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Economics And Statistics

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GUIDANCE OF WORK AREA 3: FOREST SECTOR OUTLOOK STUDIES

Note by the Secretariat

This document contains a short report on the activities in Work area 3: Forest sector outlook studies, since the last session of the Working Party, and the planned future activities. It aims to draw the Working Party's attention to a number of major issues; delegates are requested to provide guidance on the questions presented in the document.

Introduction

1. Under this agenda item, the Working Party is expected to provide guidance on the implementation of activities under work area 3 Forest sector outlook studies. This document contains a short report on activities since the last session of the Working Party, and planned future activities, and draws the Working Party's attention to a number of major issues. Delegates are requested to come prepared to provide guidance on the questions presented in *bold italic*, although they are welcome also to comment on any aspect of the work area.

Activities since the last session of the Working Party

2. The European Forest Sector Outlook Study (EFSOS) has been available on Internet in English since December 2004 and was distributed in hard copy, in English, in March/April 2005. The Russian version is being distributed in February 2006, and the French version is nearing completion. The last two

EFSOS Discussion Papers¹ are nearing completion. The focus of secretariat activities in 2005-2006 was therefore on “marketing” EFSOS, in the widest sense, including not only dissemination and publicity but stimulation of use of EFSOS by its target audience, notably policy makers.

3. The following “marketing” activities were undertaken:
 - (a) Press release, press conference and attractively presented Executive Summary (in 3 languages), widely distributed, as well as review copies to some journals.
 - (b) Formal letter of transmission by senior ECE and FAO officials to policy makers
 - (c) Presentations at international and national meetings, and basic PowerPoint presentation posted on the Internet for general use (including presentation to the EU Standing Forestry Committee)
 - (d) Request to EFSOS focal points to bring the study to attention of experts and policy makers in their country, and in particular the national outlook in standard format.
 - (e) Request to the Forest Communicators Network to promote EFSOS in their regular activities.

4. Two meetings specifically focussed on EFSOS follow up were organised in 2006.
 - (a) The workshop on policy consequences of the European Forest Sector Outlook Study (EFSOS), Budapest, Hungary, 20 and 21 June 2005 approved conclusions and recommendations which are reproduced in annex 1.
 - (b) A workshop on Forest: common benefits, shared responsibilities, multiple policies was held in Riga Latvia in October 2005 under the joint auspices of ECE/FAO, MCPFE, Switzerland and Latvia, in response to EFSOS’ call to address cross-sectoral issues. Its conclusions and recommendations are reproduced in annex 2.

5. FAO has been carrying out FOWECA, an outlook study for western and central Asia, whose scope includes a number of ECE countries. The Working Party will be orally briefed on progress with this study.

6. FAO have started to revise the global forest products outlook study (GFPOS). Work is already underway to revise the outlook for future wood supply from forest plantations, using the new data on planted forests collected in FRA 2005. This study will use a broader definition (i.e. "planted forests" rather than "forest plantations") but will follow a similar methodology as previously to produce forecasts of potential plantation wood supply. A draft report is expected around the middle of 2006. The econometric analysis of product production and consumption will start within the next two months and will take about one year to complete. It is anticipated that this will use a methodology similar to the one used for EFSOS. As with EFSOS, forecasting total roundwood supply is likely to remain the most difficult part of the analysis and the Working Party is invited to offer comments and suggestions with respect to this.

¹ ECE/TIM/DP/41 - *Outlook for the development of European forest resources* ; and ECE/TIM/DP/43 - *International forest sector institutions and policy instruments for Europe: A source book* .

7. Partly in response to the EFSOS analysis, FAO plan to revise the book on employment, trade and value-added propose to expand the *Forest Products Yearbook* to include statistics on trade in NWFPs and secondary processed wood products.

8. With respect to the recommendations of the two EFSOS follow-up meetings, the following are under way or planned:

- (a) The secretariat has been participating in the drafting of a code of conduct on payment for water related ecosystem services;
- (b) The data for 2005 will be systematically compared to the EFSOS forecasts, by end 2006, and the comparison made available.
- (c) Efforts are in hand to improve the quality of information and analysis on wood energy (see item 8 of the agenda)
- (d) One of the assignments of the new staff member who will join the Timber Section from April 2006 will be to seek out opportunities for cross-sectoral cooperation with other bodies.
- (e) It is proposed that the monitoring and analysis of policies and institutions should be considerably strengthened, notably through the additional staff member. Modalities will be discussed at the EFC session. This development would be expected to improve the ability of outlook studies to link with policies.

Discussion by the Working Party

9. The Working Party is invited to provide guidance on the whole of work area 3. However, it may wish to focus on the following questions.

- (a) *How were EFSOS results distributed and used in each country? Did they provide useful input to policy formation? Were the EFSOS country profiles in fact "reviewed in a formal process" and if so, with what outcome? If EFSOS was not used for national level policy formulation, what changes would be desirable? Delegates are requested to come prepared to report on the EFSOS follow-up in their country.*
- (b) *In what way should future European forest sector outlook studies differ from EFSOS? Delegates should consider objectives, scope, frequency, methods and focus (see suggestions from Budapest meeting) At present secretariat resources for outlook study analysis are only available from HQ in Rome.*
- (c) *The Budapest workshop recommended that " A group should be formed to continue to develop the concepts and methods for future EFSOS work". Does the Working Party agree , and if so, what should be the objectives of this group?*

Annex 1

Conclusions and recommendations of the UNECE/FAO Workshop on Policy Consequences of the European Forest Sector Outlook Study (EFSOS) Budapest, 20-21 June 2005

Participants discussed and approved the following conclusions and recommendations:

Conclusions

1. The EFSOS process is needed as:
 - (a) Base for policy decisions
 - (b) Contribution to sustainable development
 - (c) "Promotion tool" for forest sector, and influence on public perceptions of forest issues
 - (d) Most countries are unable to gather and use this information by themselves
 - (e) Input to international processes (MCPFE, EU etc.)
2. The EFSOS conclusions were welcomed particularly with regard to the following issues:
 - (a) Shift of production towards the East
 - (b) Economic viability of forest sector
 - (c) Potential to raise production in Europe
 - (d) Promotion of the use of wood as an environmentally friendly energy source and material
 - (e) Intensification of the inter-sectoral coordination and the cross-sectoral dialogue
 - (f) Increase of importance of the social and environmental benefits provided by forests
3. From their point of view as technical experts, and speaking on their own behalf only, the participants considered that, among the policy recommendations in EFSOS, the following are of the most critical importance:
 - (a) Economic viability of the forest sector, including the cross-sectoral approach
 - (b) Role of forests in energy and climate change
 - (c) Supply of non-wood goods and services, including their remuneration and monitoring

Recommendations

Future actions:

- (a) Assessments should be carried out more frequently
- (b) ECE/FAO should assess developments from 2000 to 2005 in comparison to EFSOS projections
- (c) A global outlook study should be prepared as a context for regional outlook studies, especially with regard to rapid developments on the global level which have a strong influence on European developments
- (d) Analyze consequences of increasing demand for wood energy for the forest sector

- (e) A group should be formed to continue to develop the concepts and methods for future EFSOS work, working alongside modeling groups, because
 - (i) Modelers require policy support for their funding applications
 - (ii) Lead times are long

Methodological improvements:

- (a) Improved modeling and empirical base
- (b) Full support for cross-sectoral approaches
- (c) Improved analysis of policy scenarios
- (d) Better understanding of functioning of policy institutions (e.g. performance standards)
- (e) Better link between analysis and policy recommendations
- (f) Topics deserving greater attention (without neglecting core analysis)
 - (i) Evaluation of NWGS and incorporating this information in policy processes
 - (ii) Water and forest
 - (iii) Forest and wood in climate change policy
 - (iv) Structural changes in employment and the forestry work force
 - (v) Value added in the sector

Country level actions:

- (a) The EFSOS country profiles are a useful tool for presenting the outlook, and their format should be maintained
- (b) Countries are invited to review the EFSOS country profiles in a formal process and inform the secretariat of the results

Annex 2

Conclusions and recommendations of the Workshop on Forests – Common Benefits, Shared Responsibilities, Multiple Policies Riga, Latvia, 17-19 October 2005

Conclusions

At the end of the workshop participants agreed that all major developments in the forest and forest products sector (the "forest sector") are to a great extent determined by major social, political economic or environmental trends outside the sector, which in turn interact with each other in increasingly complex ways.

In this context, major decisions made by sectoral institutions and actors (i.e. energy, agriculture, nature conservation, water, trade, etc.) may have strong, positive and negative impact on the outlook and framework conditions for the forest sector. When such decisions are taken without adequate consultation with actors of the forest sector or without consideration of the forest-related issues or circumstances it might lead, on some occasions to inter-policy contradictions with resulting perverse effect or negative impacts on the forests sector.

So far, forest sector institutions and actors have remained in many cases inward looking and do not give sufficient priority to participation in broader cross-sectoral decision making processes. However, examples presented at the workshop have shown that cross-sectoral cooperation between the forest sector and other relevant policy sectors are likely to create positive synergies for strengthening sustainable forest management at pan-European level.

Recommendations

In order to improve understanding of how policies and strategies, developed in other sectors influence the forest sector and vice versa and to enhance cross-sectoral coordination, cooperation, and integration between the forest sector and other relevant policy sectors the participants elaborated the following recommendations:

To MCPFE, UNECE and FAO:

- (a) Review the programmes of all forthcoming meetings and studies, with the intention of strengthening the cross-sectoral dimension. In particular, invite experts from other sectors, to participate as appropriate to the topic
- (b) The secretariats of above mentioned organizations should take every opportunity to communicate the circumstances and point of view of the forest sector in other fora,
- (c) Continue to take a cross-sectoral approach in their activities, notably the sector outlook studies. Build future work on the progress achieved in EFSOS and analyse in depth the interactions between the forest sector and other sectors.
- (d) Develop joint activities between MCPFE, UNECE/FAO and the UNECE Water Convention.
- (e) The UNECE Timber Committee should develop activities on bio-energy and wood fuels with the ECE Committee on Sustainable Energy

To forest sector actors and institutions at the national and international level:

- (a) Take stock of the broad cross-sectoral developments and trends determining the framework conditions for the forest sector
- (b) Identify threats, opportunities and develop a clear vision of the sector's objectives by involving all forest sector players, including national and regional policy makers, forest owners, the private sector and civil society, with support from the research community
- (c) Achieve an enhanced understanding of the circumstances, objectives and driving forces of other sectors, as a precondition to elaborate and implement clear and realistic forest strategies and policies.
- (d) Place great emphasis on communicating the forest sector's vision, forest strategies and policies across different sectors; in this context make use of successful experiences made by the Forest Academy Finland or inputs by the Forest Communicators Network. The workshop welcomed the initiative of the Forest Communicators Network to hold a workshop on cross-sectoral communication. It also noted the success of the Forest Academy Finland in communication at the high level with decision makers
- (e) Strengthen the capacity of forest sector institutions (public and private) in a cross-sectoral way by employing on a permanent basis specialists from other sectors (e.g. landscape architects, agricultural experts, hydrologists, sociologists etc).
- (f) Influence decision making in other sectors (or at the level of society) by foresters participating in other sectoral policies development and implementation at all levels, by encouraging foresters to work in institutions of other sectors, and by making necessary resources available to this end
- (g) Urge forest sector institutions in EU member states to act quickly and draw up credible and attractive proposals/projects so that funds from the EU agriculture and rural development programme 2007 can be assigned to forest activities. The workshop urged forest sector institutions in EU member states to take the necessary measures in this respect. A meeting to explore the situation and explain the approaches required by the EU should be organized.