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ECONOMIC COMMISSION FOR EUROPE  
Timber Committee

FOOD AND AGRICULTURE ORGANIZATION  
European Forestry Commission

**JOINT FAO/UNECE WORKING PARTY ON FOREST ECONOMICS AND STATISTICS**

Twenty-seventh session

22-24 March 2005

**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. 59)

1. The Joint FAO/UNECE Working Party on Forest Economics and Statistics held its twenty-seventh session in Geneva from 22-24 March 2005. The session was attended by delegates from the following countries: Austria, Canada, the Czech Republic, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Norway, Serbia and Montenegro, Slovakia, 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, the European Environment Agency and the International Network for Bamboo and Rattan.

3. A representative from the European Forest Institute (EFI) also attended the session.

**Adoption of the Agenda (Item 1 of the agenda)**

4. The provisional agenda TIM/EFC/WP.2/2005/1, presented by the secretariat, was adopted.

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

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

5. Mr. Michael Buckley, Deputy Leader, UNECE/FAO Team of Specialists on Forest Products Markets and Marketing, presented a report of the Team's accomplishments and activities. Following approval of its mandate, and extension through 2008, the Team reorganized into 3 subgroups: Responsible Trade, Market Intelligence and Emerging Markets for Forest Products. The Working Party thanked the Team for its report and noted that their activities are in line with the new mandate.

6. At its 2004 session, the Working Party had charged the Team with conducting a survey of all the UNECE/FAO market-related outputs and the Working Party thanked the Team for the new study. Mr. Buckley presented the results of the survey (to be circulated after the meeting to a wider audience) and the Team's analysis and recommendations. The objectives of the survey were to: 1. Evaluate all market-related outputs to enable a sound basis for decision on their content, timing and quality level; 2. Facilitate a

Timber Branch stakeholder analysis; 3. Measure selected achievements of the UNECE/FAO Forest Products Marketing Programme. Objectives 1 and 3 were met, but 2 is to be completed. Two specific outputs need improvement: 1. Timber Committee (TC) market forecasts; 2. Country reports to the TC Market Discussions. As these are a foundation for the annual TC Market Discussions, the Team will work with the secretariat to provide advice to countries to improve these outputs' content and quality, as well as quantity of replies.

#### *Monitoring markets for certified forest products and certification*

7. The Working Party noted the chapter on the certified forest products marketplace in the "Forest Products Annual Market Review" and the TC Market Discussion segment on the same subject. Following the outcome of the market-related outputs survey above, the Working Party suggested that the Geneva Timber and Forest Discussion Paper on "Forest certification update for the UNECE region" be produced annually. The secretariat will investigate ways of maintaining adequate quality. Improvements to the certification section of the Timber Committee/European Forestry Commission (TC/EFC) website should also be considered.

8. The Working Party supported plans for a workshop in autumn 2005 on governments' roles in certification. The secretariat is seeking funding from countries, and advice on possible venues.

#### *Forest Products Annual Market Review*

9. Based on a review of the 2004 production, and preview of the 2005 production, the Working Party commended the work of the secretariat team, the in-kind contributions of expert consultants and information contributors. The *Review* is based on data from country statistical correspondents, and their fundamental role was acknowledged. As the TC Market Discussions will be held earlier in 2005 than previous years, production of the Review has been advanced, the Working Party requested statistical correspondents meet the 15 May 2005 deadline for submission of the Joint Forest Sector Questionnaire.

#### *Timber Committee Market Discussions*

10. Following a summary of the 2004 TC Market Discussions, the Working Party again noted the need to improve some countries' market forecasts and market statements. The secretariat is attempting to attract more industry participation by cooperating with the European Softwood Conference in 2006.

11. The Working Party expressed interest in countries improving their forecasts by sharing common experiences.

#### *Country-specific information on the TC/EFC website*

12. The Working Party reaffirmed its recommendation from its last session to seek synergies with the FAO Forestry Department website to share country-specific information to improve what is currently available on the TC/EFC website.

#### *Resources*

13. The secretariat expressed sincere gratitude for the loaned expertise on marketing capacity building in the CIS and central and eastern European countries from the UK Forestry Commission which has enabled a consistent effort. The critical role in extending the UNECE/FAO Timber Branch's capacity was acknowledged for in-kind contributions of experts and interns throughout this Work Area. Countries were

requested to approach the secretariat with suggestions for donors that might have an interest in marketing capacity building.

#### *Continuing Statistical Outputs of the Timber Branch*

14. The Working Party was satisfied with these outputs. Concern was expressed at the lack of clarity on when data were made available by the various partners and at the variability this caused between the various datasets. The secretariat agreed to provide more comprehensive notes and data publication schedule to explain this. Some countries called on the secretariat to increase and improve its data revision for earlier years.

15. Following discussion about the use of exchange rates in converting from national currency to US\$ used in the publications the secretariat agreed to provide a table of standard IMF exchange rates and the currency in which data were originally supplied.

#### *New Outputs*

16. The Working Party expressed its pleasure that the data previously collected had now been made available in the publications *Trade of Roundwood and Sawnwood by Species* and *Trade of Secondary Processed Wood and Paper Products Products*. The electronic-only dissemination method seemed particularly appropriate for these publications.

17. Publishing current data was seen as a priority, as opposed to publishing older data previously collected. The data validation methods used for this publication were seen as useful.

#### *Work on Prices*

18. The Working Party welcomed the availability of on-line price data, even with the currently minimal number of series available. Several participants called on the secretariat to expand its links with other data providers, in particular the Baltic-Nordic Forest Statistics Group and the International Tropical Timber Organization. Countries were urged to support efforts to provide more price statistics. It was also suggested that hyperlinks to original data sources would be useful and easier to maintain than the current local spreadsheet system.

#### *Country Grouping*

19. The Working Party considered that the use of different groupings in different publications was perfectly acceptable, but urged a clear delineation for the EU25. Countries were requested to send their views on this question to the secretariat.

#### *Data Confidentiality*

20. The Working Party endorsed the Secretariat procedures in respecting data confidentiality and seeking other information sources. The Working Party noted that data appear increasingly to be restricted and encouraged national sources to request permission from companies to publish the data. A delegate pointed out that a correspondent might not be in a position to supply estimated data after having seen confidential figures. It was recognized that practices in other statistical agencies are not necessarily the same.

#### *Other topics*

21. The FAO presented the data weaknesses revealed by the European Forest Sector Outlook Study (EFSOS), in particular the apparent increase in the 1990s of the gap between western Europe's derived

demand for wood fiber and its known supply. This is in contrast to an excess of wood fiber supply over derived demand in eastern Europe that also appeared in the 1990s. Several possible reasons for this were explored and countries were requested to review their data and provide revisions as necessary.

22. Dr. J-P Schmitt of DRS Consulting AG presented an interactive website that permits a rapid and comprehensive review of forest information from many data sources, including the FAOSTAT and TIMBER database. This presentation underlined the importance of accurate and reliable data being supplied in a timely fashion.

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

23. The Working Party was informed about the activities in work area 2 “*Forest Resources Assessment and Indicators of Sustainable Forest Management in the Region*”, including the contribution to the implementation of the global Forest Resource Assessment (FRA) 2005, results of the final meeting of the regional Team of Specialists (ToS) on FRA, planning and modalities of the new ToS on “*Monitoring forest resources for sustainable forest management in the UNECE Region*”, and preparation for the UNECE/FAO contribution to the Ministerial Conference on the Protection of Forests in Europe (MCPFE) 2007/2008 reporting on Criteria and Indicators (C&I) for Sustainable Forest Management (SFM).

24. The participants noted the time-consuming and challenging process of providing FRA 2005 data by countries, checking and validation of these data, as well as the lessons learned from the process. They also welcomed the well-established coordination between regional and global FRA teams in the process of this project implementation. The Working Party urged those countries, which have not yet provided FRA 2005 country reports to do so as soon as possible.

25. The necessity to maintain the continuity of classifications, terms and definitions applied in the regional and global FRA- and C&I- related work was strongly emphasized. The role of the regional Team of Specialists (former and newly-established) in this respect was noted.

26. The participants commended the outstanding work done by the regional ToS on Forest Resources Assessment during the last years, and expressed their expectation of comparable standards of performance from the successor Team. The Working Party approved the report and recommendations of the final ToS meeting (Washington DC, USA, September 2004), and endorsed the provisional agenda for the inaugural meeting of the new ToS to be held in Geneva in April 2005.

27. The Working Party approved the ToS and secretariat proposals with regard to the UNECE/FAO contribution to the MCPFE 2007/08 reporting on “State of Forests and Sustainable Forest Management in Europe”, including the “Road map” of the process, suggested timetable and modalities of this work. It was noted that the timetable is subject to adjustment, depending on the finally established date of the Warsaw Ministerial Conference. The strong cooperation between the UNECE/FAO secretariat and MCPFE Liaison Unit Warsaw (LUW) was noted and supported.

28. The Working Party recommended that the technical details of the Enquiry (questionnaire) for the MCPFE 2007/ 08 reporting be carefully discussed at the first meeting of the ToS, and made some practical suggestion with regard to reporting C&I data in 3 points in time (“reference periods”), change data reporting, and use of the information available from other providers (e.g. EUROSTAT, IPCC, EEA, JRC-Ispira). Several participants expressed a preference that the reporting for Warsaw refers to the same years as the FRA 2005.

29. The participants were informed about the expected Terms of Reference of the Advisory Group on the preparation of the MCPFE 2007/08 report, and noted the important role, which had to be played by the

Advisory Group in the MCPFE reporting process. They underlined the need for a strong cooperation between the UNECE/FAO ToS and MCPFE Advisory Group, and noted the mutually supportive role of these groups.

30. The Working Party supported the regional ToS' efforts to contribute to the harmonisation of the countries' reporting on C&I for SFM between the MCPFE and Montreal processes, while respecting the autonomy and decision making procedures of each process. The necessity to establish a working relation in this respect with the Technical Advisory Committee of the Montreal Process was noted.

31. The Working Party confirmed the necessity to maintain the regional FRA- and C&I- related work in the future, and endorsed the activities which are underway and planned in work area 2 "Forest Resources Assessment and Indicators of Sustainable Forest Management in the Region".

### **Guidance of work area 3: Forest sector outlook studies (Item 5 of the agenda)**

32. The Working Party reviewed the *European Forest Sector Outlook Study* (EFSOS), main report, which had just been published in paper form. It warmly thanked the study's authors, the team of specialists, the national correspondents and the authors of the Discussion Papers for an excellent study. It urged the secretariat to maximise the impact and usefulness of the study, notably for policy formulation, by bringing it to the attention of policy makers and researchers. It urged national experts to do what they can to maximize the impact of EFSOS, and suggested secretariat members and national experts arrange briefings with a wide range of groups, and that copies be sent to editors of targeted journals so that they might be reviewed. The Working Party suggested that a free standing executive summary be prepared, to make the conclusions more accessible.

33. Among the topics identified by the secretariat as meriting future policy discussion (para. 6.3), the Working Party delegates drew attention to forest management strategies, policies for the sound use of wood and to the situation in the Balkans and CIS.

34. The Working Party welcomed the two workshops being arranged, one on the policy consequences of EFSOS (June 2005, Budapest) and the other on the cross-sectoral approach (October 2005, Latvia), considering them excellent tools to maximise the impact of EFSOS on policy formulation. The provisional programme of the first meeting was distributed.

35. The Working Party agreed that innovation and investment into research and development are crucial to the sector and endorsed the proposal for a survey to be carried out jointly by the EFI Project Centre "INNOFORCE" and UNECE/FAO (TIM/EFC/WP.2/2005/5, annex 3).

36. The Working Party considered the preparation for future outlook studies. It stressed the importance of preparing regional forest sector outlook studies, taking a comprehensive view, which provide essential background information and guidance to policy makers and which can only be prepared by respected and objective international bodies such as ECE and FAO. The studies themselves are very valuable, but the process of preparing them and of discussing their conclusions is also considered very important. The Working Party agreed that there is a need to maintain expertise in outlook study analytical techniques, and suggested that expert meetings, or other less formal consultations, even by e-mail, might be held between studies. Among the topics proposed for the future, attention was drawn to the cross-sectoral dimension, being addressed by a workshop in 2005 and to the supply and demand of non-wood goods and services. Countries were asked to check the national data sets supplied by FAO, especially as regards conversion factors, as EFSOS had revealed certain anomalies, increasing since the early 1990s.

37. The Working Party stressed the importance of monitoring developments and updating outlook study conclusions, and asked the secretariat to prepare in 2007 a short comparison of developments since 2000 with the EFSOS analysis. This short review could be valuable input into the next Strategic Review process (2007/2008) and be presented to the joint session of the parent bodies in 2008.

38. The Working Party was also informed of the auto-evaluation of the FAO outlook studies programme. It considered that the objectives achieved are indeed being met, and that the concept of outlook studies did represent a significant contribution to the promotion of sustainable forest management in the region.

#### **Matters referred to the Working Party by its parent bodies (item 2 of the agenda)**

39. The Working Party was informed of the outcome of the Strategic Review which essentially confirms the Working Party's role as providing guidance for three work areas.

40. The Working Party was also informed of the indicators of achievement fixed for the Timber sub programme in the context of the UN system for results-based management:

- Percentage of countries able to provide satisfactory data on indicators of SFM;
- Percentage of countries able to provide satisfactory responses to the Joint FAO/ECE/Eurostat/ITTO Forest Sector Questionnaire.

41. The secretariat provided information on methods being used and preliminary baseline data and targets. It pointed out that by their nature, indicators simplified issues to make them more understandable, bringing about a certain coarsening of the information supplied. The Working Party agreed that the secretariat should focus on ensuring that those countries with satisfactory responses continued at the same or better levels, as well as on encouraging and helping countries which experienced difficulties to reach satisfactory levels. The contribution of partners to achieving these results, such as Eurostat for the Joint Questionnaire was acknowledged. Some technical issues were noted, and countries were asked to send comments, if any, on this topic to the secretariat by end March.

#### **Special topic: monitoring and analysis of wood energy developments: data quality and availability, inter-organisation cooperation, strengthening the EFSOS analysis (Item 6 of the agenda)**

42. In introducing the paper on this special topic prepared by Douglas Clark and Caroline Stein ("Monitoring and analysis of wood energy developments: data quality and availability, inter-organisation cooperation") the secretariat confirmed that, while there were several sources of wood energy data there was a lack of consistency and harmonization and several significant wood energy flows were not included, such as recovered wood and new wood fuels like pellets and briquettes. The variation in measurement units coupled with the complexity of wood energy flows added to the difficulty of providing a comprehensive picture of wood energy.

43. The Working Party warmly thanked Delegates for the helpful information provided in response to the recent Wood Energy survey conducted by the secretariat. Detailed responses were presented and from these a simplified diagram of wood energy flows was prepared as a basis for discussion. It was noted that information on the increasingly significant flow of processed wood fuels, such as pellets, from industry to households was missing in most countries.

44. Mr. Jan Ilavsky of Metla, the Finnish Forest Research Institute presented the results of an assessment Metla had undertaken for the European Union estimating the energy wood potential within EU-25. The results suggest that there is significant scope, in purely physical terms, to increase the supply of wood for energy from roundwood that is not currently utilised as well as the recovery of wood from felling residues.

45. Mr. Wolfgang Bittermann from Statistik Austria explained the approach taken in Austria to data collection and modelling of wood energy. Data are obtained from surveys and estimates, based on the updating of previous years' measurements. In spite of the importance that Austria attaches to this topic it was acknowledged that there were still gaps in the data and doubt as to the accuracy of some of the absolute figures. In spite of this, the fact that there has been a consistent approach to collecting information over several years means that the trends at least are of value. Several delegates expressed considerable interest in the Austrian approach.

46. The implications of an increased demand for wood fuel and the impact this might have on other wood using industries has been a cause of concern for some time and was examined in a presentation by Mr. Jeremy Wall of the European Commission. Mr. Wall thanked the countries that had kindly provided updated information for his ad hoc wood/energy interface survey, which were included in the revised version of his background paper distributed to the Working Party along with a detailed wood and wood energy flow diagram.

47. FAO informed the Working Party that they had revised the FAOSTAT estimates for wood energy along with future projections. FAO noted that there was a problem with the statistics: many data had not resulted from robust statistical surveys but relied heavily on expert estimates. For the future, there needed to be a clear detailed structure for the collection of wood energy data.

48. The Working Party stressed that there is a definite need for better information about wood energy. This was required for a number of specific purposes, including

- Policy-related issues (informing policy makers, monitoring successful application of policies)
- Wood balances (especially to identify missing flows and gaps between demand and supply)
- Carbon reporting
- Planning of wood supply e.g. for the development of new wood energy and wood processing plants
- Legal requirements in some countries to monitor developments in the forest sector.

49. In terms of the information needs, the origin and quantity of wood used for energy would be of interest i.e. the source whether forest/industry/post consumer, geographical origin, the type of wood and the type of forest from which it had been obtained. The potential availability of wood for energy is another important topic. There needs to be recognition that the forest is not the only potential source of wood energy and that, for example, urban areas and non woodland trees can be important sources of wood fuel. Consumption patterns and trends, such as the use of wood to generate electricity in power plants or combined heat and power plants, industrial use of wood energy and the contribution that households make are all of interest.

50. In the present situation there are many gaps, weaknesses and inconsistencies in the data as well as recycling of data and estimates. However, there are also some "real" data (i.e. based on an objective measurement or survey process) and the sources of these data have been identified in part at least by the recent survey undertaken by the secretariat. There appears to be strong interest in finding ways of improving the present situation

51. The Working Party agreed to the following actions:

- identify the lowest common denominator of wood energy data, which all ECE countries should aspire to provide;
- analyse existing "real" data (national and international statistics, ad hoc surveys) supplied to the Working Party and from other sources, notably energy surveys, to get a first picture of wood energy at the regional level;

- make recommendations for permanent arrangements;
- throughout, be very precise and whenever possible use internationally agreed solutions with regard to use of terms and concepts
- ensure that Joint Forest Sector Questionnaire correspondents are aware of other wood energy data sources, as presented to the Working Party;
- work with all data suppliers including notably national statistical offices and energy ministries and make contact with any possible efforts by other organizations.

52. To make progress against this list of actions it was agreed to set up a group of volunteers with representatives of international organizations and interested countries. UNECE, FAO and EU expressed their willingness to contribute, and would contact the International Energy Agency (IEA) on this issue. Several countries expressed an interest in taking part. Countries were asked to indicate to the secretariat by 25 April 2005 if they wished to nominate members to this group. This group should report to the next Working Party meeting in March 2006.

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

53. The Working Party was informed of the activities of the Intersecretariat Working Group on forest sector statistics which continued to work effectively to implement the Joint FAO/ECE/Eurostat/ITTO Forest Sector Questionnaire. It warmly commended the four secretariats on their continuing close cooperation which significantly reduced the reporting burden on countries and improved data quality.

54. The Working Party was also briefed on proposed changes to the International Standard Industrial Classification (ISIC) section on Forestry and logging. It endorsed the FAO Forestry Department's opinion that it was not possible to distinguish in the classification between forestry and logging activities in natural forest and in plantations. The other changes proposed to ISIC were supported.

#### **Publications, website, databases: guidance by the Working Party (Item 8 of the agenda)**

55. The Working Party reviewed the methods used to disseminate the outputs of the integrated programme, notably publications, the website and databases, and welcomed the efforts made by the secretariat to improve its communication methods. The secretariat also presented data on downloads of ECE/FAO publications, and informed the Working Party of its intention to continue tracking this important indicator of users' preferences and of its success in reaching them.

56. The Working Party agreed that the website was now the primary method of communication and welcomed the secretariat's intention to make it more structured and easy to navigate. As regards databases, priority should be given to data quality and metadata rather than to presentation and analysis tools.

#### **Any other business**

57. The Slovak delegation presented the situation after the windblow in the High Tatras in November 2004, and measures being taken by the Slovak government to normalise the situation and start restoration of the damaged area.

#### **Election of officers**

58. The Working Party re-elected Mr. M. Aarne (Finland) Chairman and Mr. M. Gecovic (Slovakia) and Ms. S. Phelps (Canada) Vice Chairs.



**Adoption of the report**

59. The report was adopted on the basis of a draft prepared by the secretariat. The report on items 1-5 of the agenda was approved by the Working Party at its final session and that concerning the remaining items by the bureau after the session.