

Draft Minutes of the Webex Call

ToS on Forest Sector Outlook

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Agenda:

1. Welcome and short introduction
2. Information on time line
3. Presentation of the individual chapters (current status and next steps) with short Q&A sessions
4. Conclusion

Points discussed/concluded:

1) Welcome and short Introduction

- Lia Fain, Secretary to the ToS on Forest Sector Outlook (FSOS) welcomed the participants.

2) Information on time line

- Lia Fain presented the envisioned time line for the remaining part of the development of the outlook study: The plan is to share first draft chapters and sub-chapters with the ToS as soon as possible to give members the opportunity to comment at this early stage. The draft of all sub-chapters should be ready in March followed by the review and editing phase. The publishing is planned for mid-year 2020.

3) Presentation of the individual chapters (current status and next steps) with short Q&A sessions

- Chapter 1 and 2 (Lia Fain):
Chapter 1 aims to give an introduction to the study. Moreover, it provides a clarification that the information provided is not a forecast but the modelling of certain scenarios to inform policy makers, the private sector, and academia about the potential consequences of certain policy choices and future developments. The methodology part is kept relatively short as further methodical details (related to the scenarios and the modelling approach) will be covered by a separate publication, which will be an updated version of the background

paper prepared by Prakash Nepal for the meetings in Koli. Chapter 1 was already shared with the ToS and feedback would be welcome.

Chapter 2 provides an overview of major structural changes that might affect the forestry sector. The chapter will address those changes from a global perspective

Question: What will be covered under the topic: Technology in chapter 2? Answer: Part will not cover new wood products (as they will be covered in later sub-chapters) but will cover global trends. For example: Blockchain, Internet of Things etc. Question: What will be covered within the section about environmental changes in chapter 2, since similar topics come up later in the study? Answer: Section will cover broad global changes and will include some political aspects (e.g. commitments on greenhouse gas emissions). If there should be redundancies with later sub-chapters, then parts of chapter 2 can be moved or removed.

- Chapter 3: Modelling of structural changes in the forest sector and forest product market (Jeffrey Prestemon and Prakash Nepal):
A draft of the chapter does already exist, however, it is not yet ready to be shared. Will be able to share it mid-December.
Preliminary versions for the 4 “What-if stories” have been developed as described in the chapter outline. These modelled stories need to be further refined, especially the third covering a potential 30% market share increase for wood-based fibers in the textile sector.
Questions: Most of the textile production is happening in Asia, how can this be modelled on a regional level? How can the increase in dissolving pulp be implemented in the model?
Answer: Regional differences will be modelled by disaggregating estimated global demand for pulp for textile into individual country demand. Such regional disaggregation must be done since GFPM needs data by individual country. Production of pulp in individual country, however, will be determined endogenously by the model, depending on the comparative advantage of each country in producing pulp. Pulp is an intermediate product in the model and a direct increase cannot be modeled without big amounts of time and capacity. Two potential ways to solve the problem could be to increase fire wood demand and to divert it to fiber production or to increase the demand for paper products (which is derived from pulp). A direct increase of demand of dissolving pulp, however, cannot be modeled as it is not a product category in the current version of the model. Question: What kind of input is still needed for the “what if stories”, how can writers of other chapters help with the definition and development? Answer: Jeffrey Prestemon and Prakash Nepal agreed to sketch out how the preliminary “What if stories” were implemented and to share this with other authors and contributors shortly after the conference call.
- Chapter 4: Climate change (Christopher Reyer):
4.1 Climate change impacts: This sub-chapter will include modelling of forest productivity as well as a literature review. The latter is important given that there are many uncertainties. Biodiversity (change in species distribution) is covered while keeping different types of forests in mind. Regarding productivity, climate change leads to faster growth but also to more disturbances. This sub-chapter is already quite far advanced.
4.2 Climate change mitigation: Section will discuss the potential of carbon sequestration while taking the outlined “What if stories” into account. The draft of this sub-chapter will most likely only be finalized in March.
4.3 Climate change adaptation: One challenge regarding the literature review is that there are very detailed studies for specific regions and for other regions very little information exists. So far a global overview is missing. The sub-chapter will also include the results of a

questionnaire – already concluded by Forest Europe on the adaptation measures at the country-level (which has been sent to UNECE countries that are not Forest Europe members as well). Moreover the chapter currently needs to be reshaped to categorize adaptation measures into the different types of adaptation (reactive, proactive etc...).

4.4 Balancing impacts, mitigation and adaptation: Will include potential tradeoffs (e.g. between carbon sequestration and biodiversity).

Questions: Is the mitigation potential of new-wood products also included in the modelling? How far does the disaggregation for new-wood products go within the model and how is it modeled? Answer (provided by Prakash): Estimation is based on IPCC guidelines. Results cannot be shown at the individual product level (yet) for new-wood products, since model provides an aggregate for all. Authors will check, how much detail they can provide.

Comment: Carbon storage in wood products has only a minor impact in terms of carbon storage. The more important question is related to the substitution effects, which can make a big difference by replacing more emission intensive materials. Analyzing the substitution effects will therefore be important.

4. Conclusion (Lia Fain):

- Thanked everybody for their participation, comments and feedback. Subchapters will be shared as soon as possible and written feedback from the ToS members would be highly appreciated.