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Timber Committee

European Forestry Commission

Joint FAO/UNECE Working Party
on Forest Economics and Statistics

Thirtieth session
Geneva, 2-3 April 2008
Item 8 of the provisional agenda

GUIDANCE OF WORK AREA 3: FOREST SECTOR OUTLOOK STUDIES

Note by the Secretariat

Summary

According to its mandate, the Working Party is expected to provide guidance to work area 3: sector outlook studies. This document provides information about activities in this work area since the Working Party's last session and plans for the future, drawing the Working Party's attention to any specific issues where guidance is needed.

1. This document is produced in accordance with the programme of work as approved by the Timber Committee in ECE/TIM/2007/9 and “to provide guidance on the implementation of work areas 1, 2 and 3” as stated in the terms of reference of the Working Party as approved by the Timber Committee in ECE/TIM/2006/8.

I. Introduction

2. For some years now there has been no professional staff member responsible for this work area, which is therefore led by the Section Chief. For that reason, as well as intense activity in bioenergy and wood mobilization, carried out mostly by extra budgetary resources, this document is late and not as detailed as it might be. The secretariat apologises for this and hopes the Working Party’s deliberations will not be significantly affected.

3. *The Working Party is invited to review activities under work area 3, and provide guidance to the secretariat.*

II. Activities in 2007/8 in work area 3

4. During this period, the focus was on responding rapidly and flexibly to the complex policy questions arising from developments as regards bioenergy and climate change, which led to concerns about wood availability, wood mobilisation, wood balances and potential wood supply. The situation called for the skills and methods developed for work area 3, notably the ability to find (and if necessary, improve) policy relevant information from a number of sources, and bring them together into a forward looking framework, to produce analysis which can help public and private decision makers. In this sense, work area 3 has not just been a means of producing periodic sector outlook studies, but a means of bringing together information and understanding from work areas 1 (markets and statistics), 2 (forest resource assessment) and 5 (policy), to produce coherent policy analysis, based on well understood public data sources.

5. The secretariat believes that the work carried out in recent months has made a positive contribution to policy making at the regional level. However it has only been possible because of two factors:

- (a) The existence of the European Forest Sector Outlook Study (EFSOS) published in 2005, which provided a baseline study of the sector as a whole (endorsed by governments) which could be taken over unchanged for some parts of the analysis. To create such a framework takes several years and significant resources.
- (b) The ability of UNECE/FAO to work with partners, in this case the University of Hamburg, the European Commission, and the private sector (Confederation of the European Paper Industry (CEPI) and the European Panel Federation (EPF)), and to attract extra budgetary funds (financial and in-kind). The extra budgetary resources are attracted by the ability to provide quantitative objective information relevant to topical policy problems and the reputation of UNECE/FAO.

6. Over the last year, the main outputs under work area 3 (or linked to it) were:

- (a) The Geneva Timber and Forest Discussion Paper *European Forest Sector Outlook Study: Trends 2000-2005 Compared to the EFSOS Scenarios* was prepared and issued in 2007.
- (b) *Sector policy aspects of increased use of wood energy*, a preliminary study on the analysis of the volume of wood-energy production was prepared by a task force (consisting of representatives of FAO/Rome, the International Energy Agency (IEA), the EU and UNECE/FAO, and experts nominated by countries and other organizations) to collect data on wood energy in the region, using the first Joint Wood Energy Enquiry. The report provided valuable new estimates on the volume of wood used for energy, and is being published.
- (c) A two-day seminar on energy and the forest products industry was held in October 2006 in FAO, Rome, Italy, under the joint auspices of FAO, IEA, CEPI and UNECE/FAO.
- (d) A *Workshop on Mobilizing Wood Resources*, under the auspices of MCPFE and UNECE/FAO and CEPI with other partners, was held in Geneva, in January 2007 and provided the basis for further work, notably a study on availability of wood for energy and raw material and the policy forum on the bioenergy policies and their impacts on forests and other sectors in October 2007.
- (e) *Workshop on National Wood Resource Balances*, to be held back-to-back with the Working Party session;
- (f) Mini-seminar on potential wood supply: item 2 of the provisional agenda.

III. Expected activities and outputs in work area 3 in 2008/9

7. The following activities are planned at present, subject to resource availability (some of these overlap with other work areas, as is normal when complex issues are addressed):

- (a) Workshop on *Harvested wood products in the context of climate change policy* on 9-10 September 2008;
- (b) Completion and publication of study on wood resources availability and demands;
- (c) Follow up to workshop on national wood resource balances, including support for the concept, and using coordinated methods at national level;
- (d) Completion of study of potential wood supply;
- (e) Second Joint Wood Energy Enquiry (if approved: see TIM/EFC/WP.2/2008/8): finalisation of enquiry, circulation, data validation and publication.

IV. Issues for discussion

8. *The following questions relating to work area 3 are proposed for discussion.*

9. Over the past 18 months, the secretariat, within the limits of its current resources, and working with partners, has reacted to the rapidly changing policy environment. However, there has not as yet been a comprehensive discussion on the role of UNECE/FAO with regard to bioenergy and climate change. ***What should be the role of UNECE/FAO in this complex and fast changing area?***

10. During the Strategic Review of the Integrated Programme of Work of the Timber Committee and European Forestry Commission, several governments called for the revised programme to address the issues of bioenergy and climate change. ***Should these issues be addressed under work area 3?***

11. EFSOS was issued in 2005, with quantitative analysis based on data series mostly ending in 2000. It was acknowledged at the time that its coverage of wood energy demand/supply questions was weak. Although the Discussion paper ECE/TIM/DP/47 showed that most of the scenarios for products consumption and production were consistent with real trends to 2005, the quantitative scenarios for the supply and demand of products need to be updated. Furthermore, the supply/demand balance emerging from the EFSOS analysis did not lead the authors to a close analysis of the sustainable wood supply potential of Europe's forests: developments in recent years have brought this question to the forefront, and the analysis proposed by EFSOS is no longer adequate. EFSOS did not foresee the possibility for the tremendous increase in wood for energy driven by escalating fossil fuel prices and climate change and governments' policies. For all these reasons, the secretariat believes it is now urgent to carry out an in-depth revision and updating of the scenarios of EFSOS. ***Does the Working Party agree that a revision of EFSOS, focusing on wood energy and estimating potential wood supply, in a sector-wide context, should be carried out?***

12. The issue of climate change, and the role of forests, whether for mitigation or adaptation, is becoming increasingly complex, and important to the sector as a whole. Several countries suggested that in the future UNECE/FAO should address these issues more than in the past. The secretariat believes there is an important role for UNECE/FAO in analysing the consequences of various developments and policy options for forest sector decision makers as well as in improving communication between forest sector and climate change experts. UNECE/FAO should not become involved in negotiation of instruments or setting of policy targets, but rather should provide relevant information and analysis as a support to policy making. The secretariat believes that much of the analysis necessary is suited to work area 3, as it is forward looking and complex. ***Does the Working Party agree that activities under work area 3 should focus in the future on climate change issues, as well as those linked to bioenergy and wood availability?***

13. Methods of work and resources. Since the completion of EFSOS, it has not been possible to maintain the regular meetings of the former team of specialists on sector outlook studies, and the work has been implemented with extra budgetary resources under the leadership of the Section Chief. In the future, according to the proposals submitted to the special session on the strategic review, the Timber Section should be able to provide, from existing regular budget resources, administrative support for the activities under work area 3, but little intellectual leadership. Given the importance of the issues, this is not a satisfactory situation. Taking into account the recommendations of the responses to the Strategic Review, the secretariat sees several, not mutually exclusive, ways forward:

- (a) UNECE or FAO provide a regular budget post for this work. Although this solution is desirable, given resource constraints on both organisations, it may not be realistic.
- (b) A senior/mid level professional is seconded to Geneva by a member country (or supported by contributions from several countries to the Trust Fund) to lead activities in work area 3. This would represent a challenging professional opportunity to an expert with the right profile, who would have the opportunity to play a leading role in improving the forest sector's analysis of the leading policy issues of the day.
- (c) The team of specialists should be revived, with the understanding that it should not only advise the secretariat but also contribute actively to the work, by coordinated and shared research and analysis. Through the Strategic Review, the secretariat proposes the creation of a team of specialists on "Forests, Energy and Wood Supply" (see proposed ToR in annex)
- (d) Financial support should be requested from donors to support the analysis. A submission was made to the COST programme, but not accepted, although COST covers only costs of coordination and dissemination, not actual research.

What is the Working Party's view on methods of funding activities under work area 3?

V. Work area 3 in the period to 2013

14. The integrated ECE/FAO programme for the period to 2008 has the following programme elements under work area 3:

Work area 3 Sector outlook studies: analysis and follow-up	
Programme elements	
3.1	Implementation and follow up of European Forest Sector Outlook Study (EFSOS) to be determined
3.2	Forest relevant cross-sectoral issues at the pan-European level
3.3	Sector policy aspects of increased use of wood energy

15. A new programme will be drawn up for the period to 2013 and approved at the special session in April. The document under preparation for the special session contains the following suggestions for work area 3 (description of the work area and list of programme elements) based on the questions outlined above:

“Work Area 3: Forest Sector Outlook

UNECE/FAO analyses structural developments in the sector and produces studies of the long-term outlook for supply and demand for wood and the other goods and services of the forest, as a support to policy makers and analysts, as well as civil society and private sector decision makers, including studies on topical issues. During the period 2008-2013, the focus will be on updating the analysis of 2005 (EFSOS) to take account of developments as regards bioenergy and climate change, including interactions between these developments and the outlook for existing wood using industries. Potential wood supply will be analysed, as well as the factors linked to its mobilisation.”

Work area 3 Forest Sector Outlook	
	Programme elements
3.1	Preparing European forest sector outlook studies
3.2	Contribution to FAO State of the World's Forests reports
3.3	Analysing climate change issues relevant to the forest sector
3.4	Analysing energy-related issues, including demand and supply for wood energy:
3.5	collection, validation, dissemination of information and analysis of wood availability and potential wood supply

16. *The Working Party is invited to provide guidance for activities under work area 3 in 2008/9 and express an opinion about the future of the work area in the period to 2013, on the basis of the questions above. Its comments and suggestions will be transmitted to the special session.*

Annex

UNECE/FAO TEAM OF SPECIALISTS ON CLIMATE CHANGE, ENERGY AND WOOD SUPPLY Reference to Integrated Work Programme: Work Areas 3 and 5 Programme elements 3.1 - 3.5, 5.5	
A. OBJECTIVES	
<ol style="list-style-type: none"> 1. Provide a forum for discussion of aspects linked to bioenergy, wood availability and mobilization in the UNECE region. 2. Monitor and analyse policy aspects of use of wood for energy generation and the implications for the forest sector 3. Contribute to the strengthening of national capacities to construct and maintain national wood resources balances and statistics on wood availability and demand 4. Strengthen national capacity in developing bioenergy strategies with regard to the use of wood in the UNECE region, especially in central and eastern European countries 5. Advise countries on wood mobilization strategies and measures for all uses whilst assuring sustainable forest management and biodiversity protection 6. Advise the UNECE/FAO secretariat on the implementation and follow-up of EFSOS with regard to aspects linked to the climate change and bioenergy discussion; guide the preparation of more detailed or specific outlook studies, e.g. with respect to the use of wood for energy generation; 7. Maintain and expand the international network and forums for discussion on bioenergy, wood availability, demand and mobilization 	
EXPECTED MAJOR OUTPUTS: <ol style="list-style-type: none"> 1. Contribution to Timber Committee Policy Forums and workshop(s) on wood energy, wood availability and demand, mobilization and other related topics, 2. Advise on wood energy-related publications and products, including EFSOS and related studies, relevant chapters of the Forest Products Annual Market Review and FRA Special Studies 3. Contribution to UNECE/FAO capacity-building work on wood energy, mobilization, wood resources balances and related subjects. 4.. Maintenance and expansion of wood energy information portals, e.g. the “About Wood Energy” site on the UNECE/FAO website (include URL) to collect and share with a wider community wood energy information 5. Development of recommendations on the exploration of carbon dioxide markets with possible contributions of timber and fuelwood 	
B. BACKGROUND	
ESTABLISHED / APPROVED BY	Joint session of the UNECE Timber Committee and FAO European Forestry Commission, Rome, 24 October 2008

DURATION	From 2008 to 2013
METHODS OF WORK	To be determined by the team
REPORTING	To the annual Bureaux meetings
TEAM LEADERS	To be elected at first Team meeting
RESPONSIBLE SECRETARIAT MEMBER	Kit Prins
