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FOOD AND AGRICULTURE ORGANIZATION
European Forestry Commission

Joint FAO/UNECE Working Party On Forest
Economics And Statistics

Twenty-ninth session
Geneva, 20-22 March 2007

REPORT OF JOINT FAO/UNECE WORKING PARTY ON FOREST ECONOMICS AND STATISTICS ON ITS TWENTY-NINTH SESSION

I. ATTENDANCE

1. The Joint FAO/UNECE Working Party on Forest Economics and Statistics held its twenty-ninth session in Geneva from 20-22 March 2007. The session was attended by delegates from the following countries: Austria, Canada, the Czech Republic, Estonia, Finland, France, Germany, Hungary, Italy, Latvia, Norway, Romania, Serbia, Slovakia, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland, and the United States of America.
2. Representatives of the European Commission and the European Forest Institute (EFI) attended the session.

II. ADOPTION OF THE AGENDA (Item 1 of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2007/1 : Provisional agenda

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

III. MATTERS REFERRED TO THE WORKING PARTY BY ITS PARENT BODIES (Item 2 of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2007/2: Matters referred to the Working Party by its Parent Bodies

4. The Working Party took note of the activities and requests of its parent bodies as outlined in the document. It noted that it was addressing the issue of improved wood energy data under

item 6 of its agenda. It also took note of its revised terms of reference as agreed by the Timber Committee and the UNECE Executive Committee (annex).

5. With respect to the third Strategic Review of the UNECE/FAO integrated programme, the Working Party was informed that it would probably be requested to evaluate its own activities and prepare proposals for improvements. It asked its bureau to collect suggestions from Working Party delegates and prepare a response from the Working Party on this topic.

IV. GUIDANCE OF WORK AREA 1, MARKETS AND STATISTICS **(Item 3 of the agenda)**

Documentation: ECE/TIM/EFC/WP.2/2007/3: Guidance of Work Area 1 - Markets and Statistics

A. Review of Statistical Outputs

6. The Working Party endorsed the current outputs and expressed its wish to see all data published on the Timber Committee/European Forestry Commission (TC/EFC) website as regularly as possible. It urged the secretariat also to improve quality and scope of its price database.

B. Replies to Questionnaires

7. The Working Party expressed its appreciation for the information provided on the number and extent of replies, and noted the need to improve the number of responses received to achieve the targets fixed in the UN Programme and Budget. It notes the usefulness and relevance of the results based approach. The Working Party encouraged the secretariat to find more precise ways of evaluating the quality of replies and the number of revisions to data.

C. International Statistical System

8. The Working Party supported the proposal for changes to the Joint Forest Sector Questionnaire (JFSQ) as outlined in para. 8 of the document, agreeing that they should be implemented simultaneously rather than gradually. Changes that could be clearly defined, in the Harmonised System (HS) or otherwise, were endorsed. Complete coverage of the forest and wood sector, including so-called minor products, was necessary for many forms of analysis, for instance in the context of carbon flow reporting or wood balances. Countries expressed a wish that historical series be maintained where possible. In certain circumstances, changes in classification could exacerbate confidentiality problems.

9. The Working Party noted the importance of improving knowledge of non-wood and non-marketed goods and noted that this problem is being addressed in forest resource assessment work. However, it felt that it was not realistic to incorporate these products into the annual data collection through the JFSQ. Bamboo is of low interest to the region as pointed out in previous sessions, but is now specifically identified in the HS. The Working Party asked the Intersecretariat Working Group (IWG) to consider what changes, if any, were necessary to the JFSQ in the light of these developments. The Working Party was informed that the mandate of the ITTO had been expanded to include coniferous as well as non-coniferous tropical timber. This would necessitate a change in the information base and a modification to the JFSQ, even though collecting this information was likely to be quite difficult. The IWG should prepare

proposals for review by the various oversight bodies. In general, the Working Party expressed its preference for keeping the JFSQ as simple and streamlined as possible. Discussion of the proposal to combine ECE1 and EU3 questionnaires was postponed so that the respective organizations would circulate a proposal to countries for implementation next year.

10. The Working Party agreed that its bureau should write to the appropriate organ of the European Union expressing the Working Party's concern at the decline in quality of EU internal trade data. Commission Representative encouraged increased cooperation between IWG and the Working Party.

D. Capacity building and dissemination

11. The Working Party supported plans for a statistical capacity building meeting concentrating on EECCA countries, and encouraged the secretariat to seek synergies with other such efforts. The improved quality of the TC/EFC web site was noted and further improvement encouraged. The Working Party urged FAOSTAT to improve convenience and user friendliness of the database, which is globally critical.

E. Analysis of markets for forest products

12. The Working Party reviewed analyses of market and related policy developments, focusing on improvements in the production of the *Forest Products Annual Market Review* (FPAMR) such as its new chapter on wood energy markets. The FPAMR is dependent on timely responses by countries to the Joint Forest Sector Questionnaire (JFSQ) with its current deadline of 15 May 2007. The Working Party urged national correspondents to meet this deadline in order to avoid delaying publication.

13. The 2007 Timber Committee Market Discussions will be held jointly with the International Softwood Conference, which could strengthen market forecasts, country market statements, as well as industry participation. The Working Party asked the Team of Specialists on Forest Products Markets and Marketing (ToS) to investigate the market forecasts with the goal of improving validity and response rates.

14. The Working Party thanked the organizers, sponsors and expert speakers, including from the ToS, for ongoing activities in capacity building in forest products marketing in southeast Europe. Two marketing workshops were held in the last year: (1) Novi Sad, Serbia, April 2006 and (2) Dubrovnik, Croatia, December 2006. Follow up on the two workshops' recommendations is under way, for example, Serbia announced government support for establishment of a marketing information system (MIS), the first in the western Balkans. Dr. Branko Glavonjic (Serbia) hoped that countries such as Germany, Finland and Lithuania, which already had considerable experience in running MIS, would be able to give him their support in developing a system.

15. Continuing capacity building assistance in markets and statistics depends on extra budgetary resources. This activity has benefited considerably from the loaned expertise of a marketing specialist from the UK Forestry Commission, as well as in-kind and financial contributions from other Governments, institutes and organizations.

16. Regarding certified forest products markets, the Working Party supported continuing the current work composed of a chapter in the FPAMR, a presentation at the Market Discussions, and a website. The Working Party advised: (1) maintaining and using the Timber Committee and

European Forestry Commission network of officially nominated national correspondents on certification and certified forest products markets; and (2) improving statistics on certified forest area, being careful to avoid double counting due to multiple certification which is increasing.

17. The Team Leader sent a report on activities in the accomplishment of its mandate. The Working Party thanked the Team for all of its work, especially its critical support of the FPAMR and the Market Discussions.

V. GUIDANCE OF WORK AREA 2: FOREST RESOURCE ASSESSMENT AND INDICATORS OF SUSTAINABLE FOREST MANAGEMENT IN THE REGION
(Item 4 of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2007/4: Guidance of Work Area 2 - Forest Resource Assessment and Indicators of Sustainable Forest Management in the Region

18. The Working Party reviewed and endorsed the activities in work area 2.

19. The Working Party welcomed the well-established coordination between regional and global Forest Resources Assessments, and between UNECE/FAO and the Ministerial Conference on the Protection of Forests in Europe (MCPFE), notably in the arrangements for the elaboration of the Report on “State of Forests and Sustainable Forest Management in Europe 2007” for the next MCPFE (Warsaw, November 2007).

20. The Working Party endorsed UNECE/FAO work on the collecting and processing data on quantitative indicators, provided by countries in reply to the core Enquiry. The Working Party highly appreciated the methodological and practical support provided by the FAO FRA programme to this Report.

21. Some countries expressed their concerns about the availability of requested data on a number of MCPFE quantitative indicators at the regional and national levels. Furthermore, there are some established forms of forest reporting systems such as economic accounts for forestry (EAF) or integrated environmental accounting on forest (IEAF), both collected by EUROSTAT, which request partly the same data. Delegates asked the secretariat to take steps to harmonise the concepts, terms and definitions of these and other closely related systems with the FRA terms and definitions.

22. The Working Party thanked Norway and the Czech Republic for the in-kind contribution of human resources (Dr. Stein M. Tomter and Mr. Richard Slaby) for collecting and processing criteria and indicators data (C&I) for the MCPFE-2007 Report, and EU DG-Environment and UK for the financial support to the MCPFE-2007 Report elaboration.

23. The Working Party endorsed the work, which had been done on the pilot enquiry and expected study on private forest ownership. This study will contribute to the reporting to the Ministerial Conference, as well as other policy analyses. The Working Party noted the necessity to validate and finalize the preliminary data with countries as soon as possible.

24. The Working Party urged countries to respond to the enquiry on qualitative indicators as soon as possible (deadline 28 February).

25. The Working Party expressed concern with regard to the current situation with the collection of data from other International Data Providers (IDP), as some data problems emerged, and very little time was available for the full process of validation. It urged the secretariat to take the initiative in developing a solution acceptable to all.

26. The Working Party reviewed and endorsed the recommendations of the second Team of Specialists (ToS) meeting on “Monitoring forest resources for SFM in the UNECE Region” (Hamburg, May 2006), and the provisional agenda for the third ToS meeting to be held in Edinburgh in May 2007.

27. The Working Party welcomed the secretariat’s commitment to cooperate with future EU structures dealing with the forest resources data. Reservations were expressed on the COST E43 workshop on cooperation between the Montreal process and the MCPFE.

28. The participants emphasized the need to maintain stability in the Forest Resources Assessment work to ease the reporting burden of countries and national correspondents. This was especially stressed in the light of the on-going preparation for the global Forest Resources Assessment (FRA-2010).

29. The Working Party re-confirmed the necessity to maintain strong regional activities in this area in order to satisfy specific regional needs and mobilizing regional expertise for the forthcoming global FRA round. It endorsed work area 2 planning for 2007 – 2008.

VI. GUIDANCE OF WORK AREA 3: FOREST SECTOR OUTLOOK STUDIES **(Item 5 of the agenda)**

Documentation: ECE/TIM/EFC/WP.2/2007/5: Guidance of Work Area 3 - Forest Sector Outlook Studies

30. The Working Party was informed that in 2006/7, the French and Russian versions of EFSOS had been issued, that the secretariat had continued to present results to interested audiences, and that a Discussion Paper had been prepared and issued comparing real trends to 2005 with EFSOS scenarios. The policy discussion on wood availability and mobilization aroused by the ambitious new targets for biomass energy had demonstrated the need for transparent, consensus based baseline scenarios, such as those proposed by EFSOS, and the weakness of EFSOS’ treatment of wood energy demand and supply.

31. The Working Party reaffirmed that sector outlook studies should continue to be a core work area of the UNECE/FAO programme, with adequate resources, and be issued at regular intervals. The policy discussion on wood mobilization for energy and raw material had confirmed the utility of EFSOS type analysis.

32. On the scope and process of future outlook studies, the following suggestions were made:
- (a) The study should concentrate on areas where it could make a significant contribution to analysis and not over-extend itself. Wood supply, demand and potential would probably remain at the core of the study.
 - (b) Some delegates urged that studies should be prepared more often, perhaps every 5 years.
 - (c) There is a need for an expert group to monitor progress and develop methodology. The scientific community could perhaps play a more important role.
 - (d) Sufficient resources should be made available. It is necessary to seek extrabudgetary funding, for instance through the FTP and COST. These options should be explored by the Secretariat.
 - (e) The USA and Canada were asked to examine the possibility of preparing together a new North American outlook study.
 - (f) A user survey, examining what went right and wrong with EFSOS, and describing its impact would be useful.
 - (g) Non-wood benefits are important but might be addressed through other processes.

VII. SPECIAL TOPIC: MONITORING AND ANALYSIS OF WOOD ENERGY DEVELOPMENTS (Item 6 of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2007/6: Special Topic: Monitoring and Analysis of Wood Energy Developments

33. The secretariat presented the results of the work to improve the quality of wood energy data and reported the following conclusions:
- (a) Far more wood is used for energy than was previously reported;
 - (b) There is a vast energy potential of post consumer wood.
34. Delegates responded positively to the Joint Wood Energy Enquiry (JWEE) exercise. They recognized the imperfections of the data but nonetheless confirmed that these were the best data available. 14 usable responses was a significant improvement on earlier work, but there was considerable potential for improving coverage both by country and by parameter. Delegations shared their experience of improving data on wood energy, for instance by combining household energy use surveys with traditional forest statistics. The JWEE showed that the use of wood for energy was much higher than had been recorded in the Joint Forest Sector Questionnaire.
35. The significant increase in the reported volumes of wood used for energy raised major questions about the sustainable level of wood supply for energy and raw material. It was urgent to attempt an estimate of this, taking into account the newly discovered volumes of wood energy, for instance from unrecorded fellings, but also the fact that much of this material comes from sources not included in standard net annual increment, notably trees outside the forest, harvesting residues and stumps.

36. A positive outcome from the JWEE was the enhanced cooperation between the forestry and energy sectors in data collection, which should be further developed. Several countries had taken initiatives to improve the quality of their data. There would be a benefit in sharing this information among member countries. Delegates asked the secretariat to invite country correspondents to provide new information or update the information that they had provided in 2005 on survey methods and data sources and to make this information available to all member countries.

37. The secretariat intended to publish the results of the JWEE in a discussion paper later in 2007. It invited those countries that had completed the JWEE to update the information if needed and other countries to submit completed questionnaires before 15 May 2007 for inclusion. Several countries commented on the need for a qualifying remark to be added about the precision of their national data and to include this in the publication. The Forest Products Annual Market Review 2006/2007 would include an analysis of the wood energy situation, incorporating the JWEE results. The Working Party urged the secretariat and the national correspondents to incorporate the improved information on wood energy in their response to the JFSQ dataset.

38. Countries favoured the repeat of the JWEE on a 2-year cycle, so that the next exercise would take place in 2008, to record 2007 data. Countries reacted favourably to the revised structure for the JWEE and offered many helpful detailed comments. Delegates recognized the need to increase the response rate for the next JWEE and recommended that there should be a training workshop for country correspondents before then to assist with this. There should be an official request to nominate country wood energy correspondents.

39. Serbia and Romania commented on the importance of wood energy for their two countries. Both were keen to host and organize a workshop on wood energy policy and market development in southeast Europe and would welcome contributions from countries that already had good capacity in wood energy.

40. Delegates considered that wood energy should be a priority topic within the Integrated Programme of Work for the period 2008-2012, and should be mentioned explicitly both under work area 1 (improvement of information availability and quality) and work area 3 (analysis and outlook).

VIII. SPECIAL TOPIC: OVERVIEW OF INTERNATIONAL REPORTING ON FOREST AND FOREST PRODUCTS (Item 7 of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2007/7: Special Topic: Overview of International Reporting on Forest and Forest Products

41. The Working Party noted the increasing complexity of reporting requirements, the rising expectations of information users and the cross sectoral nature of some information requests, as well as the heavy reporting burden on national correspondents. It stressed that international agencies should cooperate in data collection and share results. In this respect it welcomed the partnerships developed by UNECE/FAO, notably for the JFSQ and in the context of FRA, as well as with MCPFE. It thanked the secretariat for preparing an overview of the international agencies requesting forest related information and the instruments used. Delegations presented a number of corrections and suggestions for improvement, including that each entry be accompanied by a brief background note. In general however, there was no need for structural change as existing partnerships and data sharing arrangements functioned satisfactorily. The

Working Party asked delegates to send their comments and suggestions to the secretariat in written form by mid May: the secretariat should then post the corrected information on the website.

IX. OTHER BUSINESS (Item 8 of the agenda)

42. The secretariat informed the Working Party that either the last week of February or the first week of April 2008 appeared to be appropriate for the next session. The Working Party indicated a preference for the first week of April. The secretariat, after consulting with the bureau and reviewing the status of other meetings scheduled for this time next year, has reserved space for 1 - 3 April 2008.

X. ELECTION OF OFFICERS (Item 9 of the agenda)

43. The Working Party re-elected Ms. S. Phelps (Canada) Chair, and Mr. M. Aarne (Finland) and Mr. M. Valgepea (Estonia) Vice Chairs, to serve through the end of the 30th session.

XI. ADOPTION OF THE REPORT (Item 10 of the agenda)

44. The Working Party reviewed the report (through para. 41) and approved it. The bureau subsequently approved this final version.

Annex

TERMS OF REFERENCE OF THE FAO/ECE WORKING PARTY ON FOREST ECONOMICS AND STATISTICS

The Working Party is a subsidiary body of the UNECE Timber Committee and the FAO European Forestry Commission, and contributes to the implementation of the integrated programme of those two bodies. It meets annually to provide guidance on the implementation of work areas 1, 2 and 3 of the integrated programme:

- (a) Markets and statistics
- (b) Forest resource assessment and indicators of sustainable forest management
- (c) Sector outlook studies

In particular, within the framework of the integrated programme, the Working Party shall:

- (a) keep under review the needs at the international level for statistics and other information relating to the forestry, wood-processing and forest products sector; and develop programmes to meet these needs. Particular attention shall be paid to improving concepts, definitions and methodologies in order to increase the international comparability of statistics;
- (b) develop, upon request from the parent bodies, methodologies for use in economic analysis of the sector as well as techniques for the collection, validation analysis and dissemination of information and statistics;
- (c) undertake, upon request from the parent bodies, ad hoc projects in the field of economics and statistics relating to forestry and forest products; and
- (d) work together with other international bodies, including MCPFE, Eurostat and the Conference of European Statisticians with a view to achieving coordination of activities and avoiding any unnecessary duplication of effort.