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Joint FAO/UNECE Working Party
on Forest Economics and Statistics

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Geneva, 31 March-1 April 2009
Item 2 of the provisional agenda

**ESTIMATING POTENTIAL WOODSUPPLY WORKSHOP:
CONCLUSIONS AND RESULTS**

Note by the secretariat

Summary

This document provides information about the workshop which will take place the day before the Thirty-first Joint Food and Agriculture (FAO) / United Nations Economic Commission for Europe (UNECE) Working Party on Forest Economics and Statistics session. Delegates are invited to attend the workshop, will be informed of the outcomes and be invited to endorse the conclusions and recommendations of the workshop.

1. This document is produced in accordance with the programme of work as approved by the Timber Committee in ECE/TIM/2008/9 and “the needs at the international level for statistics and other information relating to the forestry, wood-processing and forest products sector” as stated in the terms of reference of the Working Party as approved by the Timber Committee in ECE/TIM/S/2008/7, annex III.

I. Overview

2. This document informs delegations to the Working Party about the Workshop on Estimating Potential Wood Supply that will be held one day prior to the Working Party on 30 March 2009 in Geneva.

3. The workshop focuses on potential wood supply in the UNECE region. It aims to bring together national correspondents and resource specialists from member states in order to discuss the methodologies, definitions and results of wood potential studies in general and the UNECE/FAO draft study on “Potential Sustainable Wood Supply in Europe”. In particular national contacts are invited to comment on the figures concerning their specific country in this study.

4. The event is also a platform to exchange and share national experiences between countries that have already conducted such studies and others that can learn about the difficulties and challenges encountered. The workshop should contribute to building a comprehensive and reliable picture of potential wood supply as input to policy making for both energy and forest sector.

5. Expected results of the workshop:

- (a) Review the state of the art in regional and national potential wood supply as regards methods and results.
- (b) Review the version of the UNECE/FAO study on Potential Sustainable Wood Supply in Europe;
- (c) Develop elements of a good practice guide on how to carry out such studies (scope, terminology, appropriate methods).

6. The results of the workshop will be used to prepare an integrated study on potential wood supply in Europe that can be used a starting point for the workshop on “Wood Mobilization” hosted by the French government in June 2009.

7. Delegates to the Working Party are invited to participate in the event and to share the information with national experts on the subject.

II. Background

8. The forest sector is increasingly influenced by policy decisions taken in other sectors, notably energy (policies on renewables and energy supply security). On 17 December 2008, the European Parliament voted on the Renewable Energy Directive. After checking the language by legal linguists and translation, the Directive will be formally approved by the Council on 31 March 2009. It aims at reducing carbon emissions by 20 percent and sourcing 20 percent of the EU’s energy from renewable sources in 2020. Woody biomass is the most important renewable energy source and will play an important role in mitigating climate change. Hence in a future “low-carbon”

society wood fuel has the highest potential to substitute for light heating oil and coal for heat generation.

9. Rocketing prices for energy gave a first taste of how interest between the energy and forest sector could conflict, before mid 2008. High energy prices entailed that the energy content became the main price criterion of notably low quality wood assortments. The energy sector could easily outbid the forest based industries in competing for woody raw material, due to higher economic power and political incentives. This recent “interference” in the long-term planning forest sector by the fast moving demands and interests of the energy sector shows the extent of how raw-material interests between the two sectors may collide.

10. However, it is not yet clear whether the demand for wood fibres from the two sectors will cause a real shortage in woody biomass supply at national or regional level. So far it is a fact that the forest area and stocking volume per hectare have constantly increased in many UNECE member states. Many countries have launched studies to assess their potential domestic wood supply.

11. One of the core competencies of the UNECE/FAO Timber Section is forest resources assessment. In addition the UNECE/FAO Timber Section increased its activity in the field of wood re-resources assessment and wood mobilization two years ago. The workshop on Mobilizing Wood Resources and the Policy Forum on “Opportunities and Impacts of Bioenergy Policies and Targets on the Forest and Other Sectors” were the first activities in 2007. These were followed by a workshop on National Wood Resource Balances and an in-session seminar on potential wood supply in April 2008. In October 2008 the UNECE/FAO Timber Section prepared a regional wood potential assessment for the European Forest Week in October 2008.

12. These new wood potential assessments need to go beyond the scope of national forest inventories, as they need to consider the entire woody biomass. Hence all parts of trees inside forests (including branches, tops, roots, etc.) need to be considered as well as trees from outside forests (orchards, roadside greenings, parks, garden, hedgerows, etc.), co-products from wood processing and post consumer recovered wood.

13. With a price of 40 \$US per barrel (level of January 2009) the commodity boom of inflated crude oil prices is over for the time being. Further the effects of the financial and economic crises triggered a global slowdown in production and consumption comprising also wood products. However, this does not mean that the issue of future raw material supply has become obsolete.

14. The EU Renewable Energy Directive has entered into force, climate change discussions and the post-Kyoto negotiations are ongoing. The International Energy Agency predicts a price of 200 \$US per barrel in its price forecast for 2030 in its World Energy Outlook 2008. Hence, the current economic situation probably signifies not more than a pause to take breath in the long term rise of fossil energy prices and gives time to evaluate long term potentials. Decision makers from the energy and forestry sector urgently need sound and agreed information. This knowledge on how much of future woody biomass could be supplied by domestic sources is urgently needed to preserve the achievements of sustainable forest management in the region.
