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European Forestry Commission

Joint FAO/UNECE Working Party  
on Forest Economics and Statistics

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Geneva, 24-25 March 2010  
Item 6 of the provisional agenda

Guidance on Work Area 1: Markets and Statistics

**AGENDA ITEM 6.1 – REVIEW AND PLANS - MARKETS**

Note by the Secretariat

*Summary*

According to its mandate, the Working Party is expected to provide guidance to Work Area 1: Markets and Statistics. This document provides information about activities on the marketing side of this Work Area during the period since the Working Party's last session and plans for the future. It draws the Working Party's attention to specific issues where guidance is needed.

## I. Forest Products Annual Market Review

1. The UNECE/FAO *Forest Products Annual Market Review, 2008-2009* (FPAMR) was produced as a basis for the Timber Committee (TC) Market Discussions in October 2009. The theme of the both the FPAMR and the Market Discussions was the UNECE region's forest products markets in a global economic crisis. This theme reflected the impact of the crisis on the forest sector in the UNECE region.

2. The FPAMR is the first published, comprehensive analysis of the developments in forest products markets in the UNECE region each year and, as a result, attracts considerable interest from a wide range of stakeholders. It serves primarily as a core background document for the annual Timber Committee Market Discussions, but its value goes well beyond when used by industry, governments, researchers and the media. The secretariat and the Organisation of the European Sawmilling Industry continued to collect market forecasts together in 2009.

3. The English version of the FPAMR was published on the TC/EFC website in early August 2009. It was available in print and distributed to TC delegates only 1 week ahead of the discussions on 13-14 October 2009. It had been prepared by the secretariat in sufficient time to be available 3 to 4 weeks in advance, but a delay in distribution occurred. At the time of drafting this note, neither the Russian nor the French versions have been received in print. However, as the delay in both French and Russian translations was anticipated, Executive Summaries in all three languages were made available both in electronic versions on the website beforehand and in print at the Market Discussions.

4. The UNECE/FAO Team of Specialists on Forest Products Markets and Marketing provided many authors and reviewers, some of whom spoke at the TC and EFC Market Discussions.

5. Production of the FPAMR is only possible thanks to the contributions of a few donors, and the significant in-kind contributions of most authors and several interns. Led by a team within the UNECE/FAO Timber Section, 56 people worked directly on the publication of the FPAMR, a figure supplemented by over 100 statistical correspondents and information contributors. The FPAMR analyzes topical policy and market developments in 13 chapters: this includes a chapter on carbon markets, added at the request of the Working Party.

6. Producing the printed FPAMR in time for the TC Market Discussions in October every year is a demanding process, for which timely submission of the Joint Forest Sector Questionnaires (JFSQ) is critical. The secretariat acknowledges and appreciates the huge amount of work undertaken by national statistical correspondents to assemble all data and submit them on time. Late submission of data causes significant problems.

7. Using these data, the secretariat produced a number of additional market analyses for other meetings and workshops, which may be found at: [www.unece.org/trade/timber/mis/reports.htm](http://www.unece.org/trade/timber/mis/reports.htm)

8. ***The Working Party is requested to stress to national statistical correspondents the importance of submitting country JFSQs by 17 May 2010.***

## II. Timber Committee Market Discussions

9. The TC Market Discussions bring together the most recent information and forecasts for all wood and paper products market segments in the UNECE region, as a basis for debate. The active participation of government delegates, industry representatives, researchers and consultants from the region and beyond contributes immeasurably to the officially adopted TC Market Statement on the current state and near future prospects for the region's forest products markets.

10. Holding the TC Market Discussions jointly with other relevant organizations, as was done in 2007 for the first time with the International Softwood Conference (ISC), has the benefit of increasing participation and thus the visibility of the TC and its work. With this in mind it is possible that the TC and ISC may meet jointly again in 2011. In 2010, the TC will hold joint market discussions with the Society of Wood Science and Technology. The mission of the Society is to develop, maintain, and advance the educational, scientific, and ethical standards that define the profession; and to advocate the socially responsible production and use of wood and other lignocellulosic products ([www.swst.org](http://www.swst.org)).

11. The TC Market Discussions are based on the FPAMR, expert presentations and specific information supplied by countries. Specifically countries are requested to contribute:

- (a) Market reports according to a suggested format;
- (b) Forest products market forecasts for the current and forthcoming years.

12. The inputs to the Market Discussions and delegate discussions enable the Timber Committee to produce its annual market statement and market forecasts. The Strategic Review and Planning process for the period until 2013 reaffirmed that such discussions, forecasts and reports are vital to the work of the TC.

13. Countries unable to attend the Market Discussions receive the FPAMR and the country market reports through the TC/EFC website. After the TC, the website contains all information, including the market forecasts, the TC Market Statement and the expert presentations. Only those participants who attend the Market Discussions hear the speakers and join in the debates. Timely submission of both country market reports and forecasts is essential to allow for preparation of expert analyses and advance information for the participants and secretariat.

14. Inevitably, the quality of the country market reports and forecasts vary. Many countries submit excellent high quality and timely market reports with comprehensive forecasts for the current and future years. To help to improve the quality and country response rates, the Team suggested making the market reports more flexible, and so the structure of the 2008 reports was changed. By allowing countries to focus on the issues and market sectors that were important for their country and putting less emphasis on presenting a comprehensive report, it was hoped that more countries would respond.

15. Unfortunately we only received 23 market statements in 2009 compared to the 26 received in both 2008 and 2007. This reflects the continuing problems of countries in preparing replies despite attempts to make them simpler and to encourage cooperation with associations and other groups in the field of forest products. Some extremely important forest products producing countries did not submit either reports or forecasts, yet they attended and participated actively in the Market Discussions.

16. In 2009, 30 countries submitted market forecasts. For comparison, in 2008, 30 forecasts were received. Detail on the number of responses in 2009 and the short-term trend appears in the accompanying secretariat note on statistics for Work Area 1.

17. “Quality” of market reports and forecasts could be defined as:

- (a) Comprehensive for a country’s important market segments and topical policy issues;
- (b) Based on quantifiable data from authoritative sources (including unofficial, e.g. trade association and industry information);
- (c) Including both forecast as well as short-term historical analysis;
- (d) Clear presentation of reasons for market trends;
- (e) On-time delivery to secretariat.

18. Producing a market report and forecasts is a challenge for government representatives who do not spend a significant proportion of their time on forest products market issues. Many countries divide the work to prepare the reports and the forecasts among trade associations, where these exist. Some countries have contracted the work to a marketing specialist. There are means to produce high-quality, on-time reports and forecasts without relying solely on Government employees.

19. The TC Market Discussions can provide national delegates with valuable information and understanding to plan their forest sector and conduct their businesses. Delegates use the knowledge they gain, both in the formal sessions, and in meeting with experts and colleagues outside the meeting room, to the benefit of their country, association or institution. In fact, the TC depends on delegates to disseminate what they have learned, when back in their countries. The TC Market Statement has a long life after its issue in a press release as it is reproduced in trade journals and other publications. As there is no limit to the number of participants, some country delegations are composed of representatives of many different segments of their forest and forest industries sectors. The sharing of reports, forecasts and other information before and during the Market Discussions has tremendous value for those countries able to participate actively, as reflected in the growth in attendance of recent years.

20. In summary, the TC Market Discussions are a principal reason that delegates come to Timber Committee sessions. The Discussions have wide reverberations in the press and on the internet. The preparation and outcome of the 1½-days discussions is equivalent to a year’s work for one of the Timber Section staff. Conducting the Discussions has considerable cost if the time of the secretariat and participants is added together with travel expenses and preparatory expenses of expert presenters, delegates and the secretariat. TC heads of delegation carry responsibility for preparing and participating in the Discussions and also for the subsequent follow-up in raising awareness within their countries of the Discussions and their outcomes.

21. *The Working Party is invited to suggest means to improve response rates to the Timber Committee Questionnaire and the country market reports.*

### **III. Market analyses at other forums**

22. The secretariat prepared a number of additional market analyses since the 2009 Working Party session and presented them at the following meetings:

- (a) “Global trade of wood products”. Presented at the International Flooring Conference, March 2009, Changzhou, China;
- (b) “Forest certification in the context of sustainable development”. Presented at the International Scientific Conference on Hardwood Processing, September 2009, Paris, France.
- (c) “Forest products markets, 2008-2010”. Presented remotely by internet simultaneously to the University of Belgrade and the Oregon State University, October 2009.

- (d) “European hardwood markets: Current developments and outlook for 2010”. Presented at the International Hardwood Conference, Vienna, Austria, October 2009.
- (e) “Wood energy data, markets, potentials and policy options”. Presented at Modern Wood Energy Systems and Markets workshop, November 2009, Dubrovnik, Croatia;;

These analyses and, in some cases the corresponding statistics, are available at: [www.unece.org/timber/mis/presentations.htm](http://www.unece.org/timber/mis/presentations.htm)

#### **IV. UNECE/FAO Team of Specialists on Forest Products Markets and Marketing**

23. The Team presents a separate report on its activities, as required in its mandate, which needs to be renewed in 2010 by the TC and EFC until 2013. The process of reconstructing its membership continues. As mandated, the Team’s main activities include:

- (a) Providing a forum for discussing forest products marketing;
- (b) Advising the secretariat and producing the FPAMR;
- (c) Participating in the TC Market Discussions;
- (d) Supporting capacity building in forest products marketing in south east Europe;
- (e) Building a network of experts in forest products marketing.

24. Team members helped in the organization and conduct of capacity building wood energy workshops as described in paragraph 28.

25. The Team continues to work well together. It seeks the Working Party’s support to address three particular issues:

- (a) The loan of a professional to enable Timber Section to maintain its efforts in marketing capacity building, especially in south east Europe
- (b) Encourage all countries that are not currently active in the Team to consider nomination of members.
- (c) The need for all countries to contribute country market statements and forecasts to the annual Timber Committee Market Discussions and to observe the deadlines for submission.

***The Working Party is requested to review the report of the Team and respond to the three issues raised.***

#### **V. Capacity building in forest products marketing**

26. In 2009, UNECE/FAO worked with partners in Latvia and Croatia to conduct two workshops focused on wood energy. Both workshops resulted in good sharing of information which is available on their respective websites, along with the conclusions and recommendations echoed in their press releases. For Latvia see: <http://timber.unece.org/index.php?id=195>

For Croatia see: <http://timber.unece.org/index.php?id=256>

27. The marketing capacity building workshop in Ljubljana, Slovenia, proposed for late 2009 did not go ahead: the global economic crisis has affected the wood processing sector in general and Slovenia in particular. Slovenia remains interested in organizing a workshop but has confirmed that it could not organize one before 2011, at the earliest. In the meantime, the Former Yugoslav Republic of Macedonia has volunteered to host a workshop in November 2010, subject to funding. An application for matched funding from the Central European Initiative (CEI) has been submitted to the CEI Secretariat in Trieste with a decision expected by May/June 2010.

28. A workshop on “Corporate social responsibility in the forest sector in south eastern Europe” is scheduled for 13-14 April 2010. This workshop was called for during the 2009 Timber Committee Market Discussions following a presentation and discussion on corporate social responsibility in the forest sector in the UNECE region.

29. Work continues on the FAO Technical Cooperation Programme on wood energy in Serbia, which is due for completion by the end of 2010. Similar projects in other eastern Europe, Caucasus and CIS countries would be beneficial but funding remains a major challenge.

30. The ongoing lack of replacement for Mr. Douglas Clark, who was seconded from the Forestry Commission Scotland, from May 2004 until July 2008, has limited Timber Section’s ability to respond to the marketing needs of eastern Europe, the Caucasus and the CIS.

31. *The Working Party is invited to comment on the marketing capacity building activities, and to address the need for re-establishing the loaned expertise.*

## **VI. Certification**

32. Most work on certification is in the chapter in the FPAMR on markets for certified forest products. The chapter provides an update on certification systems developments as an indication of supply, and discusses market and policy developments.

33. The 2009 FPAMR chapter used information gathered from the TC and EFC Network of Officially Nominated National Correspondents on Certification and Certified Forest Products Markets. This network continues to be a valuable source of independent information. The chapter now focuses on generic certification with much less emphasis on individual certification schemes now that there are two principal schemes i.e. FSC and PEFC.

34. A certification website within the TC/EFC website provides links to the most current FPAMR chapters, as well as older certification publications. Recently a page was added to provide direct links to each certification presentation at the annual TC Market Discussions. See: <http://www.unece.org/timber/mis/cfp.htm>.

## **VII. Resources**

35. The Timber Section staff in Work Area 1 is limited to one marketing specialist and one statistical assistant (although other Timber Section staff regularly assist in the work). Until mid-2008, the work benefited from the loan of a consultant in forest products marketing from the Forestry Commission Scotland. Continuity of the level of programme outputs, both in quantity and quality, is dependent on securing a replacement.

36. Student interns have been essential to support activities in Work Area 1, in particular the production of the FPAMR. Unfortunately, the UNECE is unable to fund intern’s expenses; some have been able to find funding to offset costs of living in Geneva. Most interns have gone on to important careers in the forest sector, which validates the experience they gained with the Timber Section.

37. Work Area 1 benefits from substantial, periodic in-kind contributions and the amount of work

accomplished benefits proportionately. There is an ongoing need for a temporary statistical assistant to help in maintaining the TIMBER and price databases.

38. One major resource gap is for the conduct of the Joint Wood Energy Enquiry, which is due to take place from June 2010. This topic appears elsewhere on the agenda but it is important to flag up that currently there is no resource to continue this highly important work that has been key to improving understanding of wood energy's role in the UNECE region.

39. *Working Party delegations are requested to consider whether they would be able to make in-kind contributions to the activities under Work Area 1.*

### **VIII. Work Area 1 in the period to 2013**

40. The integrated UNECE/FAO programme for the period to 2013 has the following programme elements under Work Area 1:

1.1	Collecting, validating and disseminating statistics on production, trade, consumption and prices of forest products
1.2	Analysis of markets for forest products, notably topical and policy relevant aspects, including Forest Products Annual Market Review and annual Timber Committee discussions
1.3	Implementing sustainable forest management through capacity building for forest products marketing
1.4	Monitoring and analysis of markets and policies for certified wood products, including public procurement and green building
1.5	Collecting and disseminating forest fire statistics

41. *The Working Party is invited to provide guidance on any aspect of the Work Area, focusing on the issues above.*