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**FOOD AND AGRICULTURE
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TIMBER COMMITTEE

EUROPEAN FORESTRY
COMMISSION

Sixty-sixth session
Rome, 21-24 October 2008

Thirty-fourth session
Rome, 21-24 October 2008

Items 7(i) and 7(ii) of the provisional agenda

MARKET DISCUSSIONS

**SUSTAINABLE MARKET AND CLIMATE CHANGE
SUSTAINABLE MARKETS AND ENERGY: FORECASTS BY SECTOR
Forest Products Market Developments in 2008 and Prospects for 2009**

Note by the secretariat

Summary

This document provides the schedule for the annual Timber Committee Market Discussions and the preparations of the annual market statement. The discussions held jointly with the European Forestry Commission are on the theme "Green building's impacts on the forest sector", and will also be linked to the daily themes of the European Forest Week. Production of the annual market statement will need delegations' timely submission of national market statements and forest products forecasts for 2008 and 2009, as described in this document. The document also announces the activities of the UNECE/FAO Team of Specialists on Forest Products Markets and Marketing, e.g. its green building workshop and meeting during the European Forest Week.

Based on the UNECE/FAO *Forest Products Annual Market Review, 2007-2008*, national market reports, forecasts and expert speakers, the Committee and Commission are invited to:

- Discuss how green building, climate change and energy policies are affecting the forest sector in the UNECE region
- Discuss other forest products markets and policy developments and forecasts
- Draft a market statement during the session
- Comment on the *Forest Products Annual Market Review, 2007-2008*.

I. INTRODUCTION

1. Market discussions take place annually during the UNECE Timber Committee session. Joint market discussions are held when the Timber Committee meets with the European Forestry Commission. These discussions form an integral part in the programme of work for 2008 as approved by the Timber Committee at its 65th session (ECE/TIM/2007/9), and part of the Strategic Plan 2008-2013 agreed on during the Special Session of the Timber Committee on the Strategic Review and Plan (ECE/TIM/S/2008/6).

2. The annual UNECE Timber Committee (TC) Market Discussions will be held on 21-22 October 2008 during the European Forest Week at FAO Headquarters in Rome. They will be held jointly with the FAO European Forestry Commission (EFC). The two half-day discussions should appeal to delegates from both the TC and EFC, as each expert speaker will present how their topic relates both to the market end as well as the forest end of the entire forest sector. Each presentation will be introduced by an expert, and be followed by discussion time for delegates.

3. The theme of this year's discussions, "Green building's impacts on the forest sector," will link to the 20 October workshop on "Wood in Green Building." Governments and trade associations are embracing energy-efficient building systems as part of the response to climate change. However, not all of the systems promote wood, and if they do, sometimes some wood is precluded. Hence, the forest sector could find the proliferation of green building policies either a driving force for the sector, or on the contrary, a constraint. This dilemma will be a central theme of the discussions.

4. In addition to the overall theme on green building's impacts, the Market Discussions will carry on the daily themes of the European Forest Week. For example, the theme of the morning plenary session on Tuesday, 21 October is "Forests and climate change", and the daily theme of the Discussions will be "Sustainable markets and climate change." The topics of the Discussions will be aligned to the daily theme; for example, the results of the green building workshop will be presented on this day. As another example, certified forest products markets, which are linked to sustainable forest management and green building systems, will be discussed in the context of climate change. A main driver of certified forest products markets is government procurement policies, and delegations will be requested to report on developments of their policies.

5. The theme of the morning plenary session on Wednesday, 22 October is "Forests and energy", and the Market Discussions will be aligned with the theme of "Sustainable markets and energy: Forecasts by sector." In this session, the findings of the wood energy analysis published in the UNECE/FAO *Forest Products Annual Market Review* will be presented as a basis for discussion. The other market sectors developments and forecasts will link to the daily and overall themes to the extent possible.

6. Much of the TC and EFC work has analyzed the links between forest products markets, forestry and government policies, and their effects on sustainable development of the forest sector. This year's discussions are again designed to bring that work together and advance the knowledge and understanding of the developments and underlying issues.

7. The discussions will be based on findings from the *Forest Products Annual Market Review, 2007-2008*, plus country market statements and forecasts for 2008 and 2009. The *Market*

Review is based on statistics for 2007 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 so that a printed version is available in time for distribution to delegates just before the Market Discussions.

8. Delegates are encouraged to check for an advance electronic version on the TC/EFC homepage in August 2008 (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.

9. In addition to this introduction, this document contains:

- (a) Timetable and organization of the market discussions
- (b) Preparation of the joint TC and EFC market statement
- (c) Inputs to the Market Discussions
 - (i) Countries' market statements
 - (ii) Countries' forest products market forecasts for 2008 and 2009
 - (iii) *Forest Products Annual Market Review, 2007-2008*
- (d) Activities of UNECE/FAO Team of Specialists on Forest Products Markets and Marketing.

II. TIMETABLE AND ORGANIZATION OF THE MARKET DISCUSSIONS

10. The 2008 joint TC and EFC Market Discussions are scheduled in the afternoons of Tuesday 21 October and Wednesday 22 October 2008. The two half-day discussions will enable presentation of developments and issues in forest products markets, and allow adequate time for interchange between experts and delegates. Keynote speakers will discuss policy and market developments. Subsequent speakers will cover other market sectors.

11. The tentative schedule below will be adjusted according to length of discussions on individual market segments and the availability of time and speakers. The current programme of the Market Discussions is posted on the TC/EFC website at: <http://www.unece.org/trade/timber/docs/tc-sessions/tc-66/tc-66.htm>. The detailed final schedule will be presented at the session.

Tuesday, 21 October

- 1500 hours Joint TC and EFC Market Discussions open. The topics will link to the overall theme of green building, as well as the daily theme of "forests and climate change" and include:
- (a) Policy developments influencing forest products markets
 - (b) Green building policies influence on the forest sector
 - (c) Forest certification and certified forest products markets, including public procurement policies

- (d) Wood raw material forecasts, markets and wood mobilization

1800 hours End of first day

Wednesday, 22 October

1500 hours Joint TC and EFC Market Discussions continue on “Sustainable markets and energy: Forecasts by sector.” The topics will link to the overall theme of green building, as well as the daily theme of “forests and energy” and include:

- (e) Wood energy markets and policies
- (f) Sawn softwood market developments and forecasts
- (g) Sawn hardwood market developments and forecasts
- (h) Panel market developments and forecasts
- (i) Pulp and paper developments and forecasts
- (j) Value-added wood products markets

1800 hours Market Discussions end.

(The proposed schedule is subject to revision.)

12. Following the introductory presentations on the broader policy issues and market developments, the Discussions will focus on specific market sectors’ trends and forecasts. Wherever possible, the market segments will compare current developments and short-term forecasts in the three subregions, i.e. Europe, Commonwealth of Independent States (CIS) and North America. These analyses are based on countries’ forecasts for 2008 and 2009 from the Timber Committee Questionnaire and the findings from the *Forest Products Annual Market Review, 2007-2008*. 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 joint TC and EFC Market Statement. Afterwards all background information, forecasts, presentations and the Market Statement in a press release will be available on the TC/EFC website.

III. PREPARATION OF THE TIMBER COMMITTEE AND EUROPEAN FORESTRY COMMISSION MARKET STATEMENT

13. The Market Statement is an official consensus of the TC and EFC about forest products market developments and policies behind those developments. Based on forecasts submitted by Member States of the UNECE region, the TC produces forecasts for consumption, production and trade for the forthcoming year. As in 2006 and 2007, the softwood forecasts will be coordinated with the International Softwood Conference (which will meet the preceding week in Helsinki). Following the annual Market Discussions, based on the *Forest Products Annual Market Review, 2007-2008*, and with expert analyses of each market sector plus discussions by delegates, the TC adopts an authoritative market statement at the end of its annual session. This statement is endorsed in the session report and issued as a press release. It is also available on the TC/EFC website.

14. The timetable for preparing and approving the official joint TC and EFC Market Statement and its press release:

Thursday, 23 October

1800 hours Drafting Committee prepares statement, based on a secretariat draft distributed the previous day. The Drafting Committee will be conducted in English, without interpretation. The room in FAO Headquarters will be announced during the European Forest Week.

1930 hours End of Drafting Committee

Friday, 24 October

0830 hours European Forest Week continues in plenary session on “Working together for forests”.

1300 hours TC/EFC joint session continues

The market statement is submitted for approval by the TC and EFC during the adoption of the session report. If possible, delegations wishing to have input to the statement should be represented in the Drafting Committee meeting on Thursday evening, rather than proposing substantive revisions in plenary. Because there is no time for translation of changes to the draft, any modifications from the Drafting Committee will be available in English only. However, there will be simultaneous interpretation in the session.

1500 hours TC/EFC joint session ends

(The proposed schedule is subject to revision.)

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

Tuesday, 28 October

16. The text of the Statement is issued as a press release in English, along with a summary of its highlights and tables of subregional forecasts for 2008 and 2009. It is also uploaded to the TC/EFC website. The TC and EFC 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. Market Discussion speakers' presentations will be uploaded to the website following the session. As the statement will have been formally approved by the TC and EFC, it is considered an integral part of their joint session report, although it will be issued separately.

IV. INPUTS TO THE MARKET DISCUSSIONS

17. The quality of the TC and EFC outputs are directly determined by the quality, timeliness and comprehensiveness of Member States' contributions. For these joint Market Discussions, the outputs include the discussions, the forecasts and the market statement. It is therefore expected that all UNECE member countries submit both market statement and quantified forecasts, according to the procedures described below, whether or not they attend the session. The secretariat can provide further background on request. A guide to forecasting developed at the request of the FAO/UNECE Working Party on Forest Economics and Statistics is sent with the Timber Committee Questionnaire to facilitate forecasting.

18. Delegations are reminded that the intention is to provide the best possible forecasts for the short-term future, based on available information and expert judgment. Many delegations choose to discuss their reports and forecasts with stakeholders at the national level. Forecasts are estimates as of a specific point in time, and as such they cannot have the same quality standards as official statistics for the past.

19. All forecasts are clearly marked as estimates on a specific date. The secretariat urges all delegations preparing forecasts to use their best judgment to provide realistic estimates, especially for the forthcoming year. A lack of forecasting, e.g. estimating "no change" for the forthcoming year, nullifies the exercise and limits the success of the Market Discussions. Lack of forecasting is unfair to those delegations that provide the requested forecasts and that expect to share them with other delegations.

A. Invitation to prepare country market statements

20. 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 delegations from the TC and the EFC are requested to collaborate and submit one statement per country. Country market statements should be sent to the secretariat by **19 September 2008**, by e-mail to info.timber@unece.org, and will be posted on the TC/EFC website. Guidance for statement content will be sent to heads of delegations in August and posted on the TC/EFC website. Delegations' attention is drawn to item 7 in the explanatory notes for the Provisional Agenda (ECE/TIM/2008/1/Rev.1, FO: EFC/08/1) which covers the Market Discussions.

21. In a change from previous years, country market statements need only be submitted in electronic format. As delegations stated in 2007 that printed copies of country market statements were no longer needed or desired, it is imperative that all countries submit their statements on time to facilitate other delegations and the secretariat's preparations. Punctual submission of market statements facilitates greatly the secretariat work in uploading them, as well as eliminating the burden of sending reminders to non-respondents.

B. Invitation to provide country market forecasts

22. 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 fulfill this important mandate is directly contingent on prompt and complete replies to the questionnaires, as refined and endorsed by member countries.

23. Delegations are reminded that the deadline for replies to the TC Questionnaire is **19 September 2008**, and are requested to ensure adherence to this deadline. As with the country market statements, TC and EFC delegations are encouraged to collaborate on forecasts. It is impossible to prepare the TC statistics and reports in time for the meeting unless all forecasts are received by the deadline. Once again, supplied by national correspondents are estimates and not official statistics, and this is consistently indicated with 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, 2007-2008

24. The *Forest Products Annual Market Review 2007-2008* will be available in electronic format in August 2008, with a printed version planned to be distributed just before the session. As noted above, its executive summary will also be on the website, and should be available in the meeting room in English, French and Russian.

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

25. At its last meeting in 2007, the Team called for more technical content in their meetings. Most of the Team's meetings have been conducted in conjunction with the TC Market Discussions. This year, the day before the Market Discussions, the Team will be conducting a workshop on "Wood in Green Building", which will be additional technical content at its meeting. More information on the green building workshop is available at: <http://www.unece.org/trade/timber/workshops/2008/Green%20Building-Rome/welcome.htm>.

26. All UNECE/FAO Teams of Specialists are undergoing renewal for the TC and EFC Strategic Plan period of 2008-2013. Thus, although this Team has existed since 2001, it will meet for the first time with its new mandate and newly nominated members. While the Team's meeting encompasses the green building workshop and the TC/EFC Market Discussions, there will be a short business meeting also during the European Forest Week at FAO Headquarters in Rome. The date and time of the meeting will be confirmed by e-mail to the Team's broader mailing list and will be posted along with the agenda under "meetings" on their website: www.unece.org/trade/timber/mis/tos/specialists.htm.

27. Team members are most welcome to all events of the European Forest Week, and are encouraged to participate in the Drafting Committee on the morning of 24 October. Events of the European Forest Week are posted at www.europeanforestweek.org.
