ECONOMIC COMMISSION FOR EUROPE
TIMBER COMMITTEE

REPORT OF THE SECRETARIAT ON THE RECONVENED
THIRD SESSION OF THE TIMBER COMMITTEE

Bank Credit Proposals.
Individual Discussions with Delegations.

STATEMENT BY THE CHAIRMAN

Gentlemen,

On Monday evening at 6 p.m. you requested me to initiate conversations on your behalf with all countries interested in one form or another in the programme dealing with forestry equipment and timber exports which has brought us together at this time. Half an hour later I started these conversations which have continued almost without interruption until late last night. These conversations have all taken place in the presence of three officers which the International Bank for Reconstruction and Development has consented to send to Geneva, and, of course, with the Secretariat.

I am now in a position to present to you a progress report which is not final, but none the less encouraging. Monday night when I left you I promised to tell you this morning whether, in my opinion, the operation which has brought us together this time was possible or impossible. I am now able to report to you that further progress has been achieved in developing important aspects of an operation designed to finance purchases of equipment needed for increased timber exports to Europe and that I can therefore recommend continuation of the discussions. There remain certain difficulties which the limited time at our disposal during the last thirty-six hours has not yet allowed us to resolve:

Using E/ECE/TIM/18 as well as the draft documents distributed by the Bank as a basis, I have tried to find the simplest possible formula in order to achieve final agreement. This formula which differs in certain aspects from the proposals envisaged in these two documents consists of the following three elements:

1. The supply of European forestry equipment would be arranged by means of appropriate bi-lateral or triangular agreements between the interested countries or by additional special arrangements, and would be paid for as a general rule by timber deliveries. I have called this Tranche A of the operation.

2. The equipment to be purchased for dollars would be financed by a loan of the International Bank for Reconstruction and Development granted to those producing countries which undertake to increase their timber exports to Europe in accordance with
the statements made during the earlier sessions of our Committee, and whose applications received the approval of the Bank. These loans would be secured by timber deliveries under contracts to be concluded before the loan becomes effective, with importing countries having available the necessary dollars and agreeing to transmit the dollar equivalent of the timber to the Bank. Except for special arrangements these repayment deliveries which I will call Tranche B will be spread over 1949 and 1950.

3. In recognition of the equipment facilities provided under 1 and 2 above producing countries would undertake

a) to maintain their normal timber exports during 1948, 1949 and 50, and, in some cases, 1951 at a specified level and

b) to offer for export Europe's timber importing countries during these years specified amounts of additional timber. These timber deliveries of Tranche C will be negotiated and contracted for under the same conditions and prices as the normal exports mentioned above under a). In line with the traditions of this and other ECE Committees I feel confident that this export undertaking will be faithfully carried out with the necessary cooperation of the importing countries.

Under these circumstances the proposed agreements hold out the hope to produce the following results:

Tranche A The equipment to be supplied by European countries will reach approximately the equivalent of 8.1 million dollars corresponding roughly to 45 to 55,000 standards of timber. The equipment producing as well as the timber exporting countries have assured me that arrangements for supplying the necessary equipment are quite possible.

Tranche B Equipment to be paid for in dollars will amount to 6 to 8 million dollars corresponding to 40 to 50,000 standards to be delivered over two years. The splitting up of these quantities of timber among the interested countries will be the result of discussions which have already begun. The timber contracts of Tranche B will be concluded either at a fixed price or else on the basis of a price clause. In the course of my conversations I have received from importing countries, having available the necessary dollars, offers to purchase in excess of the 50,000 standards which need to be sold for the service of the loan.

Tranche C In addition to quantities under Tranches A and B, the increased export availabilities of timber which will be forthcoming with the help of the new equipment and, as a result of the action of our committee, will reach during the two coming years the following figures:
Sawnsoftwoods 530,000 standards
Pitprops 400,000 cubic metres

In adding up Tranches A, B, and C we find, therefore, total increases amounting to 665 to 685,000 standards of sawnsoftwoods and 400,000 cubic metres of pitprops, representing a value around 110 million dollars. This constitutes an important portion of the European timber gap which our committee would hereby have succeeded in reducing.

The figures just mentioned include Finland, although the representative of that country has maintained his formal reservation that he should have to consult the authorities of his country before taking any position. They also include revised estimates for Czechoslovakia which were worked out in the course of the meeting by the secretariat and will now be submitted to the Czechoslovak government and the Bank for their consideration.

I have already mentioned that it has not been possible in the short time at our disposal to clarify all details of the operation with every single country. Despite the remarkable spirit of cooperation and goodwill displayed by my colleagues, to whom I am anxious to express my appreciation, not without mentioning the officers of the Bank who have been good enough to sit with me almost permanently since we have left you, as well as the secretariat which has again made a heavy effort, a number of questions still remain to be settled. In particular, it appears necessary to settle specifically the following points:

1. Establishment of clear figures on the amount, type and specifications of the dollar equipment,
2. Establishment of clear figures on total timber export commitments,
3. Listing of European equipment items including amounts, types, sources and terms,
4. Agreement on the price clause,
5. Commitments about additional timber exports,
6. Splitting of the 45,000 standards by countries and timing of contracts.

I also assume that all countries have not yet been able to study closely the document which has been distributed by the Bank and which, if the Bank and the interested countries agree, will have to be modified in the light of the outcome of this Meeting.

Here ends my report about the conversations with which you have entrusted me. It is for you now to decide on the procedure best suited to lead to a quick and final conclusion of the agreements necessary to speed the equipment to the countries that need it.