapidly as possible towards achieving exports of tropical timber and timber products from sustainably managed sources, renaming the *Year 2000 Objective* as the non-time-bound *Objective 2000*.

Analysis of the implementation of the Libreville Action Plan showed the importance of a holistic approach to both policy work and project activities to accelerate progress towards the achievement of *Objective 2000*. The linkages in the supply chain from sustainably managed resource to consumer require an integrated approach to maximize synergy. Managing and harvesting the resource, processing and marketing are mutually interdependent: it is important that the developments and gains in one element are incorporated fully into the others.

With the transition from *Year 2000 Objective* to *Objective 2000*, it is now appropriate to redefine priorities in a way that emphasizes both implementation and integrated approaches that reflect the elements in the supply chain from sustainable production, through processing to the consumer.

Criteria and indicators

In 1998, by Decision 3 (XXIV), a thoroughly revised set of Criteria and Indicators was approved. This set encompasses both National and Forest Management Unit levels and is a major tool for assessing progress in meeting *Objective 2000*. ITTO has subsequently supported regional and national initiatives to develop refinements and conduct training in the use of both ITTO Criteria and Indicators and in regional and national developments from these. Individual members will report their progress using agreed standards and thus provide a regularly updated overview of achievements. This use of a common framework and references should facilitate comprehension of the information presented, and improve ability to measure progress over time.

Monitoring and evaluation

Monitoring and evaluation to ensure that project objectives are achieved is of equal importance as the funding of projects. This is an important task of the Organization. In recent years, the Council has paid particular attention to this issue. Every project approved for funding has provisions for monitoring and evaluation. Decision 2(X) provided for the Council to undertake *ex-post* evaluation of projects. In 2000 by Decision 3(XXVIII) the Council emphasized the importance of *ex-post* evaluation through requiring Committees to consider formal evaluation of projects and groups of projects meeting a set of agreed criteria.

Other developments

United Nations Forum on Forests

The United Nations Forum on Forests (UNFF) was established in October 2000 by the Economic and Social Council of the United Nations (ECOSOC) as a subsidiary body, in its resolution 2000/35 to implement proposals for action for the management, conservation and sustainable development of all types of forests of the Intergovernmental Panel on Forests (IPF) and the subsequent Intergovernmental Forum on Forests (IFF).

The ITTO is a founding member of the Collaborative Partnership on Forests (CPF), which was established in April 2001 following the recommendations of the ECOSOC. Based on the experience of the Interagency

Task Force on Forests (ITFF), the CPF¹ represents the continuation of commitment of its members to support the work of the UNFF.

One of the major tasks of the CPF will be to contribute to the implementation of the UNFF Plan of Action and Multi-year Programme of Work. The ITTO, through the implementation of the present Yokohama Action Plan, will take an active role in facilitating the implementation of the proposals for action of IPF and IFF, and assist the UNFF in monitoring, assessing and reporting on progress towards the achievement of the management, conservation and sustainable development of all types of forests.

United Nations Framework Convention on Climate Change (UNFCCC)

The international negotiations on climate change have intensified over the past years and decisions have been taken that affect the work of ITTO. Measures to mitigate climate change and to adapt to the changing environment have been recognized as equally important. The special report on Land Use, Land Use Change and Forests (LULUCF) of the Intergovernmental Panel on Climate Change (IPCC) has recognized the relationship between forests, including tropical forests, and climate change. On the level of implementation, the Clean Development Mechanism (CDM) addresses carbon accounting, including trading between Annex-1 countries (mainly industrialized countries) and Non-Annex-1 countries (developing countries). As of November 2001, the CDM recognized afforestation and reforestation as eligible activities, and did not include the management of natural forests. Over the coming years, ITTO will monitor further developments in the United Nations Framework Convention on Climate Change (UNFCCC) and emission trading, and report regularly to Council on these developments and their potential implications for tropical forests and the world tropical timber economy. ITTO is contributing to further methodological development through project work that relates to forests and climate change.

Market downturn

A severe obstacle to implementation of the *Year 2000 Objective* was the sharp downturn in tropical timber markets shortly after the adoption of the Libreville Action Plan in 1998. The downturn continued for longer than expected. While implementation of measures to achieve sustainable forest management may contribute to improved market access, it may not be effective in increasing demand and/or prices for tropical timber. During the period of this Action Plan, the market remains a major source of finance for funding SFM, and there is a need to maintain the competitiveness of tropical timber *vis-à-vis* competing products.

Project funding

The Organization does not have sufficient funds for all its approved projects and activities. In the period 1998 to 2001, three donors contributed over 95% of all project funding, and only approximately three-quarters of approved proposals were funded. Although there may be a variety of reasons for projects not being funded, this record suggests a need for a larger and more diversified funding base.

Administrative Issues

Given the limited financial and human resources available to the Organization, it is essential to maximize their efficient usage. The administrative processes have not altered significantly in the 15 years since ITTO was created. Information and communications systems have undergone revolutionary change and in increasingly global markets, changes occur with rising rapidity.

During that period, the Secretariat has acquired substantial in-house capabilities and is now active in a wide range of international fora. Although the Secretariat's policy implementation and project management workload has increased dramatically, the staff levels have not increased commensurately. It has the ability to prepare strategic reviews and discussion papers to assist the Council. There is scope for investigation of ways in which the Organization could benefit more fully from the expertise of the Secretariat, including a review of the efficiency of the administrative processes and the relationship between the Secretariat, the Committees and the Council.

¹ Members of the CPF as per 1 November 2001 are: Food and Agriculture Organization (FAO), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), World Bank, Center for International Forest Research (CIFOR), Secretariat of the Convention of Biological Diversity (CBD), Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC), Global Environment Facility (GEF) and ITTO. The Secretariat of United Nations Forum on Forests (UNFF) supports the work of the CPF.

1.5 Key Strategies for Implementation

One of the major focuses of ITTO and its Members during the term of this Action Plan is accelerating progress towards the fulfillment of Objective 2000, i.e. moving as rapidly as possible towards achieving exports of tropical timber and timber products from sustainably managed sources. This requires:

1. An integrated approach across all three areas of ITTO's work, balanced as appropriate: *Economic Information and Market Intelligence, Reforestation and Forest Management, and Forest Industry*. Examples of such integration include: increasing efficiency and value-added throughout the production chain and further development of markets for tropical timber and timber products from sustainable sources;
2. Shifting focus from development of national forest policies and legislation toward the implementation on the ground, especially at the forest management unit level. This would include, for example: supporting stronger forest law enforcement; greater training and capacity building; wider application of reduced impact logging, and strengthening timber tracking to improve the accuracy and transparency of information on timber products and trade. This shift in focus from policy development to implementation is also applicable to forest industry and marketing;
3. Filling key knowledge gaps. These could include, for example: assessing sustained yield capacity; consumer preferences; competitiveness with non-tropical timber products and timber substitutes; and better understanding of the social dimension of sustainable forest management and of the supply chain; and
4. Diversifying incentives for maintaining and expanding the forest base to help assure continued timber supplies. This would include factoring in the value of, and developing innovative markets for, ecosystem services derived from production forests.

1.6 Actions for Effective Implementation

These would include:

- Improve the efficiency of the Organization, for example through the reallocation of responsibilities among the Council, Committees and Secretariat, through potential organisational changes to Council sessions and improved preparatory processes for Council decisions;
- Give the Secretariat greater latitude for proactive actions;
- Tighten the links between the Annual Work Programme, the Action Plan and ITTO's emerging priorities;
- Encourage closer correlation between project submissions and the Organization's objectives, taking into account the Action Plan and its key strategies;
- Improve and expand monitoring of projects, assessment of their impact and communication of lessons learned;
- Greater participation by members in, *inter alia*, diagnostic missions, ITTO offered training, and statistical reporting;
- Develop tools to encourage projects formulated under the Forest Industry and Economic Information and Market Intelligence Committees;
- Better promotion of ITTO's work;
- Examine ways to broaden ITTO's funding base;
- Improve the quality of project proposals;
- Closer co-operation with other relevant organizations and fora, consistent with the Organisation's evolving priorities; and
- Conduct a mid-term evaluation of the implementation of this Action Plan.

2 Cross Cutting Actions

There are a number of Actions that ITTO will undertake to facilitate progress in an integrated manner in all three areas of its substantive work on *Economic Information and Market Intelligence*, *Reforestation and Forest Management*, and *Forest Industry*. These "Cross Cutting Actions" are an important component of the Action Plan. Specifically, the ITTO will:

- a) Encourage and assist producer countries to identify and address constraints in their implementation of sustainable forest management and sustainable development of the forest industry to enhance the contribution of the forest sector to national objectives;
- b) Actively cooperate and coordinate with international organizations and other international fora which undertake activities relevant to ITTO's objectives, with a view to sharing expertise, reducing duplication, enhancing complementarity and harmonizing activities;
- c) Contribute to the Collaborative Partnership on Forests (CPF) to further the shared objective of promoting sustainable forest management;
- d) Enhance public relations, education and outreach activities in order to better raise awareness of the purpose and activities of the organization, and of the fact, that sustainable forest management can be an economically, socially and environmentally viable land use;
- e) Assist human resource development and institutional strengthening by conducting national, regional and international training activities and the provision of fellowships;
- f) Widely disseminate ITTO's work including projects, evaluations, ex-post evaluations, studies, results, and lessons learned from ITTO activities;
- g) Maintain and expand the tropical timber databases and facilitate access to them;
- h) Encourage and increase involvement of non-government stakeholders, including industry and trade associations, environmental organizations and indigenous groups, in the activities of the Organization, with a view to promoting transparency, dialogue and cooperation in furthering objectives of ITTO;
- i) Support the sharing of information, knowledge and technology to improve sustainable forest management, product processing, utilization and understanding of the market place as related to ITTO's priorities;
- j) Explore and encourage investment and private sector joint ventures in the forestry sector, including the re-investment of forest generated revenues;
- k) Support demonstration and pilot projects in all areas of its substantive work, especially on a regional basis;
- l) Support research and development studies and projects to improve understanding of the market place, efficient product processing, industrial utilization and better forest management;
- m) Formulate and test guidelines, and criteria and indicators related to the Organization's work in the field of forest management and other areas as appropriate;
- n) Analyze reports received from Members on their progress towards Objective 2000 and prepare periodic assessments of such progress where possible; and
- o) Undertake special studies on emerging issues of relevance to the world tropical timber economy.

3 Goals and Actions

This section of the Action Plan identifies specific goals and supporting actions for the three areas of ITTO's substantive work: Economic Information and Market Intelligence, Reforestation and Forest Management, and Forest Industry. These goals and actions will guide the relevant ITTO committees in making policy and project recommendations to the Council, and provide a frame of reference for the Council itself in considering issues and in taking decisions on policy initiatives and on project activities.

Each year, Council develops a Programme of Work, which prioritises and allocates resources for specific activities in order to implement this Action Plan. The implementation of this Programme of Work is monitored and reviewed as part of the iterative process of formulating the programme for the following year.

The Actions indicated as relevant to member countries provide an overall listing from which individual members will decide on those that are relevant to them. There are significant differences among the members at the regional and national levels. These differences are political, developmental, economic, cultural and ecological as well as in the extent to which forestry and timber are important in the economy. ITTO can assist members in making progress through project and pre-project funding.

In the Goals that follow (*See Box 3*), the wording is drawn from ITTA, 1994 to emphasize the commitment to achieving the objectives contained therein.

Box 3 – Action Plan Goals

ECONOMIC INFORMATION AND MARKET INTELLIGENCE

- GOAL 1: Improve Transparency of the International Timber Market
- GOAL 2: Promotion of Tropical Timber from Sustainably Managed Sources

REFORESTATION AND FOREST MANAGEMENT

- GOAL 1: Support Activities to Secure the Tropical Timber Resource Base
- GOAL 2: Promote Sustainable Management of Tropical Forest Resources

FOREST INDUSTRY

- GOAL 1: Promote Increased and Further Processing of Tropical Timber from Sustainable Sources
- GOAL 2: Improve Industry's Efficiency of Processing and Utilization of Tropical Timber from Sustainable Sources

3.1 Economic Information and Market Intelligence

In the field of Economic Information and Market Intelligence, ITTO is concerned with improving the flow of tropical timber from producers to consumers, and the three goals and supporting actions stated below all lead towards this. Better market transparency and improved market intelligence are vital for the expansion and diversification of international trade in timber from sustainably managed tropical forests. Policy development and planning require economic data to recognize changes in consumer demand, trade patterns, and types of products traded. Analysis of market trends is needed to provide intelligence on new markets for tropical timber products and their competitiveness in the global market with respect to timber and non-timber substitutes. Trade expansion also depends on consumer attitudes towards tropical timber products and reducing barriers to trade.

GOAL 1: Improve Transparency of the International Timber Market

This goal relates to objectives (h) and (n) of Article 1 of the ITTA, 1994.

Actions

1. Undertake an Annual Review and Assessment of the World Timber Situation.
2. Promote the collection and dissemination of accurate, timely trade and economic data relevant to the global timber market, in cooperation with international organizations and other sources, with a view also to reducing duplication where possible.
3. Where feasible and in cooperation with relevant organizations, fill key data gaps through regular assessments and special studies, including the collection and analysis of information on forest law enforcement, sustainable timber harvesting, illegal trade, secondary products, substitution, plantation timber, and certified products.
4. Support the Annual Market Discussions, organized by the Trade Advisory Group, on the world tropical timber trade.
5. Undertake regular studies of the medium and long-term outlook for the tropical timber market.
6. Compile and disseminate information on the marketing of lesser-used species and the development of markets for them.
7. Encourage Members and assist, where appropriate, to:
 - Develop and improve national data gathering, reporting and disseminating mechanisms;
 - Develop manpower skills through appropriate approaches, including the ITTO Fellowship Programme;
 - Co-operate with relevant organizations, including the private sector, NGOs and others in gathering data;
 - Provide relevant data, in a timely and complete manner, to ITTO;
 - Participate in Annual Market Discussions, including encouraging the participation of the trade and industry;
 - Provide inputs to ITTO market outlook studies.

GOAL 2: Promotion of Tropical Timber from Sustainably Managed Sources

This goal relates to objectives (a), (b), (e) and (n) of Article 1 of the ITTA, 1994.

Actions

1. Promote public awareness of progress made in implementing SFM and in the increased availability of tropical timber from sustainably managed sources.
2. Provide a forum for discussion on non-discriminatory trade, subsidies for competing products, shortcomings in enforcement of forest law and regulation, and other factors which may affect the marketability and access for tropical timber products.
3. Monitor progress being made regarding the comparability and equivalence of certification systems.
4. Examine the role of Life Cycle Analysis as a potential tool for assisting the competitiveness of tropical timber in the market place.
5. Examine market and product requirements, which may have to be met in order to develop exports of added value products.
6. Undertake regular studies of the competitiveness of tropical timber and tropical timber products compared with non-tropical timber and non-timber substitutes.
7. Encourage Members and assist, where appropriate, to:
 - Develop awareness of progress made in implementing SFM and in the increased availability of tropical timber from sustainably managed sources;
 - Identify trade barriers, shortcomings in forest law enforcement and other factors that may affect access and marketability of tropical timber, and propose measures to overcome them;
 - Use Life Cycle Analysis information and similar studies as tools to improve the competitiveness of tropical timber;
 - Develop awareness of market and end-use requirements for tropical timber;
 - Prepare and implement research and development projects covering marketing trials, marketing methods and opportunities particularly for lesser-used species (LUS);
 - Develop and promote wider use of their tropical timber, both primary and added-value products; and
 - Establish and maintain economic and fiscal policies that are conducive to the competitiveness of industry and trade in tropical timber from sustainably managed sources.

3.2 Reforestation and Forest Management

In the field of Reforestation and Forest Management, ITTO is concerned with the management and conservation of the resource base for tropical timber. Currently, much tropical timber originates from natural, primary forests and urgent attention should be given to securing their extent, productive potential and to their sound management. Rehabilitation of secondary forests, and creation of ecologically and socially sound timber plantations, will be increasingly important. It should be noted, however, that the balance amongst the types of resource base varies between countries and action programmes at the national level need to be country specific.

GOAL 1: Support Activities to Secure the Tropical Timber Resource Base

This goal relates to objectives (c), (d) and (l) of Article 1 of the ITTA, 1994.

Actions

1. Support the effective enforcement of forest laws and regulations, which ensure sustainable forest management and secure the production base.
2. Support networking and the exchange of information with relevant international organizations to maintain the integrity of the resource base, including protected area networks.
3. In cooperation with relevant organizations, monitor potential implications for the resource base of climate change and related policy developments, and the contribution of the resource base to the mitigation of the effects of climate change.
4. Promote the conservation, rehabilitation and sustainable management of threatened forest ecosystems, *inter alia* mangroves², in collaboration with relevant organizations.
5. Assess opportunities for, and promote development of, non-timber forest products and forest services, which can improve the economic attractiveness of maintaining the forest resource base.
6. Review the current situation regarding any undocumented forestry activities relating to the objectives of the Organization.
7. Encourage Members and assist, where appropriate, to:
 - Assess current and potential productivity of major tropical forest types, taking into account the need to promote future growth and effective regeneration;
 - Develop innovative mechanisms, and relevant legislative frameworks, including incentives and market-based instruments to secure and expand, where appropriate, the forest resource base;
 - Secure the forest resource base through the implementation of forest policy, legislation and associated strategies, revised and updated where appropriate, which address:
 - Land use planning which defines forests appropriate for production and provides sufficient representation through protected, reserved, and conservation areas to ensure bio-diversity conservation and watershed protection;
 - Tenure rights, taking into account traditional ownership and/or use;
 - National guidelines and regulations for forest utilization, which ensure local stakeholder rights and secure conservation and environmental services.

² In addition to their importance ecologically and socio-economically, mangrove forests provide timber and timber related products that are internationally traded. ITTO has been actively involved with international initiatives relating to mangroves and may support projects, which enhance the sustainable management of mangrove forests within the scope of the ITTA.

- Identify and prevent irregular forestry activities;
- Identify shortcomings in enforcement of forest laws and regulations, and overcome them; and
- Incorporate operational knowledge of forest eco-system behavior in planning and management prescriptions.

GOAL 2: Promote Sustainable Management of Tropical Forest Resources

This goal relates to objectives (c), (d), (f), (g) and (j) of Article 1 of the ITTA, 1994.

Actions

1. Promote the implementation of ITTO Guidelines, and Criteria and Indicators and review and improve these as necessary.
2. Promote the implementation of sustainable forest harvesting, including reduced-impact logging (RIL).
3. Develop and promote the implementation of guidelines for the management of secondary tropical forests, restoration of degraded tropical forests and rehabilitation of degraded forest land.
4. Establish and promote the implementation of an auditing system for ITTO's Criteria and Indicators for sustainable management of tropical forests.
5. Monitor and assess the environmental, social, and economic costs and benefits of forest plantation development and utilize that information to promote, where appropriate, new plantations within the ITTO Guidelines for the Establishment and Sustainable Management of Planted Tropical Forests.
6. Monitor and assess the social, economic, and environmental costs and benefits of sustainable management of natural forests.
7. Contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber producing forests.
8. Monitor the impact of conservation, protection, and transboundary areas and their relationship to achieving sustainable forest management and the Organization's Objectives.
9. Assist Members, as appropriate, to build capacity to engage in voluntary certification to enhance market acceptance of tropical timber and tropical timber products.
10. Encourage Members and assist, where appropriate, to:
 - Implement forest inventories and determine the sustainable yield capacity of each forest management unit through the application of appropriate resource assessment methods and incorporate these into forest management plans;
 - Improve the formulation and implementation of plans for sustainable forest management, with particular emphasis on harvesting limits;
 - Implement appropriate forest harvesting, including reduced-impact-logging, as a component of sustainable forest management;
 - Improve the productive capacity of natural forests, where appropriate, through intensified silvicultural practices, better utilization of lesser-used species, promotion of non-timber forest products, guided natural regeneration, enrichment planting and reforestation;
 - Implement research and development activities in the management of secondary tropical forests, restoration of degraded tropical forests and rehabilitation of degraded forest land, taking into consideration ITTO guidelines;

- Test and enhance examples of collaborative forest management for tropical production forests;
- Establish and manage forests for multiple-use in close co-operation with local forest owners and communities living in forest areas;
- Establish areas dedicated to biodiversity conservation in accordance with ITTO Guidelines, including transboundary conservation areas, in close collaboration with other relevant organizations and bodies;
- Promote and support research in forest dynamics (growth and yield studies) in different forest types and under various management schemes;
- Apply the ITTO C&I, and, if necessary, adapt them for national and regional use;
- Undertake measures for prevention and management of fire relating to tropical timber producing forests;
- Strengthen training institutions and intensify training of forestry personnel and other stakeholders in silviculture, RIL and resource assessment, and in the management of both natural forests and timber plantations;

3.3 Forest Industry

In the field of Forest Industry, ITTO aims at promoting industrialization of producer member countries and thereby increasing their employment opportunities and export earnings. This is reflected in the goals stated below together with the actions necessary for their achievement. Currently, tropical timber is mostly exported in the form of logs, sawnwood or plywood, hence development work focusing on the promotion of increased and further processing and on manufacturing and exports of higher added-value products is needed.

GOAL 1: Promote Increased and Further Processing of Tropical Timber from Sustainable Sources

This goal relates to objectives (c), (d), (f), (i), (k) and (m) of Article 1 of the ITTA, 1994.

Actions

1. Promote private investment through facilitating information exchange on investment opportunities.
2. Study and promote policies and other measures to increase timber industry competitiveness.
3. Commission and publish analytical studies in the field of tropical timber processing to identify and quantify the final use of processed wood products and to identify critical knowledge and information gaps.
4. Monitor the impact of technical and environmental standards on industrial operations efficiency and review the need for action on harmonization in concert with relevant national and international bodies.
5. Encourage Members and assist, where appropriate, to:
 - Promote investments in timber processing industry by taking steps to:
 - Develop a sound balance between sustainable timber production and the processing capacity of the connected industry, based on timber supply studies and other relevant information;
 - Attract private capital;
 - Clarify the benefits of downstream processing for creating or producing high value, internationally competitive products;
 - Facilitate joint ventures to make optimal use of both public and private financial resources.
 - Formulate research and development proposals which assist with the piloting and commercialization of new processing and manufacturing technologies;
 - Organize workshops/seminars on the use of new and/or improved techniques and technology including increased further processing;
 - Undertake sector wide training needs analyses; development of training strategies, training facilities and course curricula; preparation of training manuals and delivery of training courses;
 - Develop forest industry sector planning; and
 - Improve institutional efficiency and effectiveness through sector-wide training needs analysis; develop training strategies, training facilities and course curricula; prepare training materials and deliver training courses.

GOAL 2: Improve Industry's Efficiency of Processing and Utilization of Tropical Timber from Sustainable Sources

This goal relates to objectives (d), (f), (i) and (m) of Article 1 of the ITTA, 1994.

Actions

1. Develop, publish and disseminate information on increasing utilization efficiency and the reduction of losses and waste throughout the production chain.
2. Facilitate and encourage industrial demonstration projects addressing increased production and utilization efficiency, and the competitiveness of tropical timber industry.
3. Commission and publish analytical studies that identify critical knowledge and information gaps as a precursor to research and development activities on improved efficiency in processing.
4. Develop, publish and disseminate recommendations for increasing efficiency throughout the production chain through the utilization of residues and through recycling.
5. To the extent possible, given the Organization's primary focus on timber, develop, publish and disseminate techniques and technologies on product development and on utilization efficiency of non timber forest products.
6. Promote development of marketing, production and commercial skills in forest industry.
7. Promote increased awareness and utilization of existing information on wood properties and end use requirements.
8. Encourage Members and assist, where appropriate, to;
 - Develop, publish and disseminate guidelines on increasing efficiency, reducing of waste throughout the production chain, while at the same time increasing the utilization of wood residues and recycling;
 - Create and publicize industrial demonstration projects on, for example: fully integrated and competitive industries based upon sustainable forest management; efficient and socially sound community-based forest industries; efficient low impact logging which is consistent with sustainable forest management, while ensuring continuity of log supplies;
 - Formulate research and development of proposals that assist with the piloting and commercialization of improved and/or innovative utilization methodologies, including reduction of losses and increased use of residues and recycling;
 - Participate in international standards activities related to forest products; and
 - Undertake research into wood properties and end use requirements, with particular attention to the properties and availability of lesser-used species and timber plantation species and the potential markets for them.