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Timber Committee

FOOD AND AGRICULTURE ORGANIZATION
European Forestry Commission

JOINT FAO/ECE WORKING PARTY ON FOREST ECONOMICS AND STATISTICS
Twenty-fourth session, 8-10 April 2002

REPORT AS APPROVED BY THE WORKING PARTY

Highlights of the session

The Working Party reviewed in details and provided guidance for the three work areas:

- Markets and statistics
- Forest resource assessment
- European forest sector outlook studies.

It approved the draft programmes for the work areas.

Introduction

1. The Joint FAO/ECE Working Party on Forest Economics and Statistics held its twenty-fourth session in Geneva from 8 to 10 April 2002. The session was attended by delegates from the following countries: Austria, Bulgaria, Canada, Czech Republic, Estonia, Finland, France, Germany, Hungary, Italy, Latvia, the Netherlands, Norway, Poland, Portugal, Slovakia, Sweden, Switzerland, The former Yugoslav Republic of Macedonia, and the United Kingdom of Great Britain and Northern Ireland.
2. Representatives of the Commission of the European Communities and ILO attended the session.
3. The International Tropical Timber Organization (ITTO) and the International Network for Bamboo and Rattan (INBAR) also attended.
4. The following non-governmental organization participated: European Forest Institute (EFI).

Adoption of the Agenda (Item 1 of the agenda)

5. The provisional agenda TIM/EFC/WP.2/2002/1, presented by the secretariat, was adopted.

Guidance of Work Area 1, Markets and Statistics (Item 2 of the agenda)

6. Following an overview of the UNECE/FAO Forest Products Marketing Programme, which groups all the market- and marketing-related activities of work area 1, the Working Party discussed the Timber Committee's **analyses of forest products markets**, focusing on the *Forest Products Annual Market Review* (FPAMR). The Working Party was informed about the outcome of the recently concluded survey of the UNECE & FAO Team of Specialists on Forest Products Markets and Marketing (the Team) which had covered some aspects of the FPAMR, the annual Timber Committee market discussions and market statement and accompanying press release.
7. Concerning the **timing** of the FPAMR, the Working Party encouraged the secretariat to continue to produce it in time for the annual market discussions. Acknowledging the difficulty in conducting a comprehensive analysis of all market sectors for the entire region, the Working Party encouraged countries to submit responses to the Joint Forest Sector Questionnaire by the 15 May deadline, even if that necessitated some estimations, in order to enable sufficient time for validation, processing, analysis and production of the FPAMR.
8. The Working Party recommended that the **scope** of the FPAMR be aligned with available resources. Special chapters should focus on important developments and could be summaries of *ad hoc* market sector studies published in other UNECE/FAO series. The Working Party suggested adding analyses of wood energy markets to the FPAMR and to the annual market discussions.
9. The Timber Committee and European Forestry Commission established the **UNECE & FAO Team of Specialists on Forest Products Markets and Marketing** in 2001, whose activities are guided by the Working Party. It held its inaugural meeting in conjunction with the annual market discussions in October 2001. Expressing appreciation to countries, which had realized the Team's value by nominating members, and thanking the Team for the responses to the above-mentioned survey, the Working Party encouraged the Team to undertake the rest of its mandate, which might involve combining similar tasks in the mandate. The Working Party would be able to provide more explicit guidance to the Team at the meeting in 2003.

10. Regarding the Committee's market discussions, the Working Party requested the Team to take an active role, including attracting larger participation of industry representatives.

11. For more guidance on the FPAMR, the Team should advise the secretariat on their market-related publications. Another **user survey** of other key clients could be conducted when extra-budgetary resources allow.

12. The Working Party discussed **capacity building for forest products marketing information in countries in transition** and recognized that workshops provide a valuable forum for discussion and to build important information networks, including development of forest products statistics channels. Knowing that future workshops depend upon finding sufficient extra-budgetary resources, the Working Party reviewed a draft proposal for building capacity in marketing information in the forest and timber sector in central and eastern European countries. The secretariat was directed to look for synergies in conducting future marketing workshops in conjunction with statistical correspondents meetings and European Forest Sector Outlook Studies workshops. The Team was directed to look at the draft proposal and suggest improvements and potential donors for the secretariat to approach.

13. The Working Party supported the current work on **forest certification and markets for certified forest products**. It considered the work as a valuable source of neutral information. The secretariat was encouraged to maintain the links to country information through the informal, officially nominated network of country correspondents on certification and certified forest products markets. Some Nordic countries mentioned that official statistics on certified forest products might be available in the future, while some statistics are already available in the Netherlands.

14. Noting that **resources** for the Forest Products Marketing Programme are restricted, the Working Party considered a draft proposal for engaging an associate professional officer to focus on assistance to central and eastern European countries and to develop capacity building in forest products statistics in those countries. It suggested that the proposal be placed in the context of the objectives of sustainable development of the sector as articulated by important international processes, such as the Ministerial Conference on the Protection of Forests in Europe and the UN Forum on Forests. Again, the Team of specialists should review the proposal and make suggestions as regards its improvement and for possible donors. The Working Party acknowledged the importance of the on-going in-kind contributions in terms of loaned experts to the FPMP.

15. The Working Party underlined that a **reliable and consistent international database** was an essential prerequisite for sustainable development of the forest and forest products sector.

16. The Working Party reviewed the Secretariat's work in the field of **statistics** and endorsed the general direction. It made the following suggestions:

- Encourage extension of dissemination of data by electronic means while not abandoning paper;
- In particular, the Secretariat should consider making the price data available on-line and continuously updated;
- The Secretariat should make the *Forest Products Statistics* available in electronic form as soon as possible while issuing the paper version when near-definitive data were available;
- A survey of the users of the information should be carried out and industry associations and countries were invited to consider funding such an effort;
- Delegations and the Secretariat should make more efforts to increase awareness and use of the dataset.

17. Delegates agreed the Joint Forest Sector Questionnaire (JFSQ) should be modified periodically to reflect changing trends and emerging issues. However, unrealistic demands should not be made on national correspondents or the Secretariats, nor should information be requested which was likely to be unavailable or of low quality in most countries. Four proposals were made for additions to JFSQ:

- Recycled wood;
- Recovered paper by grade;
- Energy from wood;
- Bamboo / rattan.

18. It was agreed that the quality of the data presently being collected should not be sacrificed for the sake of enlargement of the scope of the questionnaire. Investigations and pilot studies to determine data availability and costs of changes should be carried out before modification of the JFSQ. A small working group discussed data collection. Its conclusions, which were endorsed by the Working Party, are in annex I.

19. The Working Party asked the Intersecretariat Working Group to take full account of the analysis of the quality of data from different sources as shown in the EFI study, which had been contracted by Eurostat.

20. The Working Party agreed to continue including pulp and paper in the Timber Committee forecast questionnaire (TCQ) but warned against increasing the level of detail, partly because of the increased likelihood of encountering problems with confidential data. It pointed out that differences between TCQ and JFSQ were acceptable since the objectives of the two questionnaires were different.

21. The Working Party agreed with the Secretariat proposals as regards numbering of the Timber Bulletin issues (paras. 60-61 of TIM/EFC/WP.2/2002/2).

22. The Working Party reviewed the current work in price statistics and proposed the Secretariat make a survey of national correspondents to see what data and sources were available. On this basis, series should be selected and published in electronic and paper form. Despite the acknowledged resource difficulties in the Secretariat several countries stressed that price data were essential, notably for outlook studies, market analysis and investment decisions, and must be continued and improved.

23. The Working Party reviewed the situation with regard to ECE1 and SP1 questionnaires. Some countries pointed out that they completed the SP1 questionnaire using publicly available electronic databases. Acknowledging that limitations in Secretariat resources meant that data from these questionnaires could not yet be validated and published, it said the data should continue to be collected and published when they could be validated. Additional resources were essential to process the data from these two questionnaires, which were urgently needed.

24. A member of the Working Party raised the question of the potentially far-reaching modifications to the Harmonized System Chapter 44 (Wood and Articles of Wood) being proposed by CEI-Bois. If approved by the World Customs Organization these could significantly impact the long-term series maintained by the ECE and FAO. It was agreed that the secretariat would contact CEI-Bois and keep members of the Working Party informed.

25. The Working Party pointed out that the quality of data depended ultimately on national correspondents and urged them to invest time and resources in validating the data for their country.

26. The Working Party endorsed the programme of work for Work Area 1, as set out in annex 1 to TIM/EFC/WP.2/2002/2.

Guidance for work area 2: Forest Resources Assessment (Item 3 of the agenda)

27. The Working Party was informed of the current **status and developments in work area 2** "*Forest Resources Assessment*" of the ECE/FAO Integrated Programme of Work. The session noted the successful accomplishment of the forest resources assessment round, and acknowledge the constantly improving co-operation and synergy between the regional and global FRA activities, also in joint planning and implementation of FRA work.
28. The Working Party confirmed the current **terms of reference and mandate of the regional FRA team** of specialists (ToS) presented in the document TIM/EFC/WP.2/2002/3 (*Annex I*) and its duration until the year 2004. The participants took note of the forthcoming **ToS meeting** to be held in Krakow (Poland) in May 2002, and endorsed the programme and the provisional agenda of the meeting.
29. The Working Party endorsed the provisional agenda for the global FRA expert consultation "**Kotka-IV**" to be held in Finland in July 2002, and noted that "Kotka-IV" would be a good opportunity to address the issue of efficient links between regional and global Forest Resources Assessment work.
30. The Working Party took note of the ECE/FAO **contribution to the Ministerial Conference on the Protection of Forests in Europe** to the work on the improvement of the current set of criteria and indicators for sustainable forest management and the important role of the regional forest resources assessment in this process, as well as the contribution of data based on FRA work to the Ministerial Conference in Vienna. This exercise would also serve to update the global FRA dataset. The participants supported the reporting of data on "protective and protected forest areas" according to the new classification drawn up by MCPFE in the process of follow-up the FRA-2000.
31. The Working Party was informed about the results of the "*TBFRA-2000 Use and Policy Implications Survey*" carried out last year. The **user survey** confirmed the usefulness of the project as a whole, and provided a number of suggestions for specific improvements of this work. The regional team of specialists on forest resources assessment should be sensitive to comments received from users in the process of the survey, especially when preparing for new rounds of forest resources assessment. The findings of the survey should be brought to the attention of the next meeting of the regional FRA team (Krakow, Poland, May 2002). Conducting similar user surveys for the global FRA 2000 would be appropriate and helpful for further evaluation of the FRA process in general.
32. The Working Party was informed about the on-going project on the "*Historical Analysis of Trends of Forest Resources in Europe*". This project represents an excellent example of co-operation and **synergies between the two work areas** (EFSOS and FRA). Such kind of deep analysis of the available forest resources information might be one of the most important outputs of the FRA activities. The country representatives expressed their interest in the project, and readiness to provide the required support, especially on the methodology of this challenging work, and in providing the historical forest resources data.
33. The Working Party addressed the issue of **reducing the reporting burden** on countries when they are requested to provide reliable FRA information. The capacity building of national forest inventories should be in the focus of attention of the global FRA programme, also as far as the central and eastern European countries in transition are concerned. The delegates noted the importance of raising the official status of FRA country correspondents, and the necessity for stronger support from national authorities (including financial support). Those countries, which have not yet done so were urged to confirm (or nominate new) national correspondents for the Forest Resources assessment work.

34. The Working Party decided not to recommend any single **grouping of countries** for the regional or global FRA. It was noted in this respect that the grouping approach should be modulated according to the type of information required, taking into account the interest of countries themselves, and possibility of representation of individual countries in several different groups.

35. The Working Party considered that as in the past the regional assessment should be based on the **questionnaire approach**.

36. The Working Party session **approved the work area 2 planning for 2002-2004**, as it was presented by the secretariat during the session and formulated in the document TIM/EFC/WP.2/2002/3 (*Annex III*).

37. The Working Party expressed its warm **thanks to all member countries, partners and contributors** to the FRA programme for the efficient support, which is being provided by different means, including sharing the information, providing data, organisation of meetings, allocation of funds, loaning experts.

Guidance for work area 3: Forest Sector Outlook Studies (Item 4 of the agenda)

– Introduction on information network, public relations of EFSOS, fund raising (presentation by Volker Sasse, secretariat)

38. The Working Party appreciated the activities of the secretariat to build up an outlook study information network. The secretariat requested the countries, which had not so far nominated EFSOS national correspondents to do this as soon as possible. The Working Party welcomed the public relation initiatives (EFSOS web page) and the fund raising activities carried out by the secretariat.

39. The Working Party welcomed the efforts and impacts of partner organizations (e.g. FAO, ILO, EFI, SBH) to the EFSOS work area. It gave a high evaluation to the contributions of various consultants, who often provide many more resources to the secretariat than would be required based on existing agreements and contracts.

40. The Working Party recognized the critical schedule for the EFSOS base line study report, considering available resources, required quality and planned deadlines. The Working Party is concerned about this situation and recognized the importance of the secretariat request for additional resources.

41. The Working Party confirmed the importance of the cross-sectoral policy issues approach. Considering the quite limited resources of the secretariat for this task, it suggested searching for synergies among ECE programmes and to intensify co-operation with partner organizations and institutions, considering in particular FAO activities in the field of allied sectors and promoting the positive contribution of forests to national socio-economic development.

42. The Working Party recognized positively the current status of work and gave a positive assessment of the information and analysis provided by the secretariat. The Working Party suggested prioritising the various EFSOS tasks, putting an emphasis on the policy analysis and outcomes, and providing them to the MCPFE as a contribution to the Vienna Ministerial Conference April 2003.

– Outlook for European forest products markets (presentation by Kari Kangas, consultant)

43. The Working Party appreciated the work carried out in the field of econometric analysis to produce a base line scenario on forest product markets and confirmed the methodological approaches demonstrated during the session. It requested the secretariat to provide the elaborated draft report on methodology to interested members for further comments.

44. The Working Party confirmed the demand for high quality statistical data for the various EFSOS analyse. The Working Party therefore requested the secretariat to make efforts to improve the database management in order to provide a handy and reliable dataset to the users inside and outside the secretariat. With regard to data quality problems of long-term timber statistics the Working Party announced the readiness of national correspondents to support the improvement of data quality.

45. The Working Party supported the decision to elaborate a special chapter on employment and social issues as a part of the EFSOS outlook base line study report. The representative of the ILO explained about experiences in the field of collecting data and forecasting developments of employment in the forest sector.

– **Outlook for European forest resources**

(presentation by Volker Sasse, secretariat on behalf of Gert-Jan Nabuurs, EFI)

46. The Working Party welcomed the work being initiated on the outlook on forest resources, in particular with regard to inventory data collection. The Working Party recognized the critical schedule of this tasks and requested the secretariat to make all necessary efforts to keep the planned deadlines, in particular to ensure that a draft outlook for all countries should be provided to the end May EFSOS meeting.

47. With regard to future activities in this field the Working Party suggested the secretariat search for further synergies in inventory data collection inquiries between the work areas 3 (EFSOS) and 2 (TBFRA) (see para. 32).

48. The Working Party stated that new forest management regimes are increasingly implemented, where the main emphasis is put on tree-by-tree decisions about felling, depending on target diameters. The modelling of these regimes had been excluded from EFISCEN model so far, because of methodological problems. The Working Party suggested searching for solutions to this problem during future activities in forest resource modelling.

– **Policy scenarios analysis**

(presentations by Helena Simkova, consultant and Volker Sasse, secretariat)

49. The Working Party appreciated the activities, the progress and the draft outcomes of the “Study on scenarios with Major Impacts on the European Forest Sector” (Policy Study). It confirmed the expected major influences from “external” policies and from the dynamic developments in Eastern European forest sector. The Working Party appreciated the intention to offer the EFSOS outcomes as a contribution to the Ministerial Conference on Protection of Forests in Europe (MCPFE) in April 2003 and expressed its concern about the deadlines of the EFSOS base line study.

50. The secretariat is requested to focus on the policy value of the outcomes of the base line report. The Working Party supported the idea of organising the workshop in an Eastern European country, to discuss the main outcomes of the Policy Study and to provide the main messages to the MCPFE.

51. The Working Party suggested to review the proposed approach on alternative “mega” scenarios of the development of the European forest sector and to verify the possibilities of creating a general “overall” alternative scenario. At the same time highest priority should be given to the deadlines.

52. The Working Party supported the idea of organising a workshop with forest sector stakeholders, to discuss the policy value of Policy Study outcomes and to help articulate the main message to the MCPFE. The Swiss government has made an initial proposal for the organisation of this workshop. The Working Party suggested contacting key policy decision makers and a wide range of stakeholders, in order determine their interest in such a workshop.

53. The representative of the Czech Republic offered to host the policy workshop in Prague. The Working Party requested the secretariat to put a high priority on finalising the draft Policy Study report and preparing it for the workshop.

54. In general the Working Party confirmed the objectives, methods and timetable proposed. It approved the updated Work Plan and confirmed the mandate for the EFSOS Team of Specialists.

- **Analysis of long-term historical driving forces**
(presentations by Stefan Gold, intern and Volker Sasse, secretariat)

55. The Working Party appreciated the work on long-term historical analyses of forest resources and forest products markets, which is an essential function for EFSOS analysis. It confirmed the necessity for improving data availability and quality. The countries expressed their readiness to participate in further data verification processes.

- **Complementary studies**
(presentations by Matleena Kniivilä, consultant and Volker Sasse, secretariat)

56. The secretariat informed the Working Party about the “Russian Forest Sector Outlook Study” carried out by Russian forest sector specialists in close co-operation with Russian forest sector stakeholders. The study confirms a dynamic development of the Russian forest sector and indicates possible changes in traditional forest products trade flows.

57. The Working Party strongly supported the project proposal on “Common rules in forest related legislation of European countries”. It suggested building on already available policy analysis results in this field, avoiding duplication of work. The final intended outcome of the study should be stated clearly.

58. The Working Party expressed its high interest in the project proposal on “Progress towards a Market Economy in Eastern European Countries - Consequences for the European Forest Sector”, which aims for an analysis of policy options and strategies in the situation of dynamic growth in Eastern European forest sector. The use of the term “Countries in Transition” should be verified. The Working Party drew the attention of the secretariat to a database on timber trade flows developed by EFI based on ECE/FAO timber statistics and COMTRADE data and suggested to use the database in the framework of this study.

59. Considering the policy value of these project proposals, the Working Party proposed to act in close co-operation with MCPFE and international organisations and institutions acting in the same field.

60. Various participants provided comments in a written way directly to the secretariat, which will be considered during the further work.

61. The Working Party suggested prioritising the various needs for these proposals in light of financial support. Sweden expressed an interest in supporting the EFSOS programme financially, allocating a budget to the “legislation study” (see above).

Other business (Item 6 of the agenda)

62. The Working Party was informed of difficulties encountered in obtaining office space and equipment for experts and interns made available by countries to the secretariat. Several delegations expressed strong concern about this. The Working Party requested the secretariat to contact the UN administration with a view to ensuring that sufficient office space and equipment is made available to these experts and interns who contributed greatly to furthering the objectives of the programme. This relatively small contribution by the UN might be considered as complementary to that of the countries donating the time and expertise of the experts and interns. By way of comparison, other international organizations regularly provide adequate facilities for their interns and consultants.

63. The Working Party considered whether the organisation of the session had been appropriate to achieve the revised goal of providing guidance to the three work areas. In general delegations considered that the information and analysis provided had been of high quality. Furthermore the papers and timetable had been organized in such a way as to enable delegates to have very useful discussions and to fulfil their guidance function in a satisfactory way. Some suggestions were made:

- Documents with financial implications (e.g. requests for extra-budgetary resources), as well as more complex analytical texts, should be circulated in good time to enable proper consultation;
- The leaders of the relevant teams of specialists should be invited to attend future Working Party sessions to present and discuss the activities of their teams.

64. Delegations should also prepare themselves in detail to participate constructively in the debates.

Election of officers (Item 7 of the agenda)

65. The Working Party elected Mr. M. Gecovic (Slovakia) Chairman, and Messrs. M. Aarne (Finland) and H. Huckert (Germany) Vice Chairmen. It warmly thanked the former Chairman and Vice Chairman, Messrs Brooks (USA) and Sollander (Sweden), who had not been able to continue in their positions, for their valuable contribution to the success of the Working Party's activities.

Annex I

Notes on detailed data questions

(Report by the in-session working group established by the meeting)

The initial question before the working group is how to adapt the data collection and processing systems to meet the need for new information, specifically the items mentioned in paragraph 70 of the document TIM/EFC/WP.2/2002/2. This was subsequently expanded to include the issues listed in annex 6 of the document.

Several countries pointed out that some of these data were difficult to collect. In all cases, in addition, the Secretariat indicated processing difficulties due to lack of resources.

Wood used for energy

It was agreed that the high level of economic activity and policy interest in the subject warranted a special study of the availability of reliable data and existing analyses on all types of energy from wood. The Secretariat should approach groups that would be interested in funding and managing a study. The study should make a recommendation on possible extension of the use of wood energy and other sources of energy in the regular data collection and processing system. The Secretariat will develop possible terms of reference for the study with input from the Working Group. Use should be made of the previous work done by the ECE's Team of Specialists on Recycling, as presented in Discussion Paper 15.

Bamboo and rattan

INBAR explained the state of its cooperation with ITTO, currently at the stage of a pilot study. If the study confirms the feasibility and desirability of collecting these data the IWG should consider whether to include the bamboo and rattan items.

Recycled wood and recovered paper by grade

Both topics had important and increasing economic activity and policy interests. The EU agreed to convene a meeting in Brussels of interested parties (including CEPI, CEI-Bois) in these two areas to explore the desirability and feasibility of collecting and processing these data.

Data quality

The Working Group discussed the 10-year validation procedure and the general question of data quality. It suggested the Working Party should formally request the assistance of the countries in validating data, tying this into the objectives of sustainable forest management as enunciated through MCPFE and UNFF. The Secretariat should submit a list of data problems to each country, using the validation techniques suggested in JFSQ.

The other items of Annex 6 are being reviewed between the members of the Working Group and the Secretariat on a bi-lateral basis.