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FOOD AND AGRICULTURE ORGANIZATION
European Forestry Commission

JOINT FAO/UNECE WORKING PARTY ON FOREST ECONOMICS AND STATISTICS
Twenty-fifth session, 24 - 26 February 2003

REPORT AS APPROVED BY THE WORKING PARTY

Part of the report was reviewed in draft form during the meeting and the entire report was subsequently approved by the bureau (see para. 45)

Highlights of the session

The Working Party reviewed the methods and outcomes and provided guidance for the three work areas:

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

It endorsed, with some amendments, the draft programmes for the work areas.

Introduction

1. The Joint FAO/UNECE Working Party on Forest Economics and Statistics held its twenty-fifth session in Geneva from 24 to 26 February 2003. The session was attended by delegates from the following countries: Austria, Czech Republic, Estonia, Finland, France, Germany, Ireland, Italy, Latvia, the Netherlands, Norway, Serbia and Montenegro, Slovakia, Sweden, Switzerland, and the United Kingdom of Great Britain and Northern Ireland.
2. The session was attended by representatives of the Commission of the European Communities and the United Nations Forum on Forests.
3. The following non-governmental organization participated: European Forest Institute (EFI).

Adoption of the Agenda (Item 1 of the agenda)

4. The provisional agenda TIM/EFC/WP.2/2003/1, presented by the secretariat, was adopted.

Matters referred to the Working Party by its parent bodies (Item 2 of the agenda)

5. With regard to **UNECE/FAO publications**, the Working Party recognised the generally high quality and usefulness of the publications, but agreed that they could and should be better known, and more efficiently distributed. Suggestions included:
 - a. Increasing awareness of UNECE/FAO output: the practice of informing contacts when a new document appears on the website should be reinforced;
 - b. Many documents could be published initially only on the web, especially with regard to statistics and databases (e.g. on prices). The needs of those with difficulties for internet access could be safeguarded by an offer to print them out on demand, and mail them as necessary;
 - c. The distinction between Study Papers and Discussion Papers was not always clear, especially now that many Study Papers are no longer translated, because of resource problems in UN translating services;
 - d. The amount and depth of information presented should be appropriate for the user's needs.
6. With regard to the proposed **indicators of achievement** for the UN's results based budgeting system, the Working Party stressed the necessity of a results based approach, and of measuring achievements as objectively and efficiently as possible. It took note of the secretariat's proposed indicators, and noted that much could be learned from a close analysis of website statistics (e.g. which outputs were used most, by whom, for how long), and of requests for information. A new full scale user survey would provide useful information, but involved the commitment of significant resources.
7. The Working Party noted the **EFC's request to consider whether coordination was needed** at the regional level of the information gathered on the sector. It noted that the multiplicity of organisations active on forest related issues at the global and regional levels, originating inside and outside the sector, and the diversity of their objectives, could lead to problems of clashing definitions and duplication of efforts. However, there were several examples of good cooperation between organisations, including the Joint Forest Sector Questionnaire and cooperation on the Forest Resource Assessment; similar efforts were under way on other topics, including forest related definitions at the global level. It is not realistic to expect the Working Party to coordinate such a wide range of activities without a strong mandate. A better approach was for all actors, and especially the organisations members of the Intersecretariat Working Group, to be vigilant and proactive in identifying emerging cases of duplication or contradiction, and drawing the attention of the organisations concerned to the issue so that measures could be taken to minimise any duplication.

Guidance of Work Area 1, Markets and Statistics (Item 3 of the agenda)

8. The Working Party discussed Work Area 1 on Markets and Statistics, focusing on the production and dissemination of major outputs, including market analyses and the Timber Committee Market Discussions and their supporting statistics and forecasts. It also considered the UNECE/FAO Team of Specialists on Forest Products Markets and Marketing and the Work Area's resources, before addressing the work programme as a whole.

9. The Working Party recommended a **change in the major outputs**, specifically their scope and timing. In light of the impending reduction in resources in the Timber Branch, and the inherent need to balance limited resources with that work, the year 2003 is to be a trial year for production of the following output on analyses of forest products markets and supporting statistical work. The Working Party will evaluate the results at its session in 2004. It noted that the secretariat needs some flexibility to adapt work to the changing resources during 2003 and recommended:

- a. Policy issues should be linked to market aspects and covered appropriately throughout Work Area 1;
- b. Inclusion of a separate publication or special chapter on an important policy-related issue, e.g. in 2003, on wood energy;
- c. Reducing the length of the current forest products analyses;
- d. Merging the "Forest Products Annual Market Review" and the post-Timber Committee forecasting Bulletin into one "Forest Products Markets Analysis, 2002-2004";
- e. Citing the strength of the Committee's work in market forecasting, continue producing a market analysis in August, perhaps in draft form, as the basis of the Timber Committee Market Discussions;
- f. Disseminate outputs as soon as possible via the Timber Committee website. Notify users via listserver and eventually an automated "webminder".

10. After considering the annual **Timber Committee Market Discussions**, the Working Party recommended:

- a. Maintaining the current 1½ days devoted to market sector discussions to enable adequate discussion time;
- b. Continuing to collect, analyse, discuss and disseminate market forecasts, a key output;
- c. Correlating closer the country market statements and the discussions;
- d. Bringing in more industry representation;
- e. Including policy dimensions and requesting countries to report on these in their country market statements;
- f. Maintaining current market sectors in the discussions;
- g. Asking countries to comment on government procurement policies as a market driver for certified forest products.

11. The Working Party emphasized the importance of up-to-date **price data** for the Timber Committee and the European Forestry Commission's work, and that of the timber and forest community. The Working Party recommended:

- a. That the secretariat update and disseminate timber price statistics;
- b. That the proposal for joint work by the secretariat and the European Forest Institute (EFI) be accepted on "Timber Price Information Collection and Dissemination", acknowledging that the secretariat could not develop new price series, a database and a website interface. Priority has been given to using the information available rather than producing comparable prices. Informed of the on-going Baltic-Nordic initiative on roundwood prices on the Internet, the Working Party urged

coordination between EFI and the Baltic-Nordic group. The Working Party suggested that EFI seek funding for the project.

- c. The secretariat committed itself to maintaining and updating on a regular basis the price series, provided a satisfactory list of series is produced.

12. The Working Party expressed appreciation for the development to date of the current Timber Committee Market Information Service website into an interactive **Market Information System (MIS)**, noting especially the contributions by the European Forest Institute and the Finnish Forest Research Institute. The Working Party endorsed the strategic plan for the MIS, considering it a consistent systematic and user-oriented system of dissemination. They recommended:

- a. Implementing the MIS to the extent resources allow, and where best applicable, for example in managing the project, but not its technical implementation;
- b. Working together with FAO Forestry Department to bring out each site's advantages and avoiding any duplication;
- c. Establishing a task force for MIS development made up of representatives of the Working Party, the Team of Specialists on Forest Products Markets and Marketing, the Forest Communicators Network, key institutions and organizations, including FAO;
- d. Continuing to improve dissemination via an interactive system of existing analytical and statistical information;
- e. Focusing on the Timber Committee's comparative advantages, e.g., market forecasts, early available analytical and statistical information.

13. The Working Party reviewed the activities of the UNECE/FAO **Team of Specialists on Forest Products Markets and Marketing** and recommended that its proposed mandate be approved by the Bureaux of the Timber Committee and the European Forestry Commission. The Working Party endorsed the Team's approach to certification, via a literature review in conjunction with the UNECE/FAO secretariat on forest law enforcement governance and trade issue, including illegal logging for presentation at the annual Timber Committee Market Discussion in October 2003 in partial fulfilment of its mandate. The outcome of the discussion in October should provide guidance for future activities in this controversial, but topical issue. Furthermore, the Team is requested to collect information on government procurement policies relevant to the markets for certified forest products. The Team was asked to proceed with the survey to measure the effectiveness of market-related publications and to present its findings in a report to the Working Party in 2004.

14. The secretariat informed the Working Party about two **proposals for additional resources**: 1. proposal for an associate professional officer (APO) in forest products marketing and 2. proposal for forest sector marketing development. These proposals have been considered by the Team of Specialists on Forest Products Markets and Marketing, as requested by the Working Party. The APO proposal will now be sent to prospective countries for consideration of funding. The Forest Sector Marketing Development Proposal, which is targeted for central and eastern European countries (CEECs) and the CIS, is being prepared for potential funding by the Finnish Ministry of Foreign Affairs by the addition of two cooperating institutions, i.e., the European Forest Institute and the Finnish Forest Research Institute. The proposal will also be modified, most importantly by including some key CEECs, for presentation for funding to the European Commission, based on an exploratory trip to Brussels in 2003.

15. The Working Party endorsed the detailed plan for activities in Work Area 1 set out in annex 1 of TIM/EFC/WP.2/2003/3 with the recommendations and guidance above. The following titles changed:

- a. "Forest Products Annual Market Review" becomes "Forest Products Annual Market Analysis";
- b. "Forest Products Markets and Prospects" becomes "Forest Products Markets Prospects".

Guidance of Work Area 2: Forest Resource Assessment (Item 4 of the agenda)

16. The Joint FAO/UNECE Working Party was informed about the accomplishments and current developments in work area 2 "Forest Resources Assessment" of the UNECE/FAO Integrated Programme of Work. The session took note of the new strategic vision and approaches, as well as preliminary outline of the next Global Forest Resources Assessment (FRA 2005). The global FRA approaches aiming to include "information on all aspects of forest resources" make it necessary to review and adjust the regional UNECE/FAO work on Forest Resources Assessment. The Working Party stressed the necessity of maintaining a strong regional activity in forest resource assessment to satisfy specific regional needs and to complement the emerging global FRA.

17. The participants expressed their support of a broader coverage in the global and regional forest resources assessments, underlining that FRA should address to the extent possible indicators of SFM. This approach in FRA work would be beneficial for the development of national forest inventories. External support, notably from FAO, for capacity building of national forest inventories and forest assessment, especially in the central and eastern European countries, was necessary to help to raise the accuracy of FRA data.

18. The Working Party emphasised that regional FRA activities should be developed taking account of the framework of the global FRA whose scope, coverage and methods would be clearer after the next COFO session and the second FAO FRA Advisory Group meeting (March 2003). The UNECE/FAO secretariat and experts from the UNECE region should continue to participate actively in the preparation of the global FRA, transmitting the experience gained at the regional level.

19. The Working Party expressed its high appreciation of the work done by the **regional UNECE/FAO FRA Team of Specialists** (ToS). It endorsed the Terms of Reference and Mandate of the team and confirmed the duration of its mandate until the year 2004. A comparison of the new global FRA scope and coverage with those of the TBFRA 2000, to help in determining the scope of the regional FRA activities, should be implemented by the ToS and UNECE/FAO secretariat in due time, possibly at the next ToS meeting, tentatively planned to be held in October 2003 in Dresden. The quality and coverage of the information available at the regional level should not be reduced compared with the level achieved by TBFRA 2000.

20. The Working Party commended the UNECE/FAO **contribution to the Ministerial Conference on the Protection of Forests in Europe**, especially in the preparation of the "State of Europe's Forests" report, in work on improvement of indicators for sustainable forest management, and in reporting data on "protective and protected forest areas" according to the newly elaborated MCPFE classifications. The key role of the regional forest resources assessment in the pan-European process should be maintained and further developed in the future. The participants noted that the co-operation with MCPFE process was mutually beneficial.

21. The Working Party confirmed that nominated global **FRA national correspondents** from the UNECE region should also be responsible for their country's contribution to regional FRA activities. The officially nominated FRA national correspondents for UNECE region countries should be the same experts for global and regional FRA activities to avoid possible confusions in the datasets. The Working Party urged those countries, which have not yet nominated (or confirmed) their FRA national correspondents to do so as soon as possible.

22. The Working Party took note of the good co-operation and synergies established between the two work areas (FRA and EFSOS), especially in the implementation of the project on the analysis of "Long-term Historical Changes in European Forest Resources" and the implementation of the EFSOS baseline study. The modalities of providing FRA data for outlook studies should be considered in the preparation of the next EFSOS round specifically.

23. The Working Party **endorsed the work area 2 plan for 2003-2004**, as presented by the secretariat. The following changes were made in the programme of work as presented in document TIM/EFC/WP.2/2003/4:

- a. Under items 2.1 and 2.4, in the column *description*, insert after "industrialised countries" the phrase "of the UNECE region";
- b. Under item 2.3, in the column *programme element*, insert prior to "Indicators" the word "Pan-European".

24. The Working Party **thanked UNECE member countries, FRA national correspondents, partners and all contributors** to the regional FRA programme for their support, including allocation of funds, loaning experts, providing data and sharing information.

Guidance of Work Area 3: Forest Sector Outlook Studies (Item 5 of the agenda)

Introduction and general overview

25. The secretariat presented draft publications and major activities and outcomes of the work area. The Working Party welcomed the EFSOS activities and expressed its confidence in the analytical base of the work done.

26. The improved EFSOS complementary reports, as well as draft outlines and conclusions of the main EFSOS report, should be presented to the EFSOS meeting in April 2003. The secretariat was requested to present a final report to the Timber Committee session in October 2003, with the goal of publishing the overall EFSOS report by end 2003. However, it is not realistic to expect to meet the approved deadlines if the study coordinator left Geneva before the Committee session.

27. With regard to the reporting efforts and resources spent by the secretariat, the Working Party requested the secretariat continue to keep the Working Party informed about activities and outcomes, but to review the reporting burden by the work areas with the goal to focus it on the mandate, contributions by the countries and technical guidance required for running the programme.

Review of draft outcomes

28. The Working Party appreciated the long-term overview including not only the projections but also the past trends. The Working Party recommended that the outlook assumptions should be provided in the final text explicitly. It suggested synthesising the various outcomes as soon as possible into the EFSOS overall report (ETTS VI). The Working Party proposed to add to the sub-regional structure of the forecasts a further sub-region recognising the "accession countries". The Working Party recognised the shortcomings from the demand driven approach and suggested to improve the modelling of roundwood supply in future outlook study activities.

29. The Working Party requested the EFSOS team of specialists to review the complementary reports and comment on them in more detail.

30. The Working Party discussed the policy related outcomes and appreciated that the draft outcomes were used as an input to the preparation of the fourth MCPFE. It encouraged the secretariat to follow up and offer the EFSOS outcomes for the preparation of the MCPFE programme of work.

31. The Working Party recognised the importance of validation of country specific outcomes. The secretariat took note of country specific comments expressed by Latvia, Norway and Sweden, but requested all countries to make written statements, in particular in case of country specific issues.

32. The current decline in paper consumption should be analysed carefully in the forecasts as this could have a long-term impact. Further issues were discussed, which have not, so far, been sufficiently brought into focus in the drafts: non-wood benefits, recycling of recovery paper, certification, and end-use sector developments. The Working Party recommended addressing these issues in the overall EFSOS report.

33. The Working Party expressed its appreciation for the analysis of common legal issues in national legislation. This is an extra-budgetary activity and the draft outcomes of the study were welcomed. The issue of implementing forest-relevant laws was suggested as a further topic. The Working Party encouraged the secretariat to follow-up with the project as planned and to provide the outcomes in terms of up-dated legal documents to the FAO database. The secretariat requested up-dated information on legal documents from the countries.

Further Issues

34. The Working Party took note of the decision by FAO to move the post responsible for the outlook study to the sub-regional office for Central and Eastern Europe, Budapest (SEUR). The Working Party expressed its concern about the effect of this move on the EFSOS work. The Working Party appreciated the FAO commitment to continue the Joint UNECE/FAO Programme of Work (2002-2006), which includes the EFSOS activities as recently approved by the FAO European Forestry Commission.

35. The Working Party appreciated the intention of the secretariat to improve data quality and information on the forest sector in CEEC and CIS and provide better access to international information for these countries. It welcomed the launch of a special study on Eastern Europe "Progress towards market Economy in Eastern Europe" and expressed its appreciation of the first activities and outcomes. One focus should be on the description of various stages of transition and the consequences for the forest sector. The forestry sector could contribute significantly to overcoming social and economic problems during the transition process.

36. The Working Party supported the plan to organise an international Workshop on "Strengthening links of CIS with the international forestry community" in Moscow June 2003. With regard to the request for financial support, Sweden referred to the trust fund which will be provided to EFSOS this year.

37. The secretariat informed the Working Party of the intention of Germany to loan an expert to the outlook study work area or to the Timber Branch respectively. The secretariat requested members of the Working Party to look for sources to co-finance this position.

38. The secretariat informed the Working Party about the work of the EFSOS national correspondents, requested member countries to nominate national correspondents, and to support their active participation in the work programme.

39. The Working Party requested the secretariat to follow-up the work on the complementary reports, and focus its resources on improving the content, incorporating feedback provided by countries and authors. The Working Party discussed the Programme of Work, endorsing the "in-depth" approach presented by the secretariat. This approach projects finalisation of the overall EFSOS report by the end of 2003. The Working Party adjusted the deadlines and endorsed them. It confirmed the mandate of the Team of Specialists and called for the nomination of a team leader. The following changes were made in the column *duration* in the programme of work as presented in document TIM/EFC/WP.2/2003/5:

- a. Item 3.2 becomes 4/2003;
- b. Item 3.3 becomes 3/2003 (resources) and 5/2003 (products);
- c. Item 3.4 becomes 10/2003 (synopsis);
- d. Item 3.5 becomes 4/2003 (major impacts), 10/2003 (outlook) and 8/2004 (data).

40. The Working Party recognised the complexity of the EFSOS work area and welcomed the contribution made by the country national experts. It requested the secretariat to keep the programme running as a permanent activity, focusing during the final stage of the current outlook study round on the policy implications of the EFSOS outcomes and spending further efforts on special policy related issues (e.g. renewable energies) as well as on specific regions of the UNECE (CEEC and CIS).

Interorganization Co-operation on Forest and Forest Products Statistics (Item 6 of the agenda)

41. The Working Party strongly supported the work of the Intersecretariat Working Group on Forest Sector Statistics (IWG), noting that it had increased cooperation and reduced duplication. Several countries expressed the desire for the IWG to help avoid redundancy and to keep the Working Party informed about statistical work by other organizations that could affect members of the Working Party. Increasing information should be made available by the IWG to the Working Party members and to the IWG by other organizations and Working Party members.

Role and Functioning of the Working Party (Item 7 of the agenda)

42. The Working Party considered whether it had achieved the objectives it had set itself when it reformed its methods of work in 2000. It drew the following conclusions:

- a. Annual sessions were necessary and should be continued;
- b. The teams of specialists for the three work areas should be asked whether the guidance offered by the Working Party had been useful to them. Likewise the parent bodies should be asked whether the Working Party had helped them to achieve their goals;
- c. The country coverage of the participation in the session had been disappointing (no participation from North America and only a few countries from Central and Eastern Europe, none from the CIS). The bureau should write to non-participating countries to emphasize the advantages of active participation and to ascertain the reasons for their lack of participation;
- d. The discussions at the 2003 session had been lively and constructive, mainly because the documents submitted had been well written and of good technical quality;
- e. However, the volume of the documentation circulated shortly before the meeting had been too large to be sufficiently discussed and prepared in countries in advance;
- f. Some delegations noted the difficulties they had faced in preparing themselves for technical and policy interventions in three differing and highly technical work areas.

Other Business (Item 8 of the agenda)

43. No discussion occurred under this agenda item.

Election of the Officers (Item 9 of the agenda)

44. The Working Party re-elected Mr. M. Gecovic (Slovakia) Chairman and Messrs. M. Aarne (Finland) and H. Huckert (Germany) Vice-Chairmen.

Adoption of the Report (Item 10 of the agenda)

45. Agenda items 1-5 of this report were reviewed and adopted by the Working Party with some modifications during the meeting. It was decided to circulate items 6-10 of the report and the final version of items 1-5 to the bureau of the Working Party for comments and final approval.