



**Economic and Social
Council**

Distr.
General

TIM/2003/2
22 July 2003

Original: English

ECONOMIC COMMISSION FOR EUROPE

TIMBER COMMITTEE
Sixty-first session
7-10 October 2003

MARKET DEVELOPMENTS IN 2003 AND PROSPECTS FOR 2004

(Item 3 of the provisional agenda)

Note by the secretariat

This document contains the schedule for the forest products markets discussions and the preparation of the market statement. This year, there will be a special focus in wood energy questions, and an exploratory discussion of market issues arising from illegal logging. The document requests timely submission of national market statements and forest products forecasts. The Committee is invited to:

- discuss developments in forest products markets;
- draft a market statement for issue after the session; and
- comment on the draft *Forest Products Annual Market Analysis, 2002-2004*.

INTRODUCTION

1. The annual UNECE Timber Committee's Market Discussions focus on market and policy developments in the UNECE region (Europe, North America and the Commonwealth of Independent States). Market effects of wood energy policies is the theme for 2003. The theme evolved from a lively discussion last year, and indeed this is a hot issue in both policy and market arenas throughout the region.
2. In recent years, a major effort has been made to make more explicit the link between forest products markets, sustainable forest management and government policies. Strategies for Sound Use of Wood (Timber Committee seminar held in Romania, March 2003) explored the policy implications of market developments.
3. These discussions aim to bring together an up-to-date and comprehensive picture of the situation and short-term outlook, drawing on expert knowledge, and to provide a regular forum for policy discussion of issues related to forest products markets. This year the discussions maintain their cross sectoral perspective, including other sectors (energy, environment, trade) which are having a significant influence on the forest sector or where the forest sector can contribute to a cross sectoral policy discussion. A new topic has been introduced, on a one-off basis, on the suggestion of the team of UNECE/FAO of Specialists on Forest Products Markets and Marketing, because it is a major topic of policy discussion at present: forest law enforcement, governance and trade. This discussion will be based on a working paper prepared by some team members.
4. Review and analysis of forest products markets has always been at the heart of the Timber Committee's activities, and was assigned "highest priority" in the most recent Strategic Review of the integrated programme of work. The Committee's review is based on facts and analysis provided by countries, through statistics and market reports and by the secretariat through the Timber database and the regular publications, notably the Forest Products Annual Market Analysis.
5. This document contains four parts:
 - Timetable and organisation of market discussions
 - Process to prepare the Timber Committee market statement
 - Inputs to the market discussions:
 - Invitation to countries to prepare market statements
 - *Forest products Annual Market Analysis, 2002-2004*
 - Activities of Team of Specialists on Forest Products Markets and Marketing
 - Assessment of Timber Committee Market Discussions

TIMETABLE AND ORGANIZATION OF THE MARKET DISCUSSIONS

6. The annual Timber Committee Market Discussions are scheduled to begin in the afternoon of 7 October 2003 and continue for the full day on 8 October to enable adequate discussion time and comprehensive coverage of forest products markets. Each year, a special theme is chosen. This year, following a lively discussion of wood energy markets in 2002, the theme will be “Market effects of wood energy policies.” This theme links directly with the policy forum on forest, wood and energy (item 2 of the provisional agenda) described in another secretariat note, TIM/2003/1. The policy forum will begin during the morning session of 7 October, and there will be a transition to more market-oriented aspects in the afternoon of that day.

7. Each forest products market segment will begin by an introductory analysis comparing developments in the 3 subregions, i.e. CIS, Europe and North America. These analyses are based on responses to the 2003-2004 Timber Committee forecasting questionnaire and the draft conclusions of the Forest Products Annual Market Analysis, 2002-2004. The introductions, made by the secretariat and members of the UNECE/FAO Team of Specialists on Forest Products Markets and Marketing, will be followed by a presentation of a specialist for each sector. After the introduction and presentations, the participants at the market discussions will be invited to discuss the trends and developments. Results of the discussions will be incorporated into the Timber Committee Market Statement and the final draft of the Forest Products Annual Market Analysis, 2002-2004.

8. The tentative schedule below may be adjusted according to length of discussions on individual market segments. A detailed schedule of speakers and timing will be presented at the session.

Tuesday, 7 October

- 15.00 hours Opening of market discussions, starting with market related aspects of wood energy consumption and trade. The theme of the market discussions, “market effects of wood energy policies”, will also be carried throughout the following presentations and discussions. Other topics covered on Tuesday afternoon will be:
- a. Market effects of wood energy policies
 - b. Wood raw materials, including fuelwood
 - c. General economic developments in the UNECE region
- 18.00 hours End of afternoon market discussion session

Wednesday, 8 October (continuation of market discussions)

- 10.00 hours d. Forest law enforcement, governance and trade
- e. Certified forest products markets
 - f. Value-added wood products markets
 - g. Sawn softwood market developments
 - h. Sawn hardwood market developments (temperate hardwoods)
 - i. Tropical timber markets

- j. Wood-based panels marketplace
- k. Paper, paperboard and woodpulp market developments.

Assessment of the discussions and planning the 2004 theme

1800 hours End of afternoon session. There will be a lunch break from 1300-1500 hours.

PROCESS OF PREPARATION OF THE COMMITTEE'S MARKET STATEMENT

9. The following timetable for preparing and approving the Committee's market statement and press release is proposed:

Friday, 10 October

1000 hours Drafting Committee prepares statement, on the basis of a secretariat draft. This year, the Drafting Committee will be conducted with full interpretation.

1130 hours End of Drafting Committee

Afternoon The draft statement is submitted for approval by the Timber Committee in plenary session. Because there is no time for translation, the statement will only be available in English.

Following week Text of statement issued as press release and put on the Committee website with a summary table of regional forecasts for markets in 2003 and 2004.

10. The Committee's market statement will be published after the session with complete sector tables with national forecasts and posted on the website. Market discussion speakers' presentations will also be uploaded to the website following the session. Forecasts and information from the Market Discussions, the country market statements will be used in updating and finalizing the *Forest Products Annual Market Analysis, 2002-2004* as described below.

11. In previous years the following countries have been represented at the Drafting Committee: Austria, Canada, Estonia, Finland, France, Germany, Hungary, Latvia, Lithuania, Netherlands, Poland, Russian Federation, Sweden, United Kingdom and United States of America. However, every country is welcome to participate, especially this year with simultaneous interpretation. As usual, the Drafting Committee will have a secretariat draft of the market statement at its disposal. Secretariat drafting is done on Wednesday evening, thus drafts will be available on Thursday afternoon in English, French and Russian.

INPUTS TO THE MARKET DISCUSSIONS

Invitation to prepare Country market statements

12. Delegations' written and electronic market statements are imperative to the success of the market discussions as they provide the only means of ensuring that all countries' market developments are announced to the other delegations and the secretariat. Unfortunately there is not sufficient time during the session to enable individual country presentations. Country market statements should be received by **19 September 2003**, by e-mail, and will be posted on the Timber Committee website. Suggestions for format and transmission arrangements will be sent to delegations and posted on the website. Delegations' attention is drawn to the explanatory notes for the Provisional Agenda (ECE/TIM/2003/1) in relation to item 3.

13. In particular, delegations are reminded to send 120 copies of their written statements on developments in their forest products markets to the secretariat by 19 September 2003. If it is not possible to transmit all 120 copies by the deadline, delegations are requested to bring them to Geneva, and give them to the secretariat before the start of the session on 7 October. However the electronic version (or as a last resort, by fax) is essential for the secretariat information and website by the deadline above (please note that copying cannot be done at the session). Please send to:

Timber Branch
Trade Development and Timber Division
United Nations Economic Commission for Europe
Palais des Nations
CH-1211 Geneva 10, Switzerland
Tel. + 41 22 917 2874
Fax + 41 22 917 0041
E-mail: info.timber@unece.org

14. As mentioned above the Timber Committee places high priority on “review of short-term forest products market developments and prospects” (09(B).1.3, priority 2 of programme of work) and “collection of forest products statistics and publication of the *Timber Bulletin*”, (priority 1 of the programme of work). The secretariat feels that the ability to fulfil these most important mandates is directly contingent on prompt and complete replies to the questionnaires, as refined and endorsed by member countries. Delegations are reminded that the deadline for replies to the Timber Committee Questionnaire is **12 September 2003** and are requested to ensure adherence to this deadline.

15. It is impossible to prepare the Committee's statistics and reports in time for the meeting unless all forecasts are received by the deadline. The nature of the data for the market discussion (forecasts for the current and forthcoming year) means that they cannot be based on full knowledge, unlike, for instance the historical data requested through the Joint Forest Sector Questionnaire (JFSQ). Therefore, it is acknowledged that figures supplied by national correspondents are **estimates**. When using these forecasts the secretariat consistently acknowledges their nature as estimates and notes the date the forecasts were made to minimize misunderstanding. All countries' participation is important and appreciated.

Forest Products Annual Market Analysis, 2002-2004

16. There is a major change in production of this annual publication in 2003, as discussed by the FAO/UNECE Working Party on Forest Economics and Statistics (TIM/EFC/WP.2/2003/8, paragraph 9). The “*Forest Products Annual Market Analysis, 2002-2004*”, will be available on the Timber Committee website in *draft* form ahead of the session in English (<http://www.unece.org/trade/timber>). It is intended to serve as a background document for the session's market discussions. To ensure timely distribution to delegates, it is placed on the Committee's website and delegations are welcome to comment on the draft findings. If possible, since it is only available as a full draft in English, an executive summary will be put on the website, and will be available in the meeting room in French and Russian too. The publication will be revised in the light of the Committee discussions and finalised by the end of the year.

17. Delegates will find that former special chapters of the *Market Analysis* have been shifted to another publication series, the UNECE/FAO *Geneva Timber and Forest Discussion Papers*. It is anticipated that some of their authors will give presentations during the market discussions. Comments on the *Market Analysis* are welcomed by the secretariat, especially in this new production method.

Activities of Team of Specialists on Forest Products Markets and Marketing

18. The team will hold its third meeting just before the Committee session, on 6-8 October 2003, and team members will contribute to the Committee Market Discussions, 7-8 October 2003. The Committee will be informed of the results of the team's meeting (under item 7 of the provisional agenda).

ASSESSMENT OF THE TIMBER COMMITTEE MARKET DISCUSSIONS

19. Beginning later in 2003 the integrated programme of work of the UNECE Timber Committee and the FAO European Forestry Commission, including the market discussions, will be the subject of a periodic Strategic Review (see TIM/2003/7), to which all stakeholders will be invited to contribute. However, it seemed appropriate to take advantage of the Committee session to invite comments from participants on the objectives and organisation of the market discussions.

20. *Delegations are therefore invited to provide brief assessments of the market discussions, which will be taken into account during the Strategic Review*
