



UNECE FAO Team of Specialists on Forest Sector Outlook

First Meeting 2019, 15 February 2019

Koli, Finland

Draft Report

Time	Agenda items
09:00 – 09:40	1 – Opening of the session and welcome remarks, Tuula Packalen (team leader)
	2 – Adoption of the agenda
	3 – Election of a new vice leader for the ToS
	4 – Update on current discussions on UNECE/FAO Team of Specialists, Lia Fain
09:40 – 12:00	5 – Continuation of technical discussion from the previous day including the following topics <ul style="list-style-type: none">• Set-up/assumptions of scenarios• Potential to provide answers to the prioritized policy questions• Existing work/research that could enhance the study• Needs for additional research and/or modelling <i>Coffee break at 10:40-11:00</i>
12:00 – 13:00	<i>LUNCH</i>
13:00 – 15:30	6 – Discussion on the final outline and content of the FSOS

Participants:

Name	Organization
Mr. Orifjon Abidov	European Panel Federation
Mr. Andreas Eriksson	Swedish Forest Agency
Ms. Birgit Lia Fain	UNECE/FAO Forestry and Timber Section
Mr. James Griffiths	Sustainable Forestry Initiative (SFI) Inc
Ms. Annika Hyytiä	University of Helsinki
Dr. Matleena Kniivilä	Natural Resources Institute Finland
Prof. Udo Mantau	INFRO e.K. Information Services for Resources
Dr. Prakash Nepal	North Carolina State University
Prof. Tuula Packalen	Natural Resources Institute Finland
Dr. Nele Rogiers	Swiss Federal Office for the Environment
Dr. Mart-Jan Schelhaas	Wageningen Environmental Research
Mr. Florian Steierer	UNECE/FAO Forestry and Timber Section
Dr. Andrzej Talarczyk	Bureau for Forest Management and Geodesy (Poland)
Dr. Hans Verkerk	European Forest Institute
Mr. Jeremy Wall	European Commission
Dr. Holger Weimar	Thünen Institute

1. The Chair, Ms. Tuula Packalen, team leader of the Team of Specialists (ToS), opened the session and welcomed the team to the meeting. The secretary of the ToS, Ms. Fain briefly presented the agenda of the meeting which was approved without amendments.
2. The secretariat introduced the issue of the election of an additional vice-leader for the team for the period 2018-2019, since the current vice leader, Mr. Paolo Camin is leaving the ToS at the end of March due to a new assignment. The team proposed the two candidates Mr. Hans Verkerk and Mr. Ragnar Jonsson. Mr. Verkerk informed the team that he would be interested but would need to check with his organisation. Mr. Jonsson was not present at the team meeting and it was decided that he would be asked after the meeting via email. The secretariat informed that the number of vice leaders is flexible and up for the team to decide. The team decided that any of the two proposed candidates who would confirm their availability would be elected as vice leader.
3. The secretariat informed about the possibility that the current number of UNECE/FAO Team of Specialists was reduced and that this could lead to a merge of the ToS on Forest Sector Outlook with the ToS on Forest Policy. This would be decided at the upcoming joint session of the ECE Committee on Forests and the Forest Industry and the FAO European Forestry Commission in November 2019. The Terms of References of the merged ToS would be drafted accordingly. The team took note of the information. It was suggested that the new leadership of the ToS for the period 2020-2021 should – in case of a merge – exist of members of both of the former teams.
4. The team decided to move to agenda item 6 in order to have a clearer idea of what is needed for this Forest Sector Outlook Study (FSOS). The secretariat thus presented a proposal on the final documents and outputs, which was based on recommendations and advice from different stakeholders including the Joint Working Party (JWP) and the ToS.

5. After a discussion in the team, the following three FSOS outputs were considered most useful:
- 1) A FSOS methodology report, which would describe in detail the assumptions, model and scenario set-up which were used for the modelling of the FSOS scenarios. This report would be an extension of the background paper, which had been prepared and presented by Mr. Prakash Nepal, based on feedback received during the meetings in Koli.
 - 2) A web page for the FSOS results which would contain all the results from the scenario modelling including for regions and individual countries. The results would be available in a data-machine readable format such as Excel, so it can be downloaded and used for further studies. In addition, the web page could also contain the results presented in selected maps and graphs.
 - 3) A short 20-30 pages FSOS publication directed to policy makers with interesting stories answering the main policy questions as decided by the JWP and deemed feasible by the ToS. It would contain additional information on qualitative stories on questions that could not be included in modelling due to technical constraints. It would be structured along two main pillars: climate change (with results focussing on carbon sequestration and climate change related aspects) and structural changes (with results focussing on markets, i.e. volumes, prices etc.)
6. The subsequent discussion included the following points:
- It is important to base the numbers for selected stories on facts and reasoning.
 - Regarding the results on the country level, experts and researchers are particularly interested in trade flows and production data. Some suggested that resource data and results could be left out, as countries tend to have better data and projections based on national research.
 - The FSOS publication could also include a link to historic data in order to have more context (e.g. Sweden included in their last outlook data from the past 40 years)
 - The two main pillars, climate change and structural changes, should start with the big scene/pictures
 - Regarding climate change adaptation little information can be taken from global trade models. However, many countries have conducted studies and undertaken projections/forecasts. At the next session of the Joint Working Party, the secretariat will invite the delegations to share their research and information with the secretariat, so that this important aspect can be covered in the final publication based on case studies from different UNECE countries.
 - The forest area as modelled in the GFPM reference scenario is somewhat unrealistic in the case of Europe due to an almost immediate increase of harvest in the presented draft results. However, changing the data/projections for selected countries is quite labour intensive and comparability would suffer since not the same quality of data/projections exist for all countries. Since it is a global model, the same growth

function should be used for all countries. In addition, comparing reference and alternative scenarios, allows to only look at differences and thus “cancelling” out certain problems in the projections. In addition, the assumption of the High Forest Area (increase of forest area of 10% in all countries) is also unrealistic for some countries, especially in Europe. However, assuming an increase of forest area in only a selected number of countries is also difficult as this becomes political. Nevertheless, the increase in forest area is not meant to reflect current policies, but a policy change. In that sense, it can also be more realistic for some countries than for others. The team discussed to exclude the High Forest Area scenario and focus on the strong parts of the GFPM model: global markets and trade, i.e. the demand side.

- A general shortcoming in the input data is aspect of wood fuel, where data is lacking or incomplete in many countries.
 - The FSOS publication could include fact-based short case studies and information boxes within the report narrative to illustrate key FSOS policy questions or supply & demand features or factors. These would need to be provided for the FSOS on an “in-kind” no cost basis by ToS members/institutions.
7. Following the technical discussion, the team went back to the policy questions and alternative scenarios to discuss which information could help to answer the questions that are difficult to answer properly with the global trade model. In addition, some experts were identified that could provide further input. The notes from this discussion can be found in the Annex.
 8. The group briefly discussed next steps. It was agreed that short descriptions need to be developed for the various chapters/scenarios of the final publication in order to identify experts to be responsible for their compilation. The secretary would take the lead in coordinating this process.
 9. The chair closed the meeting and thanked all participants for their contributions.

Annex: Discussion on scenarios, policy question and missing parts

General aspect	Policy questions	Reference Scenario / Variables to compare	Possible alternative scenarios	Scenario and missing parts (additional research /studies)
Climate Change	<p>What is the potential of UNECE forest sector for climate change mitigation? What can the UNECE forests contribute?</p>	<p>Carbon sequestration and avoided emissions in forests and wood products under a normal economic growth scenario = reference scenario (no change in forest land)</p>	<p>CC1: Potential of carbon sequestration in wood construction; assumption: significant increase in wood construction (UNECE and/or worldwide) - CC2: Potential of carbon sequestration in traditional wood products; assumption: (policy-driven) significant increase in demand for wood products (UNECE and/or worldwide) CC3: Potential of carbon sequestration in new products based on wood fibres; assumption: technological advances that allow a significant increase of use of wood fibres CC4: Potential of carbon sequestration through (re-)forestation; assumption: policy-driven, significant increase of forests area in the UNECE region (e.g. Bonn challenge) CC5: Maximising carbon sequestration by changing silvicultural methods (update to the EFSOS II scenario “Maximising biomass carbon”) while keeping forest area constant CC6: Potential of climate change mitigation through substitution in the energy sector through an increased use of wood energy CC7: Combination of the above – what is the maximum that could be achieved given competing demands for wood products (possibly looking at Climate Smart Forestry)</p>	<p>(CC1-CC3) HWC vs. SSP2 = difference Use the information from the model and to supplement it with additional information on the sector – refer to the quality of the raw material, rather than the sector which was used to model it – e.g. info box about wood in construction – e.g. increase of wood consumption by increase in wood construction. Still needed: LCA information on substitution effect of wood in construction – take additional volumes and use new carbon coefficients. <i>EFI/Elias Hurmekoski (?)</i></p> <p>(CC4-CC5 not answered by trade model) CC4 – Literature assessment? plus Bonn challenge impacts (pledges)? – possible range of future developments. Most likely little impact on trade until 2040. Rather not use HFA here (info box on land use change – link to the GFPM rural population development paper)</p> <p>CC5 literature review - FORMASAN and EFSOS II, some other studies – natural climate solutions paper could be cited here.... <i>(Mart Jan)</i></p> <p>CC6 Use EFSOS II – IIASA <i>(Nicklas Forsell)</i></p> <p>CC7 Climate Smart Forestry (CSF) – <i>(Gert-Jan/EFI)</i></p>
	<p>How will UNECE forests be affected by climate</p>	<p>Supply of forest resources under current forest growth</p>	<p>CC7-CC10: Differences in supply of forest resources under the four representative concentration pathways (RCPs) from the IPCC 5th Assessment Report (possibly looking at resilience as well)</p>	<p>CC adaptation/supply side difficult to cover with GFPM</p> <p>Link to CSF? – FORMASAM, Literature review – European and North American / global studies / ongoing studies? Check with Marcus Lindner what is available? –</p>

	change? How will adaptation look like?	scenario (no further climate change)		Secretariat to invite member states to provide national information on adaptation measures/studies (volumes, impacts, etc.) – (<i>Mart Jan and Annemarie</i>)
Structural Changes	How would different demand changes affect the UNECE forest product market?	Demand and prices for wood products under reference scenario	<p>SC1: Massive increase of demand for wood constructions – within UNECE – and outside (especially China); closely linked to calculations for CC1</p> <p>SC2: Significant increase of demand for wood-fibres for textiles and other products; closely linked to calculations for CC3</p> <p>SC3: Significant economic collapse (whole world and/or specific countries/regions)</p> <p>SC4: Successful development of an alternative energy source and thus drastic decrease in demand for wood energy</p> <p>SC5: Significant decrease of demand for print and paper with simultaneous increase of demand for packaging</p> <p>SC6: Significant increase of biorefineries.</p>	<p>SC1 & SC2: Analysis with focus on volumes, prices, trade flows,</p> <p>SC3: ask for advice from WP – does the approach chosen satisfy the request. – difference between SSP2 and SSP3.</p> <p>SC4 – IIASA similar to CC – 1.5 degree scenario BECS – get comment from Nicklas on whether this is realistic or not. Could potentially be dropped</p> <p>SC5 Recycling as info box – summary of cascade study – plus guidance on cascading use (<i>Jeremy & Udo</i>) Info box on value chains in different regions as well as different strategies – looking at the “whole tree” Literature review: CEPI; study in the USDA FS Forest Products laboratory – <i>Delton Alderman secretariat to check</i></p> <p>SC6: See proposed study/input from experts highlighted in the background paper.</p>
	How would different supply changes affect the UNECE forest product market?	Supply and prices for wood products under reference scenario	<p>SC7: Significant increase of forest plantations outside of UNECE (e.g. Africa and/or Asia)</p> <p>SC8: Significant increase of natural disasters</p>	<p>See paper from Prakash Nepal</p> <p>CBM – forward looking? – info box on what happened in past events and outline the difficulty to calculate impacts – Examples from Europe – storm in Sweden 2005, Lothar in Germany, storm in France – message – no long term impact on GLOBAL market, i.e. no structural change in the global context</p>
	What would be the effect of	Supply, demand and	SC9: Trade between countries and/or regions is significantly restricted	Buongiorno / Johnston study



	massive restrictions to trade on the UNECE forest product market?	prices under reference scenario		
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