

Distr.
General
TIM/EFC/WP.2/2004/3
19 February 2004
Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE
Timber Committee

FOOD AND AGRICULTURE ORGANIZATION
European Forestry Commission

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

to be held in the Palais des Nations, Geneva
15 – 17 March 2004, starting at 10.00 hrs on Monday, 15 March

Item 3 of the Provisional Agenda
Guidance of Work Area 1, Markets and Statistics

This document presents topics for discussion and overviews follow up of decisions of the Working Party in 2003 on the activities in Work Area 1, and highlights new issues to be addressed at the Working Party session in 2004.

The topics for the Working Party discussion include:

- Policy relevance of market related discussion
- New arrangements for market analysis outputs
- Arrangements for disseminating forest products prices information
- Country specific information on the websites
- Priorities and resources
- Mandate of team of specialists

In light of current developments described in this note and guided by the questions at its end, the Working Party is invited to provide guidance on current and future activities in Work Area 1. It is invited to make recommendations on the future work of the UNECE/FAO Team of Specialists on Forest Products Markets and Marketing.

Introduction

1. Under this agenda item, the FAO/UNECE Working Party on Forest Economics and Statistics is expected to provide guidance for activities under Work Area 1: Markets and Statistics. This implies:

- Review of all activities under this Work Area, including those of the UNECE/FAO Team of Specialists on Forest Products Markets and Marketing;
- Approval of its work programme (Annex 1) and recommendation for approval of the mandate of the Team of Specialists (Annex 2);
- Discussion of any item under this Work Area which are referred to the Working Party, notably by its parent bodies, the UNECE Timber Committee (TC) and the FAO European Forestry Commission (EFC), and any other items which may be considered important.

2. The results of the Working Party's discussions will be important input for the Strategic Review of the Integrated Programme of Work of the UNECE Timber Committee and the FAO European Forestry Commission. In fact, decisions taken by the Working Party could be affected by the outcomes of the forthcoming Strategic Review later in 2004.

Questions for consideration and discussion

3. The Working Party is invited to discuss the issues relevant to Work Area 1 set out below. These responses by the Working Party will be taken into account by the Strategic Review (see TIM/EFC/WP.2/2004/6):

- Do the present outputs and activities, notably the FPAMA and the Timber Committee discussions stimulate and support a useful and **policy relevant discussion** on market and trade issues? If not should any changes be instituted?
- New arrangements for the *Forest Products Annual Market Analysis* (FPAMA) were instituted in 2003/4¹. Should these arrangements be repeated in 2004/5? If not, what should be changed?
- Is the current proposal for collection and dissemination of **forest products prices information**, which will be demonstrated to delegates, based essentially on the website for dissemination, a reasonable solution to the issue?
- How should **country specific information** be presented on the TC/EFC and FAO websites with maximum synergies?

¹ Draft available on the website before the TC Market Discussions, and its final version incorporating forecast analysis available electronically in January, and in print in March in English, with French and Russian translations to be further delayed less chapters, less analysis, less statistics in hardcopy, but more statistical tables in the electronic supplement

- Given constraints on **resources**, which of the outputs need to be given priority and which ones may be stopped? Which ones should be only published electronically (see discussion on publications in TIM/EFC/WP.2/2004/2)? Could your country loan expertise to the Timber Branch in 2004?
- Does the proposed mandate for the UNECE/FAO **Team of Specialists** on Forest Products Markets and Marketing (Annex 2) reflect the strategic priorities?

Situation with respect to specific issues raised by Working Party at its session in 2003

4. In 2003, the Working Party made a number of specific recommendations on various issues in Work Area 1. These issues are listed, alongside the action taken in Annex 4.

Conclusion

5. *The Working Party is invited to review, modify if necessary and approve the detailed plan for activities in Work Area 1 set out in Annex 1.*

Annex 1
Work Area 1: Markets and Statistics
From the UNECE Timber Committee and FAO European Forestry Commission
Integrated Programme of Work, 2004-2008

Programme element	Description	Outputs	Duration
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"> • <i>Timber Bulletin</i> (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 market analysis. 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 Analysis" Annual market discussions • <i>Timber Bulletin</i>, Issue 6, "Forest Products Markets Prospects" • Periodic market reports in <i>Geneva Timber and Forest Discussion Papers</i> and special chapters in the "Forest Products Annual Market Analysis" 	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 2008

Annex 1
Work Area 1: Markets and Statistics
From the UNECE Timber Committee and FAO European Forestry Commission
Integrated Programme of Work, 2004-2008

(continued)

Programme element	Description	Outputs	Duration
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 Analysis” • Website containing recent information from a variety of sources and links to further information • Periodic Geneva Timber and Forest Discussion Papers with updates on these markets and the status of forest certification in the ECE region 	to 2008
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 Fire 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 2008

Annex 2
Proposed mandate extension² of

TEAM OF SPECIALISTS ON FOREST PRODUCTS MARKETS AND MARKETING

TERMS OF REFERENCE

ESTABLISHED BY: UNECE Timber Committee (TC) and FAO European Forestry Commission (EFC).

MANDATE: To contribute to the sustainable development of forest products markets in the UNECE region, the TC and the EFC establish this team to:

1. Provide a forum for discussion of forest products marketing in the UNECE region. In particular, contribute to the Committee's annual market discussions and thereby advise the TC and EFC on forest products market developments.
2. Advise on implementation of Work, Area 1: Markets and Statistics of the Integrated Programme of Work of the TC and EFC, focusing on its products and publications and undertaking studies as appropriate.
3. Provide assistance in marketing in the UNECE region, especially to central and eastern European countries, through information collection, analysis and dissemination, including workshops.

DURATION: Until October 2008.

APPROVED BY: Office holders of the TC and EFC in May 2004.

GUIDED BY: FAO/ECE Working Party on Forest Economics and Statistics (WPFES).

REPORTING TO: Annually to the WPFES session.

EXPECTED OUTPUT IN THE NEXT 18 MONTHS:

1. Participate in annual TC Market Discussions and other areas of the Forest Products Marketing Programme.
2. Via a survey, review and advise the TC and EFC on their market-related publications and products, specifically these issues of the *Timber Bulletin*: "Forest Products Annual Market Analysis", "Forest Products Markets Prospects", "Forest Products Prices", "Forest Products Trade Flow Data" and "Forest Products Statistics" and the website.
3. Based on a literature review, and outcome of a discussion at the TC Market Discussions in October 2003, undertake a study on possible effects on forest products markets of measures to ensure forest law enforcement and governance.

² This proposal would have to be modified to fit with any general change in the format of teams' terms of references (if agreed by the Strategic Review)

Annex 3
Timber Bulletin status as of January 2004

No.	Title	Language	2003 (Vol. 56) dates covered	Status of Vol. 56 as of 1/04	Last vol. in hardcopy as of 1/04
1	Forest Products Prices	E/F	2000-2002	Cancelled	Vol. 53
2	Forest Products Statistics	E/F	1998-2002	Provisional tables on website, final in preparation	Vol. 54
3	Forest Products Annual Market Analysis	E, F, R	2002-2004	On website, final submitted for publication	Vol. 55
4	Forest Fire Statistics	E/F	2000-2002	In preparation, final tables on the website by 1 March	Vol. 55
5	Forest Products Trade Flow	E/F	2000-2001	Tables on website, publication cancelled	Vol. 55
6	Forest Products Markets: Prospects for 2004	E/F, R	2002-2004	On website, submitted for publication	Vol. 55

Annex 4
Situation with respect to issues raised by Working Party in 2003

Change in scope and timing of major outputs

In 2003, the Working Party recommended:	Status as of February 2004:
<ul style="list-style-type: none"> • Policy issues should be linked to market aspects and covered appropriately throughout Work Area 1; 	<ul style="list-style-type: none"> • Policy issues were considered consistently and covered as appropriate;
<ul style="list-style-type: none"> • Inclusion of a separate publication or special chapter on an important policy-related issue, e.g. in 2003, on wood energy; 	<ul style="list-style-type: none"> • A special chapter on important policy-related issues was included in the Forest Products Annual Market Analysis, 2002-2004; Wood energy was discussed at a policy forum.
<ul style="list-style-type: none"> • Reducing the length of the current forest products analyses; 	<ul style="list-style-type: none"> • The Forest Products Annual Market Analysis, 2002-2004 was shorter in page length;
<ul style="list-style-type: none"> • Merging the "Forest Products Annual Market Review" and the post-Timber Committee forecasting Bulletin into one "Forest Products Markets Analysis, 2002-2004"; 	<ul style="list-style-type: none"> • The Forest Products Annual Market Analysis, 2002-2004 included information from the Timber Committee Market Discussions. However the post-Timber Committee, Forest Products Markets: Prospects for 2004, was still submitted for printing in December 2003;
<ul style="list-style-type: none"> • Continue producing a market analysis in August, perhaps in draft form, as the basis of the Timber Committee Market Discussions; 	<ul style="list-style-type: none"> • A draft market analysis was uploaded to the TC/EFC website in August
<ul style="list-style-type: none"> • Disseminate outputs as soon as possible via the Timber Committee website. Notify users via listserver and eventually an automated "webminder". 	<ul style="list-style-type: none"> • Outputs were uploaded to the TC/EFC website when completed, and users were notified through direct e-mail announcements and listservers. The site does not yet have a webminder.

Organisation of the annual Timber Committee Market Discussions

In 2003, the Working Party recommended:	Status as of February 2004:
<ul style="list-style-type: none"> • Maintaining the current 1½ days devoted to market sector discussions to enable adequate discussion time; 	<ul style="list-style-type: none"> • The 2003 discussions were 1½ days, preceded by a half-day policy forum on "Forests, wood and energy". However in 2004, exceptionally, because of the joint session of the TC and EFC, the market discussions will probably be reduced to one day;
<ul style="list-style-type: none"> • Continuing to collect, analyse, discuss and disseminate market forecasts, a key output; 	<ul style="list-style-type: none"> • 32 countries submitted responses to the Timber Committee (forecasting) Questionnaire;
<ul style="list-style-type: none"> • Correlating closer the country market statements and the discussions; 	<ul style="list-style-type: none"> • As before, sector introductions by the secretariat and members of the Team of Specialists attempted to incorporate relevant information from the statements; however, they were not frequently referred to in discussion.

Organisation of the annual Timber Committee Market Discussions (continued)

In 2003, the Working Party recommended:	Status as of February 2004:
<ul style="list-style-type: none"> • Bringing in more industry representation; 	<ul style="list-style-type: none"> • There were over 100 participants at the TC Market Discussions, this was not significantly different from previous years, and probably had the same proportion of industry representation (about a third);
<ul style="list-style-type: none"> • Including policy dimensions and requesting countries to report on these in their country market statements; 	<ul style="list-style-type: none"> • Countries were specifically requested to include policy dimensions into their country market statements. However the results were mixed, with some countries succeeding in complying with the new reporting format, and others, including some major countries in the region, ignoring it;
<ul style="list-style-type: none"> • Maintaining current market sectors in the discussions; 	<ul style="list-style-type: none"> • The same market sectors were included in the 2003 discussions, however that will not be possible in 2004 with a shortened schedule of only one day.
<ul style="list-style-type: none"> • Asking countries to comment on government procurement policies as a market driver for certified forest products. 	<ul style="list-style-type: none"> • Countries were asked to comment in their written market statements on government procurement policies as a market driver for certified forest products, but few did so.

Price statistics

In 2003, the Working Party recommended:	Status as of February 2004:
<ul style="list-style-type: none"> • That the secretariat update and disseminate timber price statistics; 	<ul style="list-style-type: none"> • Price statistics were updated for use in market analyses and disseminated as synthesized in the Forest Products Annual Market Analysis. In December 2003 the secretariat engaged a consultant to upload all updated series to the TC/EFC website. The Working Party will be briefed on the status of the project during the session;
<ul style="list-style-type: none"> • 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. The Working Party suggested that EFI seek funding for the project. 	<ul style="list-style-type: none"> • The “Timber Price Information Collection and Dissemination” proposal has not been funded yet. The European Forest Institute (EFI) requested funding through Eurostat and is awaiting a response.
<ul style="list-style-type: none"> • The secretariat committed itself to maintaining and updating on a regular basis the price series, provided a satisfactory list of series is produced. 	<ul style="list-style-type: none"> • The secretariat has not maintained price series with the exception of those in “a”.

Market Information System

In 2003, the Working Party recommended:	Status as of February 2004:
<ul style="list-style-type: none"> • Implementing the MIS to the extent resources allow, and where best applicable, for example in managing the project, but not its technical implementation; 	<ul style="list-style-type: none"> • Due to lack of resources and low priority, and after consultation between ECE/FAO and FAO HQ, the MIS has not been pursued.
<ul style="list-style-type: none"> • Working together with FAO Forestry Department to bring out each site’s advantages and avoiding any duplication; 	
<ul style="list-style-type: none"> • 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; 	
<ul style="list-style-type: none"> • Continuing to improve dissemination via an interactive system of existing analytical and statistical information; 	
<ul style="list-style-type: none"> • Focusing on the Timber Committee’s comparative advantages, e.g., market forecasts, early available analytical and statistical information. 	

UNECE/FAO Team of Specialists on Forest Products Markets and Marketing

In 2003, the Working Party recommended:	Status as of February 2004:
<ul style="list-style-type: none"> The Team's mandate be prolonged through October 2004; 	<ul style="list-style-type: none"> The Team continued its work and now proposes an extension of its mandate through October 2008 i.e. the period covered by the Strategic review (Annex 2);
<ul style="list-style-type: none"> The Team undertake a literature review on forest law enforcement governance and trade issue and a presentation at the annual TC Market Discussions in October 2003; 	<ul style="list-style-type: none"> The Team presented a discussion paper on forest law enforcement governance and trade issue and a presentation at the TC Market Discussions in October 2003 which led to a discussion and prospects for a workshop on the same subject in 2004;
<ul style="list-style-type: none"> Collection of information on government procurement policies relevant to the markets for certified forest products; 	<ul style="list-style-type: none"> Contributions in a few country market statements in October 2003 were synthesized in a presentation on markets for certified forest products including relevant government procurement policies;
<ul style="list-style-type: none"> Measuring the effectiveness of market-related publications and presenting findings in a report to the Working Party in 2004. 	<ul style="list-style-type: none"> The Team has prepared a report to be distributed at the Working Party in 2004.

Proposals for additional resources

In 2003 the Working Party was informed about two proposals:	Status as of February 2004:
<ul style="list-style-type: none"> Associate professional officer (APO) in forest products marketing in central and eastern European and CIS countries 	<ul style="list-style-type: none"> The United Kingdom has expressed intent on funding and filling the APO position in mid 2004;
<ul style="list-style-type: none"> Forest sector marketing development. 	<ul style="list-style-type: none"> The forest sector marketing development proposal was to have been modified by the Finnish Forest Research Institute in 2003, however they are still considering possible input. The proposal should also be modified, most importantly by including some key CEECs before presentation for funding. Once completed in 2004, it will be presented for funding to the Finnish Ministry of Foreign Affairs and the European Commission.

Changes in UNECE/FAO Timber Bulletin titles

In 2003, the Working Party recommended:	Status as of February 2004:
<ul style="list-style-type: none"> • "Forest Products Annual Market Review" becomes "Forest Products Annual Market Analysis" in 2003. 	<ul style="list-style-type: none"> • "Forest Products Annual Market Review" became "Forest Products Annual Market Analysis, 2002-2004";
<ul style="list-style-type: none"> • "Forest Products Markets and Prospects" become "Forest Products Markets Prospects" in 2002. 	<ul style="list-style-type: none"> • "Forest Products Markets and Prospects" became "Forest Products Markets: Prospects for 2004".

Market-related discussion papers³

	Status as of February 2004:
<ul style="list-style-type: none"> • "Serbia's forest products markets" 	<ul style="list-style-type: none"> • Draft completed in July 2003. In processing
<ul style="list-style-type: none"> • "China's forest products markets" 	<ul style="list-style-type: none"> • Postponed until 2004, pending availability of resources.
<ul style="list-style-type: none"> • "Market effects of wood energy policies" 	<ul style="list-style-type: none"> • Renamed "Forests, wood and energy: Policy interactions. Proceedings and summary of discussions from the UNECE Timber Committee Session 2003". In processing.
<ul style="list-style-type: none"> • "Forest certification update for the UNECE region, 2003" 	<ul style="list-style-type: none"> • Survey launched in November 2003 to officially nominated, informal network of country correspondents on certification of sustainable forest management and certified forest products. Survey responses closed in January 2004
<ul style="list-style-type: none"> • "Trends in the tropical timber trade, 2002-2003" 	<ul style="list-style-type: none"> • Draft completed in July 2003. In layout.
<ul style="list-style-type: none"> • "Value-added wood products markets, 2001-2003" 	<ul style="list-style-type: none"> • Draft completed in July 2003. In layout.

³ In 2003 the heretofore-special chapters of the Forest Products Annual Market Analyses were separated from the Timber Bulletin in order to reduce its page length. Instead they were processed in a separate series, the Geneva Timber and Forest Discussion Papers.

Country fact sheets

A Geneva Timber and Forest Study Paper titled "Forest and forest industries country fact sheets" was produced in 1997 in response to a request from the UNECE/FAO Forest Communicators Network (FCN). A webpage was established with the same information for all countries in the UNECE region. One page each was devoted to forest resource information and to market information. A link for more information through the respective member of the FCN was also provided. Although it was one of the most popular sites within the TC and EFC website, and although a user survey conducted in November 2002 confirmed continued need for this information, resources were not available to maintain it.

The TC/EFC fact sheets were replaced some years ago with a link to the FAO Forestry Department website (FORIS), now the leading source of country specific forest sector data. The two secretariats are exploring ways to strengthen the synergies between the sites, in order to provide convenient access to all country specific information, including that on the TC/EFC site but not on FORIS, for visitors to both sites, without any duplication.