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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-sixth session, 15-17 March 2004

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. 48)

1. The Joint FAO/ECE Working Party on Forest Economics and Statistics held its twenty-sixth session in Geneva from 15-17 March 2004. The session was attended by delegates from the following countries: Albania, Austria, Canada, the Czech Republic, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Latvia, Norway, Serbia and Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, and the United States of America.
2. The session was attended by representatives of the European Commission and the European Environment Agency.
3. The following intergovernmental organization participated: European Forest Institute (EFI).
4. The following non-governmental organization participated: Confederation of European Paper Industries (CEPI).

Adoption of the Agenda (Item 1 of the agenda)

5. The provisional agenda TIM/EFC/WP.2/2004/1, presented by the secretariat, was adopted. A minute of silence was observed for the victims of terrorism.

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

6. The Working Party reviewed the system of UNECE/FAO publications and information dissemination, and made recommendations as to how information and analysis generated in the course of activities should be made available in the most effective way. It agreed that:
 - There should be fewer formal publications a year: these should be prepared under secretariat responsibility,

address major and policy relevant issues and be intended for a wide audience, including policy specialists, and achieve the highest standards of analysis and presentation;

- Purely statistical information should be made available primarily on the website;
- Discussion Papers, which are inputs or supplements to the main activities, usually prepared on the responsibility of individual experts, should be issued primarily on the website, and by e-mail to interested experts, with their design making it clear that they are not formal UN publications;
- A major effort should be made to catalogue and announce all the above so that they can be easily obtained and that the intended audience are fully aware of this information. The secretariat would offer to print out and post material to those who have difficulty downloading from the website.

7. The Working Party accepted the necessity to streamline and to reduce costs, notably by limiting the issuance of publications on paper, but stressed the value of attractively prepared publications on paper as a symbol of corporate identity, and of the intellectual authority of the contents. The desirability of surveys of users was also pointed out. The Secretariat was requested to explore the possibilities of carrying out such surveys.

8. The Working Party positively assessed the information and analysis provided by UNECE/FAO on the forest resource and forest products sector, including quantitative indicators of sustainable forest management. It noted that a more detailed assessment of the results under each work area for which the Working Party provided guidance would be found in the appropriate part of its report.

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

9. Following an introduction by the secretariat based on a note (TIM/EFC/WP.2/2004/3), the Working Party provided guidance on the work on “Markets and statistics”, acknowledging that its discussions would provide important input to the forthcoming Strategic Review of the Integrated Programme of Work of the TC and EFC.

Programme of work, 2004-2008

10. The Working Party approved the proposed programme of work for 2004-2008 for Work Area 1, Markets and Statistics, with two modifications:

- Rename 1.4 “Forest law enforcement, governance and trade”. Continue to monitor markets for certified forest products and request information regarding countries’ policies on these issues in the annual country market statements.
- Merge 1.5 “Statistics on forest fires” into 1.1 “Statistics on production, trade and prices of forest products”.

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

11. Acknowledging the accomplishments of the Team, especially with their limited resources, the Working Party recommended:

- That the Bureaux of the TC and EFC approve the extension of the mandate of the UNECE/FAO Team of Specialists on Forest Products Markets and Marketing, with a minor modification (in mandate item 1, change “a forum for discussion of forest products marketing” to “a forum for discussion of forest products markets and marketing”).
- That the Team continue its current work, especially in identifying and focusing on emerging market and

policy issues. One issue suggested for consideration by the Team is the governmental subsidies to the forest products industries in the UNECE region, and their effects on forest products markets.

- That the Team update their questionnaire on market-related outputs following this Working Party session and the forthcoming Strategic Review of the Integrated Programme of Work of the TC and EFC and conduct a broader survey, reporting back its results and recommendations to the Working Party in 2005.

Forest Products Annual Market Review

12. The Working Party recognized the improvements in the 2003 production of the Forest Products Annual Market Analysis, 2002-2004, and requested the secretariat to continue its policy orientation, shorter chapters, same number of chapters, statistics available in more detail electronically, and dissemination in advance of the TC Market Discussions via the TC/EFC website.

13. However in expressing disappointment at the long delays in obtaining translated and printed versions of the Forest Products Annual Market Analysis, while acknowledging the secretariat's on-time production of a camera-ready version, the Working Party advocated returning to a one-phase production process in 2004. This would return the "Analysis" back into the former "Review", i.e., without forecasting information.

Timber Committee Market Discussions

14. The Working Party recommended maintaining the current format, with inclusion of policy-relevant issues. Citing industry participation as a strength of the Discussions, the market sector analyses should continue. The Working Party noted the recommendation of the Team of Specialists on Forest Products Markets and Marketing to improve countries' short-term market forecasts, and asked the Team to consider forecasting improvements at their next meeting.

Forest products prices

15. The Working Party acknowledged the secretariat's efforts to collect and disseminate price information via the TC/EFC website. Thanking Ms. Noora Kettunen, Consultant, UNECE/FAO Timber Branch, for her work in constructing and presenting an interface between the price data and the website, the Working Party recommended that the secretariat expand the site to include all currently available price series collected by the secretariat. Additional background information to explain sources and comparability of the series should be added to the new site.

16. To continue development of the new timber price site, the Working Party recommended that the secretariat contact national statistical correspondents and request suggestions of additional price series which are representative, important, reliable and available regularly. A regional roundwood price website will be produced by the Baltic-Nordic Forest Statistics Group, which could be a model for additional regional initiatives to provide prices.

Country-specific information on websites

17. The Working Party supported synergies to develop cross linkages for more country-specific information between the FAO Forestry website and the TC/EFC website. The two websites should include links for further country information from the respective member of the FAO/UNECE Forest Communicators Network. Additionally, the Working Party called for links to relevant national trade association and government websites.

Wood energy

18. The Working Party raised the issue of the quality of wood energy statistics, and suggested that the secretariat assess the sources and quality of information available via the national statistics correspondents. Acknowledging the desirability of follow-up to the 2003 policy forum on "Forests, Wood and Energy" and the associated market discussions, future work in this field will be decided by the forthcoming Strategic Review of the Integrated Programme of Work of the TC and EFC, using, among other things, inputs established during an informal meeting on this subject during the Working Party session.

Resources

19. The Working Party was informed that a loaned expert is expected in 2004 from the Forestry Commission of Great Britain to work on forest products marketing in central and eastern European countries. Other countries were encouraged to consider loaning expertise for limited-term assignments to the UNECE/FAO Timber Branch to assist in this and other work areas. The WPFES recommended that the secretariat make better known its needs for interns and loaned experts.

Guidance of work area 2: Forest resource assessment, focus on organization and direction of regional FRA work (Item 4 of the agenda)

20. The Working Party was informed about the current developments in work area 2 "Forest Resources Assessment" of the UNECE/FAO Integrated Programme of Work. The participants took note of the methodological and organisational aspects of the preparation for the global FRA update 2005, and the regional FRA contribution to the global FRA process.

21. The Working Party confirmed the necessity to maintain strong UNECE/FAO FRA-related activities in order to satisfy specific regional needs, especially in the area of the countries' reporting to regional fora on C&I for SFM within the MCPFE and possibly the Montreal processes, and mobilising regional knowledge for the global FRA.

22. The participants noted the important role which had been played in this area by the regional UNECE/FAO Team of Specialists on Forest Resources Assessment, and expressed their support to the continuation of these activities.

23. The Working Party recommended to the Strategic Review process that a new "Team of Specialists on Monitoring and Promoting SFM in the UNECE region" be convened after the duration of the current regional ToS on FRA expires in the year 2004 and endorsed the proposed draft terms of reference. The Working Party also endorsed the planning for 2004-2008 for work area 2. The modalities of a future Team's work, and its main focus, should be adjusted according to the latest developments for FRA and C&I for SFM.

24. The Working Party noted acute and urgent needs for external support and capacity building in the central and eastern European countries, specifically in the process of the global FRA 2005 implementation. The financial support would be needed, in particular, for the organisation of a possible sub-regional workshop for those countries, which were not represented at the global FRA November 2003 training session.

25. Additional financial resources are also required for the Geneva secretariat to provide a "on-line Internet service" for the FRA national correspondents in the process FRA 2005 implementation, to arrange the translation of the main FRA 2005 documentation for the Russian-speaking countries, and for the engagement of a consultant(s) for checking, validation and processing of FRA 2005 data to be supplied by countries.

26. The Working Party endorsed the secretariat proposals for the provisional agenda of the final meeting of the

regional UNECE/FAO FRA Team of Specialists to be held in the United States of America in September 2004, as well as the initial planning for the future UNECE/FAO contribution to the MCPFE and Montreal C&I for SFM processes.

27. The Working Party thanked countries of the UNECE region for the nomination of the FRA national correspondents. The FRA national correspondents, along with the FRA 2005 implementation should also be responsible for their country's contribution to specific regional FRA-related activities. The Working Party urged those countries, which have not yet nominated (or confirmed) their FRA national correspondents to do so as soon as possible, as they are the essential link between national and international activities in this field.

28. The Working Party thanked the UNECE member countries, FRA national correspondents, the regional FRA team of specialists, partners and all contributors to the regional FRA programme for their support during the last years, and the willingness to cooperate in the future.

Guidance of work area 3: Forest sector outlook studies, focus on review of major draft outcomes of EFSOS
(Item 5 of the agenda)

29. The secretariat informed the Working Party that the EFSOS discussion papers were nearing publication, and that the secretariats were working intensely to draft the main report. It regretted the delays which had occurred in finalizing the project. The Working Party warmly thanked the EFSOS team, notably Mr. Sasse the coordinator, as well as all the team members, national correspondents and donors for their contribution to providing a comprehensive and very useful study.

30. Delegates made a number of detailed comments and suggestions in response to a presentation of the likely main results and conclusions, which will be taken into account in the final version.

31. The Working Party noted the great importance of communicating the EFSOS results to policy makers, analysts and those responsible for investment decisions. In this context, it welcomed the planned workshops, one to finalise the conclusions and another to communicate them to the policy level, through the MCPFE. The secretariat expressed its intention of formally drawing the final report, when complete, to policy makers' attention, and to offer to present the results to countries. The Working Party noted the responsibility of its delegates to promote EFSOS' visibility within their countries, e.g. by convening national workshops or studies.

32. The Working Party agreed on the following topics emerging from the EFSOS analysis as meriting further, more detailed, consideration by UNECE/FAO over forthcoming years, and suggested the strategic review process took them into consideration:

- Wood energy policy (policy for renewable energy) and information gaps as regards unrecorded harvests;
- Promoting the sound use of wood;
- The need to monitor both production and consumption patterns and policy developments in the light of the EFSOS scenarios;
- Consequences of the EFSOS scenarios for investment; and
- Experience in financing the supply of non-wood services such as recreation and biodiversity, including through private, market based systems.

33. The Working Party was also informed of the status and plans of FAO's global outlook studies programme, which is now addressing the sector outlook for western and central Asia. Interest was expressed in a third North American sector outlook study, along the lines of two earlier studies, prepared jointly by Canada and the USA. The delegations of these two countries stated they would enquire into this possibility.

34. With regard to the future of European forest sector outlook studies, the Working Party considered that:

- The studies are a unique source of comparable data and objective analysis, based on a transparent process, which did not duplicate any other efforts. The results are widely known and used by experts, analysts, academics, and those responsible for large investments in the forest sector. However, EFSOS inputs into policy processes were mostly indirect, as many policy makers were not sufficiently aware of the EFSOS outputs.
- EFSOS studies should be continued at about 10 year intervals (although some delegates expressed a wish for more frequent updates and for regular monitoring of trends against scenarios (policies and quantitative scenarios)). They should maintain the present broad scope and policy relevance. Some delegations suggested a shorter timeframe because of the uncertainty attached to long-term forecasts.

35. It was also suggested that the research community be more involved, and that a small ad hoc expert group with secretariat support should be given the mandate to monitor and assess trends inside and outside the sector, including for policies between EFSOS “rounds”.

36. The secretariat offered to explore the possibility of making available the model structure and database in a convenient form, so that national or sector experts or financial analysts could use them for their own purposes.

37. It was suggested that one means of attaining a minimum adequate level of resource availability could be achieved by instituting a minimum level of national contribution (government and other), modulated by appropriate parameters. Additionally or alternatively, all types of interested parties/users (e.g. countries, large investors, consultant companies) could contribute to an EFSOS trust fund.

Strategic Review of the integrated programme of work of the Timber Committee and the European Forestry Commission (Item 6 of the agenda)

38. The Working Party was briefed on the strategic review process and invited to comment on the secretariat’s proposals for the extended bureaux’ meeting to be held on 1 and 2 April. It drew the attention of that meeting to its conclusions on its role and functioning under item 8 of the agenda.

39. During the discussion, a number of comments and suggestions were made. These included:

- Reverse order of sub-items 3.1, 3.2 and 3.3 to reflect a logical sequence from data to analysis;
- The list of proposed topics would need prioritization as their importance varied widely;
- In general, the intention to work with partners, such as MCPFE and EU, was welcomed;
- The Working Party was informed that some teams of specialists were proposed to be discontinued either because their work would be finished by the end of 2004 or because the secretariat did not have sufficient resources to support their activities adequately;
- It was suggested that the question of resource constraints should be given even more prominence.

Role and functioning of the Working Party (Item 8 of the agenda)

40. Delegates considered that at the present session the Working Party had satisfactorily played its role of interface between the technical and policy levels. In particular:

- Participation had been good, with all parts of the region represented, except the CIS and some parts of south east Europe. The reason for non participation from those regions was probably lack of resources and the Working Party reaffirmed the desirability of finding funding to permit travel to its meetings.
- There had not been excessive duplication between the activities of the Working Party and the respective teams of specialists.

41. The Working Party considered that it should continue to play an important role in implementing the integrated UNECE/FAO programme. It agreed that sessions should continue to take place annually, and cover all work areas for which the Working Party was expected to provide guidance. The length of sessions should depend on the agenda and topics to be covered, but consideration should be given to reducing the length to two days. The possibility of in-session seminars to attract more participants and deepen the discussion should be considered. From time to time, if funds and practical necessities permitted, the Working Party might meet outside Geneva, perhaps in a CIS or Balkan country.

Inter-organization co-operation on forest and forest products statistics (Item 7 of the agenda)

42. 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. The secretariat explained the decisions taken at the last meeting of the IWG in January 2004. The Working Party welcomed the removal of ambiguities in the Joint Forest Sector Questionnaire (JFSQ)/Harmonised System (HS) cross-reference table.

43. The Working Party requested the IWG to continue to stay informed about planned changes to the various international classification systems, in particular the forthcoming revisions to the International Standard Industrial Classification (ISIC) and the HS planned for 2007.

44. The delegate of Italy made a presentation on the planned format of the Italian roundwood survey. An important feature was that the survey had been designed to correspond exactly with the JFSQ, facilitating international comparisons.

Other Business (Item 9 of the agenda)

45. Mr. Gecovic made a presentation on preliminary results of an analysis carried out for EFI on participation rates in international activities by countries in the European region. This demonstrated wide differences between regional groups in the intensity of participation.

46. No other discussion occurred under this agenda item.

Election of the Officers (Item 10 of the agenda)

47. The previous Chairman, Mr. M. Gecovic (Slovakia), stepped down after having served two terms and the Working Party elected Mr. M. Aarne (Finland) Chairman. The Working Party warmly thanked Mr. Gecovic for his dedicated leadership and Mr. H. Huckert (Germany) for his active service as Vice-Chairman. Mr. Gecovic and Ms. S. Phelps (Canada) were elected Vice-Chairs of the Working Party.

Adoption of the Report (Item 11 of the agenda)

48. Agenda items 1-5 and 6 and 8 of this report were reviewed and adopted by the Working Party with some modifications during the session. The bureau of the Working Party approved the modifications in a meeting following the session. Items 7, 9, 10 and 11 were drafted by the secretariat after the meeting and circulated to the

bureau (along with the final version of the other items) for comments and approval.