

UNECE/FAO Team of Specialists on Forest Sector Outlook

Inaugural meeting

4-5 February 2009

Report

1. The Team of Specialists held its first meeting on 4-5 February 2009 in Geneva. Nominated Team members attended from the following countries: Austria, Croatia, Czech Republic, Estonia, France, Poland, Russian Federation, Sweden, United Kingdom, United States of America. In addition, international experts from Alterra, Confederation of European Forest Owners, European Commission, European Environment Agency, Copenhagen, European Forest Institute (EFI), European Panel Federation, FAO, Hamburg University, UNECE and UNEP. attended the meeting. All members of the Task Force on Wood Availability and Demands were invited by the secretariat to join the Team, in view of the Team's role to provide guidance to the Task Force, as included in its Terms of Reference, and the incorporation of the work on wood availability, demand and potential wood supply in a new study. The following Task Force members attended the meeting:; Mr. Jeremy Wall, European Commission; Mr. Jukka Tissari, FAO Rome - Forestry Department;; Prof. Udo Mantau, Hamburg University, Germany; Ms. Bénédicte Hendrickx, European Panel Federation; Mr. Jan-Olof Loman, Ministry of Industry, Sweden;; Mr. Morten Thoroe, Confederation of European Forest Owners; and Mr. Matthias Dees, University of Freiburg, Germany.
2. On 4 February, the Team was briefed about a number of issues and items comprising essential elements for a future outlook study. These presentations and their relevance for future outlook work are briefly summarized below. All presentations, along with the background documents reviewed at the meeting can be accessed at: <http://timber.unece.org/index.php?id=129>. On 5 February, the Team discussed how these essential elements could be integrated into a next outlook study and reviewed proposals by the secretariat on the main issues, approach and timing. The results of the discussion are summarized below.

4 February 2009: Introduction and presentations: Background and Experiences, Towards a new outlook study

3. Team members were welcomed by the secretariat and introduced to the UNECE/FAO joint integrated programme of work on timber and forestry and the mandate and role of the Team in supporting and guiding work area 3. The Team was informed of the mandate emerging through the strategic review that an updated outlook study take account of developments as regards bioenergy and climate change, including interactions between these developments and the outlook for existing wood using industries. In addition, the study should include an analysis of potential wood supply, as well as the factors linked to its mobilization.
4. The Team reviewed and discussed the past European Forest Sector Outlook Study (EFSOS), on the basis of a presentation by Kit Prins. The following positive aspects were mentioned:
 - integration of eastern Europe, despite data problems
 - integration of NWFPs, services, employment, finance
 - linking of scenarios to policy assumptions (overriding purpose: to be useful to policy makers, though not successful)
 - awareness of cross-sectoral dimension (not included in earlier studies)

- three quantified scenarios: baseline scenario useful for people in their own analysis
 - policy recommendations: discussed at policy level, e.g. presented to EU Standing Forestry Committee, through limited links to the quantified analysis of the study.
5. A number of issues which went wrong with EFSOS 2005 were noted:
 - Long delays, which made study less relevant
 - Weak linkage between market equations and analysis of forest resource. No material balance was included
 - Little useful information on energy and CC
 - Weak understanding of Russia, though included
 - Weak input from national correspondents (almost no response)
 - Weak link to the global issues and developments, e.g. markets outside of the UNECE region (earlier European Timber Trend Studies (ETTS) included a discussion of global timber trends)
 6. The secretariat and Team members identified the following issues which would merit improvements in a new study, compared to the previous one:
 - Closer link between the analysis and the policy recommendations, more immediate usefulness to answer policy questions
 - Better linkage between equations and analysis of forest resource, incl. material balance
 - Need to determine resources early from major funding sources, and to attract more resources, to allow for improvements of the study
 - Work more closely than in the past with partners (internal & external). Improved internal cooperation, in particular between the Outlook ToS and the ToS on Forest Product Marketing and on Monitoring Sustainable Forest Management: cooperate with the Teams earlier and in a more detailed manner.
 - Design questions early, then adapt methods and analysis (not the other way around). Set deadline for study now, e.g. MCPFE Ministerial Conference in 2011 (possibly 2012?).
 - Improve transparency, and involve national correspondents for data improvements and reviews. Scenarios need to be plausible: If possible, there should be more intense consultation with national level and with industry groups before finalization.
 - Inclusion of Russia only, if the methods are sound enough (not the case in the past). Otherwise, develop separate studies for Europe, Russia, North America and link to each-other (possibly three linked studies which together provide outlook for entire region)
 - Include a global dimension, taking account of developments and trends such as the economic crisis, changes in trade patterns, and the concern with the UNECE region's footprint. Take into account the next FAO State of the World's Forests linked to global and regional outlook studies.
 - Issue study also in Russian; possibly organize workshops with Russian-speaking correspondents linked to the outlook study and its review.
 7. The following attributes/objectives for the next outlook study were identified:
 - Comprehensive: all sectors, downstream and upstream
 - Policy relevant (not purely academic, but useful to policy makers; as we are intergovernmental body)
 - Objective and based on facts
 - Scientifically sound
 - Transparent and understandable: for policy makers (not scientific)
 8. The Team was briefed by Anders Baudin, Vaxjö University, of the econometric modeling applied in EFSOS, in particular the three country groups determined according to consumption, production and trade. The time-series cross sectional approach (TSXS) was

partly used in EFSOS, as some time series, in particular for eastern Europe, were often too short for individual country modeling. In ETTSV, longer time series since the 1960 were used. It was noted that while the approach used was transparent, a more systematic approach could be used in future.

9. Jeff Prestemon presented forest sector modeling in the US, in particular the 2010 RPA Forest Assessment. The modeling is accomplished through the Global Forest Product Model and United States Forest Products Model administered by Joseph Buongiorno. He explained inclusion of IPCC scenarios related to demographics, income/economic activity. Land use changes including biofuels determine significantly the results. Climate change predictions are only weakly integrated into the study. In the US, outlook studies are mandated by law to provide timely forecasts of forest conditions, uses and services and supported by significant resources. Updates in inventory data are directly linked to an improvement of the projections. Team members regarded the US approach as a “best practice.” It includes an interdisciplinary analysis for addressing broad scale questions regarding US forests: economic-ecological forecasting, getting results and models to users, collaboration between scientists from different disciplines.
10. Prof. Mantau, University of Hamburg, presented the EUwood (Real potential for changes in growth and use of EU forests) tender, which the University, together with UNECE/FAO, EFI and other project partners have been awarded. The objective is to analyse the best available data in order to estimate real potentials for changes in the use of forests for wood, energy and, non-wood use (including biodiversity and recreation). The different work packages of the tender will provide essential information for the next outlook study.
11. Jo van Bruselen presented outlook-related work at EFI, linked to its research strategy 2007-2011 to develop its tools, methodologies and value-added information systems to enable international comparisons and future projections. These encompass forest resource, biodiversity, economic and trade projections. The EFISCEN and EFI-GTM model (presented separately) were used in a number of studies including the EEA report “How much biomass can Europe produce without harming the environment?”, and projects such as EFORWOOD. EFI-GTM outputs include production, consumption, and price forecasts (e.g. used in EFORWOOD to model changes in regional production) for 60 countries and 36 product groups. EFISCEN serves as an input to EFI-GTM.
12. Mart-Jan Schelhaas, Alterra, presented EFISCEN in greater detail: a forest resource model based on aggregate national forest inventory (NFI) data, per age class area, average volume and (gross) annual increment, and information on management regimes. Scenario outputs encompass forest management (management regime/species change), wood demand/ residue extraction, afforestation/deforestation, and growth changes due to environmental changes. In the discussion, the following issues were raised/clarified:
 - EFISCEN data does not include wood outside forests, and inside forests all other components are estimated on the basis of stemwood.
 - Though the covered scope should be all forests, in some countries only a sub-set of data is included, e.g. only public forests for Poland, which is then scaled to the entire forest area. Links with the State of Europe’s Forests report, including its data on Forest Area Available for Wood Supply (FAWS) have not yet been established.
 - Data in the present EFISCEN has last been updated for the previous EFSOS, with additional updates for Denmark and Hungary in the meantime. The average year of the data is 1995.
 - EFISCEN space (a model which is spatially explicit) will be operational by the end of 2009, at the earliest.

13. Following presentations by partners, members of the UNECE/FAO Timber Section presented data and information which need to be considered in a future outlook study. Alex McCusker presented UNECE/FAO data collection on forest products statistics. Roman Michalak presented the data available through the qualitative indicators on SFM and the FRA. Kit Prins presented UNECE/FAO work on wood availability and potential wood supply, as well as related policy questions linked to the need to define sustainability, including the acceptability of temporary overcutting. He pointed to a number of weak assumptions in this work which require discussion at the policy level. Matt Fonseca presented the Timber Section's efforts to improve data on conversion factors through questionnaires and encouraged countries to submit data. Links with related efforts at EFORWOOD and the University of Hamburg were identified and the secretariat will follow-up. Florian Steierer summarized efforts to improve wood energy data, including the UNECE/FAO/IEA Joint Wood Energy Enquiry (JWEE) and the analysis on potential wood supply. Franziska Hirsch presented information on policies and institutions available through different UNECE and FAO databases, as well as other sources, along with efforts to combine these.
14. Ivonne Higuero, UNEP/Pan-European Landscape and Biological Diversity Strategy (PEBLDS) gave a global and regional overview of forest biodiversity and related targets and programmes, including the 2010 biodiversity target to halt global biodiversity loss, the CBD Strategic Plan which promotes the ecosystem approach to forestry, the Expanded Work Programme on Biodiversity, the MCPFE guidelines on reforestation and afforestation in the context of climate change, the Non-Legally Binding Instrument on All Types of Forests (NLBI), the Millennium Ecosystem Assessment and the Roundtable on Sustainable Biofuels. She pointed to the biodiversity indicators for measuring progress towards the 2010 biodiversity target: She noted that ecosystem services by forests (provisioning, regulating, cultural services) are only marginally included in the proposed outline circulated by the secretariat. If a chapter on forests and ecosystem services was included in the report, UNEP could look into contributing to its preparation.
15. Mart-Jan Schelhaas, Alterra, presented forest and climate change mitigation strategies and scenarios done by Alterra, e.g. in the context of the MEACAP project which also integrates biodiversity into the scenario. He presented some of the scenarios that they have been working on, which forecast carbon sequestration in the forest dependent upon different policy objectives and silvicultural methods applied. He noted that no one scenario is applicable across Europe, and that while one scenario may show dramatic increases in carbon stocks, the likelihood of disturbance (disease, wind-throw, fire) may make them too risky. It was also noted that sequestered carbon does not tell the whole story of avoided carbon, e.g., substitution of fossil fuels with forest based fuels.
16. Jo van Bruselen presented the work by Marcus Lindner, EFI and partners on "climate change impacts in EU forests – potential adaptation measures." The Team discussed how to consider adaptation measures and results of the study into the future outlook study and link with the EFISCEN scenarios, which include past forest management regimes. It was noted that this issue appears to be far more critical in southern and eastern Europe than in the Maritime or Nordic regions. In addition, thought has to be given regarding the rather large time scale involved with the adaptation issue as it related to the scope of this next outlook study.

5 February 2009: Towards a new outlook study: integrating all essential elements

17. The Team discussed the priority issues, scope, analytical methods, timing, organization, and resources linked to a next forest sector outlook study.

Priority issues

18. The Team identified the following priority issues, based on a list and outline prepared by the secretariat:
- Climate change mitigation and adaptation: finding the right mix of strategies
 - Potential wood supply and mobilization strategies
 - Biodiversity protection and achieving longer term sustainability, including related ecosystem targets (biodiversity loss, watershed protection, and others) and the social/livelihood dimensions of forests.
 - Structural long term changes arising from the economic crisis, within and outside of the UNECE region.
19. Other issues should also be considered within the study. Team members noted that a greater focus of the next outlook study is needed, as this was difficult to see in EFSOS 2005. Important aspects for the attention of forest policy makers need to be presented, and linked in the quantifiable analysis. Peter Scharzbauer, Austria, suggested that this could be done through defining endogenous factors such as wood supply and regarding other aspects which have an impact e.g. biodiversity targets and constraints as an exogenous factor. At the same time, the multifunctionality of the forest ecosystem needs to be adequately taken account of. Mart-Jan Schelhaas proposed linking with other studies.

Objective and target audience

20. The Team proposed that the objective of the next outlook study should not differ from the last one: To provide an outlook for the forest sector, based on an objective analysis for the use of policy makers. Conclusions of the study should be well-argued and independent. While policy makers are the primary target audience, there are also other users such as industry, the environmental NGOs the research community (inside and outside the sector) and others.

Scope

21. Based on proposals by the secretariat, the Team decided that the study should encompass:
- all aspects of SFM, even if for methodological reasons, some need to be treated in greater detail and more quantitatively than others
 - the entire chain of forest products
 - Geographically, include some countries of Eastern Europe (Ukraine, Belarus, Moldova, Turkey, Balkans) along with Russia, but only if methods are sound enough to allow for inclusion of Russia. In view of the advanced methods for outlook work in the US and Canada, it would appear logical to establish linkages with a separate North American outlook study.
 - Global developments affecting the forest sector in the UNECE region
 - Scenario projections until 2030. Team members suggested that to align with the IPCC climate change scenarios, 2050 could also be considered.

Analytical tools

22. The Team decided that the following tools be used in a future outlook study:
- Market equations/models
 - EFISCEN
 - Possibly EFI-GTM
 - Wood resources balance.
23. Data inputs into these models should be through a network of national correspondents. They should also be calibrated with other information sources, e.g. data available through the State of Europe's Forests report. Comprehensive scenarios should be developed, with qualitative analysis, when necessary. The network of correspondents will provide critical review of the scenarios, ensure quality/reliability, and assist with promotion and dissemination of the results. The final study should be more of a common effort with national correspondents than what was done previously in EFSOS 2005. It was also suggested that global outlook models developed by FAO could be used to set the frame for the UNECE regional outlook study.

Timing

24. The Team agreed on the following time plan, based on a proposal by the secretariat:

March 2009	Report to the Working Party of the outline
March 2009	Set-up core group: start work, and search for funding
October 2009	Core group agrees on proposals for partnerships, methods/scenarios, data, resources
November 2009	2 nd Team meeting: Agreement on partnerships, methods, data, resources, based on proposal by core group
October 2010	1 st results of quantitative analysis, scenarios: for review at Team meeting and with network of national correspondents
November 2010	3 rd Team meeting: Review and discussion of 1 st results
Spring 2011	Revision after review of quantitative results by national correspondents, possibly also through regional workshops
Summer 2011	1 st draft study
October 2011	Final draft study
November 2011 (tbc)	Launch of study at 6 th MCPFE
Spring 2012	Discuss findings at the FAO European Forestry Commission

25. The Team agreed that meetings should be held at milestones of the process, i.e. to agree on the models to be used and scenarios (November 2009) and to review 1st results of the quantitative analysis (November 2010). It was also agreed that the timing of the study should take account of other processes, e.g. the results of the EUwood project, which become available in summer 2010 and the results of the Bioenergy Europe (BEE) project which

should become available in August/September 2010. It was also agreed that an online meeting space, e.g., MS Netmeeting or similar software, might be an effective way to hold meetings between face-to-face meetings.

Resources

26. The Team noted that for the next outlook study, significant resources are required, in particular as the secretariat can mainly assure the coordination of the study and review, together with the core group. Contrary to the past, no full-time post for the work on Forest Sector Outlook is available, and extrabudgetary funds are required in particular for the following items:
 - to improve the quantitative analysis and models used for scenario construction, which should ideally link several variable to a greater extent than in the past
 - to construct the scenarios/run the models
 - to assist in research
 - to remunerate authors of the different parts/chapters for the study.
27. In addition to these core items, the secretariat could also be strengthened with support in the project management function related to the development of the study, in particular in the time period end-2009 to mid-2011.
28. In the past, in kind resources in the form of secondment of experts have played a major part in development of the study. In addition to the secondment of specialized experts, countries may wish to consider seconding personnel who could assist in the research and data improvements. Heads of Delegation of the UNECE Timber Committee and the FAO European Forestry Commission were informed of the need for funding of an outlook study in follow-up to the results of the Strategic Review through which governments and stakeholders expressed the need for a new outlook study and the link to climate change and bioenergy. The secretariat will forward to Team members the text sent to Heads of Delegations, to enable follow-up at the national level.
29. Team members and the secretariat agreed to search intensively for funding in the next months, before the next Team meeting in November 2009, to be able to identify what can be done realistically.

Business items

30. The Team elected Mart-Jan Schelhaas as Leader and Tatjana Yakusheva, Russian Federal Forest Agency and Jeff Prestemon, US Forest Service, as vice-leaders.
31. The Team decided to set up a core group with members willing to make a particular intensive contribution to the next outlook study, discussing approaches, models to be used and preparing proposal for the next Team meeting.
32. The Team decided to hold its next meeting in November 2009. The Team should then agree on the models to be used, the resources available and refine the work plan and agenda of the next outlook study.