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ECONOMIC COMMISSION FOR EUROPE
Timber Committee

FOOD AND AGRICULTURE ORGANIZATION
European Forestry Commission

JOINT FAO/ECE WORKING PARTY ON FOREST ECONOMICS AND STATISTICS
Twenty-fifth session

to be held in the Palais des Nations, Geneva
24 – 26 February 2003, starting at 10.00 hrs on Monday, 24 February

Guidance of Work Area 1. Markets and statistics:

Scope, format and timing of outputs

The present document contains the overview of the activities in Work Area 1, and highlights issues to be addressed at the current Working Party session.

The topics for the Working Party discussion include:

- Timing and scope of major outputs on markets;
- Organisation of annual timber committee market discussion;
- Price statistics;
- Market information system;
- Team of specialists on forest products markets and marketing ;
- Validation of the timber database

The Joint Working Party is invited to provide guidance for future activities in Work Area 1 in the light of the current developments, and to make recommendations on the future work of the FRA team of specialists.

A. Introduction

1. Under this agenda item, the Working Party is expected to provide guidance for activities under Work Area 1: Markets and Statistics. This implies:
 - review of all activities under this work area, and approval of the work programme and mandates of any teams of specialists;
 - discussion of any items under this work area which are referred to the Working Party, notably by its parent bodies, and any other items which may be considered important.
2. In order to make the best use of limited meeting time, it is proposed that the Working Party's discussions be centred on a theme, and be articulated around a limited number of major questions. In addition to the discussion, the Working Party is invited to review and formally approve the description of the activities under the work area (annex 1)
3. The theme chosen under Work Area 1 is: **Scope format and timing of the markets and statistics outputs.**
4. For reasons of time, and length of documents, background information and proposals for the discussions will be issued in supplementary documents which will be sent to participants by e-mail and posted on the website before the meeting.

B. Timing and Scope of Major Outputs on Markets

5. There is a tight connection as regards subject matter and timing between the core activities and outputs of this work area:
 - data collection, validation and dissemination
 - analysis and publications (notably the *Forest Products Annual Market Review* and the publication of the Committee's market statement)
 - the preparation and holding of the Committee's annual market discussion
6. The present system, which has been in place for several years has both advantages and disadvantages. There are numerous constraints, of timing and resources. A paper is being prepared setting out the advantages and disadvantages of different options for the scope, timing and format of the various outputs in this complex process.
7. The topics which will be raised will include:
 - Timing of the *Market Review*, statistics issue of the *Timber Bulletin* and the post-Committee forecasting issue of the *Timber Bulletin* (trade-off between topicality and completeness of data and analysis)

- Scope of the *Market Review* (relative importance of data and analysis, importance of special chapters)
- Link between *Market Review* and the Timber Committee market discussions, the national market reports submitted for the Timber Committee session and the post-Committee *Timber Bulletin*
- Schedule for publishing three issues of the *Timber Bulletin* (the *Market Review*, statistics and post-Committee forecasting issue), both on paper and on the Timber Committee website.

8. *The Working Party is invited to review the arrangements for producing market related outputs, on the basis of the paper to be circulated, and make recommendations.*

C. Organisation of Annual Timber Committee Market Discussion

9. At the strategic review it was decided that the market discussion should be expanded to 1 ½ days. A modified format was developed and applied in 2001 and 2002. Although the Timber Committee bureau is responsible for the organisation of the session, it appears appropriate for the Working Party, which is responsible for guiding this work area, to discuss the experience with the revised format, as insufficient time is available for the Committee itself to have such detailed discussion. It is suggested that Working Party delegates contact the experts (from government or market actors) who represented their country at recent Timber Committee sessions to articulate a national consensus on this topic. This question is closely linked with the previous one concerning the market outputs.

10. Among the questions which should be discussed are:

- Is there the right balance between expert presentation and open discussion?
- How important is the numerical analysis (worksheets, presentation of forecasts)?
- Do the national market statements (many of very high quality) get used in the best way?
- Is the format of the Committee market statement appropriate? Could the process for preparing it be improved (secretariat draft prepared during the session, drafting committee, subsequent approval by full committee and publication)
- Is the scope and organisation of the discussions balanced? What should be the place of the economic overview, markets for certified products, wood energy, engineered wood products?

11. *The Working Party is invited to review the organization of the Committee's market discussion, and make suggestions for improvement. Any suggestions would be transmitted to the Committee bureau for possible implementation in 2003 or in later years.*

D. Price Statistics

12. At its session in 2001, the Working Party made a number of recommendations for improving the situation with regard to price statistics (see TIM/EFC/WP.2/2002/6, paragraph 22). However, despite the acknowledged importance of the question and the fact that significant improvements in the data provided are possible, the secretariat has not made progress on this over the last year. While some improvements in the coverage of the price data may emerge from the work on the Market Information System (see below), this is likely to be limited. The secretariat considers that with the resources available to it at present, it is capable of maintaining a price reporting system, but not of research and networking effort needed to make the improvement desired by the Working Party. The options therefore appear to be:

- Accept the present limited coverage (periodic paper and website publication of an incomplete set of price series, which is nevertheless frequently requested)
- That a country or institution provide an expert (possibly a junior expert) to work with the secretariat to improve the quality and coverage of the price series, essentially through a website and literature search and mobilising the secretariat's and working party's contact network. About a year would probably be necessary, although this need not be full time. Six months, with two periods of 1 to 2 months total) in Geneva would probably be sufficient.

13. The Working Party is invited to consider criteria for choice of series, based on clear vision of major user constituencies (market participants, econometric analysts, policy advisers, others?), and their needs (international comparability, comparability over time, topicality, product coverage, detail?), compared to a realistic assessment of what is possible.

14. The Working Party is invited to make recommendations as to future price work, based on the options above. Delegations are invited to consider in advance of the session whether their country or institution is in a position to make available an expert as mentioned in the second option. It is also invited to discuss the modalities of improving the price data set, based on the questions above.

E. Market Information System

15. The website has become the prime means of disseminating the information generated by the markets and statistics work, which includes not only the publications, but the TIMBER and other data sets, presentations to meetings, country statements, certified forest products, etc. At present, this information is available under the heading "Market Information Service"¹, but is not as comprehensive and user-friendly as it could be. The project leader for the market side of

¹ www.unece.org/trade/timber/mis/mis.htm

Work Area 1 is at present working, with support from Finland, to establish a Market Information System (needs assessment, system development and strategic planning). A presentation will be made to the Working Party on progress made, and plans for the future.

16. *The Working Party is invited to review and comment on the MIS Market Information System, and suggest further improvements and resources to accomplish those improvements.*

F. UNECE and FAO Team of Specialists on Forest Products Markets and Marketing

17. The team of specialists (terms of reference in annex 2), which emerged from the last strategic review, held its first meeting in October 2001, and its second in September 2002, in connection with the Timber Committee market discussions. The current mandate terminates in October 2003 and a proposal for revised terms of reference will be submitted to the Working Party. A report will be submitted by the team leader to the Working Party describing its achievements over that period and its success in carrying out its mandate.

18. *The Working Party is invited to review the Team's activities and achievements and decide whether the mandate should be terminated as foreseen, or prolonged according to the Team's proposal or a revision to that proposal. and, if so, whether changes to the mandate would be necessary.*

G. Validation of the Timber Database

19. The TIMBER database containing long-term series of production and trade statistics from 1964 on, is based on the data collected by the Joint Forest Sector Questionnaire and is available on the website. It is the basis for data for UNECE countries in the FAOSTAT global database, all the UNECE/FAO work on markets, as well as the demand side of the EFSOS work, and an essential foundation for the policy analysis in Work Area 5. It is also an essential tool for many analysts in government and the private sector. It is the result of many decades of work by the secretariat and national correspondents.

20. Despite the efforts of the secretariat and correspondents the database contains some errors which can be detected by fairly simple logical checks (gaps, internal consistency, no excessive year-on-year changes, no negative apparent consumption, "reasonable" trade unit values, etc.). Many thousands of such errors have been detected (in a database of about 250,000 records), some of which are minor, but others major. While it is relatively straightforward to identify the errors, to correct them often involves analysis and/or further investigation by the national correspondent.

21. In 2001, the Geneva secretariat sent for checking the contents of the data set to national correspondents of non EU-EFTA countries². However, replies were only received from two countries. One reason for this poor response rate was probably that the data set was presented without a list of anomalies detected by the logical checks. Other possible reasons were a lack of awareness by correspondents of the importance of this detailed task as well as a shortage of resources .

22. In view of the importance of having a comprehensive and accurate database, the secretariat proposes to circulate to national correspondents of non EU-EFTA countries the data set for their country with an indication of where major errors are situated, in as user-friendly form as possible, with a request to provide a correct data set for inclusion in the TIMBER database. It is hoped that Eurostat will be able to undertake a similar exercise for EU-EFTA countries.

23. One method which has proved helpful in the past is to hold workshops of national correspondents to exchange experience and discuss problems with the secretariat neighbouring countries. Correspondents' meetings were held in Geneva in the past, but it became apparent that many countries with the most acute problems were unable to attend without financial support. The secretariat is prepared to organise a meeting of correspondents from countries in central and eastern Europe and the CIS, if resources were to be made available (meeting place for 2-3 days, travel to the place for correspondents from 10-20 countries). A detailed proposal for such a workshop, covering all work areas, not only work area 1 will be presented to the Working Party.

24. The Working Party delegates are invited to ensure that their national correspondents are aware of the importance of this fundamental task, and, if necessary, have sufficient resources to carry it out. They are also invited to ensure that national correspondents are aware of their tasks and responsibilities, have sufficient resources and that there is a continuity of arrangements over time (a major cause of errors in the database seems to be changes of correspondents who take different approaches to reporting).

25. Delegations are also invited to consider whether their country or institution would be able to provide resources for a workshop of national correspondents in CEEC and CIS countries with the aim of improving reporting and data quality.

H. Conclusions

26. The Working Party is invited to:

- Discuss the questions set out above, making recommendations as necessary; and***
- Review, modify if necessary and approve the detailed plan for activities in Work Area 1 set out in annex 1.***

²Data for EU-EFTA countries were sent for validation to Eurostat.

Programme element	Description	Outputs	Duration
Work area 1: MARKETS AND STATISTICS			
1.1 Statistics on production, trade and prices of forest products	Collect, through national correspondents, statistics on production, trade and prices of forest products and disseminate them. Improve statistics quality and coverage through co-ordination in the Intersecretariat Working Group on Forest Sector Statistics (ECE, FAO, ITTO, Eurostat). Collect secondary data through trade journals and trade associations as necessary to complete analyses described below.	(annual): <ul style="list-style-type: none"> • Timber Bulletin (Issues 1, 2, 5) • TIMBER database and FAOSTAT database • Data available on websites 	Continuing
1.2 Analysis of markets for forest products	Analyse markets for forest products and publish annual review. Publish forecasts annually of short-term market trends with analysis of current developments following annual market discussions at Timber Committee. Publish additional market analyses as necessary.	<ul style="list-style-type: none"> • <i>Timber Bulletin</i>, Issue 3, "Forest Products Annual Market Review" • Annual market discussions • <i>Timber Bulletin</i>, Issue 6, "Forest Products Markets in (present year) and prospects for (forthcoming year)" <ul style="list-style-type: none"> • Periodic market reports in <i>Geneva Timber and Forest Discussion Papers</i> and special chapters in the "Forest Products Annual Market Review" 	Continuing
1.3 Capacity building for forest products marketing in countries in transition	Conduct workshops on marketing of forest products (including non-wood forest products and services) normally in central and eastern European, Mediterranean and CIS countries, in cooperation with FAO, other organizations, country hosts and donors	Workshops in countries to be determined and dates to be determined by availability of funding.	to 2004
1.4 Monitoring markets for certified forest products	Monitor and disseminate objective and current information on markets for forest products certified as being from sustainably managed forests, primarily on the basis of reports from the network of the officially nominated country correspondents.	<ul style="list-style-type: none"> • Discussion of markets for certified forest products at Timber Committee market discussions • Chapter in "Forest Products Annual Market Review" • Website containing recent information from a variety of sources and links to further information. • Periodic <i>Geneva Timber and Forest Discussion Papers</i> with updates on these markets and the status of forest certification in the ECE region 	to 2004
1.5 Statistics on forest fires	Collect and disseminate statistics through national correspondents on forest fires.	<ul style="list-style-type: none"> • Database • <i>Timber Bulletin</i>, issue 4, "Forest F Statistics" 	Continuing
1.6 Information network and teams of specialists	Support and advise activities under elements 1.1 to 1.5 by teams of specialists and networks of national experts and correspondents.	<ul style="list-style-type: none"> • Studies in support of above elements • Meetings and activities of teams of specialists (see mandate) • Periodic meetings of national statistical correspondents 	to 2004

TEAM OF SPECIALISTS ON FOREST PRODUCTS MARKETS AND MARKETING <i>Reference to programme of work: 1.6</i>	
A. TERMS OF REFERENCE	
ESTABLISHED BY: UNECE Timber Committee (TC) and FAO European Forestry Commission (EFC), Joint session 2000	
References:	ECE/TIM/95 Programme element 1.6
MANDATE:	To contribute to the sustainable development of forest products markets in the ECE region. <ol style="list-style-type: none"> 1. Advise the TC and EFC on forest products market developments. 2. Provide a forum for discussion of forest products marketing in the ECE region. 3. Undertake studies on marketing issues, emerging markets, market developments, etc. 4. Provide assistance in marketing to central and eastern European countries through information collection, analysis and dissemination, including workshops. 5. Contribute to the Committee's annual market discussions. 6. Advise the TC and EFC on their market-related publications, specifically these issues of the <i>Timber Bulletin</i>: "Forest Products Annual Market Review", "Forest Products Markets in (present year) and Prospects for (next year)", "Forest Products Prices", "Forest Products Trade Flow Data" and "Forest Products Statistics". 7. Contribute information to the TC and EFC on markets for certified forest products for the annual discussion of this sector, the chapter in the <i>Forest Products Annual Market Review</i> and the <i>Status of Forest Certification in the ECE Region</i>. 8. Analyse market trends and forecasts for the TC and EFC forest sector outlook studies. 9. Advise the secretariat on the ECE/FAO Forest Products Marketing Programme, including dissemination of information through the Market Information Service on the Committee's website.
DURATION:	Until October 2003.
MOST RECENT REVIEW:	Office holders of the TC and EFC on 8 May 2001.
REPORTING:	FAO/ECE Working Party on Forest Economics and Statistics.
EXPECTED OUTPUT IN THE NEXT 18 MONTHS: Conduct programme of work, participate in TC market discussions.	