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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-third session, 14-16 May 2001

REPORT AS APPROVED BY THE WORKING PARTY

Highlights of the session

The Working Party:

- Approved the plans for the European Forest Sector Outlook Study (EFSOS) programme, but expressed concern about adequacy of resources available;
- Welcomed the publication *Forest Resources of Europe, CIS, North America, Australia, Japan and New Zealand* and considered future work on forest resource assessment;
- Reviewed collection and dissemination of statistics in the sector and made recommendations for improvement;
- Reviewed and made recommendations about the forest products markets and marketing programme;
- Considered its own role in programme formulation and review, and its methods of work, recommending among other things that it meet annually.

Introduction

1. The Joint FAO/ECE Working Party on Forest Economics and Statistics held its twenty-third session in Geneva from 14 to 16 May 2001. The session was attended by delegates from the following countries: Austria, Estonia, Finland, Germany, Hungary, Italy, Lithuania, the Netherlands, Portugal, Slovakia, Sweden, Switzerland, The former Yugoslav Republic of Macedonia, Turkey, United Kingdom and United States.
2. The session was attended by a representative of Eurostat.
3. The following non-governmental organization participated: European Forest Institute (EFI).

Adoption of the agenda

4. The provisional agenda TIM/EFC/WP.2/2001/1, presented by the secretariat was adopted.

European Forest Sector Outlook Studies (EFSOS) (Item 2 of the agenda) (TIM/EFC/WP.2/2001/2)

5. The Working Party approved the EFSOS objectives as proposed by the team of specialists and the extended bureaux meeting of the TC and EFC. It noted that governments are the most important target group.
6. It made the following recommendations.

Outline for the base line study

7. The Working Party appreciated the outline for the base line study report (TIM/EFC/WP.2/2001/2), proposed by the EFSOS meeting of specialists and national correspondents. It made proposals for further improvements:
 - The structure of chapter 4 "The base line scenario" should be modified. According to the demand driven study approach, chapter 4.1 (Outlook on forest resources) should be presented after the chapter 4.2 (Outlook on timber markets).
 - The scenarios generated by the EFISCEN model should be reviewed by national correspondents and compared to existing national forecasts. If the national results are different from the model results, then the reasons for significant differences should be analyzed.

Mandate for the team of specialists

8. The Working Party approved the attached mandate and urged the team of specialists to elect a leader. National correspondents should be invited to participate in the team's meetings, as appropriate.

EFSOS Work Plan 2001/2002

9. The Working Party endorsed the work plan presented by the secretariat after consultations with the team of specialists. It proposed to include in the plan a reference to potential target groups and to communicate with these groups as early as possible and throughout the process.
10. The description of contributions should distinguish between co-operation based on secretariat funds (ECE or FAO), contributions in kind and contributions of outside funds.

11. The Working Party expressed concern about the adequacy of resources available to accomplish the planned task. It concluded that the resources at present available are not sufficient to achieve a base line study of adequate quality by the deadline. At a minimum, the first four items of the work plan under "fund raising" are essential for a successful completion of the base line study and to acquire the necessary resources is a precondition for this. The Working Party welcomed the offer of Finland to cover the request for an econometrician, who would work on timber market analysis. When considering making a contribution the governments should give priority to the remaining items, which are mainly related to the outlook for forest resources.

12. The Working Party urged all Governments to consider making resources available to implement EFSOS, a study, whose contribution to high-level policy objectives had been recognized.

13. The Working Party supported the proposal to present the base line study as a contribution to the preparation of the forthcoming Ministerial Conference (MCPFE).

14. The representative from the Netherlands informed the meeting that he has received US\$10,000 - from the government for analysis in the framework of the EFSOS programme. The budget could be spent on the updating and gathering of input data for the outlook on forest resources. A specialist would be available from the Netherlands. The use of the budget is conditional on raising another US\$10,000 - as co-financing. The meeting requested all member countries to examine the possibilities for raising this amount¹. The Working Party thanked the delegate of the Netherlands for this kind offer.

15. The Working Party thanked the governments of Austria, Finland, the Netherlands and Switzerland for their commitments and noted that other delegations will search for further contributions to enlarge EFSOS resources.

Meta-Study on Scenarios with Major Impacts on the European Forest Sector

16. The Working Party welcomed the importance which has been given by the secretariat and the team of specialists to the analysis of policy scenarios with major impacts on the European forest sector.

17. The Working Party was informed of the priority attached by ECE to intersectoral activities and noted the proposal to analyze trade, environment and timber issues using EFSOS scenarios. Assuming a satisfactory base line study further resources would be necessary to produce satisfactory analysis of this complex and sensitive issue.

Other

18. The Working Party urged all countries which have not yet done so to nominate a national correspondent. The correspondents should be associated to the ToS, as they could make significant contributions.

Forest Resources Assessment 2000 (Item 3 of the agenda) (TIM/EFC/WP.2/2001/3)

19. The Working Party was informed of the recent accomplishments within the ECE/FAO TBFRA Programme, and the next steps to be undertaken in this area of the Integrated Programme of Work. The session considered that the Main TBFRA Report and the electronic database on CD-ROM were very comprehensive and useful products for the wide range of current and potential users, and that they had been delivered in good time.

¹ After the session the United Kingdom delegation informed the secretariat that his country could find matching funds for the Netherlands' offer.

20. The Working Party highly appreciated the work done by the TBFRA national correspondents, team of specialists and the secretariat, and congratulated all those involved in the implementation of this challenging project, taking into account its magnitude and challenging nature.

21. The importance of the work being done on further analysis of the TBFRA data, and the evaluation of the process itself, the preparation of TBFRA-2000 accompanying papers, as well as the contribution to the Ministerial Conference on the Protection of Forests in Europe was noted. The Working Party noted that a survey of the use and policy implications of TBFRA-2000 is being carried out: the final results of the survey will be an appropriate tool for further evaluation of the process as a whole. The results of the survey will be presented to the next sessions of the UN/ECE Timber Committee (October 2001) and FAO European Forestry Commission (November 2002) as agreed at the joint session in Rome in October 2000.

22. The Working Party would welcome a more active involvement of the ECE/FAO team on Public Relations (Forest Communicators Network) in disseminating and promoting the TBFRA Programme and its products, and asked the secretariat to take the opportunity of the next meeting of the PR team to be held in Slovakia (May 2001) to transmit this request.

23. The Working Party emphasised that the next meeting of the TBFRA Team of Specialists (Victoria, Canada, June 2001) will be an important step in the analysis of the TBFRA outcome. It will be a timely forum for learning lessons from the process of planning and implementing the project.

24. The Working Party confirmed that a 10-year periodicity for a comprehensive assessment of the temperate and boreal forest resources would be the most appropriate. The mechanism, modalities and periodicity of updating the existing top ("policy important") forest resources parameters on a more frequent basis, in order to respond to demands of the major TBFRA users like the MCPFE, SOFO or other international forest policy processes, should be considered by the team.

25. The Working Party strongly stressed the necessity of stability in the process, especially as far as terms and definitions are concerned. There should be UN/ECE and FAO commitment to maintain these internationally used terms and definitions substantially unchanged (with any really unavoidable changes to be done as soon as possible). Every effort should be made to preserve the current structure of the assessment of the traditional forest inventory parameters, and concentrate (when necessary) on improvements in the "new" areas, like biodiversity, forest condition, carbon accounting and non-wood goods and services.

26. The Working Party agreed that after the accomplishment of the TBFRA-2000, new terms of reference for the team of specialists should be established, with the initial duration of the activities of the newly re-established team till the year 2004, the date of the next strategic review of the whole ECE/FAO programme. The title of work area 3, as well as the title of the team should be generalised to "Forest Resource Assessment" and the words "temperate and boreal" be dropped, to make the description more general, emphasizing the technical nature of the inputs provided, and bringing this work area into conformity with the others. The detailed proposals for the mandate of the team of specialists approved by the Working Party are attached to this report, for the further consideration and endorsement by the parent bodies. The team is invited to consider the activities proposed in its new mandate, and comment on their feasibility, and propose others, if necessary.

27. The Working Party drew the attention of the parent bodies to the fact that the ECE/FAO Forest Resources Assessment needs to function in a predictable global environment, so that ECE/FAO activities can be planned to make the best possible contribution to the global FRA work. There is a need at present for a rapid open process to reach a decision on how to structure and deliver the next round of the global forest resources assessment. The Working Party hoped that it would be able to contribute to this process, and to be consulted at an early stage of planning. It also noted the necessity to promote international activities to help member countries to develop further their national forest inventory and relevant capacities, in order to respond adequately to the growing demands for internationally comparable information on forest resources.

Review of collection and dissemination of statistics of the forest and forest products sector (Item 4 of the agenda) (TIM/EFC/WP.2/2001/4, and Add.1)

28. The Working Party reviewed the system on the basis of notes by the secretariat and made a number of suggestions for improvement. It stressed the importance for the international policy dialogue, as well as for a wide range of user groups, of having a common, reliable accurate international data set. It welcomed the interagency cooperation through the Intersecretariat Working Group on Forest Sector Statistics (IWGFSS), centred on the Joint Forest Sector Questionnaire, which it considered very helpful and user-friendly.

29. The Working Party stressed the importance of data quality. It took note of the processes being set in place through the IWGFSS for data validation. However, the primary responsibility for data quality lies with countries: the Working Party stressed the central role of the national correspondents, in submitting high quality data and then in co-operating with the secretariat through the validation process. It strongly urged all countries which had not yet done so to nominate a national correspondent and to make available sufficient resources for the satisfactory completion of the task.

30. In some countries there was a need for capacity building of institutions responsible for information on the forest and forest products sector. This required a political commitment in this area as well as the commitment of resources, primarily at the national level, although international capacity building (e.g. through regional workshops to exchange experience in the field) could play an important role.

31. The Working Party was informed of research funded by the EU (Eurostat) and carried out by EFI into the methods used by countries to collect production and trade data and transmit the information, and especially evaluating discrepancies between different trade data sources. It welcomed this useful initiative.

32. The Working Party was also informed of the initiative led by Finland and Sweden to reintroduce the distinction between pulpwood and logs into the EU Combined Nomenclature for trade statistics. It strongly supported this initiative and asked delegates to contact their country's delegates on the Customs Code Committee (CCC) to explain the reasons underlying it. The Working Party thanked the Finnish and Swedish experts for this work as well as those who had supported it by writing to the CCC.

33. The Working Party welcomed the secretariat's statement that it expected the issues of the *Timber Bulletin* to resume their normal periodicity, and stressed the importance of regular and timely issue of statistical publications. It suggested that the timetable for issue of the *Timber Bulletin* be posted on the website.

34. The increasing use of the internet to distribute information was noted and welcomed. With regard to the country profiles on the Geneva website which were now out of date through lack of maintenance, but were nevertheless frequently visited, the Working Party urged the secretariat in consultation with FAO Rome to develop profiles with added value, not duplicating those on the FAO site. One possible solution was to invite countries themselves to create the profiles.

35. The Working Party noted that data were being collected, through the JFSQ, on trade by species (ECE1) and secondary processed wood products (SP1), but that these data were not published by the Geneva secretariat. They regretted this situation and decided the following:

- in view of the present and potential future importance of the topics, data should continue to be collected;
- however, no unvalidated data should be published;
- efforts should be made to validate the data which were collected.

36. As regards the survey of users of ECE/FAO publications:

- the principle of carrying out such surveys at regular intervals and incorporating their results into the programme was welcomed;
- an interval of about 5 years seemed reasonable. It was also desirable to address the issue of potential users, in order to find ways of expanding the user group;
- future surveys might concentrate on particular publications or groups of publications/products;
- Finland stated it would explore the possibility of finding resources for or contributing actively to future user survey work. The Working Party thanked Finland for this generous offer.

37. The Working Party reviewed next generation data needs, and identified improving the database on prices, conversion factors and on sawmill capacity as important and useful topics. However priority should be given to maintaining and improving the quality of existing data sets rather than to expanding the scope and coverage of the information.

38. The Working Party considered that there is a need for a communication strategy for the ECE/FAO work and outputs, and asked the secretariat to make proposals on this to the bureaux of the parent bodies.

Market analysis and forecasts (Item 5 of the agenda) (TIM/EFC/WP.2/2001/5)

39. The Working Party discussed the Forest Products Marketing Programme, one part of the new work area on "Markets and Statistics". A general discussion of the programme followed which confirmed the key role of market analyses in the Timber Committee's work, but also highlighted the need to distinguish market analysis and 'marketing' work. While confirming the importance of market analysis and acknowledging its ability to support a range of core activities, the Working Party expressed reservations about expanding activities of the secretariat and the proposed Team of Specialists to include an emphasis on marketing. Among the concerns identified by the Working Party were the allocation of scarce secretariat time and resources, and the need to emphasize relevant skills and interests in the formation of the Team of Specialists

40. The Working Party suggested some modifications to the terms of reference of the new Team of Specialists on Forest Products Markets and Marketing, as approved the previous week by the bureaux (attached). The Team is to report also to the Working Party. The secretariat was asked to standardise all the terms of references for teams of specialists, and then nominations for the new team could be requested.

41. The Working Party reviewed the content and responses to the Timber Committee Questionnaires (TCQ). This short-term forecasting questionnaire (in this way different in its requirement from the JFSQ) is the basis for the annual TC market discussions, their secretariat introductions, the forecast worksheets and issue 6 of the *Timber Bulletin*, "Forest products markets in (current year) and prospects for (next year)". Together these outputs are one of the Timber Committee's areas of comparative advantages because of their early timing, and comprehensiveness in market and regional coverage.

42. The Working Party decided that the secretariat could explore the possibility of covering the pulp and paper sector in the TCQ, as in the JFSQ, although it recognised the problems which might arise from the large size of units, leading to problems of confidentiality when here are only one or two units in a country. The Working Party decided that tropical veneer sheets should be added to TC2, similar to tropical sawnwood and plywood, thus helping ITTO and reducing double reporting. The Working Party encouraged countries to take the TCQ forecasting exercise seriously and to provide accurate, high quality forecasts and country market statements that are submitted on time before the TC session.

Inter-organisation cooperation on forest and forest products statistics (Item 6 of the agenda) (TIM/EFC/WP.2/2001/6)

43. The Working Party was informed of the activities of the Intersecretariat Working Group on Forest Sector Statistics, notably as regards the Joint FAO/ECE/Eurostat/ITTO Forest Sector Questionnaire (discussed under item 4 of the agenda). It welcomed this close cooperation and thanked all the organisations for their contribution to improving the quality of information while reducing the reporting burden on countries.

Programme of work for 2001-2004 (Item 7 of the agenda) (TIM/EFC/WP.2/2001/7, and Add.1)

44. The Working Party considered its role in programme formulation and review on the basis of a note by the Chairman and secretariat. It was informed of the status of the strategic review decided by the joint session of its parent bodies, which had decided on broad directions and assigned secretariat resources to the various programme elements. It agreed that there was a need to clarify roles and responsibilities of the subsidiary bodies, such as the Working Party, and their links to parent bodies, teams of specialists and the secretariat and how the programme formulation and review process could be carried out in an effective and efficient manner.

45. The Working Party took account of the main principles for the formulation, implementation and review of the ECE/FAO integrated program of work as agreed by the bureaux and acknowledged the continuing, important role that it should play in the conduct of the integrated programme of work. The Working Party also discussed at length (including through the work of a small, informal group²) the note prepared by the Chair and the Secretariat (document TIM/EFC/WP.2/2001/7) and its Terms of Reference, as approved by the parent bodies in 1985.

46. Consistent with its mandate, the Working Party suggested the following clarification of the role of the Working Party and changes in its methods of work. The purpose is to ensure that the contribution of the Working Party is in keeping with the expectations of the parent bodies and, in particular, the contribution of the Working Party to the ongoing review of the integrated programme of work.

47. Role of the Working Party. For the three programme areas assigned to it, the Working Party will have responsibility for detailed review of the elements of the integrated program of work of the joint secretariat. The work of the Working Party will continue to rely on the existence of Teams of Specialists. Therefore the Working Party must be more directly responsible for development of the mandate and terms of reference for Teams of Specialists, and Teams must be asked to report through the Working Party to the parent bodies in order to ensure effective oversight. The Working Party will be responsible for (1) providing guidance to the Teams of Specialists on the decisions of the parent bodies, and (2) communicating to the parent bodies the results of the work of the Teams of Specialists.

48. The bureau of the Working Party (chair and vice-chairs) will function in a manner comparable to the bureaux of the parent bodies: the Working Party can authorise its bureau to take decisions in the period between sessions, subject to review at the following session of the Working Party.

49. The bureau of the Working Party is expected to contribute actively to the work of the bureaux of the parent bodies, and should be represented by its chair at the annual bureaux meetings.

50. With regard to periodicity of Working Party sessions, the Working Party will begin meeting on an annual basis starting in 2002. Meetings will take place in March or April, to precede the meeting of the bureaux of the parent bodies. Meetings of the Working Party will remain 2 to 3 days in duration.

51. In summary, the Working Party's advice to the parent bodies is for (1) renewed commitment for participation in the Working Party, (2) recognition of the responsibility for oversight of Teams of Specialists

² Participants included Hungary, the Netherlands, Slovakia, Sweden, United Kingdom and United States.

that accompanies the role of the Working Party, and (3) annual meetings of the Working Party that are designed to integrate more effectively with other activities of the parent bodies.

52. In themselves, these clarifications in roles and changes in methods of work will not be sufficient to ensure that the Working Party remains an effective, intergovernmental, body. There must be a renewed commitment on the part of member governments to contribute to this aspect of the integrated program of work through participation in the sessions of the Working Party. Continued low levels of participation result in ineffective functioning of the Working Party and ultimately transfer its responsibilities in implementing the integrated programme of work (notably, detailed review of elements of the integrated programme of work) to the parent bodies.

53. In addition to wide representation of member governments, participation in the Working Party must continue to include individuals who combine competence in the area of forest economics and statistics and authority to represent the views of their governments.

Other business (Item 8 of the agenda)

54. The Working Party was informed that the next meeting of the Eurostat Working Party on Forestry Statistics would take place in Luxembourg on 16 and 17 October 2001.

Election of officers (Item 9 of the agenda)

55. The Working Party re-elected Mr. David Brooks (USA) Chairman and Mr. M. Gecovic (Slovakia) Vice-Chairman, and elected Mr. E. Sollander (Sweden) Vice Chairman, to hold office until the Working Party's next session. It thanked Mr. J. Stolp (Netherlands) for his contribution as Vice-Chairman.

TEAM OF SPECIALISTS ON FOREST SECTOR OUTLOOK	
A. - TERMS OF REFERENCE	
ESTABLISHED BY:	Timber Committee, 56th session and EFC 29th session
References:	TIM/1998/5, FO:EFC/98/7
MANDATE:	To advise the secretariat on the planning and implementation of the ECE/FAO programme of outlook studies, notably as regards methodology, data and presentation. It will also support the secretariat in obtaining additional resources. It may make suggestions for any other programme related issues.
DURATION:	To 2004
APPROVED BY:	Joint FAO/ECE Working Party on Forest Economics and Statistics, May 2001 (TIM/EFC/WP.2/2001/9)
REPORTING:	To sessions of Joint FAO/ECE Working Party on Forest Economics and Statistics at sessions in 2001 and 2003
EXPECTED OUTPUT IN THE NEXT 18 MONTHS: To comment on work in progress and provide guidance on methods, data, etc. of baseline and alternative scenarios.	
B. - INFORMATION SHEET (as of May 2001)	
ACTIVITIES:	
Past:	Meeting in March 2000, "EFSOS activities 1999/2000", "Description of medium-term EFSOS tasks", "EFSOS working programme 2000/2001" Informal meeting "Use of Global Forest Sector Model in the frame of EFSOS" July 2000 Meeting in December 2000 "Policy oriented scenario studies in the frame of EFSOS" Meeting in April 2001 "Status of EFSOS and the working programme for the next year" Special topic "European Timber Trends and prospects"
Ongoing:	Informal working meetings
Future:	Meeting in April 2002, smaller working meetings as necessary, involving members of the team
References:	TIM/EFC/WP.2/2001/9
TEAM LEADER:	To be appointed
CURRENT PARTICIPANTS:	So far the EFSOS Team of specialists has included representatives from Austria, Czech Republic, Finland, Germany, Netherlands, Poland, Russia, Sweden, Switzerland, UK, USA and the FAO. New members may be recruited to cover expected activities after the completion of the base line study.

**TERMS OF REFERENCE & MANDATE OF UN-ECE/FAO TEAM OF SPECIALISTS ON FOREST
RESOURCE ASSESSMENT**

TEAM OF SPECIALISTS ON FOREST RESOURCE ASSESSMENT	
A. - TERMS OF REFERENCE	
ESTABLISHED BY:	The Joint FAO/ECE Working Party on Forest Economics and Statistics, 19 th session
References:	Re port of the 19 th session of the Joint FAO/ECE Working Party, TIM/EFC/WP.2/23,
MANDATE:	To advise the UN-ECE/FAO and FAO secretariats on all aspects of the implementation of activities in Work Area 2 "Forest Resource Assessment"
DURATION:	To 2004
APPROVED BY:	Joint Working Party, 23rd session, May 2001, TIM/EFC/WP.2/2001/9
REPORTING:	The team reports to each session of the Joint Working Party
EXPECTED OUTPUT IN THE NEXT 18 MONTHS: - TBFRA-2000 Use and Policy Implications Survey, contribution to the MCPFE process, and European forestry sector outlook studies	
B. - INFORMATION SHEET (as of May 2001)	
ACTIVITIES	
Past:	<ul style="list-style-type: none"> • the Kotka III meetings in 1996; meetings of the team, March 1995, April 1996, March 1997 (Switzerland), March 1998 (Italy), March 1999 (Geneva), May 2000 (Finland); • meetings of national TBFRA national correspondents, for CITs in Gmunden (Austria) 1997, Geneva, 1997; • review and revision of the first draft Main TBFRA-2000 Report; • publication of the Main TBFRA-2000 report and the TBFRA database (CD-ROM and Internet); • publication of the TBFRA-2000 accompanying papers.
Ongoing:	<p>Follow-up to the TBFRA-2000 and preparation of next round of the Forest Resources Assessment;</p> <p>Consolidation of experience and lessons learnt from TBFRA-2000, based on replies to the "Use and Policy Implications Survey" and other sources, notably as regards definitions and measurement of "new" parameters, especially those with high policy relevance.</p>
Future:	<ul style="list-style-type: none"> • participation, as requested, in preparation of next round of the global Forest Resources Assessment; • support and contribution to the MCPFE process in improving indicators for sustainable forest management, UNFF related processes (as requested); • co-operation with the ECE/FAO outlook studies; • consideration of how to update key parameters between the main forest resource assessment 10-year cycles; • consideration of communication of forest resource assessment results, and implications of FRA results to a wider circle of users.
References:	TIM/EFC/WP.2/2001/3
TEAM LEADER:	Professor Michael Köhl (Germany)

<i>CURRENT PARTICIPANTS:</i>	Australia, Austria, Belgium, Bulgaria, Canada, Czech Republic, Denmark, Finland, France, Germany, Hungary, New Zealand, Poland, Portugal, Russian Federation, Sweden, Switzerland, United States, European Commission, UNEP, EU/Joint Research Centre (Ispra), WWF, European Forest Institute, World Conservation and Monitoring Centre
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