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## PREFACE

Sustainable forest management depends upon sustainable forest products market development, and vice versa. Both sides of the sector, forest and market, are required to be sustainable in the short term and long term, and both sides are based on environmental, social and economic pillars. The entire sector is under scrutiny to consider all three pillars in its approach to harvesting, production and marketing. Fortunately the forest and forest industry sector is responding positively to demands for sustainable management and development. Industry and Governments are working together, along with intergovernmental and non-governmental organizations. Despite the attributes of timber, e.g. its renewability and recyclability, some negative issues face the sector worldwide, such as illegal logging. The Timber Committee and European Forestry Commission recognize the seriousness of this problem, and held a workshop in September 2004 to consider the extent and causes of the problems, and to propose remedial action.

The *Forest Products Annual Market Review, 2004-2005* is the annual flagship publication of the UNECE/FAO Integrated Programme of Work of the Timber Committee and European Forestry Commission in the field of timber and forests. The *Review* analyses forest products market developments within a context of policy development and economic conditions. The *Review* is based on the first available statistics supplied by official country statistical correspondents. It is the first comprehensive analysis available each year for the UNECE region. It is also a key background document for the annual Timber Committee Market Discussions to be held in September 2005.

In addition to the participants in these discussions, it is intended for market specialists, government policy makers and others in the sector, as well as outside. In line with UNECE and FAO priorities, the *Review* aims at providing an objective analysis of market and policy developments and providing a stimulus for meaningful policy discussion in international forums. In the current *Review* the following policy issues are specifically described:

- Forest law enforcement, governance and trade
- Initiatives to encourage the use of sustainably produced timber products
- Forest sector development policies
- Climate change policy
- Wood energy policies
- Trade policy and tariff and non-tariff barriers, including phytosanitary measures
- Emergence of China as a major player in the wood products manufacturing arena

This *Review* was possible thanks to the direct work of 40 experts and partners. In addition, 100 more contributors provided information and statistics. I take this opportunity to express my appreciation to all those who contributed, directly and indirectly, to preparing this *Forest Products Annual Market Review*, as a service to Governments and stakeholders throughout the region.



Brigita Schmögnerová  
Executive Secretary

United Nations Economic Commission for Europe

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In addition to those named below, numerous other experts assisted with specific sections of the *Review* and their names are included in the list of contributors. The analysis is based on statistics received from official country correspondents, who are also listed. Some data on certified forest products are from the Timber Committee and European Forestry Commission network of officially nominated country correspondents on certified forest products markets and certification of sustainable forest management. Our sincere appreciation goes to these people without whose efforts we would not have been able to produce the *Review*.

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The national statistical correspondents listed below are the key suppliers of data for this publication. We are grateful for their essential contribution and their significant efforts in collecting and preparing the data. Complete contact information for the correspondents is provided in *Forest Products Statistics, 1999-2003*.<sup>1</sup>

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<sup>1</sup> *Forest Products Statistics* is available at [www.unece.org/trade/timber/mis/fp-stats.htm](http://www.unece.org/trade/timber/mis/fp-stats.htm)

## DATA SOURCES

The data on which the *Forest Products Annual Market Review* is based are collected from official national correspondents<sup>2</sup> through the FAO/UNECE/Eurostat/ITTO Joint Forest Sector Questionnaire, distributed in April 2005. Within the 55-country UNECE region, data for the 29 EU and EFTA countries are collected and validated by Eurostat, and for other UNECE countries by UNECE/FAO Geneva.

The statistics for this *Review* are from the TIMBER database system. As the database is continually being updated, any one publication's analysis is only a snapshot of the database at that particular time. The database and questionnaires are in a state of permanent development. Data quality differs between countries, products and years. Improvement of data quality is a continuing task of the secretariat, paying special attention to the CIS and central and eastern European countries. With our partner organizations and national correspondents, we strongly believe that the quality of the international statistical base for analysis of the forest products sector is steadily improving. Our goal is to have a single, complete, current database, validated by national correspondents, with the same figures available from FAO in Rome, Eurostat in Luxembourg, ITTO in Yokohama and UNECE/FAO in Geneva. We are convinced that the data set used in the *Review* is the best available as of July 2005. The data appearing in this publication form only a small part of the total data available. *Forest Products Statistics* will include all of the data available for the years 2000-2004. The TIMBER database is available on the website of the joint Timber Committee and European Forestry Commission at [www.unece.org/trade/timber/mis.htm](http://www.unece.org/trade/timber/mis.htm).

The secretariat is grateful that correspondents provided actual statistics for 2004 and, in the absence of formal statistics, their best estimates. Therefore, all statistics for 2004 are provisional and subject to confirmation next year. The responsibility for national data lies with the national correspondents. The official data supplied by the correspondents account for the great majority of records. In some cases, where no data were supplied, or when data were confidential, the secretariat has estimated figures to keep region and product aggregations comparable and to maintain comparability over time. Estimations are flagged within this publication, but only for products at the lowest level of aggregation.

In addition to the official statistics received by questionnaire, trade association and government statistics are used to complete the analysis for 2004 and early 2005. Supplementary information came from experts, including national statistical correspondents, trade journals and internet sites. Most of these sources are cited where they occur in the text, at the end of the chapters, on the list of contributors and in the annex reference list.

## EXPLANATORY NOTES

“Apparent consumption” is calculated by adding a country's production to imports and subtracting exports. Apparent consumption volumes are not adjusted for levels of stocks.

“Net trade” is the balance of exports and imports and is positive for net exports, i.e. when exports exceed imports, and is negative for net imports, i.e. when imports exceed exports. Trade data for the 25 European Union countries include intra-EU trade, which is often estimated by the countries. Export data usually include re-exports. Subregional trade aggregates in tables include trade occurring between countries of the subregion.

For a breakdown of the regions, please see the map in the annex. References to EU refer to the 25 countries in the EU in 2004.

The term “softwood” is used synonymously with “coniferous”. “Hardwood” is used synonymously with “non-coniferous” or “broadleaved”. More definitions appear in the electronic annex.

All references to “ton” or “tons” in this text represent the metric unit of 1,000 kilograms (kg).

The term “oven-dry” in this text is used in relation to the weight of a product in a completely dry state, e.g. an oven-dry metric ton of wood fibre means 1,000 kg of wood fibre containing no moisture at all.

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<sup>2</sup> Correspondents are listed with their complete contact details in “Forest Products Statistics, 2000-2004”.

## SYMBOLS AND ABBREVIATIONS USED

(Infrequently-used abbreviations spelled out in the text may not be listed again here.)

...	not available
\$	United States dollar unless otherwise specified
ATFS	American Tree Farm System
BJC	builders' joinery and carpentry
CEECs	Central and eastern European countries
CIS	Commonwealth of Independent States
CO <sub>2</sub>	carbon dioxide
CoC	Chain-of-custody
CSA	Canadian Standards Association
DIY	do it yourself
ECB	European Central Bank
EFSOS	European Forest Sector Outlook Study
EFTA	European Free Trade Association
EQ	equivalent of wood in the rough
ETS	Emissions Trading System
EWPs	engineered wood products
FDI	foreign direct investment
FOB	free on board
FSC	Forest Stewardship Council
GDP	gross domestic product
GHG	greenhouse gas
IMF	International Monetary Fund
IPPC	Integrated Pollution Prevention and Control
ISPM	International Standard for Phytosanitary Measures
ITTO	International Tropical timber Organization
LVL	laminated veneer lumber
m.t.	metric ton
m <sup>2</sup>	square metre
m <sup>3</sup>	cubic metre
MDF	medium density fibreboard
NAFTA	North American Free Trade Agreement
NGO	non governmental organization
NTMs	non-tariff measures
OSB	oriented strand board
PEFC	Programme for the Endorsement of Forest Certification Schemes
PoC	Province of China
SAR	Hong Kong Special Administrative Region of China
SFI	Sustainable Forestry Initiative
SFM	sustainable forest management
tCO <sub>2</sub> e	(metric) tons of carbon dioxide equivalent
VAWPs	value-added wood products