

ECONOMIC COMMISSION FOR EUROPECommittee on TimberREPORT OF THE TIMBER SUB-COMMITTEE.First Session - Geneva - October 1947

1. The Timber Sub-committee held its first session in Geneva from October 15 to October 18. It was attended by the representatives of the following countries :

<u>Austria</u>	Mr. Anton Ceschi Mr. Stephan Duschek M. l'Ing. Felix Feest Mr. Robert Wacha
<u>Belgium</u>	M. Louis Delhaye M. Georges Cerf
<u>Canada</u>	Mr. Thomas Carter
<u>Czechoslo- vakia</u>	Mr. F. Pospisil Mr. Josef Ambros
<u>Denmark</u>	Mr. O.P. Winge Mr. P. Hoeyer
<u>Egypt</u>	Mr. Hassan Ismail
<u>Finland</u>	Mr. H. Leppo Mr. R. Serlachius
<u>France</u>	M. Bernard Dufay M. Bernard Toussaint M. Reymond Lazard M. Andre Manœl-Bize M. Jean Collardet
<u>Greece</u>	M. Stelios Picoulis
<u>Hungary</u>	M. Milos Rosner M. Laszlo Nagy
<u>Italy</u>	M. le Prof. G. Giordano M. Guido Fucito
<u>Luxembourg</u>	M. Nicolas Obertin
<u>Netherlands</u>	M. Anton J. van Berkel M. M.J. Keyzer

<u>Norway</u>	M. Vilhelm Paus
<u>Poland</u>	M. l'Ing. Rudolf Fromer
<u>Sweden</u>	Mr. Gunnar Lange Mr. Folke Johansson
<u>Switzerland</u>	Mr. Albert Scglatter Mr. Pierre Sartorius Mr. Hans G. Winkelmann
<u>Syria</u>	Mr. Omar Djabri
<u>Turkey</u>	Mr. Sait Sarper Mr. Hasan Nurelgin
<u>United Kingdom</u>	Mr. R.F. Bretherton Mr. E.B. Monkhouse Mr. F.W. Holden Mr. George E. Hampson Mr. G.H. Golding (North German Timber Control) Mr. J.C. Mertens (North German Coal Control)
<u>United States of America</u>	Mr. Robert E. Asher
<u>Yugoslavia</u>	Mr. Krunoslav Dincic -----
<u>F.A.O.</u>	Mr. Marcel Leloup -----
<u>E.C.O.</u>	Mr. J.W. Hoare
<u>International Bank</u>	Mr. Wiebe Glastra
<u>I.L.O.</u>	Mr. M. Viple Mr. J.P. Despres Mr. Jan Schul -----

## 2. Agenda

1. Constitutional matters:
  - (a) Adoption of Agenda
  - (b) Adoption of rules of procedure
  - (c) Election of officers
  - (d) Consideration of terms of reference
  
2. Outlook for 1948, and discussion of methods for easing the timber shortage:
  - (a) Increased fellings
  - (b) Economies in timber consumption
  - (c) Increased exports
  - (d) Satisfactory distribution of available supplies

3. Consideration of report on timber problems to be submitted to the Industries and Materials Committee
4. Review of 1947 softwood position
5. Pitprops and forest products, other than softwood
6. Periodic statistical returns
7. Date of next meeting

3. In accordance with Rule 13 of the Commission's Rules of Procedure, the Sub-committee elected Mr. Gunnar Lange (Sweden) as Chairman, and Mr. F. Pospisil (Czechoslovakia) as Vice Chairman.

4. Increased Lumber Output: 1948 to 1955

The Sub-committee reviewed the Softwood lumber production programmes of all European countries and completed Table 1 of the Appendix showing for 1948 to 1955 in column (a) lumber output as planned, and in column (b) maximum output considered possible by each country provided it can secure certain amounts of coal, food, equipment and the necessary manpower.

These requirements are listed in the appendix and summarized and discussed in a "Report on Timber" prepared by the Secretariat for the Industries and Materials Committee. This report was discussed by the Timber Sub-committee.

It should be understood that some of these facilities might only be needed once to enable countries to raise their timber output. Moreover, increased output of softwood lumber is likely to be accompanied by increased production of other forest products, in particular, pitwood, hardwoods and pulpwood.

With regard to the production of softwood lumber the principal European lumber producing and exporting countries represented at the meeting announced their intention of

increasing output above 1947 as follows:

	<u>1948</u>	<u>1949</u>	<u>1950</u>
	in 1,000 Standards		
Austria	35	35	35
Czechoslovakia	55	76	76
Finland		70	100
France	202	192	185
Poland	57	120	150
Sweden	80	80	80
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Total	429	503	526

On the other hand these countries will be compelled to reduce fellings and output after 1950 by several hundred thousand standards per annum.

5. Economies in consumption

The Sub-committee reviewed the consumption of softwood lumber for various countries and approved the figures contained in Table II of the Appendix as the best estimates available at this time. It expressed concern about the fact that certain countries have been compelled to reduce lumber consumption substantially below the averages of the inter-war period, despite exceptional reconstruction needs, and draws attention to the fact that the hardships imposed by the lumber shortage on certain countries are very much heavier than on others.

The Sub-committee therefore recommends that governments examine lumber consumption with a view to effecting further economies. It also invites the Executive Secretary to assemble a small group of technical experts drawn from importing and exporting countries to study the timber consumption of various countries and the possible use of substitute materials made from wood waste and to be available upon request to advise governments about possible further economies in the use of wood.

6. Europe's Timber Balances

Table III of the Appendix based on the latest information available and the comments of delegates attending the Sub-committee shows that prior to the Sub-committee's meeting the European gap for 1948 could be estimated at 2.1 million standards or roughly 45 per cent of total import requirements. These requirement estimates make due allowance for the imports of the predominantly exporting countries of Eastern Europe, of the Mediterranean area, and for timber shipments from Europe to South Africa, Latin America and Australia.

The increases in production dealt with under point 4 and certain minor adjustments result in reducing the gap to the following figures :

1948 - 1607

1949 - 1582 - figures in 1,000 standards.

1950 - 1708

7. Special difficulties

The Sub-committee felt that an attempt at this meeting to determine a satisfactory distribution of the prospective supplies would be premature, on account of uncertainties due mainly to the following circumstances:

a. The increases in production envisaged by the major producing countries can only be achieved if the necessary coal, transportation, equipment, manpower, food and fodder are available in time. It is not clear whether and when this assistance will be forthcoming.

b. Bulgaria, Rumania and the USSR were not represented at the meeting and also the Yugoslav representative was unable to put forward estimates regarding prospective timber production and exports. The pre-war export capacity of these four countries

amounted to  $1\frac{1}{2}$  to 2 million standards. Since 1939 war damages have reduced the export capacity of these countries to a fraction of the pre-war figure, but even so they could make a very substantial difference in the European timber balance for 1948, and even more for the following years.

c. The currency situation is interfering to an increasing degree with the timber trade both within Europe and in restricting the purchase of needed supplies from North and South America. A review of the present position with regard to 1947 has revealed (see table 4) that so far only two-thirds of import programmes have been covered by purchases; at the same time exporting countries still have lumber available for 1947, for which they have been unable to find buyers. Currency difficulties are also impeding certain transfers of timber between importing countries, intended to achieve a more satisfactory distribution.

The delegates of France, Belgium, Netherlands, Italy, Hungary and Greece stated that in addition to certain technical and transportation difficulties, there were three reasons which prevented them from completing their purchasing programmes for 1947, namely

- i. A general shortage of foreign currencies compelling governments to curtail all imports.
- ii. The condition made by certain exporting countries that timber be paid for in dollars, or other hard currencies.
- iii. The very substantial rise in timber prices in the course of the last year.

There are indications that this situation might be further aggravated in the months to come. In that case several governments might have to make drastic curtailments in their importing

programmes for 1948, and beyond, and certain deficit countries might even find it impossible to import any timber from exporters insisting on dollar payment.

8. Steps to be undertaken by the Executive Secretary

In view of the urgency of clarifying the situation the Sub-committee calls on the Executive Secretary to take the following steps :

a. Presentation of the requirements of timber-producing countries to the Industries and Materials Committee and other competent international bodies in order to obtain at the earliest moment the necessary facilities for increased timber production.

b. Establishment of the necessary contacts with competent authorities in Rumania, the USSR and Yugoslavia, in order to obtain information with regard to their export programmes for the coming years, and also with regard to their possible requirements in connection with increased timber production. The importance attached by the Sub-committee to attendance and active participation of representatives of these countries at its meetings should be stressed.

c. The impact of currency difficulties on Europe's timber situation should be brought to the attention of the Economic Commission for Europe, the International Bank for Reconstruction and Development, the International Monetary Fund and of all other international agencies which might be able to help in this emergency. Simultaneously the currency difficulties arising in connection with timber imports and exports should be further explored by the Secretariat in consultation with all governments concerned with a view to determining the approximate size and the nature of these difficulties. Such an investigation might also show possibilities for the conclusion of multilateral exchange

arrangements designed to overcome these difficulties.

9. The alarming conclusions emerging from the discussions of the Timber Sub committee induced the Executive Secretary to make the following statement:

"This morning you asked me what concretely might emerge from your exploration of the timber position. I was able to give you then only a preliminary answer of a general kind. Since that time I have considered the matter further. I should like now to lay before you a suggestion on which you may not be able to act at this time, but which you may wish to consider with your governments.

The facts appear to be these:

First - and this is my central concern - Europe desperately needs timber for its houses and in other aspects of reconstruction;

Second, by allocations of additional resources of a modest character Europe could go a considerable way though not the whole way in closing the gap between production and requirements;

Third, the importing countries of Europe face currency problems so serious that, under present circumstances they may not be able to purchase current timber availabilities, let alone absorb the increases which have appeared feasible, in your deliberations.

Now, what is likely to happen if we take no special action? Imports of timber will fall off. The possibility of increased production will not materialize; prices will fall; and perhaps, at this desperate period in Europe's recovery, current production may fall. Then - after a time gap - purchases at the lower prices and easier currency terms will pick up.

If it is at all possible for Europe to avoid that painful period of market adjustment, it is to the interest of all of us that Europe should do so. I ask you - the exporters - to look ahead and ask yourselves what the minimum prices are and the minimum currency terms which you demand in order to maximize your production: I ask you - importers - to look ahead and ask yourselves what are the maximum terms in prices and in currency conditions which you can offer to absorb these availabilities.

We know - all of us - that it would be easier to play safe; to wait and see how the markets alter and the currency position of the various countries change. The cost of that delay, however, may well be an interim fall in timber production - below the levels which might have been attained - and an interim fall in timber imports.

These declines would be not simply market phenomena. They would mean fewer houses and prolonged distress for thousands of Europeans. Each of us - in these days of reconstruction - must try to achieve statesmanship in his own particular line.

I ask you, therefore, Gentlemen, to raise with your Government the possibility of achieving within the next month or so an agreement which would make possible the maximum production and trade in timber for the next year. I know, given the grave responsibilities you bear, that I can ask nothing more difficult. Nor could I ask you to seek within your field of competence a more important objective in the interest of European recovery."

The delegates felt that the suggestions made by the Executive Secretary were of the greatest importance and should be further explored. They pointed out however that their instructions did not cover the points involved in the suggestions, and therefore decided to submit the suggestions to their governments for consideration. It was agreed that the Executive Secretary would submit proposals for the most suitable procedure to pursue the exploration of this subject.

#### 10. Methods of Co-operation.

Pending more specific arrangements for the satisfactory distribution of supplies the Sub-committee recommends that governments adopt the following principles to facilitate European self-help and co-operation.

a. The importing countries should exercise restraint in their buying activities and not take undue advantage of circumstances to the detriment of such importing countries which find it more difficult to fulfil their essential importing programmes.

b. Exporting countries should co-operate by making a special effort to facilitate purchases of importing countries faced with particular currency and compensation difficulties.

Exporting countries should also continue efforts to achieve increases in their supplies for export through increased lumber production, and further economies in home consumption.

The Sub-committee is anxious to stress that the special help in the form of coal, manpower and equipment, discussed in other parts of this report, should be directly proportioned to increased export supplies, or reduced import requirements of the countries receiving such assistance. The Sub-committee regards it as one of its assignments to follow this proportion.

c. All countries should report to each other through the Secretariat in accordance with the statistical programme discussed under point 15. These reports should be accompanied by information on prospects of timber imports and timber sales as they emerge from intergovernmental trade negotiations. The Sub-committee intends to review from time to time the European timber situation and outlook in the light of this information, in order to make such recommendations as it may deem necessary to forestall serious maladjustments.

11. Softwood position 1947

The softwood position for 1947 has been stated under point 7(c). In view of the changed situation the Sub-committee feels that the buying limits agreed upon earlier this year within the Timber Sub-committee of E.E.C.E. should no longer prevent countries from purchasing timber they may wish to buy for import in 1947. This constitutes no exception to the principles set out above under points 10 a. and b.

12. Development of new forest industries

The Sub-committee was strongly impressed with the fact that the new accessible forest resources in Europe were insufficient to cover present and prospective requirements of forest products. In order to restore in Europe a sound timber position without previously depleting too heavily existing resources, the Committee recognized that the industrial development of hitherto unexploited forest resources both in Europe and abroad should be undertaken without delay.

The Sub-committee therefore invites the Executive Secretary to arrange for the study of developing exploitation of new forest resources in co-operation with FAO, and in close consultation with all interested governments.

And to present the conclusions of these studies to a later session of the Sub-committee for its consideration and for any action which might then be found necessary.

13. Pitprops

Adequate supplies of pitprops constitute an indispensable prerequisite for the maintenance and progressive expansion of all important European coal output. The requirements of pitprops and the allocation of available supplies among coal producing countries have been dealt with in the past by the European Coal Organization and this function will be continued by that Organization or its successor within the framework of ECE. On the other hand, it will be the function of the Timber Sub-committee to advise the organization dealing with European coal production on pitwood supplies and to make sure that pitwood requirements are met.

Accordingly, the Sub-committee decides to include the question of pitwood supplies among its regular assignments. It instructs the Secretary to collect without delay information on present and prospective pitwood supplies.

The Sub-committee heard a statement from the representative of the European Coal Organization supported by tables 5(a) to (c) of Appendix I showing that European Pitwood supplies in 1948 are likely to be one million cubic metres (7 per cent) short of requirements. This deficit will be met through a reduction of stocks. However, measures to raise European pitwood supplies above their present level are urgent in view of a continuous rise in European pitwood requirements which will result from the planned expansion of European coal production.

The Sub-committee considers that adequate pitwood supplies should receive the highest priority in all programmes of timber production and exports, in view of the far-reaching consequences which a reduction in coal output caused through inadequate pitwood supplies would exercise on Europe's economy as a whole. It decides to include consideration of European pitwood supplies in the agenda of its next meeting.

14. Forest Products falling within Sub-committee's programme

The Sub-committee's main attention will be directed to

- (a) the production, distribution and consumption of  
sawn softwood and
- (b) the production and exports of pitprops.

In addition, it will concern itself with:

hardwoods, railway sleepers, plywood and fibre boards and instructs the Secretariat to collect information about these products and on pulpwood; posts, poles and

pillings; and fuelwood, although these latter categories are not likely to retain the Sub-committee's specific attention.

15. Periodic statistics

The Sub-committee reviewed the statistical programme of the Secretariat with regard to forest products on the basis of the questionnaire proofs distributed at the meeting. It approves the Secretariat's proposals of compiling quarterly information with regard to the items covered in these questionnaires, with the exception of woodpulp. This group of commodities should be eliminated from questionnaire forms PSV 2e and i.

Delegates will suggest in writing certain minor amendments with regard to statistical definitions, especially in connection with plywood.

The first statistical returns will be collected in January 1948 with regard to 1947 and the first quarterly returns to be issued - in April 1948 - will cover the period January/March. On the basis of the results thus obtained, the Sub-committee may decide to collect information with regard to output, stocks, sales and foreign trade in sawn softwood on a monthly basis.

16. Co-operation with F.A.O.

Having regard to its terms of reference and to the proposals contained in the Executive Secretary's report to Member governments of June 9th, the Timber Sub-committee:

- (a) NOTES with satisfaction the statement of the Executive Secretary on the liaison established between the Secretariat of the Economic Commission for Europe and the Food and Agriculture Organization and

- (b) APPROVES the proposals contained in his Report to Member Governments of June 9th (E/ECE/35), insofar as they affect the division of responsibility between the Economic Commission for Europe and the Food and Agriculture Organization.

17. Date of next meeting

The Sub-committee did not wish to set a definite date for its next meeting, but requested the Executive Secretary to call that meeting according to circumstances. It was felt that the need for a new meeting would largely be determined by the results of action undertaken under points 8 and 9 of this report and by developments leading to a clarification of the difficulties listed under point 7.