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**Outlook for long-term supply of and demand for forest products
on the European Forest Sector Outlook Studies**
Session I

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Summary

The projections prepared for 37 ECE countries suggested that, in general, consumption of all forest products is growing, but slower than the economy as a whole. Over the next two decades consumption growth will be supported by dynamic development in the eastern part of Europe, but after successful convergence growth is likely to slow down further. The projections are provided up to 2030. This period is significantly characterised by an increasing role of countries currently having economies in transition. The current rates of per capita consumption in the CEEC and CIS are low compared to the EU, most notably in paper products. A significant catching up is expected over the projection period, fostered by relatively higher economic growth. In absolute terms, paper consumption is more than trebling in the CEEC, while the CIS countries are expected to consume almost five times more paper than currently. An increasing share of forest products, sawnwood in particular, are expected to be produced in the CEEC and CIS.

However, there are several built-in assumptions in the econometric analysis, notably that the competitiveness of forest products remains constant. Forest products are facing competition in all their uses, from other materials but also inside the sector. Product improvement and development of new products must continue if forest products are to maintain their competitiveness. Competition with prices is especially critical for standard products. Further, consumer preferences should not

change to disfavour forest products. Nor may policies discriminating against forest products be present if growth is to be maintained. These depend on the ability of the sector to promote forest products in terms of basis in renewable material and of governments to accept that wood is a truly environment friendly raw material. In addition to baseline scenario, two alternative development paths for economic and policy environment were described based on policy analysis conducted by UNECE/FAO and the consequent impacts on the forest sector were analysed.

Key words: demand, supply, trade, economic forecasting, econometric analysis, forest industry, scenario analysis.
