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PROGRAMME OF WORK: OPTIONS FOR NEXT STEPS IN OUTLOOK STUDIES

(Item 6 of the provisional agenda)

Note by the secretariat

This paper presents:

- a review of options for future outlook studies;
- a suggested plan of action for the next year.

The Committee is invited to review the options and comment on them and to agree on a plan of action for the next year.

Introduction

1. The last European outlook study, *European Timber trends and prospects: into the 21st century* (ETTS V) was published in 1996 (ECE/TIM/SP.11). Since then the Geneva outlook studies programme has unfortunately remained dormant, due to the necessity to devote resources to the forest resources assessment and the support of the pan-European process, but above all due to the vacancy of the post of outlook studies specialist. This post was filled in July 1999, which makes it possible to "relaunch" the Geneva outlook studies programme to which countries have always attached very high priority, since the success of the first European timber trends study in 1953. During the period 1996-1999, there have been major developments in the international forest sector discussion and in outlook studies at the global and regional level under the auspices of FAO.

2. The outlook studies programme was reviewed by the Joint FAO/ECE Working Party on Forest Economics and Statistics, in 1997, and in 1999. The report of the 1999 discussion is reproduced in annex 1.

3. This paper presents:

- review of options for approaches to the next outlook study (see annex 2);
- preparatory steps,
- course of action on ETTS over the next year.

4. The Committee is invited to review the options and indicate its preferences and to review, modify if necessary and approve a course of action for the next year. Progress on outlook studies and the direction of future work should be reviewed and discussed at the joint session of the Committee and the EFC in October 2000.

Review of options for approaches to the next outlook study

5. Before starting work at the technical/scientific level, it is necessary to achieve consensus on the main objectives and methods of the outlook studies. Clearly the choice of objectives and methods is closely intertwined, and both must be constrained by scientific considerations and availability of data and resources. The geographic scope and product scope as well must proceed from the status of the Timber Committee.

6. The secretariat has identified two strategic approaches (see annex 2) focussing on the following topics:

Methodology

7. One of the first questions under this topic is whether the methodology should focus on the quantitative approach or on a qualitative analysis (quantitative approach versus qualitative approach).

8. It is clearly desirable to produce quantitative scenarios wherever possible. The issue is rather, whether the choice of scenarios to analyse should be constrained by the availability of quantitative analytical tools and the necessary data. In other words: Should the outlook studies programme address issues, where the quantitative analysis is of limited help?

9. Any methodical approach of ETTS should consider the specific aspects of a

long term development of forest on the one hand and the dynamic influence of changes on timber markets and policy frames on the other hand. The model system should be built up in a close co-operation with developers and users of such models, notably work by the FAO at the global and regional level.

Periodicity

10. The periodicity of output will depend on the objectives and methods chosen. The Committee should consider, whether a 3-5 year cycle, a 10-year cycle or an ad hoc cycle seems more appropriate (based on issues).

Policy scenarios

11. If it is decided to address specific policy issues, it would be helpful if the Committee would give a preliminary indication, which policy issues need attention.

For instance:

- Changes in land-use based on a new restrictive agricultural policy in Europe,
- Economical stabilisation in countries of transition, influences to European timber markets,
- Consequences from International and European agreements in forestry (IFF, IPCC, etc.)
- Consequences of increased globalisation
- others

Geographic scope and the structure of sub-regions

12. Geographic scope should reflect the interests of the countries in participation the ETTS process and their possibilities to provide necessary data. The geographic scope should consider the importance of different countries for the development of timber production and trade in Europe as whole.

Product scope and the structure of product groups

13. One of the most important questions here is, should the outlook studies continue to be multi-purpose, rather general tools, concentrating on the supply and demand for wood and its products, or should they focus more precisely on particular issues, including ones, which may be difficult to quantify and those concerning other parts of the sector, such as the services of the forest, or the economic sustainability of the sector. Should the scope be extended to non-wood-products and/or to services?

14. The Committee is invited to review the options and indicate its choices. Members of the other organisations responsible for the outlook study work - the EFC and the Joint Working Party will also be invited to give their opinion. In so doing, they should take into account both where they consider ECE/FAO's comparative advantage to lie and the resources likely to be available. With regard to resources, given budgetary developments in both the UN and FAO, it would be unrealistic to expect significantly greater regular budget resources to be available than was the case for ETTS V, i.e. one full time professional post with limited travel and consultant funds. However, as with ETTS V and TBFRA, the resources available can be significantly increased by contributions from countries and partner organisations, whether in the form of extra-budgetary funds, contributions in kind or division of labour, notably the use of networks of correspondents. On the basis of this discussion, the core team will be invited to develop a plan of action for the consideration of the Committee and the Commission's bureaux. This would then be reviewed and endorsed by the joint session of the Committee and Commission in 2000 in Rome.

Preparatory steps

15. Some other actions appear desirable to undertake whatever the conclusions of the review of options. These are the following:

- a systematic comparison of developments in the 1990s with the scenarios of ETTS V, to identify where structural changes may be occurring or where ETTS V has not correctly accounted for certain developments (see the introduction to ETTS V for a similar exercise carried out at the beginning of work on ETTS V);
- a survey of actual and potential users of ECE/FAO outlook studies, to ascertain who they are, and what their needs are. A draft enquiry form and plan of action for this is attached in annex 3: the Committee is invited to review this and make suggestions. The Committee is kindly asked to assist in preparing a list of addressees.

Course of action on ETTS

16. The secretariat proposes the following sequence of events for the Committee's consideration:

- collect, compile and analyse reactions to this paper from the Committee, the EFC, the Joint Working party, major partners and others (September-December 1999)
- reconstitute core team and convene meeting for early 2000 (September-November 1999)
- implement user survey (October-December 1999)
- carry out comparison with ETTS V scenarios (September-November 1999)
- preparation of detailed proposal based on the above (November 1999-January 2000)
- review of proposals by core team at first meeting, formulation of action plan (early 2000)
- Committee and Commission bureaux review and approve plan at their meeting (April 2000)
- continue the work as agreed by the bureaux (May 2000)
- review of decisions and progress at joint session (October 2000)

Conclusions

17. The Committee is invited to review all the proposals and questions set out above, indicate its preferences and endorse the "next steps" outlined above. As some of the issues are quite complex, delegates are invited if they wish to send comments in written form to the secretariat, who will take all suggestions into account when formulating its proposals.

18. With regard to membership of the core team, the secretariat is approaching those who have already served on the team as well as some other well known experts. Delegations are also invited to nominate experts who could serve on the team: they should have considerable experience and skills in the area of outlook studies and be prepared and able (i.e. time, travel costs etc.) to contribute directly and personally to the work. As is usual with such teams, all costs of participation are borne by the team member's government or institution.

Annex 1

**Discussion at the Joint FAO/ECE Working party on Forest Economics and Statistics,
May 1999**

(extract of report)

Next steps in programme of outlook studies for Europe (Item 4 of the agenda)

1. The Working Party regretted that work on outlook studies had been suspended because of staff shortages since its last session, but welcomed the fact that Mr. Volker Sasse had recently been appointed and that it would be possible to restart work in this high priority area. It was also informed of recent work on outlook studies at the global and regional level, by FAO. It asked the secretariat to start the work by consulting (e. g. by a list server) members of the core team, of the bureaux of the Working Party and its parent bodies, as well as others able to contribute, in order to identify options for objectives, methods, topics, periodicity etc. These ideas should be submitted for comment of the Timber Committee in September 1999: a meeting to discuss the objectives of the future European outlook studies should be held, probably in autumn 1999. The secretariat, in consultation with the core team and the bureaux of the Working Party, the Timber Committee and the European Forestry Commission, should develop and implement plans, without awaiting the formal approval of the Working Party's next session in 2001, which would however review progress on the programme as a whole.

2. A wide-ranging discussion took place on the outlook studies programme. The points made included:

- FAO had carried out some major outlook work, which provided a global framework for regional work. The latter could be much more detailed and robust than work at the global level, and mobilise the networks of regional expertise, as well as addressing regional, or even sub-regional, issues;
- the Asia Pacific outlook study (APFOS) had shown that regional outlook studies could address a much wider range of issues than supply and demand of wood and forest products; policy makers had welcomed APFOS' emphasis on policy issues;
- future outlook work should build on experience with ETTS V and its predecessors, but not be afraid to develop new objectives or methods;
- shorter response times and more variable topics, addressing the issues of the day, might be one avenue to explore;
- outlook studies had proved to be one of the most cost effective means of transferring knowledge and experience between countries; for this reason, funding might be available from external sources to support at least part of the work. The secretariat was urged to approach potential sources of funds.

Annex 2

Strategic approaches and options for future ECE/FAO forest and forest products sector outlook studies

(These questions may of course be combined or individually modified)

A. Carrying out a new study using the approach of ETTS V

Methodology

- ex-post analysis of elasticity between general indicators of economic development (GDP etc.) and consumption, production and net trade of important timber product groups;
- forecast of consumption, production and net trade of important timber product groups, based on the forecast of general economic development;

Periodicity and actuality of publications

- long terms (10 year cycle);

Geographic scope and the structure of sub-regions

- 33 European countries, including the Baltic countries excluding Russia and CIS, sub-regions as in ETTS V;

Product scope and the structure of product groups

- consumption, production, net trade of sawnwood, wood-based panels, paper and paperboard, woodpulp, roundwood, fuelwood;

B. Flexible, policy driven approach, including development of a modified model system

Methodology

- identification of policy and market issues important for the development in forest and timber market sector;
- development of a modified approach, considering the specific aspects of a long term development of forest on the one hand and the dynamic influence of changes on timber markets and policy frames on the other hand;
- evolution or adaptation of existing model tools to describe the development of forests and potential raw timber supply, the behaviour of partners on the timber markets depending on policy frames, market frames and external factors;

Periodicity and actuality of publications

- "a la carte" (depending on the actuality of special policy topics, innovations, external factors);

Geographic scope and the structure of sub-regions

- European countries of the ECE-region (recently 44 countries), including CIS;

Product scope and the structure of product groups

- possible enlargement of product scope in the direction of forest services (for example recreation services);
- possible enlargement of product scope in the direction of end use products (energy) and recovered products;

Annex 3

Draft

User Survey on European Timber Trend Study V

Addressees

- Entrepreneurs: - Associations of private Forest and Wood Processing Enterprises
- Big firms
- Politicians: - EU
- Governments of ECE countries
- Parties (main parties and "green" parties)
- NGO

Introduction

The secretariat of ECE/Trade Division/Timber Section is working for several decades on analysis of European timber trends and prospects. One of the last works in this area was the European Timber Trend Study V, including a few reports (s. Question 2).

At its-twenty-first session in 1997, the Working Party reviewed the work on European timber trends and prospects (ETTS V). At the same time the WP started to consider further work on outlook studies. This intention was broken up to the end of July 1999 due to staff shortages. Only now the secretariat is able to restart the work on European Timber Trend Studies, welcomed the fact that a new staff member had been appointed for this area.

The Joint FAO/ECE Working Party on Forest Economics and Statistic, twenty-second (May 1999) asked the secretariat to restart the work on timber outlook studies for Europe by consulting members of the core team and of the bureaux of the Working Party as well. The main topic would be to identify options for objectives, methods, topics, periodicity etc.

As a first step to determine the further work the secretariat is carrying out a survey on the efficiency of the results of ETTS V.

Questionnaire

1. Are you informed about European timber trend studies process at the UN/ECE/Trade Division/Timber Section and did you use the results?

Q I have never heard about the ETTS V before.

Q I have heard about the ETTS V before, but I did not get an access to the results.

Q I got an access to the results of ETTS V, but I have never used them for my own work. I used some results of ETTS V for my own work.

2. Which of the following reports of ETTS V did you use for own work:

Report	Date	Doc.-Inf.	Authors	Yes/ No	Your area/project of use of the reports
Projections of Forest Products Demand, Supply and Trade in ETTS V	1995	ECE/TIM/DP/6	A. Baudin, D. Brooks		
Modelling Forest Products Demand, Supply and Trade	1995	ECE/TIM/DP/5	A. Baudin, D. Brooks, P. Schwarzbauer		
The Outlook for the European Forest Resources and Roundwood Supply	1995	ECE/TIM/DP/4	H. Pajuoja		
Price Trends for Forest Products, 1964-1991	1996	ECE/TIM/DP/9	B. Vikinge, M. Issartel		
Forest Resources and Consumption of Forest Products in Countries in Transition 1990-2020	1996	ECE/TIM/DP/8	J. Eronen		
The Policy Context for the Development of the Forest and Forest Industries Sector in Europe	1997	ECE/TIM/DP/11	T.J. Peck, J. Descargues		
European Timber Trends and Prospects: Into the 21 st Century	1996	ECE/TIM/SP/11	C. Prins et al.		
European Forests and Timber: Scenarios into the 21 st Century	1996	ECE/TIM/DP/10	C. Prins et al.		

3. Where do you see the main strong / weak points of ETTS V (please give a short explanation):

	Strong points	Weak points
- Objectives
- Methodical approach:
- Policy Scenarios:
- Periodicity and actuality:
- Geographic scope:
- Product scope:
- Delivery of data:
- Something else:

4. Would you like to participate in European Timber Trend Studies process in future?

Q I would like to be informed regularly.

Q I would like to contribute,

Q with comments on drafts.

Q with own elaboration's in the kind of

Q data supply.

Q methodical issues.

Q political issues.

Q something else:

Q No, I am not able to contribute ETTS.

5. Do you usually read reports carried out by international governmental organisations?

Q I read them regularly.

Q I read them from times to times.

Q I do not read them usually.

6. Which organisation are you representing?

Name of the organisation/enterprise:
Division:
Address:
Website:
Main responsibilities:

Type of organisation/enterprise:

- private, profit orientated enterprise
- governmental organisation
- party
- labor union
- non-governmental, non-profit orientated organisation
- others:

Region of activities:

- special country/-ies:
- whole Europe
- Scandinavia
- Middle Europe
- South Europe
- countries in transition
- others:

Scope of products / services:

- roundwood
- other forest products and services
- sawnwood, sleepers
- wood-based panels
- pulp

- shipment
- information
- advertising
- others:

In case of interest in the result of this survey:

Name, Surname, Title:.....
Telephone:
Fax:
E-mail: