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**ECONOMIC COMMISSION
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**FOOD AND AGRICULTURE
ORGANIZATION**

Timber Committee

European Forestry Commission

Joint FAO/UNECE Working Party
on Forest Economics and Statistics

Thirtieth session
Geneva, 2-3 April 2008

**REPORT OF JOINT FAO/UNECE WORKING PARTY ON
FOREST ECONOMICS AND STATISTICS ON ITS THIRTIETH SESSION**

I. ATTENDANCE

1. The Joint FAO/UNECE Working Party on Forest Economics and Statistics held its thirtieth session in Geneva from 2-3 April 2008. The session was attended by delegates from the following countries: Albania, Austria, Canada, the Czech Republic, Estonia, Finland, France, Germany, Italy, Ireland, Latvia, Lithuania, Netherlands, Norway, Poland, Romania, the Russian Federation, Serbia, Slovakia, Spain, Sweden, Switzerland, Turkey, 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.

3. Representatives from the following non-governmental organizations also attended the session: European Panel Federation (EPF).

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

Documentation: ECE/TIM/EFC/WP.2/2008/1

4. The provisional agenda presented by the secretariat was adopted with the inclusion of additional discussion of unrecorded removals under agenda item 6.

III. IN-SESSION SEMINAR ON POTENTIAL WOOD SUPPLY (Item 2 of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2008/3

5. The Working Party reviewed potential wood supply, its increasing importance, different elements of wood supply and factors influencing this supply. Professor Asikainen from the Finnish Forest Research Institute (METLA) presented results and the methodology used of their study on “Determining Forest Energy Potential in Europe”, highlighting the additional potential for biomass removal from forest, as well as bottlenecks. Twenty-one UNECE member states gave oral or written statements on national potential wood supply in their respective country, focusing on results, methods used, and challenges encountered when carrying out these analyses. The Working Party recalled the useful French study presented at the Policy Forum in October 2007 which had provided the basis for national policy decisions.

6. The Working Party agreed that policy makers needed a quantitative estimate of potential wood supply by source and with analysis of the factors influencing the realization of this potential. When analyzing potential wood supply, all aspects of sustainability have to be accounted for, including carbon storage and nutrient availability. This concerns in particular potential wood supply from tree stumps.

7. The Working Party requested the secretariat to collect information and studies on potential wood supply from national levels. Further, it should continue working on estimating potential wood supply using internationally available datasets, using robust and transparent approaches to estimate potential wood supply on both national and international level. Interim results of both the compilation of national studies and the estimations based on international datasets should be presented at the European Forest Week in October 2008 in Rome, if their quality is sufficient.

8. The above mentioned activities should be carried out in close cooperation with other international organizations and projects, such as the European Forest Institute and the “Biomass Energy Europe” project.

9. A new forest sector outlook study for Europe is urgently needed, assessing potential supply and mobilization in the region and taking recent developments in the energy sector into account.

IV. NATIONAL WOOD RESOURCE BALANCES WORKSHOP RESULTS (Item 3 of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2008/4 and ECE/TIM/EFC/WP.2/2008/5

10. The conclusions and recommendations of the workshop on “National Wood Resource Balances” (31 March – 1 April) were presented to the Working Party, highlighting the usefulness of wood resource balances as a tool to comprehensively assess sources and uses of wood, stressing the importance of empirical research in this field and underlining the need for additional resources to carry out such exercises. The Working Party reviewed and adopted the conclusions and recommendations (enclosed in Annex I).

V. STATE OF EUROPE’S FORESTS 2007: LESSONS LEARNED (Item 4 of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2008/6

11. The Working Party reviewed the process of preparing the report *The State of Europe’s Forests 2007* (SOEF 2007), issued under the responsibility of UNECE/FAO and the Liaison Unit

Warsaw for the Ministerial Conference on the Protection of Forests in Europe (MCPFE) in November 2007. The process, which had been overseen by the Working Party, had lasted about four years and involved hundreds of experts. The Working Party considered the report was very useful and an advance on its predecessors. Organised according to the indicators of sustainable forest management, it provided the best available picture of the state of Europe's forests.

12. Delegations made many detailed and constructive comments and suggestions, including the following:

- (a) A heavy burden had been laid on national correspondents by the close proximity of SOEF 2007 and Forest Resource Assessment (FRA) 2005, with possibly different status for the same reference year 2005.
- (b) Data supplied by international data providers (IDPs) had been submitted to national correspondents for review rather late, giving insufficient time to consult other sources and improve the data analysis.
- (c) The validation process for the quantitative indicators, although long and resource intensive, had been very beneficial, resulting in improved data quality and better understanding of the issues. Some of the consistency checks incorporated in the enquiry had been unnecessarily burdensome (rounding issues).
- (d) Some Working Party members had not yet received copies of the finished study.
- (e) A few countries had not supplied data, even though some data existed, partly because of misunderstandings and failure of communication.
- (f) The "traffic lights" analysis of sustainable forest management (different colours for positive, negative or stable developments, by region, see table 40) was an easily understandable tool for presenting the overview.
- (g) The delay in provision of an online database was a hindrance to researchers and prevented the dissemination of the explanatory matter behind each observation. Ideally the database should make it possible to extract all the data for a single country, including the information provided by international data providers.
- (h) The data on socio economic indicators, including value added, workforce, and occupational safety had been hard to gather and still had many gaps.
- (i) The enquiry on qualitative indicators had been a good start in new area, and provided satisfactory results, although some of the data requests had been repetitive.

13. The Working Party made the following recommendations for future work on the state of Europe's forests:

- (a) An on-line data base with the SOEF 2007 data (including metadata) should be set up as soon as possible.
- (b) Efforts should be undertaken to communicate on the SOEF 2007 results, to the technical and general media. Working Party delegates would be put in contact with the member for their country of the Forest Communicators Network. Any citations, comments, translations etc. about the SOEF 2007 should be sent to the UNECE/FAO secretariat.
- (c) Planning should start this year for the report to the Oslo ministerial conference. International data providers and expert authors should be involved from the early stages.
- (d) Maximum use should be made of the FRA 2010 data to avoid unnecessary adjustments, in view of the fact that forest inventories rarely provide annual data.

- (e) Data provided by IDPs should be sent to national correspondents for validation at the same time as they are passed to the study organizers, to avoid delays and last minute revisions.
- (f) The “traffic lights” method of showing progress towards sustainable forest management should be continued and refined.
- (g) There should be a formal request to each country to nominate officially a national correspondent for the next MCPFE report. Often, these correspondents would be the same as those for FRA 2010.
- (h) IDPs should be contacted at an early stage, to establish a shared understanding of the indicator requirements and available data, and to reach firm agreement on what will be provided and when.

VI. ROLE OF THE WORKING PARTY (Item 5 of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2008/7

14. The Working Party reviewed its methods of work, mandate and scope in the context of the strategic review of the UNECE/FAO integrated programme on timber and forestry. It considered that the general direction of its activities – on the interface between policy and technical aspects – should be maintained. Its core work should continue to be guidance of work areas 1, 2 and 3. Guidance of the work on monitoring and analysis of policies and institutions (part of work area 5) should be added. There should also be mention of “data quality” and wood energy in its terms of reference. It agreed to propose amendments to its terms of reference as set out in the enclosed Annex II for presentation to the Special Session of the Timber Committee on the Strategic Review and Plan, 28-30 April 2008 in Geneva.

15. The Working Party noted that there was no equivalent forum for discussing aspects linked to forest economics and requested the secretariat to strengthen in the future the coverage of economic issues linked to the Working Party’s areas of strength.

16. The Working Party agreed that annual sessions are the right interval of timing and recommended that the practice of organizing a workshop on topics related to the Working Party’s activities back-to-back with the Working Party session be continued. A total of four days for workshop and session was appropriate.

17. The Working Party recommended to continue the practice of reviewing the draft report (as much as could be made available) during the session. It asked the secretariat to look into the possibility of using more advanced information technology solutions for the subsequent finalisation of the report by national delegates.

18. It welcomed a streamlined reporting format for the Teams of Specialists to whom it should provide guidance, as proposed by the secretariat, and suggested that reports by Teams be made available before the session.

19. It took note of the apologies by the secretariat for the lateness of documents and recommended that these be made available well before the meeting, to allow for review and consultation at the national level.

20. The Working Party was not sure whether the designation of formally-nominated national coordinators would improve efficiency and participation. It suggested this topic be revisited at the Special Session.

VII. MARKETS AND STATISTICS (Item 6 of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2008/8

21. The Working Party noted the success of the joint Timber Committee and International Softwood Conference market discussions in 2007 and strongly supported the principle of joint market discussions in future. This was seen as an effective way of adding value to the discussions and of raising the level of interest among countries and perhaps thereby securing improved response rates to the Timber Committee questionnaire and the country market statements.

22. The Working Party encouraged statistics correspondents to strive to meet the deadline of 15 May 2008 for submission of the Joint Forest Sector Questionnaire (JSFQ), though recognising that not all the required data would be available before the deadline and this may require use of estimates. Revised data could always be supplied later. Collecting data was becoming more challenging with the loss in some countries of longstanding data providers. This situation could worsen as budgets came under ever greater pressure and may force countries to rely more and more on estimates, which should be clearly marked as such.

23. The Working Party welcomed the strides that had been made developing forest products marketing capacity building, notably in the Balkan region and acknowledged the support of the Scottish government in loaning a professional to support this work. There was a general recognition of the importance of securing core funding to allow this work to continue and to be expanded. The Secretariat urged Working Party delegates to bring this need to the attention of their governments and relevant international donors, especially during the discussion at the Special Session of how to implement sustainable forest management.

24. Professor Branko Glavonjic, Deputy Leader of the UNECE/FAO Team of Specialists on Forest Products Markets and Marketing, presented its annual report to the Working Party. The Team's accomplishments, for example in conducting marketing capacity workshops in the Balkan region, are expected to continue in 2008. The Working Party thanked the Team for its report and all its work.

25. The Working Party supported the proposal to encourage the World Customs Organisation to adapt the Harmonised System (HS) codes to include wood pellets, recovered wood and wooden housing in separate 6-level codes. The secretariat should coordinate with the Working Party members to identify customs contacts to make this case.

26. A delegate proposed that the JFSQ should be sent out earlier in years when it was changed. The secretariat agreed this was desirable but often not feasible given the extensive consultation required on the JFSQ between the IWG partners. The Working Party stressed the importance of advance notice of changes to regular questionnaires like the JFSQ.

27. The Working Party confirmed its recommendation in the 2007 Working Party that the JSFQ should not include non-wood forest products, owing to the weakness of the data and the difficulty of

completing annual surveys.

28. The Working Party endorsed the plans for the second edition of the Joint Wood Energy Enquiry. Delegations drew attention to the short time between the provision of the pre-filled questionnaire and the initial response deadline and recommended various steps to take to alleviate this.

29. The Working Party recalled that all data collected must be published.

30. The Working Party recognised the high policy importance of obtaining information on unrecorded removals and recalled its discussion on this topic during the workshop on Wood Resource Balances. A complete wood resource balance would help quantify unrecorded removals. However, it was not appropriate to incorporate this type of question into the JFSQ.

31. The Working Party endorsed the proposals presented in document ECE/TIM/EFC/WP.2/2008/8, as regards activities under work area 1 for the period 2008-2013, as well as the terms of reference of the Team of Specialists which will be presented to the Special Session.

VIII. FOREST RESOURCE ASSESSMENT (Item 7 of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2008/9

32. The Working Party was informed of activities under this work area in 2007-8 and plans for 2008-9, and in particular of the draft version of the study on private forest ownership in Europe, which it welcomed, as a major step forward in an area which had been little known at the European level before. It asked the secretariat to issue the study after revision in the light of comments received before 10 May 2008. It considered the study should be repeated but at intervals of 5-10 years. The timing should be coordinated with other data collection activities.

33. The Working Party invited the team of specialists to review the options for collecting information on indicators of sustainable forest management “by forest type” (eight MCPFE indicators with fourteen proposed forest types¹) in view of the considerable difficulties which national correspondents expected in supplying this information, and to make proposals to the Working Party, which, in its role as interface between policy and technical levels, should agree on a course of action. Given the complexity of collecting this information, it was necessary to make firm arrangements well before the enquiry for the report to the Oslo ministerial conference was circulated, so that countries could prepare the appropriate data sets.

34. It welcomed the progress in preparing FRA 2010 and encouraged the secretariat to continue to play a leading role in the FRA process.

35. The Working Party reviewed the proposals for activities under work area 2 for the period 2008-2013 which would be presented to the Special Session. It endorsed these proposals, including the list of programme elements and revised terms of reference and name of the team of specialists, which would be called the “UNECE/FAO Team of Specialists on Monitoring Sustainable Forest

¹ http://reports.eea.europa.eu/technical_report_2006_9/en

Management”. The new terms of reference included monitoring of policies and institutions as well as the forest resource itself. The Working Party noted that it would be necessary to attract additional specialists on policies into the team in order to fulfill this mandate.

36. The Working Party was informed that Alex Korotkov, leader of the work on forest resource assessment had retired, and that Helena Guarin, who had provided support services to the work, had left. It warmly thanked both Mr. Korotkov and Ms. Guarin for their excellent contribution and wished them both well.

IX. FOREST SECTOR OUTLOOK STUDIES (Item 8 of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2008/10

37. The Working Party was informed of activities under this work area in 2007-8 and plans for 2008-9, notably the interlinked work on wood mobilisation, wood availability and demand, wood resource balances and potential wood supply. These activities had provided valuable policy relevant analysis rapidly to address new challenges. This had been done by working with partners and extra budgetary resources to bring together existing methods and data, in particular the scenarios prepared for EFSOS. However EFSOS now needed revision, not only because the analysis was carried out in 2003-4, but because its treatment of energy demand and of wood supply was no longer adequate in view of the changed circumstances.

38. The Working Party considered activities under work area 3 for the period 2008-2013. It stressed the central importance of outlook study work, which had provided essential framework information for policy makers and policy analysis. It noted that countries had identified climate change and bioenergy as the major policy issues for the period, and agreed that work area 3 was well placed to provide relevant analysis, by drawing on the methods and networks of forest sector outlook studies. It endorsed the proposed programme elements, as well as the terms of reference of the proposed “Team of Specialists on Climate Change, Energy and Wood Supply”, which should report to the Working Party. These will be presented to the Special Session.

39. A revised outlook study should be produced focusing on analysis of bioenergy and climate change issues, but firmly based on comprehensive analysis of structural trends in the sector. In the climate change field, it noted the forthcoming workshop “Harvested Wood Products in the Context of Climate Change Policy” (9-10 September 2008), which would draw on existing expertise as regards material flows and volumes. However, the outputs of the work area relevant to climate change should be more closely defined before the Special Session and that these should be areas where the UNECE/FAO has a comparative advantage.

40. In the absence of a permanent professional post to lead the work, a strong team was essential, whose members would implement as well as guide the work. Extra budgetary resources were also deemed essential. A number of delegations expressed their intention to participate actively in the work, including through the supply of resources.

X. OTHER BUSINESS (Item 9 of the agenda)

41. The Working Party considered options for the date of the next session. The secretariat, after consulting with the bureau and reviewing the status of other meetings scheduled for this time next

year, suggests the date of 31 March – 2 April 2009.

XI. ELECTION OF OFFICERS (Item 10 of the agenda)

42. The Working Party elected Mr. M. Valgepea (Estonia) Chair and Ms. S. Phelps (Canada) and Mr. A. Mariano (Italy) Vice Chairs, to serve through the end of the 31st session. The Working Party thanked Mr. M. Aarne (Finland) for his contributions as Chair and Vice Chair over the last six sessions.

XII. ADOPTION OF THE REPORT (Item 11 of the agenda)

43. The Working Party reviewed the report (through paragraph 28) and adopted it with revisions. These revisions, and the remainder of the report, were reviewed by the bureau and approved by it after the meeting.

ANNEX I

UNECE/FAO Workshop on
“National Wood Resource Balances”
31st March – 1st April 2008

Conclusions and Recommendations

Conclusions

1. The political importance of the need for better information for assessing wood supplies and uses has been widely recognised². In this context, a wood resource balance is a valuable tool to assess all different sources and uses of wood as part of comprehensive assessments of bio-energy and sustainable wood supply.
2. The study “Wood Resource Availability and Demands” represents significant progress in understanding these issues, using a wood resource balance approach, but is nearing the limits of what can be achieved with data presently available internationally. In some cases there are existing national studies or datasets which are yet to be exploited, however, there remain widespread weaknesses and gaps. Therefore, new empirical research, including surveys, is a crucial input needed to address these issues.
3. Where available, results of preliminary empirical research on wood use shows that in many countries there is more wood already used than previously reported. This is particularly true for wood for energy generation.
4. Results of preliminary empirical research on wood supply also indicate that more wood is already removed from the forest than previously recorded, e.g. that from legitimate but unrecorded harvests and sales, such as fuelwood for household use.
5. Furthermore, sources of wood supply other than forest removals, like woody biomass from outside the forest and post-consumer recovered wood, are relatively unknown but often play a crucial role in wood supply, including for material products such as wood-based panels and for energy use.
6. Forest inventories are the starting point for supply analysis. However, a distinction needs to be made between net annual increment and wood availability.
7. Throughout the forest-wood chain, conversion factors (material input/product output) are crucial for wood resource balances but they have wide ranges due to local circumstances and measurement conventions. Hence, international comparisons have to be approached carefully.
8. The exchange of wood-energy information and data requires a harmonisation of terminologies, definitions and units at national and international levels.
9. In most energy sector analyses, wood is included in biomass but often not identified separately. As a result, forest sector analysis is sometimes not properly taken into account by policy-makers.

² e.g. in the 2007 resolutions of the Ministerial Conference for the Protection of Forests in Europe.

10. In reaction to changes in natural resource, energy and environmental policies, the needs for statistics in the forest-wood chain are evolving rapidly. Thus, national statistical systems need to be enabled to adapt accordingly so as to be able to deliver timely, policy-relevant data as the basis for analyses. However, appropriate adaptation requires changes in mandates, structures, networks and resources. Such challenges need considerable time, knowledge and collaborative efforts to be effectively addressed.
11. Assessing future wood supply and demand requires a comprehensive framework such as the European Forest Sector Outlook Study.

Recommendations

1. Countries are encouraged to bring together all relevant interested and concerned parties to work together to make available and share relevant data and expertise on sources and uses of wood.
2. To obtain a comprehensive overview on the forest sector, countries are encouraged to develop wood resource balances, or similar comprehensive wood flow models, encompassing all different types of wood sources and uses.
3. In order to help develop and improve such wood resource balances, empirical research is essential, in particular on:
 - (a) logging residues, including tree stumps,
 - (b) woody biomass outside the forest,
 - (c) short-rotation plantations – as appropriate according to national forest definitions and possible changes of land use,
 - (d) wood-industry residues (in certain countries),
 - (e) post-consumer recovered wood,
 - (f) combined heat and power (CHP) plants,
 - (g) energy in private households.
4. Interested countries and organisations are invited to co-ordinate efforts for empirical research and to share the results. UNECE/FAO may assist this process.
5. Additional empirical research in this field cannot be done without new funding. This needs to be provided by governments, industry and other national, European and international stakeholders.
6. Appropriate changes in mandates, structures, networks and resources at national and supra-national levels need to be identified and enacted so as to enable official statistical systems to provide, on a regular basis: policy-relevant, reliable, objective and timely data necessary for wood resource balances or similar comprehensive wood-flow models.
7. Data for wood resource balances should be collected and analysis be carried out in close collaboration with the energy sector in such a way that the results be usable by all participants in the overall debate and work on renewable energy.
8. National and international co-operation on the harmonisation of terminologies, definitions and units is necessary to facilitate the exchange of wood-energy information and data such as for wood resource balances and similar comprehensive wood-flow models.

9. A task force should be set up to collect and validate national-level conversion factors for use in wood resource balances and outlook studies as well as to address conversion factors in the area of greenhouse gas exchanges. It should report back to the Joint FAO/UNECE Working Party on Forest Economics and Statistics session in 2009. Countries are encouraged to agree on and update a set of conversion factors (e.g. material input / product output) for forest-based industries and energy conversion as these become available.
10. Research assessing future demand for wood raw material and future wood supply should apply the framework and methodology of wood resource balances or similar comprehensive wood-flow models, to ensure the inclusion of all different sources and the consistency and comparability of the results.
11. UNECE and FAO should consider implementing and conducting a new forest sector outlook study which would provide a baseline scenario and a comprehensive framework for analysis.
12. The Task Force on Wood Availability and Demands should continue as a platform for discussion, and encourage and guide empirical research on recent wood supply and uses as well as their future potentials.
13. The workshop recommended the publication of Part I of the background document “Wood Resource Availability and Demands – national and regional wood resource balances 2005” as soon as possible (mid 2008), pending final adjustments of national data. Part II (“Wood Resource Availability and Demands – future wood flows in the forestry and energy sector”) should also be published after completion and review.

ANNEX II

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

The underlined parts indicate changes from the previous terms of reference adopted by the Timber Committee at its 64th session (ECE/TIM/2006/2 and ECE/TIM/2006/8)

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 and parts of work area 5:

Work Area 1: Markets and statistics

Work Area 2: Forest resource assessment and indicators of sustainable forest management

Work Area 3: Sector outlook studies

Work Area 5: Policies and institutions: monitoring and analysis

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

- (i) keep under review the needs at the international level for statistics and other information relating to the forestry, wood-processing and forest products sector; as well as wood energy, and develop programmes to meet these needs. Particular attention shall be paid to improving quality, concepts, definitions and methodologies in order to increase the international comparability of statistics; and other information;
- (ii) 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;
- (iii) undertake, upon request from the parent bodies, ad hoc projects in the field of economics and statistics relating to forestry and forest products; and forest policies and institutions;
- (iv) 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.
