

International seminar on
Strategies for the sound use of wood

24-27 March 2003
Poiana Brasov, Romania

NOTES FOR EACH TOPIC

These notes, prepared by the secretariat on its own responsibility, are intended to stimulate discussion and provide background information and ideas for each item. However, they are only indicative and other approaches are welcome.

Opening

National forest policy and strategy in Romania

The main objective of the national forestry policy and strategy in Romania is the development of the forestry sector based on the sustainable management of forests. There are four principal policy statements encompassing the sustainable development of the forest resources in Romania:

- to ensure the sustainable management of forest resources taking into account diverse forms of forest land ownership;
- to better utilise forest resources by integration of logging and wood processing activities in sustainable forest management plans;
- to achieve the sustainable development of the forestry sector by improving efficiency of exploitation of forest resources and by developing high value-added products;
- to develop research and education, to support the economic development of the forestry sector and to improve the quality of the environment.

Introduction

The place of sound use of wood and other forest products in strategies for sustainable development

As mentioned already, there are a number of forest related international processes that aim mainly at “upstream” aspects of sustainable forest management - preserving the biodiversity and integrity of forest ecosystems and its social-environmental characteristics. Nevertheless, “downstream” issues linked with markets, consumption and trade of wood based products were included in several major policy statements stressing the importance of sound and sustainable consumption patterns as an integral and necessary part of the sustainable development as a whole.

The main difference between forestry and other economic sectors consists in the renewable and environmentally friendly character of forest resources. Forests and other

wood products also offer significant carbon mitigation potential. These qualities give the forestry sector an important and unique place in sustainable development strategies.

Points for discussion:

- Is sound use of renewable resources (such as wood and other forest products) a priority in sustainable development strategies?
- What are the instruments we can use to ensure the sound use of wood?

Session I: What is sound use of wood?

1. Life cycle analysis (LCA)

Each stage of the production and use of any product – forest product or competing materials – has consequences for the environment, notably through energy use, pollution or carbon sequestration. The total impact will depend on the nature of the raw material, the production and/or processing technologies, and how the final product is used as well as a wide range of other factors. Life cycle analysis uses standardised methods to collect and aggregate these data in a consistent way to make it possible to build a comprehensive picture of the environmental impact („footprint”) of a given product used in a particular way and in particular circumstances, and thus compare it with possible competitors, in an objective way.

LCA should be considered as a valuable support tool which brings forward key aspects of the wood processing industry; renewability of its resource and energy, carbon dioxide sequestration, low energy intensity and the role of recycling. A number of major research efforts in the EU and the USA (COST project, CORRIM) have addressed these issues: their authors will be invited to present their results to the seminar.

Points for discussion:

- Are wood and other forest goods really environmentally friendly raw materials in comparison to their substitutes?
- What are the strong and weak points of forest products, from the viewpoint of LCA?

2. Competitiveness of wood – Is wood losing market shares?

Wood has many advantages over competing materials. It is renewable, the forest industry utilises advanced production techniques, and produces safe products that can be recycled or disposed of, with low environmental impacts. Unlike many competing products, it is possible to recover the energy content of forest products.

Wood products competitiveness is sub-sector dependent. Demand for products from woodworking industries is driven primarily by the construction, furniture and packaging sectors. Woodworking industry prospects are dependent on the developments in these sub-sectors and can be severely hampered by their poor market growth. Ownership in the wood industry is more fragmented than in the industries it competes with. The industry

structure and organisation of the plastics and aluminium industries facilitate the raising of funds for lobbying and public relations because ownership is more concentrated.

Yet, despite these advantages wood has lost market share in many sectors, although it is gaining in others.

Points for discussion:

- How can the environmental performance of the woodworking industry improve its competitiveness?
- Is there a real development of more sustainable products by wood competitors?
- Why is wood losing market share in some sectors and gaining it in others?

3. Is increased consumption of wood sustainable?

Will there be „enough wood”? This question has concerned forest policy makers for decades. Recent analysis, notably in the context of the European Forest Sector Outlook Study has shown that Europe’s forests are capable of providing all the wood needed, for the foreseeable future for all scenarios of future demand. Indeed many sectors are marked by oversupply and low prices. However this analysis leaves open the question of sustainability in a broader sense, and the question of sustainability of supply of Europe’s imports.

Points for discussion:

- Would increased wood consumption have a negative impact on European forest ecosystems and biological diversity?
- How can increased wood consumption contribute to the social and economical sustainability of Europe’s forests?

Session II: How to stimulate sound use of wood?

1. Strategies and policy instruments

Despite the large impact on many sectors in the society, forestry is still a rather weak actor on the policy scene. In the majority of European countries forestry has been dealt as a part of agricultural or environmental policy and it was mainly focused on “internal” forestry issues.

Nevertheless, in the past 10 years the development of forestry policies and legislation has been extremely dynamic, mainly as a consequence of the profound shift in attitudes associated with the Earth Summit (UNCED) in 1992. Increasing environmental conscience induced governments to adopt strategies promoting sustainable development and consumption of environment friendly products. Major improvements have taken place, which are relevant not only for multifunction forestry management, but also for promotion of wood as renewable energy source and building material.

Points for discussion:

- Global, regional and national wood promotion strategies
- Examples of policy instruments promoting wood as sustainable raw material
- Integration of policies on sound use into broader forest sector strategies, such as national forest programmes

2. Wood promotion campaigns, communication and education

To face substitution pressure, woodworking industries, sometimes associated with governments, implement different wood promotional campaigns. CO₂-neutrality and positive ecological balance sheets are important arguments to underline the positive ecological image of wood products. The wood promotion campaigns aim to make known these social and environmental arguments for wood utilisation to the decision makers and the public, alongside traditional arguments of performance and price.

Due to intense competition in the marketplace, promotional work must be justified by measuring the market effects achieved, e.g., growing consumption, increasing market share of wood at the expense of competing materials and rising prices. In some European countries, wood promotion is already a success story as evidenced by growing interest in wooden products, especially in housing. Market share of wooden buildings in Europe has increased over the last twenty years. Wood, the renewable and sustainable raw material has won the sympathies of a large part of the public, of building owners and buyers, as well as of architects.

The implementation of any strategy requires nowadays a comprehensive attitude of the society. The forestry sector has to make special efforts in order to improve its image for the public by using PR (Forest Communicators Network).

Points for discussion:

- How to communicate better the environmental advantages of wood?
- Place of educational activities in wood promotion strategies
- Examples of best practices in promoting forest products
- Sharing strategies and tools to promote forest products as renewable and environmentally friendly products
- How to involve the public in wood promotion activities?

Session III: New markets and consumption patterns

1. Bioenergy

Society's demand for energy far exceeds the natural balance. The resulting carbon dioxide emissions have led to concerns about the greenhouse effect, which results in climate change. The use of biomass for energy generation can play an important role in combating climate change. In contrast to the combustion of fossil fuel, the use of

sustainably produced biofuels does not result in a net release of CO₂ into the atmosphere, since the CO₂ released through the combustion of biofuels is taken up by regrowing biomass. New biomass plantations would have a long-term positive sequestration effect if they replace a land use with a lower sequestration rate. Conversely, if natural forests are replaced with short-rotation coppice for biofuel production, the beneficial effect of fossil fuel substitution will be lost because of the emissions resulting from forest conversion.¹

In the European Union, the issue of support for the use of wood as a source of energy is discussed within the framework of the Commission proposal on Rural Development and in the European Forestry Strategy raising concerns about wood supply and price for traditional users, as well as environmental consequences.

Points for discussion:

- What are the institutional, regulatory and market framework conditions for the production of energy from wood biofuel in Europe?
- How to make wood fuel less expensive? Is tax adjustment the only approach?
- What are the socio-political problems acting against the promotion of wood for energy?
- How to reconcile expanded bioenergy needs with traditional wood users?

2. Managing climate change risks

Global warming and climate change are currently a major environmental issue at international level. Parties can meet their commitments under the Kyoto Protocol by reducing sources or protecting or enhancing sinks of greenhouse gases. The Protocol foresees the inclusion of changes resulting from direct human-induced land use change and forest activities, limited to afforestation, reforestation and avoidance of deforestation. The Protocol has not exactly determined how forests will be included as sinks within the ambit of the flexible mechanisms.

The accounting of carbon benefits attributable to forest activities is of significant interest because of the forest sector's potential to contribute to the achievement of national emissions reduction targets negotiated under the FCCC, and also because of the potential value of forestry projects in offsetting emissions from specific business activities.

However, from the scientific point of view, there is still considerable uncertainty in the understanding of the causes, magnitude, and performance of the carbon sink. A number of studies indicate that the potential to enhance the land carbon sink through changes in land management practices is limited in size, and duration is small in comparison to the ever-increasing global emissions of greenhouse gases.

Points for discussion:

- What is and could be the concrete impact of the Kyoto Protocol commitments on wood utilisation and forestry sector as a whole?

¹ State of the World's Forests 2001, FAO, 2001.

- Can forests and wood make a significant contribution to mitigating climate change?
- Is the use of forest products correctly taken into account by the IPCC?

3. Innovative products and uses

The market share of many traditional forest products is stagnant or declining, and others (e.g. OSB) are entering maturity. If the share of forest products is to increase, innovative products and uses are necessary. For instance, engineered wood products and pre-cut and component manufacturing services for building and furniture industries offer possibilities to move forward in the value chain and add more value to the basic product.

Points for discussion:

- What are the potentials of innovative wood products on the current markets?
- How to finance the research and development of new products in a fragmented sector such as forestry?

Session IV: Strategies for sound use of wood in central and eastern Europe

At the beginning of the 1990s, production, trade and consumption of forest products decreased drastically in the former centrally planned economies in eastern Europe. For example roundwood consumption in the Russian Federation dropped from 320 million m³ in the late 1980s to fewer than 100 million m³ in 1998.

The forestry sector in eastern Europe has significant potential to contribute to economic development, offering employment possibilities in rural areas and providing export income, which is vital to stimulate economic growth of these countries. While trade of final products such as paper and paperboard, furniture etc. has become increasingly dominated by imports, there has been a significant increase in exports of roundwood, sawnwood and other lower value-added products, stemming from comparative advantages in terms of forest resources and low labour costs. For example, between 1994 and 2000 net export of Russia in roundwood increased from 11 million m³ to 31 million m³.

Several central and eastern European countries (CEECs) have developed their forest sector strongly and become significant players on international markets. Domestic consumption of forest products, for use in the country and for exports as further processed products (notably furniture), has expanded, in several cases surpassing pre-transition levels.

Studies show that it is crucial for the transition countries to move towards higher value added products and to get rid of the hindrances for utilizing their existing cost advantages. This is necessary in order to reach economic viability – a prerequisite for sustainable development and sustainable forest management. Therefore, it is of importance for the CEECs to continuously analyse their competitive position and the

hindrances for utilizing existing cost advantages and to integrate sound consumption strategies into their policies for the forest sector. These analyses should be reflected and translated into revisions of the policy, sustainability, and institutional frameworks.²

Points for discussion:

- How to restructure wood working industries in countries suffering from economic transition problems and make the sector economically viable? - Move towards more value added products and increase efficiency of the production?
- How to finance the implementation of environmental standards in companies, which are facing basic economic problems?
- What are the special features of the transition process as regards sound use of wood?

Session V: Trade and environment

1. Certification

Forest certification systems and related labelling are voluntary market-based instruments, which are aimed primarily at promoting the sustainable management of forests and the use of forest products coming from renewable and sustainable sources. In Europe such systems are also likely to contribute to improve consumer information on the environmental qualities of sustainable forest management and to promote the use of timber as an environmentally friendly and renewable raw material. The main objective is to establish comparability, credibility through sufficient verification of conformity to standards or performance indicators.

Many believe that certification would not only enhance the reputations of the companies involved, and the forest industry as a whole, but also that expanding certification will bring widespread environmental and social benefits as well as driving out illegal logging as markets looked for assurance of sound, legal forestry. Forest owners have feared losing control of their own property, exclusion from markets and excessive costs to carry out certification.

Points for discussion:

- Is certification a good tool for promoting wood as a environmentally friendly material?

2. WTO, trade and environment

Issues relating to sustainable development, trade and the environment have been discussed in the GATT and in the WTO for many years. Since 1995, work has been conducted in the Committee on Trade and Environment. At the Doha Ministerial Conference Ministers agreed to start negotiations on specific issues relating to the trade and environment linkage.

² Future Challenges to Ensure Sustainable Forest Management, IIASA, 2001.

Points for discussion:

- How to make trade, environment and forest policies mutually supportive?
- Is certification of forest products, as currently practised, compatible with WTO principles?

3. Supply chain issues: chain of custody, procurement, etc.

There are many steps, and many intermediaries, between the growing tree and the consumption of the forest product. In addition to the physical processing it undergoes, the material may change ownership several times and travel long distances with corresponding costs and reductions in transparency as regards the origins of the product. Increasingly, large forest products companies are seeking vertical integration to reduce costs and improve competitiveness.

Purchasers, notably national and local governments, increasingly want to know the origin of the goods they purchase. Some NGOs are also urging that public procurement policies should be used to stimulate and encourage sustainable forest management, even though such policies may be interpreted as protectionist non-tariff barriers.

The lack of chain-of-custody certificates is at present proving a bottleneck for the expansion of certification systems.

Points for discussion:

- Should public procurement policy be used to encourage sustainable forest management, and if so, what safeguards could be desirable in the interests of free trade?
- How best to inform the final consumer of the origin of the product he buys?