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Sixty-fourth session
Geneva, 3-6 October 2006
Item 5 of the provisional agenda

**FOREST PRODUCTS MARKET DEVELOPMENTS IN 2006
AND PROSPECTS FOR 2007**

Note by the secretariat

This document provides the schedule for the annual Timber Committee Market Discussions and the preparations of the annual market statement. The theme of the discussions will be “China’s forest products trade influences on UNECE region markets”. A second theme will link to the following day’s public procurement policy forum. Lively discussions and comprehensive market statement necessitate delegations’ timely submission of national market statements and forest products forecasts for 2006 and 2007 as described in this document.

On the basis of the UNECE/FAO *Forest Products Annual Market Review, 2005-2006*, national reports and forecasts and expert speakers, the Committee is invited to:

- Discuss how China’s forest products trade and public procurement policies are affecting UNECE region forest products markets, government and industry policies;
- Discuss forest products markets and policy developments and forecasts;
- Draft a market statement during the session, and
- Comment on the *Forest Products Annual Market Review, 2005-2006*.

INTRODUCTION

1. The annual UNECE Timber Committee's (TC) Market Discussions will be held on 3-4 October 2006 at the Palais des Nations, Geneva. The 1½-day discussions will enable coverage of all market sectors led by market experts and allow adequate discussion time by delegates. The theme of this year's discussions is "China's forest products trade influences on UNECE region markets". A second thread throughout the discussions will be the market effects of public procurement policies in order to link to the 5 October policy forum on "Public procurement policies for wood and paper products and their impacts on sustainable forest management and market developments".

2. In recent years, much of the TC work has analysed the links between forest products markets and government policies, and their effects on sustainable development of forest products markets and sustainable forest management. This year's discussions are again designed to bring that work together and advance the knowledge and understanding of the developments and underlying issues.

3. The discussions will be based on findings from the UNECE/FAO *Forest Products Annual Market Review, 2005-2006*, plus country market statements and forecasts for 2006 and 2007. The Market Review is based on statistics for 2005 provided by the countries of the UNECE region as entered into the UNECE/FAO TIMBER database. Analysis of these statistics and policy and market developments is done by the secretariat with significant support from forest products marketing specialists as well as policy experts. Production of the Market Review is scheduled to produce printed versions in time for distribution to delegates just before the Market Discussions. Delegates are encouraged to check for an advance electronic version on the TC/European Forestry Commission's (EFC) homepage in August 2006 (www.unece.org/trade/timber). Executive summaries of the Market Review in English, French and Russian are planned for electronic availability before the session via the same website, and at the session in printed versions.

4. This document contains four parts:

- A. Timetable and organisation of the market discussions
- B. Preparation of the TC market statement
- C. Inputs to the market discussions
 - a. Countries' market statements
 - b. Countries' forest products market forecasts for 2006 and 2007
 - c. *Forest Products Annual Market Review, 2005-2006*
- D. Activities of UNECE/FAO Team of Specialists on Forest Products Markets and Marketing

A. TIMETABLE AND ORGANISATION OF THE MARKET DISCUSSIONS

5. The annual TC Market Discussions are scheduled on the first and second day of the session, Tuesday 3 October and Wednesday 4 October 2006. The discussions will last 1½ days to enable adequate time for interchange between experts and delegates. Keynote speakers will discuss China's markets and highlight findings from the lead policy chapter in the *Forest Products Market Review, 2005-2006*. Subsequent speakers will cover other market sectors as below.

6. The tentative schedule below will be adjusted according to length of discussions on individual market segments and the availability of time and speakers. A detailed final schedule will be presented at the session.

Tuesday, 3 October

10 00 hours TC Session opens (items 1 – 3 of the Provisional Agenda)

15 00 hours Timber Committee Market Discussions open. The following topics will be included, although perhaps in a different order:

- China's forest products trade influences on UNECE region markets
- Market effects of public procurement policies
- Forest certification and certified forest products market
- Policy developments influencing forest products markets
- Economic developments affecting forest products markets
- Specific market sectors, with links to market policy
 - Value-added wood products, including engineered wood products
 - Wood raw materials
 - Wood energy
 - Sawn softwood
 - Sawn hardwood
 - Tropical timber
 - Panels
 - Paper, paperboard and woodpulp.

18 00 hours End of first day

Wednesday, 4 October

10 00 hours Market Discussions continue with topics above

18 00 hours Market Discussions end

7. Following the broader policy issues introduction, and economic developments, the market discussions will follow the traditional sector-by-sector approach. Market segments will begin by an introductory analysis comparing current developments and short-term forecasts in

the 3 sub-regions, i.e. Eastern Europe, Caucasus and Central Asia (EECCA)¹, Europe and North America. These analyses are based on countries' forecasts for 2006 and 2007 from the Timber Committee Questionnaire and the findings from the *Forest Products Annual Market Review, 2005-2006*. The introductions, made by the secretariat and members of the UNECE/FAO Team of Specialists on Forest Products Markets and Marketing, will be followed by presentations from specialists for each sector. All speakers' PowerPoint presentation handouts will be distributed at the start of the discussions in their original language. After the presentations, the participants will be invited to discuss the trends and developments. Results of the discussions will be incorporated into the TC Market Statement. Afterwards all background information, presentations and the TC Market Statement in a press release will be available on the TC/EFC website.

B. PREPARATION OF THE TC MARKET STATEMENT

8. The annual Market Statement is an official consensus of the TC about forest products market developments, and policies behind those developments during the current year. Based on forecasts submitted by member states, the TC produces forecasts for consumption, production and trade for the forthcoming year. Following the annual Market Discussions, based on the *Forest Products Annual Market Review, 2005-2006*, and with expert analyses of each market sector, plus discussion by delegates, the TC adopts an authoritative market statement at the end of its annual session. This statement is released in the session report, as a press release and on the TC/EFC website.

9. The timetable for preparing and approving the TC Market Statement and press release:

Friday, 6 October

08 30 hours Drafting Committee prepares statement, on the basis of a secretariat draft. The Drafting Committee will be conducted in English, without interpretation.

10 00 hours End of Drafting Committee

10 00 hours Continuation of TC session

15 00 hours The draft statement is submitted for approval by the TC in plenary session. Delegations wishing to have input to the statement should be represented in the morning Drafting Committee, rather than proposing substantive revisions in plenary. Because there is no time for translation of changes to the draft, the revised statement will only be available in English. However there will be simultaneous interpretation in the session.

(Schedule is subject to revision.)

10. As usual, the Drafting Committee will have a secretariat draft of the market statement at its disposal. Secretariat drafting is done on Tuesday and Wednesday evenings, thus drafts will be

¹ The name "Eastern European, Caucasus and Central Asia" is a new UNECE term introduced this year in place of the Commonwealth of Independent States (CIS). It is comprised of the same 12 countries (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Republic of Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan).

available on Wednesday afternoon and Thursday in English, French and Russian. In previous years the following countries have been represented at the Drafting Committee: Austria, Canada, Estonia, Finland, France, Germany, Hungary, Latvia, Lithuania, Netherlands, Poland, Romania, Russian Federation, Sweden, United Kingdom and United States of America. However, every country is welcome to participate.

Tuesday, 10 October

11. Text of statement issued as press release in English along with a short summary of its highlights and tables of sub-regional forecasts for 2006 and 2007. It is also uploaded to the TC/EFC website. The TC Market Statement will also be available after the session in French and Russian with complete sector tables of national forecasts on the TC/EFC website. (Note the bilingual UNECE/FAO *Timber Bulletin*, "Forest Products Markets: Prospects for 200X" was replaced by information available on the website.) Market Discussion speakers' presentations will be uploaded to the website following the session. As the statement will have been formally approved by the TC, it is considered an integral part of the Committee report, although it will be issued separately.

C. INPUTS TO THE MARKET DISCUSSIONS

a. Invitation to prepare country market statements

12. Delegations' written and electronic market statements are imperative to the success of the market discussions as they provide the only means of ensuring that all countries' market developments are announced to the other delegations and the secretariat. Country market statements should be sent to the secretariat by 11 September 2006, by e-mail to info.timber@unece.org, and will be posted on the TC/EFC's website. Guidance for statement content will be sent to delegations and posted on the website. Delegations' attention is drawn to item 5 in the explanatory notes for the Provisional Agenda (ECE/TIM/2006/1).

13. In particular, delegations are reminded to send 120 copies of their written country market statements to the secretariat by **11 September 2006**. If it is not possible to transmit all 120 copies by the deadline, delegations are requested to bring them to Geneva, and give them to the secretariat before the start of the session on 3 October (bureau 435-2, Ms. Cynthia de Castro). Please note that photocopying cannot be done during the session. However the electronic version is essential for the secretariat information and website by the deadline above. Please send to:

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Trade and Timber Division
United Nations Economic Commission for Europe
435-2 Palais des Nations
CH-1211 Geneva 10, Switzerland
Tel. + 41 22 917 2874
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E-mail: info.timber@unece.org

b. Invitation to provide country market forecasts

14. As mentioned above the TC and the EFC place high priority on the collection, analysis and dissemination of statistics and short-term forecasts on production, trade, and consumption of forest products (element 1 of their Integrated Programme of Work). The secretariat feels that the ability to fulfil this important mandate is directly contingent on prompt and complete replies to the questionnaires, as refined and endorsed by member countries.

15. Delegations are reminded that the deadline for replies to the Timber Committee Questionnaire is 11 September 2006 and are requested to ensure adherence to this deadline. It is impossible to prepare the TC statistics and reports in time for the meeting unless all forecasts are received by the deadline. It is acknowledged that the forecasts supplied by national correspondents are estimates and not official statistics. When using these forecasts the secretariat consistently indicates their nature as estimates and notes the date the forecasts were made in order to minimize misunderstanding. All countries' participation is important and appreciated for the success of the discussions and the analysis.

c. Forest Products Annual Market Review, 2005-2006

16. The *Forest Products Annual Market Review, 2005-2006* will be available in electronic format in August 2006, with a printed version planned distributed just before the session. As noted above, its executive summary will also be on the website, and is planned to be available in the meeting room in English, French and Russian.

D. ACTIVITIES OF THE UNECE/FAO TEAM OF SPECIALISTS ON FOREST PRODUCTS MARKETS AND MARKETING

17. The Team will hold its sixth annual meeting just before the TC and overlapping with the Market Discussions to enable participation, on 2-4 October 2006, beginning at 0900 on Monday, 2 October in the Palais des Nations. For updated information see: www.unece.org/trade/timber/mis/tos/specialists.htm
