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ECONOMIC COMMISSION FOR EUROPE
Timber Committee

FOOD AND AGRICULTURE ORGANIZATION
European Forestry Commission

JOINT FAO/ECE WORKING PARTY ON FOREST ECONOMICS AND STATISTICS
TWENTY-SECOND SESSION, 26-28 May 1999

REPORT AS APPROVED BY PARTICIPANTS

Highlights of the session

- the Working Party considered the draft Temperate and Boreal Forest Resource Assessment, and made detailed recommendations about future work, notably finalising and publishing the dataset; it also urged close cooperation between Geneva and Rome for the global Forest Resource Assessment;
- it welcomed the FAO/ECE/ITTO/Eurostat joint forest sector questionnaire, and made a number of proposals for improvement;
- it discussed the objectives and methods for future European outlook studies, and asked the secretariat to prepare an options paper for the 1999 Timber Committee session;
- it reviewed the first formal study of users of ECE/FAO publications and data, and made recommendations for improvement in them;
- it urged the secretariat to continue and intensify its cooperation with other organisations;
- it approved its programme of work (annex)

Introduction

1. The Joint FAO/ECE Working Party on Forest Economics and Statistics held its twenty-second session in Geneva from 26 to 28 May 1999. The session was attended by delegates from the following countries: Canada, Estonia, Finland, France, Germany, Hungary, Italy, Latvia, the Netherlands, Poland, Portugal, Slovakia, Sweden, Switzerland, United Kingdom and United States.
2. The session was attended by representatives of the European Commission DG VI and Eurostat.
3. The following intergovernmental organisation participated: International Tropical Timber Organisation.
4. The following non-governmental organisation participated: European Forest Institute (EFI).
5. The Working Party honoured the memory of Mr. Henri Widmer, former member of the secretariat, who had served the Timber Committee and the Working Party as market analyst for many years.

Adoption of the agenda (Item 1 of the agenda)

6. The provisional agenda (TIM/EFC/WP.2/1999/1), presented by the secretariat was adopted.

Temperate and Boreal Forest Resource Assessment 2000: review of the draft report, consideration of future work (Item 2 of the Provisional Agenda)

7. The Working Party considered the draft main TBFRA-2000 report on the basis of the detailed presentations made by the secretariat, and the electronic database presented by Mr. Peter Csoka (Hungary). The conclusions and recommendations of the team of specialists on TBFRA-2000 on how to finalize the report were taken into full consideration.
8. The Working Party expressed its warm appreciation of the work done by the national correspondents, team of specialists on TBFRA-2000, consultants, the secretariat and all those involved in the project, including the preparation of the main TBFRA-2000 report, and the elaboration of the electronic database.
9. The participants noted the necessity to make country notes and comments to the national TBFRA data an integral part of the publication, i.e. to incorporate notes and comments into the main body of the report.
10. The Working Party noted the value of finalising this work (TBFRA 2000) in as deliberate and early manner as possible, but recognised that the secretariat has to take the ultimate responsibility for finalising the report. Nevertheless, it recommended that:
 - there should be no public distribution of the March/May 1999 TBFRA before final publication;

- the final draft of the assessment should be sent for final checking to the team of specialists and the national correspondents, even if this causes a certain delay in sending the draft for reproduction
- the publication of the TBFRA must not separate notes and comments from the data
- it encouraged the use of outside reviewers to improve the credibility of the TBFRA. Data not supplied by the national correspondents (e.g. the results of other scientific work) could be used, to a limited extent, providing the consent of the national correspondent was obtained.

11. The Working Party endorsed the extension of the mandate of the team of specialists on TBFRA-2000 until the year 2002. It was agreed to include the following activities in the team's terms of reference:

- to advise on analysis, publication and dissemination of the TBFRA-2000 information;

- to advise the secretariat on the coordination of forest resources assessment work with Montreal process, as it is being done with the pan-European process;

- to elaborate proposals and recommendations for further work in the field of forest resources assessment, with special emphasis on the following: the structure and composition of a new team of specialists for forest resource assessment work after the completion of FRA 2000; distribution of labour between Geneva and Rome; future links with the ongoing forestry dialogue, notably IFF, the pan-European process and the Montreal process;

- to advise the secretariat on the intensification of the collaboration between the forest resources assessment team in FAO, Rome, and the ECE/FAO in Geneva.

12. The Working Party stressed the over-riding importance of close cooperation between Geneva and Rome in the field of forest resource assessment, to save resources, provide the best possible service and prevent the appearance of any perception of major differences between country groups. The Working Party expressed its disappointment that the modalities of cooperation between Geneva and Rome appeared not to be functioning as well as they might. It requested the Geneva secretariat, as a matter of urgency, to make the necessary arrangements with the FRA team in Rome for publication of the TBFRA data set and its integration into the global FRA. These arrangements should be based on the following principles:

- a seamless data set at the global level;
- the notes and comments supplied by national correspondents to TBFRA constitute an integral part of the data ;
- any changes proposed to data, notes or comments supplied by national correspondents should be sent for review by them in advance of any publication;
- no unnecessary duplication of publications;
- all data included in TBFRA data base to be published.

13. The Working Party noted the request by the global FRA team for "statistics, text and maps" for inclusion in the FRA country files. It recalled its mandate to help and support the global FRA process and agreed to help in any way possible. It stressed that as the FRA was an official process, the only possible channel for this type of request was the national correspondents. It asked the FRA team to provide more detailed information on its requirements (parameters, length, outline of any "text"). The Working Party asked the Geneva secretariat, when this information was received, to prepare and supply that information which was already in the data base, and transmit the request for the remainder, notably maps, to TBFRA national correspondents. If new text (e.g. a sketch/overview of each country's forest resource) is required, it should be drafted or cleared by the national correspondent concerned. The timetable for this process should be agreed between Rome and Geneva as soon as possible.

14. The Working Party recommended that distribution of labour for the next global assessment, notably what data collection methods are appropriate for each country, should be discussed and agreed at an early stage of preparation. It noted that there were several different opinions for this division of labour (e.g. by geographic region, by ecological zone, by capacity of forest institutions, by membership of international organisations or processes), and that the solution chosen must be realistic and acceptable to all countries and partners concerned.

15. The Working party stressed the importance of making the results available on Internet in a user friendly way as soon as possible.

16. The Working Party noted the offer of EFI to host the next meeting of the team of specialist in early 2000, and thanked EFI for this offer.

Experience with joint FAO/ECE/Eurostat/ITTO forest sector questionnaire (Item 3 of the agenda)

17. The Working Party warmly welcomed the new questionnaire and the burden sharing between the four organisations which had significantly clarified and reduced the task of the national correspondents.

18. The Working Party was informed that several countries had met difficulties in meeting the deadlines laid down. It noted that the systems of data collection, and their schedules, varied widely between countries and sectors: in some cases figures were provisional and subject to revision for a year or more after the end of the relevant period. It noted the deadlines for receipt of data by the Geneva secretariat were imposed by the necessity to produce the *Forest Products Statistics* and the *Forest Products Annual market Review* by end July. This is necessary if the two publications are to remain topical and useful. In the circumstances, sometimes estimates by national correspondents would be necessary. To help them in this task, the secretariat should consider

- explicitly warning correspondents that they may have to estimate some data, and providing guidance as to how this could be done in as objective a manner as possible: and

- organising briefing or training session for correspondents to familiarise them with the terms used, possible techniques and the uses to which the information would be put.

In addition, arrangements should be made, both in publications and data bases, to ensure that estimates are marked as such and to incorporate revised (final) data, when received, into the data base.

19. The Working Party welcomed the information that Eurostat was developing an electronic questionnaire, which, among other features, returned data for previous years to the national correspondent, for reference and for checking. This questionnaire is being tested on a pilot scale in 1999, but will be operational soon.

20. The Working Party reviewed the joint questionnaire and agreed on the following proposals which should be brought to the attention of the partner organisations:

- remove impregnated roundwood (e.g telegraph poles) which are really further processed products from the questionnaire;
- likewise remove sleepers, which are often also impregnated and cannot be broken down in trade statistics between coniferous and non-coniferous;
- consider breaking down "sawnwood" into "rough sawn", "planed" and "otherwise further processed". The present situation, when these are not disaggregated may well cause double counting of rough sawnwood, which is subsequently planed or otherwise further processed, whether in the same country or another;
- split "other fibre pulp" into "secondary pulp" (i.e. from recovered paper, which is traded increasingly) and "pulp from fibres other than wood";
- use the classification of paper grades into 9 groups at present used by the paper trade and industry, which are in harmony with the HS and SITC.
- append, for the help and guidance of correspondents, the FAO list of standard weight/volume/area conversion factors, although stressing that these are global averages, and, as such, less precise than empirically based national factors, where these exist;
- add a questionnaire on the total value of trade by HS groups 44, 47 and 48, thus enabling an estimate of the value of trade in further processed products, which was becoming increasingly important
- consider whether branches should be included into wood fuel.

The Working Party should be kept informed of changes made.

21. The Working Party noted that the questionnaire definition of "removals" covered all wood removed from the forest, including chips produced in the forest and wood fuel from branches: collecting these data in practice posed problems, and caution was needed to compare these figures with data on growing stock and increment.

22. The Working Party agreed that the priority area for expanding and improving statistical coverage was that of trade in further processed (value added) products, which was increasingly important. It urged the four organisations to consider how they could start collecting and analysing, perhaps initially on an *ad hoc* basis, this information.

23. The Working Party was informed that Mr. Claude Huybrechts, the Timber Section statistician for over 20 years, would retire in June. It thanked him warmly for his devotion, accuracy and high standards, which had helped make the *Timber Bulletin* one of the best and most respected sources of statistics in the sector. It wished Mr. Huybrechts a long and happy retirement.

Next steps in programme of outlook studies for Europe (Item 4 of the agenda)

24. The Working Party regretted that work on outlook studies had been suspended because of staff shortages since its last session, but welcomed the fact that Mr. Volker Sasse had recently been appointed and that it would be possible to restart work in this high priority area. It was also informed of recent work on outlook studies at the global and regional level, by FAO. It asked the secretariat to start the work by consulting (e.g. by a listserver) members of the core team, of the bureaux of the Working Party and its parent bodies, as well as others able to contribute, in order to identify options for objectives, methods, topics, periodicity etc. These ideas should be submitted for comment by the Timber Committee in September 1999: a meeting to discuss the objectives of the future European outlook studies should be held, probably in autumn 1999. The secretariat, in consultation with the core team and the bureaux of the Working Party, the Timber Committee and the European Forestry Commission, should develop and implement plans, without awaiting the formal approval of the Working Party's next session in 2001, which would however review progress on the programme as a whole.

25. A wide-ranging discussion took place on the outlook studies programme. The points made included:

- FAO had carried out some major outlook work, which provided a global framework for regional work. The latter could be much more detailed and robust than work at the global level, and mobilise the networks of regional expertise, as well as addressing regional, or even sub-regional, issues;
- the Asia Pacific outlook study (APFOS) had shown that regional outlook studies could address a much wider range of issues than supply and demand of wood and forest products; policy makers had welcomed APFOS' emphasis on policy issues;
- future outlook work should build on experience with ETTS V and its predecessors, but not be afraid to develop new objectives or methods;
- shorter response times and more variable topics, addressing the issues of the day, might be one avenue to explore;
- outlook studies had proved to be one of the most cost effective means of transferring knowledge and experience between countries; for this reason, funding might be available from external sources to support at least part of the work. The secretariat was urged to approach potential sources of funds.

Survey of users of FAO/ECE information and analysis (Item 5 of the agenda)

26. Mr. Juha Kasslin, consultant, University of Helsinki presented the results of the first two phases of a comprehensive, statistically valid "UN-ECE Timber Section user survey." Thanks to this survey, it is now known who uses the products and services of the Timber Committee and the European Forestry Commission and for what purposes. While the survey complimented the secretariat on many facets of its work, it also identified a variety of areas for improvement

in the products and services and in their delivery. He concluded that current users are mostly in the public sector, that the Timber Section is viewed as being reliable, competent and focussed on relevant issues, that the current product portfolio is appropriate, that improvements are needed on style and graphics, that electronic distribution should be increased, that the Timber Committee website should contain interactive databases and be used to decrease the interval of information distribution. He recommended instigating an online customer relations management system.

27. During the discussion of the survey a number of specific suggestions and recommendations were made, including the following (without priority):

1. greater dissemination of information, including databases, via the Timber Committee website, while maintaining paper publication;
2. increasing frequency of reporting of information, without sacrificing quality of content, e.g. *Forest Products Prices*, perhaps by Internet.

28. Phase III of the survey will be directed to "potential users" and its results could further influence the products and services offered. The Working Party called on the secretariat to implement a "Phase IV," a comprehensive strategy to implement improvements to the products and services of the parent bodies, which should cover all the suggestions of this Session and the user survey. The secretariat was cautioned to be realistic within its limited resources and to seek outside resources, including cooperation and collaboration with other institutions. Furthermore the Working Party recommended that the survey should be repeated regularly, perhaps at 3 to 5 year intervals, to continuously meet users' needs.

29. The Working Party and the secretariat expressed their gratitude to Mr. Kasslin, as well as to the Finnish Ministry of Agriculture and Forestry, the Finnish Forest Research Institute and the University of Helsinki for this invaluable contribution. Some organizations saw implications for the survey results to be used in their own work: it was suggested that the results of the survey be presented on the Timber Committee website.

Review of collection and dissemination of statistics, including use of Internet for dissemination (Item 6 of the agenda)

30. The Working Party noted that many important items had already been covered under other items of its agenda, and endorsed the broad lines of the present system, which took account of countries' needs and secretariat resources. It also noted that the secretariat was working continuously to improve the system, taking account of user needs, as measured for instance in the survey reported above.

31. With regard to use of the Internet, the Working Party congratulated the FAO Forestry Department on its redesigned and upgraded website, and noted with pleasure the cooperation between Geneva and Rome in the maintenance of the data set for ECE countries, whereby these data would be managed remotely by the staff in Geneva. It also welcomed the fact that the Geneva website had already been upgraded, and that plans were being prepared for further integration of the data collection, handling and dissemination systems in Geneva where the provision of data on the website would play an important role.

32. With regard to information needs to monitor markets for certified forest products, the Working Party considered that this was best done through reports to the Timber Committee on the occasion of its market discussions, and that resources should not be deployed away from regular data collection to this activity.

33. It was pointed out that certain statistics, such as on industry structure and prices, were essential input to the outlook study work and should be maintained on a regular basis for this reason, rather than addressing them on an *ad hoc* basis for each study. It recognised however that collection of this type of data may require extra skills on the part of national correspondents.

Interorganisation co-operation on forest and forest products statistics(item 7 of the agenda)

34. The Working Party was informed of the activities of the Intersecretariat Working Group on Forest Sector Statistics (IWGFSS), on the basis of TIM/EFC/WP.2/1999/7, and an oral report of the meeting held the previous day. It welcomed this close and effective co-operation and the achievements of the IWGFSS, notably the joint FAO/ECE/Eurostat/ITTO questionnaire (see item 3). In connection with the discussion at the Intergovernmental Forum on Forests (IFF) of the need for a common framework for reporting and the need to avoid duplication between reporting for different agencies and conventions, the Working Party agreed with the IWGFSS's assessment that the Intersecretariat group's experience of interorganisation co-operation for data collection, notably with the joint questionnaire, meant that it could contribute to the objectives discussed by IFF. The Working Party endorsed the suggestion that the IWGFSS draw this viewpoint to the attention of the IFF secretariat and suggested that Working Party members should also draw this potential means of streamlining cooperation to the attention of their countries' delegation to IFF.

Programme of work for 1999-2004 (Item 8 of the agenda)

35. The Working party reviewed those parts of the integrated programme of the Timber Committee and the European Forestry Commission for which it was responsible and approved them, with some changes, which have been incorporated into the text in the annex.

Any other business (Item 9 of the agenda)

36. None

Election of officers (Item 10 of the agenda)

37. The Working Party elected Mr. D. Brooks (USA) Chairman and Messrs J. Stolp (Netherlands) and M. Gecovic (Slovakia) Vice Chairmen. It warmly thanked the outgoing Chairman, Mr. H. Ollmann (Germany) for his services to the Working Party, first as delegate over many years and then as Chairman.

Adoption of the report (Item 11 of the agenda)

38. The Working Party adopted its report on the basis of a draft presented by the secretariat with some changes which have been incorporated into the present document.

ANNEX

Sections of the integrated programme of work of the ECE Timber Committee and the FAO European Forestry Commission relevant to the Joint FAO/ECE Working Party on Forest Economy and Statistics

This programme is carried out by the ECE Timber Committee (TC) and the FAO European Forestry Commission (EFC), and their subsidiary bodies, which meet approximately in a two year cycle:

- The Joint FAO/ECE/ILO Committee on Forest Technology, Management and Training (JC)(2000, 2002)
- The Joint FAO/ECE Working Party on Forest Economics and Statistics (FES)(1999, 2001)
- The EFC Working Party on Management of Mountain Watersheds (2000, 2002)
- The EFC/AFWC/NEFC Working Party on Mediterranean Forestry Questions *Silva Mediterranea* (SM) (1999, 2001)

A. CORE PROGRAMME: MONITORING AND ANALYSIS OF SUSTAINABLE DEVELOPMENT OF THE FOREST AND FOREST PRODUCTS SECTOR IN THE REGION

1.1 Collection and dissemination of information on trends in the sector, including publication of the *Timber Bulletin*

Description: Information is regularly collected and disseminated on production, trade and prices of roundwood and forest products, and forest fires.

Method of work: Statistics are collected on an annual basis from countries and published in the *Timber Bulletin* and on the Internet. Data collection is coordinated with FAO Rome, EUROSTAT and ITTO and the results are shared between all four organisations. The whole system is reviewed by the Joint FAO/ECE Working Party on Forest Economics and Statistics at its biennial sessions.

Duration: Continuing; **Annual outputs:** publication of 6 issues of the *Timber Bulletin*: on forest products prices, statistics on production and trade, trade flow data, the annual market review, forest fire statistics and the Committee's market discussion at its annual session. The data and analysis are also made available in electronic form and on the Internet.

1.2 Forest Resource Assessment 2000 (temperate and boreal forests)

Description: Information on the forest resource of the temperate and boreal zones (including developed countries outside the ECE region), will be collected and published in the context of the FAO global forest resource assessment, under the guidance of the Joint FAO/ECE Working Party on Forest Economics and Statistics.

Method of work: An enquiry was prepared under the supervision of a team of specialists, taking into account the recommendations of the Experts Consultation at Kotka (Finland) in June 1996. At all stages, the work is being carried out in close cooperation with the FAO Forestry Department and other organisations active in this area.

Duration: Continuing, review in 2003. **Outputs in 1999/2000:** publication, database and background documentation. Team meeting in 2000, probably at European Forest Institute.

1.4 Activities for countries in transition, including coordination of implementation of resolution H3 of the Helsinki Ministerial Conference (priority ranking: 6)

Description: The Committee and Commission will provide assistance to the countries in transition, in order to promote the process of economic reform and transition to a market economy in their forest and forest products sector. The topics and themes to be included in this programme shall be in line with the priorities and needs identified by the countries concerned. In particular, the Committee and the Commission will contribute to implementing resolution H3 on forestry assistance to countries in transition, by monitoring and analysing this assistance, in particular to determine whether it corresponds to countries' real needs and priorities.

Method of work: The work is guided by a team of specialists, which meets regularly. The secretariat, as international coordinator for H3, collects, stores and analyses information and reports regularly to the parent bodies and, as appropriate, to meetings of the pan European process. A data base on forestry assistance to countries in transition is maintained and its contents made available. The Committee and Commission implement a wide range of activities, notably workshops, which are scheduled and organized in a flexible manner, under two broad headings:

- Institution building, including legal and policy infrastructure;
- Development of market oriented and ecologically sound enterprises.

Duration: to 2000; **Outputs in 1998/1999:** a workshop on certification of sustainable forest management and markets for certified products in countries in transition was held in the Czech Republic in autumn 1998; a workshop on development of marketing of sawnwood products in countries in transition is expected to be held in Moldova, perhaps in 2000, pending funding. The database on forestry assistance to countries in transition, established under resolution H3 will be updated regularly and made widely available. The team will meet in 1999 in Austria.

1.5 Review of markets for forest products and short term forecasts

Description: The Committee analyses, on a continuous basis, short term trends in the production, trade, consumption and prices of forest products and forecasts short term prospects, with a view to providing Governments and the forest products sector with accurate and up-to-date information and assessments.

Method of work: The annual session of the Timber Committee reviews short term trends and prospects in the markets, on the basis of estimates provided by delegations and the *Forest Products Annual Market Review*, prepared by the secretariat, which reviews trends in the previous year. An analysis of trends and short-term outlook, approved by the Committee, is published. The Committee's market discussion also reviews trends in the markets for certified forest products on the basis of information provided by delegations on developments in their countries, and statements by experts.

Duration: Continuing. **Annual outputs:** *Annual Forest Products Market Review* and the Committee's market statement at its annual session.

1.6 Forest and forest products sector outlook studies

Description: The Committee and Commission prepare and publish studies of the outlook for the forest and forest products sector in the region, addressing issues such as the long term scenarios for the supply and demand of forest products and other goods and services of the forest, as well as other major, policy relevant, issues, of a regional or subregional nature. The work is overseen by the Joint FAO/ECE Working Party on Forest Economics and Statistics, which determines in particular the scope and objectives of the studies to be undertaken.

Method of work: The secretariat will prepare a note on options for the scope, methods and periodicity of outlook studies, based on the discussion at the Working Party's session in May 1999, and present it to the Timber Committee in September 1999. The outlook study core team will meet in 1999 or early 2000 to prepare detailed plans, which will be implemented when agreed, subject to the approval of the bureaux of the Committee and the Commission, which will be consulted at all stages.

Duration: Continuing

Output in 1999/2000: Outline and plan of action for future outlook studies. Initial output, as determined by meeting in 1999/2000.

B. AREAS OF INTERGOVERNMENTAL COOPERATION UNDER THE AUSPICES OF THE COMMISSION AND/OR THE COMMITTEE

2.1 Joint FAO/ECE Working Party on Forest Economics and Statistics

Description: The Working Party keeps under review the needs for international statistics in the forest and forest products sector and develops programmes to meet those needs, notably with regard to improving

comparability; develops methodologies for collection and analysis of information and statistics; and undertakes projects in the field of economics and statistics relating to forestry and forest products.

Method of work: The Working Party meets every two years and advises the parent bodies and the secretariat on the implementation of work in its field. In particular, it is responsible for guiding the implementation, in its area of competence, of programme elements 1.1, 1.2, 1.3, 1.5 and 1.6.

Duration: Continuing; **Outputs in 1999:** At its session in 1999 the Working Party reviewed TBFRA, preparation plans for the next outlook study, and considered intergovernmental cooperation on forest sector statistics.

PART II

Projects for possible implementation at a future time

(See ECE decision O (45) and Supplementary report containing the views and proposals of ECE to the Special Commission of ECOSOC, E/ECE/1150/Rev.1, para. 131)

Structural trends in markets for forest products and in the structure and capacity of forest industries

Description: The Committee and the Commission review medium-term (3-5 years) trends in the production, consumption, trade and prices of major forest products and the structure and capacity of the sawmilling and wood-based panels industries, so that governments may be continuously informed of structural trends in the forest products sectors.

Work accomplished and to be undertaken: Medium-term surveys are carried out on a 3-year rotation of sectors. These surveys incorporate as appropriate the results of surveys of the structure and capacity of major sectors (every time for panels, every other time for sawmilling). The issue of the medium-term surveys has been suspended until the Geneva staff is at full strength.