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TIMBER COMMITTEE

Sixty-fifth session
Geneva, 8-11 October 2007
Item 6 of the provisional agenda

**MARKET DEVELOPMENTS IN 2007 AND PROSPECTS FOR 2008,
JOINT UNECE TIMBER COMMITTEE AND INTERNATIONAL SOFTWOOD
CONFERENCE MARKET DISCUSSIONS**

**FOREST PRODUCTS MARKET DEVELOPMENTS IN 2007
AND PROSPECTS FOR 2008**

Note by the secretariat

Summary

This document provides the schedule for the annual Timber Committee Market Discussions and the preparations of the annual market statement. The discussions will be held jointly with the International Softwood Conference for the first time. Linked with the conference the discussions will focus on softwoods, while maintaining other market sectors. The second theme links to the following day's policy forum on wood energy and mobilization of wood. Lively discussions and comprehensive market statement necessitate delegations' timely submission of national market statements and forest products forecasts for 2007 and 2008 as described in this document.

On the basis of the UNECE/FAO *Forest Products Annual Market Review, 2006-2007*, national reports and forecasts and expert speakers, the Committee is invited to:

- Discuss how new wood energy market developments and government policies on wood energy are affecting UNECE region's forest products markets;
- Discuss other forest products markets and policy developments and forecasts;
- Draft a market statement during the session, and
- Comment on the *Forest Products Annual Market Review, 2006-2007*.

I. INTRODUCTION

1. The annual UNECE Timber Committee's (TC) Market Discussions will be held on 8-9 October 2007 at the Palais des Nations, Geneva. For the first time they will be held jointly with the International Softwood Conference (ISC), a private sector organization which reviews softwood markets annually. The 1½-day discussions will focus on softwood, but still cover all traditional market sectors. Each market sector will be led by market experts and allow adequate discussion time by delegates. In addition to a focus on softwoods, the theme of this year's discussions, "wood energy and wood mobilization" will link to the 10 October policy forum on "Opportunities and impacts of bioenergy policies and targets on the forest and other sectors: What is the future contribution of wood to meeting the UNECE region's energy needs?"

2. In recent years, much of the TC work has analysed the links between forest products markets and government policies, and their effects on sustainable development of forest products markets and sustainable forest management. This year's discussions are again designed to bring that work together and advance the knowledge and understanding of the developments and underlying issues.

3. The discussions will be based on findings from the UNECE/FAO Forest Products Annual Market Review, 2006-2007, plus country market statements and forecasts for 2007 and 2008. The Market Review is based on statistics for 2006 provided by the countries of the UNECE region as entered into the UNECE/FAO TIMBER database. Analysis of these statistics and policy and market developments is done by the secretariat with significant support from forest products marketing specialists as well as policy experts. Production of the Market Review is scheduled to produce printed versions in time for distribution to delegates just before the Market Discussions. Delegates are encouraged to check for an advance electronic version on the TC/European Forestry Commission's (EFC) homepage in August 2007 (www.unece.org/trade/timber). Executive summaries of the Market Review in English, French and Russian are planned for electronic availability before the session via the same website, and at the session in printed versions.

4. This document contains four parts:

- A. Timetable and organisation of the market discussions
- B. Preparation of the TC market statement
- C. Inputs to the market discussions
 - (a) Countries' market statements
 - (b) Countries' forest products market forecasts for 2007 and 2008
 - (c) *Forest Products Annual Market Review, 2006-2007*
- D. Activities of UNECE/FAO Team of Specialists on Forest Products Markets and Marketing

A. TIMETABLE AND ORGANISATION OF THE MARKET DISCUSSIONS

5. The annual TC Market Discussions are scheduled on the first and second day of the session, Monday 8 October and Tuesday 9 October 2007. The discussions will last 1½ days to enable adequate time for interchange between experts and delegates. Keynote speakers will discuss policy and market developments. Subsequent speakers will cover other market sectors as below.

6. The tentative schedule below will be adjusted according to length of discussions on individual market segments and the availability of time and speakers. A detailed final schedule will be presented at the session.

Monday, 8 October

- 1000 hours TC Session opens (items 1 – 3 of the Provisional Agenda)
- 1500 hours Joint Timber Committee and International Softwood Conference Market Discussions open. The following topics will be included:
- a. Policy developments influencing forest products markets
 - b. Softwood markets panel discussion
 1. Sawn softwood market forecasts for 2007 and 2008
 2. European markets
 3. North American markets
 4. Russian markets
 5. Chinese markets
 - c. CE marking and machine stress grading
 - d. Public procurement policies and green building policies influence on wood products markets
 - e. Best practices in wood promotion
 - f. Economic background for market developments
 - g. Wood raw material forecasts and wood mobilization
 - h. Wood energy markets and policies
 - i. Modified softwood markets
 - j. Forest certification and certified forest products market
 - k. Panel market forecasts and developments
 - l. Sawn hardwood markets and forecasts
 - m. Tropical softwood markets
 - n. Pulp and paper markets

The current programme of the Market Discussions is posted on the TC/EFC website at:
<http://www.unece.org/trade/timber/docs/tc-sessions/tc-65/tc-65.htm>

1800 hours End of first day

Wednesday, 4 October

1000 hours Market Discussions continue with topics above

1800 hours Market Discussions end

7. Following the broader policy issues and market developments introduction, the Market Discussions will focus on softwood markets, and then other market sectors and their links to softwood markets. Where joint TC/ISC market forecasts are available, the market segments will compare current developments and short-term forecasts in the 3 subregions, i.e. Europe, CIS and North America. These analyses are based on countries' forecasts for 2007 and 2008 from the Timber Committee Questionnaire and the findings from the Forest Products Annual Market Review, 2006-2007. All speakers' PowerPoint presentation handouts will be distributed at the start of the discussions in their original language. After the presentations, the participants will be invited to discuss the trends and developments. Results of the discussions will be incorporated into the TC Market Statement. Afterwards all background information, forecasts, presentations and the TC Market Statement in a press release will be available on the TC/EFC website.

B. PREPARATION OF THE TIMBER COMMITTEE MARKET STATEMENT

8. The annual Market Statement is an official consensus of the TC about forest products market developments, and policies behind those developments during the current year. Based on forecasts submitted by member states, the TC produces forecasts for consumption, production and trade for the forthcoming year. In 2006 for the first time, the TC coordinated forecasts with the ISC. Again in 2007 the forecasts will be joint for softwood and hardwood. Following the annual Market Discussions, based on the *Forest Products Annual Market Review, 2006-2007*, and with expert analyses of each market sector, plus discussion by delegates, the TC adopts an authoritative market statement at the end of its annual session. This statement is endorsed in the session report, and issued as a press release. It is also available on the TC/EFC website.

9. The timetable for preparing and approving the TC Market Statement and press release:

Thursday, 11 October

0830 hours Drafting Committee prepares statement, on the basis of a secretariat draft, to be distributed the previous day. The Drafting Committee will be conducted in English, without interpretation.

1000 hours End of Drafting Committee

1000 hours Continuation of TC session. The draft statement is submitted for approval by the TC in plenary session. If possible, delegations wishing to have input to the statement should be represented in the morning Drafting Committee, rather than proposing substantive revisions in plenary. Because there is no time for translation of changes to the draft, the revised statement will only be available in English. However there will be simultaneous interpretation in the session.

(Schedule is subject to revision.)

10. As usual, the Drafting Committee will have a secretariat draft of the market statement at its disposal. Secretariat drafting is done on Monday and Tuesday evenings, thus drafts will be available on Tuesday afternoon and Wednesday in English, French and Russian. In previous years the following countries were represented at the Drafting Committee: Austria, Canada, Estonia, Finland, France, Germany, Hungary, Latvia, Lithuania, Netherlands, Poland, Romania, Russian Federation, Sweden, United Kingdom and United States of America. However, every country is welcome to participate.

Tuesday, 16 October

11. Text of statement issued as press release in English along with a short summary of its highlights and tables of subregional forecasts for 2007 and 2008. It is also uploaded to the TC/EFC website. The TC Market Statement will also be available after the session in French and Russian with complete sector tables of national forecasts on the TC/EFC website. (Note the former UNECE/FAO *Timber Bulletin*, "Forest Products Markets: Prospects for 200X" was replaced by information available on the website.) Market Discussion speakers' presentations will be uploaded to the website following the session. As the statement will have been formally approved by the TC, it is considered an integral part of the Committee report, although it will be issued separately.

C. INPUTS TO THE MARKET DISCUSSIONS

12. The quality of the Committee's outputs (discussion, forecasts, market statement) is determined by the quality of inputs, especially by national experts and delegations. It is therefore expected that all UNECE member countries submit both market statement and quantified forecasts, according to the procedures described below, whether or not they attend the session. The Secretariat can provide further background on request.

13. Delegations are reminded that the intention is to provide the best possible forecasts for the short-term future, based on available information and expert judgment, preferably discussed with stakeholders at the national level. As such they cannot have the same quality standards as official statistics for the past.

14. All forecasts are clearly marked as estimates. The Secretariat urges all delegations preparing forecasts to use their best judgment to provide realistic estimates, rather than to forecast "no change" on the basis of inability to provide "official forecasts".

(a) Invitation to prepare country market statements

15. Delegations' written and electronic market statements are imperative to the success of the Market Discussions as they provide the only means of ensuring that all countries' market developments are announced to the other delegations and the secretariat. Country delegations from the TC and the ISC are requested to collaborate and submit one statement per country. Country market statements should be sent to the secretariat by 11 September 2007, by e-mail to info.timber@unece.org, and will be posted on the TC/EFC's website. Guidance for statement content will be sent to delegations and posted on the website. Delegations' attention is drawn to item 5 in the explanatory notes for the Provisional Agenda (ECE/TIM/2007/1).

16. In particular, delegations are reminded to send 200 copies of their written country market statements to the secretariat by **11 September 2007**. If it is not possible to transmit all 200 copies by the deadline, delegations are requested to bring them to Geneva, and give them to the secretariat before the start of the session on 8 October 2007 (Salle XVIII) to the registration desk. Please note that photocopying cannot be done during the session. However the electronic version is essential for the secretariat information and website by the deadline above. Please send to:

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(b) Invitation to provide country market forecasts

17. As mentioned above the TC and the EFC place high priority on the collection, analysis and dissemination of statistics and short-term forecasts on production, trade, and consumption of forest products (element 1 of their Integrated Programme of Work). The secretariat feels that the ability to fulfill this important mandate is directly contingent on prompt and complete replies to the questionnaires, as refined and endorsed by member countries.

18. Delegations are reminded that the deadline for replies to the TC Questionnaire is 11 September 2007 and are requested to ensure adherence to this deadline. As with the country market statements, TC and ISC delegations are requested to collaborate and issue one set of forecasts per country. It is impossible to prepare the TC statistics and reports in time for the meeting unless all forecasts are received by the deadline. It is acknowledged that the forecasts supplied by national correspondents are estimates and not official statistics. When using these forecasts the secretariat consistently indicates their nature as estimates and notes the date the forecasts were made in order to minimize misunderstanding. All countries' participation is important and appreciated for the success of the discussions and the analysis.

(c) Forest Products Annual Market Review, 2006-2007

19. The *Forest Products Annual Market Review, 2006-2007* will be available in electronic format in August 2007, with a printed version planned distributed just before the session. As noted above, its executive summary will also be on the website, and is planned to be available in the meeting room in English, French and Russian.

**D. ACTIVITIES OF THE UNECE/FAO TEAM OF SPECIALISTS ON
FOREST PRODUCTS MARKETS AND MARKETING**

20. The Team will hold its seventh annual meeting during the TC/ISC, intentionally overlapping with the Market Discussions, and continuing with a separate meeting on 11-12 October. For planning purposes of Team members and observers, the 11 October meeting will take place in the afternoon, following the close of the TC session, and continue until approximately 1800, in the Palais des Nations. The meeting will continue on the morning of 12 October, probably in the nearby offices of the European Commission in Geneva. The evening of 11 October will have a Team networking opportunity. For updated information see: www.unece.org/trade/timber/mis/tos/specialists.htm
