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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-eighth session  
Geneva, 2-4 May 2006

### **REPORT ON THE TWENTY-EIGHT SESSION**

1. The Joint FAO/UNECE Working Party on Forest Economics and Statistics held its twenty-eighth session in Geneva from 2-4 May 2006. The session was attended by delegates from the following countries: Austria, Canada, Croatia, the Czech Republic, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, the Netherlands, Norway, Poland, Serbia and Montenegro, Slovakia, Sweden, Switzerland, Turkey, the United Kingdom of Great Britain and Northern Ireland, and the United States of America.
2. The session was attended by representatives of the Convention on Trade in Endangered Species of Wild Fauna and Flora (CITES), the European Commission, the International Energy Agency (IEA) and the Ministerial Conference on the Protection of Forests in Europe (MCPFE).
3. Representatives from the following non-governmental organizations also attended the session: Forest Stewardship Council (FSC) Accreditation Program, European Landowners' Organization, Global Witness, International Union of Forest Research Organizations Secretariat (IUFRO), Programme for the Endorsement of Forest Certification Council (PEFC), Observatoire des énergies renouvelables, Overseas Development Institute (ODI), and the Royal Institute for International Affairs (RIIA).

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

(ECE/TIM/EFC/WP.2/2006/1)

4. The provisional agenda presented by the secretariat was adopted.

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

(ECE/TIM/EFC/WP.2/2006/2)

5. The Working Party took note of the requests of its parent bodies and noted that its agenda had been designed to respond to these concerns.

## **Guidance of Work Area 1, markets and statistics (Item 3 of the agenda)**

(ECE/TIM/EFC/WP.2/2006/3)

### Replies to Joint Forest Sector Questionnaire (JFSQ)

6. The Working Party expressed its concern at the decline in responses in 2005. Several possible reasons for this were raised including confidentiality, changes in correspondents and failure to reach non-reporting countries. The Working Party urged the secretariat to make every effort to reverse this trend.

### Potential Revisions to the Joint Forest Sector Questionnaire and data handling

7. The criteria used for changing the JFSQ (paragraph 8 of meeting document) were supported. There was mixed support from delegations for changing the structure of the paper items while some countries suggested reducing the detail under wood pulp. It was agreed to combine the questionnaires on trade by species (ECE1-EU3-ITTO2) although the national statistical correspondents (NC) should first review any proposal. The possible expansion of the Secondary Processed Products (SP1) questionnaire was generally supported as long as any additional items were clearly defined in terms of the Harmonised System.

8. The Working Party agreed that the secretariat use non-official (trade association) data when necessary. Most NCs present at the Working Party already use these sources. However the secretariat should continue to work directly with the correspondents rather than use data exclusively from the associations. One country encouraged the secretariat to help NCs find supplemental non-official data sources for missing statistics. The Working Party encouraged the Intersecretariat Working Group (IWG) and associations to increase cooperation, particularly on definitions and data exchange.

### UNECE Timber Committee Forecasts

9. The Working Party were presented with the draft forecasting manual and agreed that more time was needed to review it. The secretariat will circulate the manual to the Working Party (and UNECE/FAO Team of Specialists on Forest Products Markets and Marketing) and get comments prior to issuing the manual in August when the Timber Committee Questionnaire is sent out.

### Analysis of markets for forest products, notably topical and policy relevant aspects

10. The Working Party expressed appreciation for the work of the secretariat team, expert consultants and information contributors on the UNECE/FAO Forest Products Annual Market Review. The main improvement in the 2006 version will be a chapter on wood energy markets and policy developments. Several countries mentioned the Review's value in their country.

11. The Working Party recognized the critical role of the NCs in providing the database for the Review. They noted the importance of timely replies to the JFSQ, and requested that NCs submit replies to JQ1 and JQ2 by the 15 May 2006 deadline. On-time responses may necessitate some estimation by national statistical correspondents. Incomplete responses are preferred to no response.

12. The Working Party noted the secretariat's attempts to improve the statements and forecasts for the Timber Committee session in conjunction with the October 2006 International Softwood Conference being held in Quebec City, Canada, which is a prelude to joint Timber Committee and European Softwood Conference Market Discussions in 2007. The UNECE/FAO Team of Specialists on Forest Products Markets and Marketing is also working with the secretariat to improve the country market statements and forecasts.

#### Capacity building for forest products markets in countries in transition

13. This work item is supported by the mandate of the UNECE/FAO Team of Specialists on Forest Products Markets and Marketing. Two workshops were held in the last year as noted below, thanks to generous financial and in-kind contributions by the hosts in the Czech Republic and Serbia and Montenegro, plus Team members, as well as contributions by marketing experts (see also paragraphs 48-49).

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

14. The Working Party was satisfied with the current output on certification including the fact that the annual Discussion Papers on certification have been discontinued.

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

15. Dr. Richard Vlosky, Leader, UNECE/FAO Team of Specialists on Forest Products Markets and Marketing, submitted his written report on the Team's accomplishments and activities. The Working Party thanked the Team for its report and noted that their activities are in accordance with its mandate. Team members hosted and gave expert presentations at two forest products marketing capacity building workshops. The Team is conducting follow-up for the two workshops.

16. Additional activities underway include: (1) preparation of a study on the market effects of public procurement policies for the 5 October 2006 policy forum during the Timber Committee session; (2) improving country market statements and forecasts; (3) improving wood energy information and its dissemination; (4) direct expert contributions to the UNECE/FAO Forest Products Annual Market Review; (5) speaking at the TC Market Discussions; and (6) updating the Current Issues Website.

#### Resources

17. The Working Party expressed its appreciation to the United Kingdom's Forestry Commission for the on-going loaned expertise of one professional. Thanks to this contribution it has been possible to implement activities on forest products marketing capacity building. Countries are requested to approach the secretariat with suggestions for donors, including in-kind contributions, to any facets of this Work Area.

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

(ECE/TIM/EFC/WP.2/2006/4)

18. The Working Party endorsed the UNECE/FAO activities in Work Area 2, including the regional contribution to the global FRA 2005 and its follow up (“Kotka-V”), UNECE/FAO input into the preparation for MCPFE 2007 reporting on Criteria and Indicators for Sustainable Forest Management (C&I for SFM), and activities of the Team of Specialists on Monitoring Forest Resources for Sustainable Forest Management in the ECE Region.

19. The Working Party welcomed the well-established coordination between regional and global FRA, the close cooperation between UNECE/FAO and MCPFE, and the active development of partnership with EU structures and institutions, and Cooperation in the field of Science and Technical research (COST) actions.

20. The participants reviewed the process of preparation for the MCPFE 2007 report on “State of Forests and Sustainable Forest Management in Europe 2007”, and endorsed the scope, format and modalities of the UNECE/FAO contribution to the C&I reporting to the Ministerial Conference. It was noted that the MCPFE 2007 C&I reporting would be an important contribution to the preparation of the next round of the global forest resources assessment (FRA 2010).

21. The Working Party urged the countries reporting on the MCPFE C&I for SFM to provide their replies to the UNECE/FAO Enquiry on quantitative indicators not later than end-July, to allow sufficient time for processing and analysis of these data. The Working Party thanked Norway for an in-kind contribution of a loaned expert for collecting and processing C&I data.

22. The Working Party endorsed the work of the regional Team of Specialists, including the recommendations of the first Team meeting (Geneva, April 2005), and the agenda for its next meeting to be held in Hamburg in May 2006.

23. The Working Party, recognizing the complexity of the questionnaire and its importance, endorsed the preparation of the Private Forest Ownership (PFO) Enquiry based on the pilot study outcomes, and supported the study on this subject. It recommended that the PFO study, as well as the planned Non-Wood Goods and Services (NWGS) study, as a specific important contribution to the MCPFE 2007 reporting, should be compatible with the main Enquiry for quantitative indicators.

24. The participants recommended that the global FRA Expert Consultation “Kotka-V” address the issue of the reporting burden of national correspondents. Concerns were expressed at apparent duplication of different processes. The Working Party welcomed the increased cooperation as planned at the Inter C&I Process Collaborative Workshop, 8-10 June in Bialowieza, Poland.

25. The Working Party re-confirmed the necessity to maintain strong regional activities in this area in order to satisfy specific regional needs (reporting on C&I for SFM, etc.) and mobilising regional expertise for future global FRA rounds. It endorsed the Work Area 2 planning for 2006 – 2007.

**Guidance of Work Area 3: Forest sector outlook studies (Item 5 of the agenda)**

(ECE/TIM/EFC/WP.2/2006/5)

26. The Working Party was informed of the actions taken to disseminate EFSOS widely and to use it to stimulate policy debate at the national and international level. It welcomed the two follow up workshops held in 2005, on policy consequences of EFSOS (Budapest, June 2005) and cross-sectoral aspects of EFSOS (Riga, October 2005).

27. The Working Party was informed of progress and plans for outlook studies at the global level and in other regions, notably the Forest Outlook Study for Western and Central Asia (FOWECA) and Asia Pacific. It welcomed the intention of FAO to focus on a global study in the next two years.

28. Delegates reported on how EFSOS had been received in their countries. In general EFSOS had been widely distributed, stimulated expert discussion and had a background role in formulating strategy documents and plans. For a number of countries the country profiles had not been formally reviewed, as suggested. Reasons included complexity of the study, as well as the fact that it was rather late and not specifically targeted to particular policy issues.

29. The Working Party endorsed the scope and objectives of EFSOS, which should be maintained in future outlook studies, with the following improvements and modifications: (1) the cross sectoral approach should be further strengthened; (2) if possible, periodicity could be reduced; (3) contemporary policy topics should be addressed directly; (4) the link between policy options and the scenarios proposed should be made more specific; and (5) more resources are necessary to improve the quality of the analysis/outlook.

30. The Working Party agreed that a group should be formed, with the participation of the secretariat and interested experts, to continue to develop the concepts and methods for future EFSOS work. The main objective of the group should be to prepare recommendations for the data and methods to be applied in the next European forest sector outlook study. The option to seek funding and set up a network of experts using support from the COST system was introduced and supported.

**Dissemination of outputs (Item 6 of the agenda)**

(ECE/TIM/EFC/WP.2/2006/6)

31. The Working Party expressed its appreciation for the dissemination work of the secretariat. One country pointed out the importance of trying to bring together data and information from the wealth of information held by each country. Another country encouraged producing short and clear highlights from technical publications for use by policy-makers. The Working Party urged that links be established between the various countries where these did not already exist. The Working Party welcomed all initiatives (e.g. Global Forest Information System) to develop forest information platforms.

**Special topic: monitoring and analysis of wood energy developments (Item 7 of the agenda)**

(ECE/TIM/EFC/WP.2/2006/7)

32. The secretariat reviewed the work that had been done over the last 15 months, following up the action points from the 2005 Working Party session. Two main lines had been pursued – using existing data to provide a regional overview and drawing up a draft questionnaire to seek better quality data, including defining the minimum level of information needed to assist policy development in the field of wood energy (the ‘lowest common denominator’ approach): this was fundamentally the data that were presented in the regional overview. Given the time lag between the intention to collect better information and its actual availability, the Working Party agreed that there was a need to act now to improve the quality of the information base.

33. Some countries wanted the data requirements to be clearer. The general discussion showed that data were required to explain how much wood was being used for energy, its source, and trends in use. The aim is to provide support to decision-makers and evaluate policies in place. The need for better quality data about wood energy was evident. Wood energy features strongly in national policies in many countries and is likely to receive added impetus from developments such as the EU Biomass Action Plan and the Bio-fuel Strategy. Concerns about the potential impact of new targets for bio-energy on demand for wood and the possibility that demand for wood might outstrip sustainable supply, at some stage in the future, added to the sense of urgency.

34. The regional overview presented for the first time, to the secretariat’s knowledge, data on the supply of energy derived from wood obtained from “forest” sources and from “energy” sources, with significant discrepancies. There was still underlying concern that the data on wood energy are weak. Several difficulties had been encountered in compiling the overview, as follows: (1) lack of communication between wood and energy specialists; (2) it had been difficult to separate wood from other types of biomass; (3) there were no data for some sources and flows; and (4) data for fuelwood supplied directly to households were scarce, or did not exist.

35. The Working Party expressed appreciation of the secretariat’s achievements. There was broad support for the direction and approach that the secretariat had taken in fulfilling the action points from the 2005 meeting.

36. The Working Party recognised that further progress would require close cooperation between the international bodies that collected data on energy and forestry. It would be important to build on the first contacts, at the national as well as the international level. There was a strong belief among many participants that much of the required data already exist. The real problem is to find the right national correspondent who knows how to access those data.

37. The Working Party agreed to set up a task force to collect better data on wood energy in the region, based on the approach in the draft questionnaire. Several countries offered to investigate possibilities to contribute resources to the work and report back to the secretariat. There was general agreement that efforts should be made to secure funding from the private sector since improved data should be of considerable value to them.

38. It was agreed that the task force should consist of FAO, Rome; IEA; the EU; and UNECE/FAO, along with experts nominated by countries and other organizations. The task would be to design a harmonized questionnaire compatible with existing forest and energy terminology and classifications, including JFSQ, the Renewables and Wastes questionnaire produced by the IEA, and Unified Bio-energy Terminology (UBET) produced by FAO, and issue it to the two communities – energy and timber. If possible, data for 2005 should be collected and the task force should report back to the 2007 Working Party. Countries were invited to indicate to the secretariat their desire to participate in the task force.

39. The advantage of identifying a national focal point to which the questionnaire might be sent was recognized. Countries were invited to consider designating such a national focal point, ensuring that both forest and energy communities participated in the work.

40. The secretariat pointed to the need for an analyst to work on this task for a period of some months, based either in Geneva or in his/her home country. The Working Party urged all countries to consider whether they might be able to make such support available.

#### **Special topic: information on certified forest products (Item 8 of the agenda)**

(ECE/TIM/EFC/WP.2/2006/8)

41. The request to the Working Party to investigate certified forest products (CFP) statistics and information came from the Timber Committee and European Forestry Commission (TC/EFC) policy forum on “Forest certification—Do governments have a role?” in 2005. The Working Party discussed the availability of CFP statistics and information from various sources, and their needs for policymaking and market analysis.

42. During the discussion, certification systems representatives and national and international experts in CFP markets expressed willingness to collaborate with the secretariat in following current market developments.

43. Since CFPs are not identified in trade classifications (e.g. the Harmonized System) national statistical correspondents are currently unable to report on CFP trade. However, some countries are initiating collection of statistics on certified forest area and CFP production, while the certification schemes themselves are developing increasingly ambitious data sets, for instance about the areas certified and the volumes produced under each chain of custody certificate.

44. The TC/EFC Network of Officially Nominated National Correspondents on Certification and Certified Forest Products Markets was deemed to be a valuable source of information on national developments within the UNECE region, and heads of the TC and EFC delegations were requested to assist the secretariat in maintaining this Certification Network. The Certification Network could validate statistics from other sources, e.g. where multiple certification of forests could lead to multiple-counting of the area certified. For the near term, it was decided that the UNECE/FAO Timber Section should maintain its current activities in this field, with additional collaboration when available.

45. Countries gave priority to information concerning the following parameters in Annex 1 of the document prepared for this agenda item: (1) certified forest area; (2) number of chain of

custody certificates; and (3) roundwood removals. The Working Party recognized downstream parameters were generally not available. Countries were satisfied with current efforts and with the role of UNECE/FAO and its partners.

### **Special topic: information on illegal logging and related trade (Item 9 of the agenda)**

(ECE/TIM/EFC/WP.2/2006/9)

46. The Working Party noted the generally unsatisfactory quality of the information on illegal logging and related trade, despite the importance of the topic and the initiatives of a number of official and unofficial organizations. It stressed that good, recent, publicly available information on the forest resource, removals, trade and consumption, as well as various administrative and legal matters (e.g. name of concession holders) helped to diminish illegal activities. Although the main responsibility for improving information lay with national systems, international organizations could cooperate more. The Working Party expressed its warm thanks to those organizations which had shared their experience: FAO/ITTO, EU Forest Law Enforcement, Governance and Trade (FLEGT), MCPFE, CITES, RIIA, Global Witness and ODI-Verifor. These had clearly demonstrated the complexity of the issues and the need for better information. Official information systems could support efforts for improving definitions, parameters and study methodologies and to identify and disseminate best practices in monitoring illegal logging and related trade. Among the areas where official information systems could also play a role were in increasing transparency, analysing discrepancies in trade-flow data or between estimated consumption and legal supply.

47. There is considerable activity against illegal logging and related trade, for instance under the auspices of MCPFE and the Europe and North Asia Forest Law Enforcement and Governance (ENA-FLEG) conference. However, so far most of the focus has not been on improving information. The Working Party asked the secretariat to consult with possible partners, and make proposals for future action. One possibility was a longer and more specialised meeting on the topic of improving information on illegal logging and related trade. The Working Party would be kept informed of any activities.

### **Capacity building for sector information (Item 10 of the agenda)**

(ECE/TIM/EFC/WP.2/2006/10)

48. The secretariat reviewed briefly capacity-building work over the last year and gave an update on recent events, before describing potential new developments. The secretariat informed the Working Party that the Czech Republic had indicated it may be able to support a follow-up workshop to the one held in Prague/Krtiny in 2005. This would be targeted on the Caucasus and Central Asia, perhaps in May 2007, in cooperation again with FAO. Discussions had been held about a marketing workshop that might be held in December 2006, in Dubrovnik (Croatia). An announcement would be made on the TC/EFC website in due course.

49. The Working Party noted with pleasure the increase in activities under the work area element. The loan of a seconded officer from the United Kingdom had provided a major boost but the work is held back by resource limitations. The secretariat would welcome offers of assistance, including the offer of expert speakers for the planned workshops.



**Other business (Item 11 of the agenda)**

50. The secretariat informed the Working Party that the dates of 20-22 March 2007 had been reserved for the next session. It was suggested that, in view of the considerable overlap of topics and delegates, the Working Party sessions might be coordinated with those of the Eurostat Working Group "Forestry Statistics", through back-to-back or joint meetings or similar arrangements, leading to savings of time and money and better coordination of activities, without changing the mandates and working methods of either organization. A number of countries expressed their support for this proposal. The Working Party asked the secretariat to approach Eurostat to explore this idea.

**Election of officers (Item 12 of the agenda)**

51. The Working Party elected Ms. S. Phelps (Canada) Chair, and Mr. M. Aarne (Finland) and Mr. M. Valgepea (Estonia) Vice Chairs.

**Adoption of the report (Item 13 of the agenda)**

52. The Working Party agreed that the draft report as prepared by the secretariat would be reviewed by the bureau and distributed for comments to the Working Party members in attendance. These comments have now been integrated in the report.