

Economic Commission for Europe

Timber Committee

**Joint FAO/UNECE Working Party on
Forest Statistics, Economics and Management**

Food and Agriculture Organization

European Forestry Commission

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Item 4 (a) of the provisional agenda

GUIDANCE OF WORK AREA 1: MARKETS AND STATISTICS

AGENDA ITEM 4 (a)

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 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.

The programme of work for WA1 is comprised of the following activities*:

- 1.1 Statistics on production, trade, consumption and prices of forest products
- 1.2 Analysis of markets for forest products, notably topical and policy relevant aspects
- 1.3 Capacity building for forest products marketing in countries in transition
- 1.4 Monitoring and analysis of markets for certified wood products
- 1.6 Team of Specialists on Forest Products Marketing (now the Team of Specialists on Sustainable Forest Products)

* 1.5 *Statistics on forest fires was discontinued*

I. Marketing

A. Market Analyses

1. The UNECE/FAO *Forest Products Annual Market Review, 2011-2012* (FPAMR) was produced as a basis for the Joint Seventieth Session of the Timber Committee, which was held in Geneva in October of 2012. The theme of the FPAMR was “sustainable forest products”.
2. The English version of the FPAMR was on the Forestry and Timber Section website on 3 August 2012, and it was available in print and distributed to TC delegates 2 to 3 weeks ahead of the discussions. The Russian and French versions are still in the translation process.
3. The UNECE/FAO Team of Specialists on Sustainable Forest Products (formerly the Team of Specialists on Forest Products Marketing) provided many authors and reviewers. Some of the authors were also speakers at the TC Market Discussions.
4. The 2012 FPAMR was possible thanks in part to a contribution of funds from Switzerland, and significant in-kind contributions from many authors and several student interns. Led by a production team within the UNECE/FAO Forestry and Timber Section, the FPAMR had many people working directly on the publication, as well as over 100 statistical correspondents and contributors. The FPAMR had 13 chapters this past year, which included a special chapter on innovative wood products. The Tropical chapter was discontinued in 2012, as it duplicated information in the ITTO Report and had many elements that were outside the regional scope of the publication. The online version of the FPAMR includes electronic links that allows for quick access of the detailed background data tables and a hyperlinked table of contents directly from the PDF publication.
5. The 2013 FPAMR will have 11 chapters analyzing policy and market developments. We discussed options for the 2013 FPAMR at the ToS on Sustainable Forest Products in October of 2012, with several key decisions taken. The Certified and Carbon chapters will be incorporated into the Policy chapter in a synthesised form. The former Economics and Housing chapter will cover only housing, with economics covered in the Overview and individual product chapters, where relevant. The Innovative Wood-based Products chapter will be continued again in 2013. Finally, there will be information in the relevant product chapters regarding influence from outside the ECE region, which is impacting ECE region markets. These changes are intended to improve the readability and conciseness of the FPAMR by eliminating overlap and concentrating on topics with significant impact on forest product markets in the ECE Region. For technical reasons, the schedule for this year’s review is unchanged from past years, despite the later date of the Timber Committee meeting.
6. ***The Working Party is requested to invite national statistical correspondents to submit their country’s JFSQ by 15 May 2012 and provide feedback on the changes planned for the Review.***

B. Timber Committee Market Discussions

7. The discussions were attended by more than 113 delegates. The segment opened with a presentation summarizing the state of forest products markets in the UNECE region, highlighting the sluggish recovery and some of the challenges and opportunities facing the forest sector. It also pointed towards innovations that, if commercially successful, could create important new opportunities for the industry and pointed towards the success of cross-laminated timber (CLT) and the possibilities of sustainably produced wood products for large structures. There was also a presentation and discussion on the EU Timber Regulation.
8. Mr. Dieter Lechner (Austrian Woodworking Industry Association) demonstrated the importance of the construction industry in driving innovation and the use of wood in Europe.
9. Ms. Svetlana Atanasova (European Commission) provided an overview of the EU Timber Regulation and its due diligence requirements. Although a number of issues remain to be clarified, the intent of the Regulation was to

ensure that timber was legally harvested and not to require more information than would otherwise be needed in normal commerce.

10. Mr. Bernard De Galember (Confederation of the European Paper Industry - CEPI) outlined the goal of reducing carbon emissions by 80% compared with 1990 levels. He pledged that the industry would do its utmost to reach this goal through innovation and research.
11. Future use of wood energy was the topic of the presentation given by Mr. Francisco Aguilar (University of Missouri, United States), which brought out the significant potential for this product although price competition and policy changes could heavily affect demand. Interest was expressed in improving information on the costs and impacts on forests of wood-energy subsidies and policy support. Evaluating transportation and environmental costs of wood energy was an area of interest and discussion and it was mentioned that life-cycle analysis is a suitable method for measuring such costs. The cascaded use of wood and a sufficiently high price for timber were considered important in ensuring a stable supply of wood for energy purposes.
12. Mr. Ivan Eastin (University of Washington, United States) highlighted the internal drivers of demand for forest products in China and the potential impact on the ECE region. In response to questions about China's impact on the ECE region, the increasing role of domestic consumption in China was seen as a factor impacting the continued improvements in productivity and technology. However, plantation-supplied timber from within China was not expected to meet the growth in demand.
13. As follow-up to their chapter in the Review, Mr. Douglas Clark and Mr. Olin Bartlomé (Lignum, Zurich) discussed innovation in the forest-products industry and recent developments in cross-laminated timber. Delegations strongly supported the new chapter on innovation in the Review. The need to widen the scope of discussion on innovation was raised using the example of wood-fibre insulation. Other issues included the possibility of using hardwood in cross-laminated timber, the importance of providing comprehensive solutions from building construction, and the possible lowering of costs to support innovative products, along with the proven environmental benefits.
14. The Chair moderated a technical session to review and revise the draft *Statement on Forest Products Markets in 2012 and 2013*. Some changes were incorporated, and then reviewed by the delegates during the regular TC session. This process repeated the procedures used at the 2011 Joint TC/EFC Meeting in Antalya. At TC sessions in 2010 and before, the Market Statements were revised jointly outside of the regular TC sessions by the drafting committee and not reviewed again during the regular TC sessions. The Statement can be viewed on the website at: <http://www.unece.org/fileadmin/DAM/timber/meetings/20121015/TC2012-market-statement-final-approved.pdf>.
15. ***The Working Party is invited to give advice on the process of reviewing and revising the draft market statement. Additionally, the Secretariat invites the Working party to comment on the structure and content of the Market Statement.***

C. UNECE/FAO Team of Specialists on Sustainable Forest Products

16. Achievements in 2011-2012 and 2012-2013 goals were discussed. The lack of funds and secretariat staff was cited as a factor during the last year, which limited activities to providing advice and drafting expertise for the FPAMR. Funding and willing volunteers were pointed to as enabling elements that will be needed in order to move forward with the 2012-2013 goals of organizing a capacity building workshop in eastern Europe, a tentative workshop on wooden construction in Brussels, a forest products market side-event at Metsä2013 and in providing guidance with the FPAMR.
17. A motion was made to disband the subgroups as they currently exist and reform groups on an as-needed basis going forward. The motion was carried. The acting chair suggested that in light of earlier discussions regarding focussing work towards a meaningful capacity building workshop in 2013 that the activity of the ToS be focussed on such a task.

18. There was significant discussion surrounding the role of the Team in producing the FPAMR. It was noted and recognized that many of the Team members currently contribute directly to the production of the FPAMR as authors. It was also mentioned that the reader's survey which was done by Chris Gaston last year was extremely helpful and that the FPAMR production team implemented the vast majority of the suggested changes. The Team made a number of suggestions for next year's Review, including the following:
 - a) Form a "Core Group" within the ToS for steering the Forest Products Market Review (Isabelle Brose, Sylvain Labbé, Douglas Clark, Peter Moonen, Branko Glavonjic, Jeremy Wall and Eoin O'Driscoll).
 - b) Utilize a standardized template for the authors.
 - c) Shorten the length of the Review, with the aim to make it still descriptive and informative, but to focus on the most important events and trends.
 - d) Include more tabular data in the chapters and less description of trends that can be seen in the tables.
 - e) Consider integrating the Policy, Carbon and Innovation chapters into the Overview and remaining chapters.
 - f) Have a subtitle for the Review.
 - g) Include a special chapter on the "Forest Sector in the Green Economy".
19. The Team leadership had not changed since 2004. Nominations were taken for team leader and voted on, with Eoin O'Driscoll elected as the new Team Leader. Jeremy Wall was also nominated and elected as Deputy Team Leader. The Team meeting report from the 17 October meeting is available at: <http://www.unece.org/fileadmin/DAM/timber/mis/tos/2012/Report24102012.pdf>
20. *The Working Party is requested to review and comment on the activities of the ToS on Sustainable Forest Products.*

D. Capacity building in forest products marketing

21. The Forest Products Marketing work area did not participate in any capacity building workshops in 2012. This was a result of the vacant Marketing Officer position (which is now filled) and a lack of available funds. It is hoped that the outlook for 2013 will be better with full staffing of the Forest Products Marketing work area allowing for more time to dedicate to capacity building and opportunities to find partners and funding.
22. *The Working Party is invited to comment on the marketing capacity building activities, in particular regarding needs and possible partners for organizing and funding this work.*

E. Certification

23. Certified forest products markets have reached a "mature" status in the ECE region and will be covered in the Policy chapter of the FPAMR. If developments dictate, we will increase focus on this topic.
24. *The Working Party is invited to provide guidance on any aspects of certified forest products that they feel should be included in this area of work.*

II. Resources

25. The Forest Products Marketing Specialist position is now filled and another staff member will be added to the Marketing work area later in the year, bringing the Marketing related staff members back up to four. Sweden and Switzerland have generously provided some extra budgetary funding for 2013, which has improved the outlook for funding outputs and activities, and should allow for better opportunities to network and disseminate Market work area outputs. Overall, staffing levels have improved and funding is also in a better condition.