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**ECONOMIC COMMISSION
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**FOOD AND AGRICULTURE
ORGANIZATION**

Timber Committee

European Forestry Commission

Joint FAO/UNECE Working Party
on Forest Economics and Statistics

Thirty-first session
Geneva, 31 March - 1 April 2009

**REPORT OF JOINT FAO/UNECE WORKING PARTY ON
FOREST ECONOMICS AND STATISTICS ON ITS THIRTY-FIRST SESSION**

I. ATTENDANCE

1. The Joint FAO/UNECE Working Party on Forest Economics and Statistics held its thirty-first session in Geneva from 31 March-1 April 2009. The session was attended by delegates from the following countries: Austria, Canada, Croatia, the Czech Republic, Estonia, Finland, France, Germany, Ireland, Italy, Norway, Poland, Serbia, Slovakia, Slovenia, Sweden, Switzerland, Turkey, the United Kingdom of Great Britain and Northern Ireland, and the United States of America.

2. Representatives of the European Commission attended the session.

3. A representative from the following non-governmental organization also attended the session: European Panel Federation (EPF).

II. ADOPTION OF THE AGENDA (Item 1 of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2009/1

4. The provisional agenda presented by the secretariat was adopted.

III. ESTIMATING POTENTIAL WOOD SUPPLY WORKSHOP: CONCLUSIONS AND RESULTS (Item 2 of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2009/2

5. The Working Party was informed of the outcome of the workshop. It stressed the importance of providing realistic estimates of potential sustainable wood supply which were based on the best

possible information, were comprehensive and clearly identified the technical, environmental, economic and social factors that influenced wood supply. It also stressed that it was useful to all if national or subnational studies adhered to the good practice principles for studies of potential sustainable wood supply, drawn up at the workshop. It asked a small group led by Ken Skog to prepare recommendations for more detailed best practices assessment guidelines.

6. The Working Party endorsed the conclusions and recommendations of the workshop (see annex). It urged countries to comment on the estimates for their country in the secretariat study of potential wood supply, answering the questions circulated beforehand, and to make available to the secretariat any new studies carried out in their country.

7. The Working Party was informed of the preparations for the Workshop on Strategies for Increased Mobilisation of Wood Resources from Sustainable Sources, 16-18 June 2009 at Grenoble, France.

IV. JOINT WOOD ENERGY ENQUIRY 2008 (Item 3 of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2009/3

8. The secretariat presented the results of the work to improve the quality of wood energy data. The Working Party thanked the secretariat for this useful and extremely professional work, which was a timely contribution to policy making. It provided detailed guidance for future work on wood energy data.

9. The Working Party considered that the Joint Wood Energy Enquiry (JWEE) is functional even though many countries have difficulties to provide a full set of data. Information on wood energy is scattered but available at country level. The JWEE is at the moment the best tool to collect data from different sources in a comprehensive structure. The eight country responses submitted to both JWEE 2005 and JWEE 2007 prove that preliminary trend assessments are possible. Improvements to data collection on wood energy continue at national level and hence better data coverage can be expected during the next assessment. Repetition on a two year cycle proved to be useful.

10. Working Party delegates confirmed there is a continuing need for improved data collection on wood energy. It considered the JWEE 2007 an improvement on JWEE 2005, both in enquiry structure and in process (e.g. pre-filling), but proposed a number of further improvements

11. In order to improve the response rate in future enquiries, delegates requested the secretariat examine whether it would help if national correspondents were enabled to submit different levels of data aggregation. This could be structured according to the following levels, which would be linked to each other:

Level I: Total consumption of woody biomass for energy production

Level II: Aggregate data on sources and users of wood energy (in the modified Unified Bio-energy Terminology Scheme)

Level III: Existing JWEE structure

12. The delegates requested the secretariat propose a set of 5-6 useful indexes that could be agreed upon next year. Also, it was agreed the naming of the JWEE will refer to the reference year,

thus the UNECE/FAO Timber Section produced a JWEE 2005 and JWEE 2007, issued in 2006 and 2008 respectively.

13. Delegates further requested the secretariat provide space for data quality ratings for “Totals” as these are often available from official sources and can only be broken down to less aggregate data by expert estimates requiring a different data quality rating. Delegates also requested a direct conversion from metric tonnes dry matter to terajoules, notably for Table IV “Energy Use”. The secretariat further agreed to drop the table on energy networks. Table III “fibre origin” could remain in the enquiry, but it will be optional as countries considered the information as less important, although its usefulness may increase in the future. The Working Party suggested introducing the possibility of fuel wood from unknown sources in Table TI “fibre sources”.

14. The delegates welcomed the approach of regional workshops for the JWEE as the best approach to further improve data quality and response rate.

15. The Working Party invited the national correspondents to verify the data presented in the report to the Working Party and invited any country that had not submitted their information to provide a dataset. The Secretariat will finish the data revision by the end of summer and will prepare a discussion paper on the JWEE 2007 results by the end of 2009.

16. The delegates agreed that the JWEE should be repeated on a two year cycle. Hence the JWEE 2009 will be issued in 2010 and collect data for 2009. Delegates expressed their desire that the next enquiry again be pre-filled with current forestry and energy data to the extent possible. It shall be sent out by mid-August 2010. Delegates proposed that a deadline for submitting data be set for the end of November 2010 to facilitate the submission of final energy data. The results of the JWEE 2009 would then be presented to the Working Party 2011.

17. During a country roundtable, delegates informed the Working Party about efforts to improve knowledge on wood energy at the national level. Some countries confirmed that the JWEE did contribute to and guided the national process on improved wood energy data collection.

V. GUIDANCE OF WORK AREAS: WORK AREA 1: MARKETS AND STATISTICS (Item 4a of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2009/4

ECE/TIM/EFC/WP.2/2009/5

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18. The Working Party commented on the valuable content and early delivery of the UNECE/FAO Forest Products Annual Market Review. They noted its usefulness as a background document for the annual UNECE Timber Committee Market Discussions, as well as for much wider audiences. Accordingly, they urged the UN translation services to issue the translations in a timely manner, citing the fact that the current delay of the 2008 version means the printed versions in French and Russian will be obsolete when printed. The input from the UNECE/FAO Team of Specialists on Forest Products Markets and Marketing, as well as numerous additional market experts, provides up-to-date analyses of market statistics and information and policy developments. Addition of a new carbon market chapter was seen as an important policy-driven market sector and one delegation urged broadening its scope.

19. The Working Party realized that early production of the Forest Products Annual Market Review is dependent on timely submission of the Joint Forest Sector Questionnaire, and urged countries to respect the 15 May deadline for its submission.

20. Timely submission by all countries of the Timber Committee Questionnaire for country market forecasts, and good quality country market statements, were seen as essential for the annual Timber Committee Market Discussions. If some countries submit comprehensive reports while others do not, the process could be seen as inequitable and ultimately quality and commitment will decline. Countries are requested to submit reports and forecasts for their important market sectors, and report on topical market and policy developments in their national reports, all by the deadline. Although forecasting is difficult during the current global economic crisis, forecasts can be based on the best available economic indicators combined with market intelligence. The Working Party enquired about the accuracy of the forecasts made by the Timber Committee and asked the secretariat to review these and provide an analysis of their accuracy. The Working Party welcomed joint Market Discussions with other organizations, including the Society of Wood Science and Technology in 2010.

21. The annual report of the Team of Specialists on Forest Products Markets and Marketing was presented by one of its members, Mr. Eoin O'Driscoll (Ireland). He noted the Team was renewed in 2008 and is accomplishing its mandate. As it is mandated to create a network, he urged countries which had not yet nominated members to consider doing so. Among the Team's accomplishments in 2008 was the Green Building Workshop initiating the European Forest Week. The Team will continue working on this important issue together with other UNECE divisions and the private sector, and will conduct another workshop to launch the Timber Committee week in 2009.

22. The Working Party asked countries to consider loaning a person to the Timber Section to build capacity in forest products marketing in eastern Europe and the CIS as this is an important link in sustainable forest sector development. Furthermore it noted that even short-term loans of experts to the Timber Section can advance the work. The secretariat thanked countries who have provided resources, either financial or in-kind, nevertheless the capacity building workshop in forest products marketing planned in Slovenia in 2009 risks being postponed for lack of funding.

23. The Working Party indicated that despite the numerous changes in JFSQ2007 countries were still able to supply data successfully. It encouraged limiting changes in future years as stability in questionnaires aided all countries in providing data consistently. The increase of confidential data was seen as detrimental to producing complete statistics and countries urged that a solution such as combining figures or reducing the number of products be found. They underlined the principle that all data supplied should be published and published on a regular schedule.

24. Delegations expressed their appreciation for continued international cooperation in forest products statistics and for the continued collaboration of all partners in the Intersecretariat Working Group on Forest Sector Statistics.

VI. GUIDANCE OF WORK AREAS: WORK AREA 2: FOREST RESOURCE ASSESSMENT AND INDICATORS OF SUSTAINABLE FOREST MANAGEMENT IN THE REGION (Item 4b of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2009/6

25. The Working Party acknowledged the work of the Team of Specialists on “Monitoring forest resources for sustainable forest management in the UNECE Region”, which during its mandate (2005-2008) had contributed to the success of the two leading reports on sustainable forest management (SFM), which were elaborated in this period - the global Forest Resources Assessment (FRA) 2005 and the State of Europe’s Forests (SoEF) 2007. The team was seen as an effective means to stimulate discussions on state of forests and sustainable forest management in the region and raise the level of cooperation between countries and organisations.

26. The Working Party was informed of the inaugural meeting of the Team of Specialists on “Monitoring Sustainable Forest Management”, which was held on 25-27 February 2009, in Geneva. Mr. Simon Gillam, Leader of the Team, presented the outcome of the meeting to the Working Party. The Working Party approved the report from the inaugural meeting and noted the necessity to attract the expertise from the policies and institutions and the socio-economic sectors for their contributions towards SFM.

27. The Working Party noted the difficulties experienced by the Team of Specialists in addressing Montreal Process issues as well as Ministerial Conference on the Protection of Forests in Europe (MCPFE) issues, and encouraged the secretariat to ensure that the interests of Montreal Process countries are taken into account in future Team of Specialists agendas. The Working Party recognised the difficulty experienced by some of the eastern European, Caucasus and central Asian countries to participate in Team of Specialists activities, and encouraged efforts to secure additional funding to stimulate their participation and expand their capacities.

28. It welcomed the progress made in preparing FRA 2010 and invited the secretariat to continue to play an active role in the process. The Working Party emphasized the importance of having consistent global and regional reporting systems and supported the secretariat’s involvement in activities to increase consistency between SoEF and FRA, which should lead to a decrease in the reporting burden.

29. The Working Party acknowledged the work done with regards to disseminating the “State of Europe’s Forests 2007” report, in particular the release of the web-based, interactive database on pan-European criteria and indicators for SFM. In addition, the Working Party noted that in the course of the ongoing MCPFE reporting, country data should be made available immediately after the report has been released. Further, as part of the ongoing review process, the secretariat invites delegations to provide information on how SOEF 2007 is used in their country, e.g. citations in academic journals, official reports or public debate, translations etc.

30. The Working Party was informed on the Expert Level Meeting of the Ministerial Conference on the Protection of Forests in Europe (MCPFE) and its decision with regards to the elaboration of the report State of Europe’s Forests for the next MCPFE conference. The UNECE/FAO together with the MCPFE Liaison Unit Oslo will conduct the reporting process. The Working Party approved the establishment of the Advisory Group (AG) on the elaboration of the report “State of Europe’s Forests” and the outcome from the AG inaugural meeting.

31. The short period of time expected between the release of the global FRA report and the

presumed date of the next ministerial conference was brought to the attention of delegations. The questionnaire on the MCPFE quantitative indicators is expected to be released at the end of 2009. In this respect, the Working Party strongly supported the recommendation which came out of the inaugural meeting of the Team, which is to ensure consistency between the variables that are included in both reporting systems. The secretariat was requested to contact International Data Providers in order to make their data available to countries to validate at the same time as other reporting.

32. The Working Party endorsed the secretariat and the AG views that early fund-raising and collection of resources (in kind, funds and logistics) are a precondition for the provision of the report. The secretariat urged the Working Party delegates to bring this issue to the attention of their governments and other relevant international donors.

33. The Working Party was presented with the Team of Specialists' proposal to collect information on indicators for sustainable forest management "by forest type" as a pilot project in the course of the reporting for the next ministerial conference.

34. The Working Party brought up several issues concerning the European forest type classification which should be carefully addressed during and after the pilot implementation. Particular attention should be paid to the continuity of reporting, in particular since the old classification is going to be abandoned. It was noted that implementation of the new classification would pose new demands for national correspondents, and that a suitable application of the new classification would demand more specific and national research. Acknowledging the importance of these issues, the Working Party agreed with the Team of Specialists proposal to address concerns about application of the new types while simultaneously trying to continue and advance the work programme.

35. The Working Party recognised that results of the pilot project on the new forest types application should result in better understanding of the classification and its application in countries. This should provide a solid base for a decision on the future shape of reporting "by forest type". The secretariat will report on the progress of work to the next meeting of the Working Party.

VII. GUIDANCE OF WORK AREAS: WORK AREA 3: OUTLOOK STUDIES (Item 4c of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2009/7

36. The Working Party approved the ideas with regard to the content, scope, analytical methods and timing of a new European forest sector outlook study, arising from the inaugural meeting of the Team of Specialists on Forest Sector Outlook and presented by the secretariat, while noting that these are ambitious, in particular in the absence of a permanent secretariat post and dedicated extra budgetary resources.

37. It considered the outline of the issues to be addressed in a new European Sector Outlook Study (included in annex 2 of the Report by the Team of Specialists) to be a good basis for further discussions, while the questions and issues to be addressed in the study need to be more focused and defined, and trade-offs made. The study should be designed in a way that policy makers can react to

the study and its findings. It should provide essential information on the impacts of possible strategies and consequences of alternative courses of action. While the study should take into account the effects of the current economic crisis, its outlook will be longer term.

38. The Working Party supported the proposals for linking the outlook study with other regional studies, notably with an outlook for North America where the methods are more advanced. It welcomed the fact that Russia requested support by FAO for preparing a Russian outlook study. These results should also be linked with the European study.

39. The Working Party endorsed the approach by the secretariat towards developing a new outlook study, notably through a reinforced Team of Specialists, strengthened partnerships with organizations and projects active in related areas, a core group to guide and conduct the work, and an improved dialogue with work areas 1, 2 and 5. It supported the approach to use the results of the work done by partners under other projects to feed into the outlook analysis. It expressed the need to secure additional resources, to allow the study to be completed within the proposed time frame and addressing the major issues, and supports the secretariat in its request to governments and other organizations to consider seconding experts or funding part of the study. The Team of Specialists listed in its report areas where supplementary resources are particularly important.

40. The Working Party considered it crucial that the study be comprehensive, covering different aspects of SFM, some more quantitatively, others more qualitatively, the entire chain of forest products as well as wood outside of forests and most European countries of the UNECE region for which data become available. It recommended that a network of national correspondents should be established to ensure the reliability of the study and requested the secretariat to proceed with nominations. Requests for nominations sent to countries should contain essential background information on the project, an outline of the study, timing considerations etc. Additional workshops could be organized by the secretariat, if funding becomes available, to support the national review and improvements of data.

41. The Working Party reviewed the work by the Task Force on Forest Products Conversion Factors. Potential opportunities to improve conversion factors and reported data were suggested. The Working Party agreed that efforts to harmonize the data should be the focus rather than any efforts to harmonize measurement methods, which may exist for good reasons. Understanding of units and definitions would not only improve the quality of conversion factors and reported production volumes, but also the accuracy of outlook studies and wood or woody biomass for energy. The Working Party noted that the questionnaire was complicated and thus difficult for correspondents to complete. Members of the Working Party, whose country has not yet completed and submitted the questionnaire on conversion factors, were encouraged to forward it to national experts and submit it to the secretariat by June of 2009; even if only partly filled in, or with estimated factors.

VIII. GUIDANCE OF WORK AREAS: WORK AREA 5: ELEMENTS ADDRESSING MONITORING AND ANALYSIS OF POLICIES AND INSTITUTIONS (Item 4d of the agenda)

Documentation: ECE/TIM/EFC/WP.2/2009/8

42. The Working Party endorsed the idea of compiling existing information on forest policies

and institutions into a common global on-line database, to be hosted on the FAO website, and approved the corresponding structure proposed by the secretariat. It supported the fact that this database is built on information collected through existing processes, and thus does not require additional reporting by national correspondents. The Working Party noted that sources of information should be clearly indicated in the database.

43. It also pointed out that countries were facing difficulties to provide the quantitative data on "Public revenue collection and expenditure" requested by the FRA questionnaire (Table 17), and that the interpretation of this data and its comparison between countries might be delicate.

IX. OTHER BUSINESS (Item 5 of the agenda)

44. The Working Party considered options for the date of the next session. The week of 22-26 March 2010 seemed most suitable and the dates of 23-25 March were tentatively selected.

45. The Working Party expressed its deep appreciation and thanks to Kit Prins for his dedication and service to the Working Party.

46. The Working Party requested the secretariat to submit reports for the next session covering the work areas for which the Working Party is to provide guidance and for such additional topics as need to be brought to the attention of the Working Party.

X. ELECTION OF OFFICERS (Item 6 of the agenda)

47. The Working Party re-elected Mr. M. Valgepea (Estonia) Chair and Ms. S. Phelps (Canada) and Mr. A. Mariano (Italy) Vice Chairs, to serve through the end of the 32nd session.

XI. ADOPTION OF THE REPORT (Item 7 of the agenda)

48. The Working Party reviewed the report (through paragraph 43 except for section VI) and adopted it. The remainder of the report and some typographical revisions were reviewed by the Chair and circulated for approval after the meeting.

ANNEX

**UNECE/FAO Workshop on
“Estimating Potential Sustainable Wood Supply”**

30 March 2009

Conclusions and Recommendations

Conclusions

1. The political importance of the need for better information for assessing wood supply has been widely recognized and all countries are aware of the need for the best possible information on which to base policy. Several countries have carried out major studies, others have indicated ongoing efforts to fill data gaps; preliminary data are available, further results can be expected in the near future.
2. The workshop on 30 March 2009 reviewed the state of the art of national potential wood supply assessment. There are often significant differences among the studies. National studies on wood supply potential mostly focus on assessment of forest biomass via forest inventory methods.
3. The analysis of estimates of potential wood supply from the country statements to the thirtieth session of the Joint FAO/ECE Working Party on Forest Economics and Statistics showed that national studies mainly assess forest biomass, rather than the other elements of wood supply. The workshop concluded that in order to get a complete picture of potential wood supply, it is necessary to look at all sources of wood – not only the forest, but also industry and logging residues, recovered wood and trees outside the forest, as well as forest extension onto agricultural land.
4. Many wood supply studies are predominantly based on forest inventories, and thus only describe a theoretical wood supply potential. The theoretical potential has to be seen in the light of the socio-economic and techno-biological limitations which determine the limits of future wood supply. Examples of these limitations are forest owners’ willingness to harvest, the economic viability of expanding harvests, infrastructure limitations, and risks to site productivity or to biodiversity.
5. Furthermore, sources of wood supply other than forest removals, like woody biomass from outside the forest and post-consumer recovered wood, are relatively unknown but often play a crucial role in wood supply.
6. Because of the variation between approaches, it is difficult to construct a precise regional picture, which is a significant drawback as many of the policy instruments are designed at the regional (EU) level.
7. The study “Potential Sustainable Wood Supply” represents progress in estimating potential wood supply in Europe, but needs to be reviewed and validated on a national level. A revised version of the study would lead to a largely improved estimation of European wood supply potential. Countries’ comments on the applicability of the approach and the feasibility of the assumptions and estimates on a national level are crucial; some comments have been already received, all countries are encouraged to review the study and submit their comments. The secretariat should finalise the study taking account of these comments by summer 2009.

8. The participants agreed that, where there are no national estimates, especially for wood supply from outside the forest, the assumption from the UNECE/FAO study can be used as a plausible starting point, until better national data are available.

9. Good practice principles on wood supply studies (scope, terminology, appropriate methods) were developed during the workshop (see more under “Recommendations”).

10. In reaction to changes in natural resource, energy and environmental policies, the need for statistics in the forest-wood chain are evolving rapidly. Thus, national statistical systems need to be adapted accordingly so as to be able to deliver timely, policy-relevant data as the basis for regional analyses. Appropriate adaptation may require changes in mandates, structures, networks and resources. Such challenges need considerable time, knowledge and collaborative efforts to be effectively addressed. The risk inherent in the present situation is that policies may be based on estimates of potential future wood supply which are too high or too low.

11. There is a need for fundamental research: otherwise policies could be based on an aggregation of estimates without any sound basis.

12. It was suggested that the information provided from studies of potential supply is only one element needed in making overall policy decisions about sustainability.

13. The workshop welcomed the fact that a linked workshop in France in June 2009 would address the issue of wood mobilization using their own report as input and focusing on case studies.

Recommendations

1. Countries are encouraged to assess the potential sustainable supply of all sources of wood and inform the secretariat on the results,

2. As national wood supply studies are predominantly based on forest inventories, and thus only describe a theoretical wood supply potential, it is recommended that the theoretical potential has to be adjusted by socio-economic and techno-biological limitations to crystallize “real availability”.

3. Countries are encouraged to present the results of their national studies in a harmonized way (e.g. by using the terms and concepts and units of the ECE/FAO study), so that regional comparisons and aggregations can be easier and more accurate.

4. Practitioners are encouraged to exchange experience with other bodies / institutions and with the forest-based industry, forest owners, NGOs and other stakeholders.

5. Good practice principles for studies of potential sustainable wood supply were developed and are at the disposal of countries on a voluntary basis in order to prepare future and/or adjust current studies of potential wood supply. The following principles were developed:

- (a) Cover and define all elements of wood supply. If this is difficult, estimates should be provided,

- (b) use existing international terms and definitions whenever possible, or provide conversion methods from national to international definitions,
- (c) coordinate data research with experts in other bodies / disciplines and in the industry,
- (d) provide a conversion from national data to an agreed international classification of types of wood supply, for example that used by ECE/FAO in its study on potential sustainable wood supply. Provide results in the standard unit (m³ or oven-dried metric tons),
- (e) be specific about how estimates were made and transmit national expansion and conversion factors to the secretariat,
- (f) separately identify “bio-technical” and “socio-economic” potential, and state what assumptions underlie each, for instance on policy, technology, costs, demand/price information, restructuring of holdings etc.,
- (g) identify the sources of uncertainty concerning estimates of the amount that maybe sustainable; and
- (h) apply different wood supply and demand scenarios to ensure sustainable forest management under shifting ecological and socio-economic conditions.

6. Parties are encouraged to make estimates which are consistent with all dimensions of sustainable development, including income, employment, ecological functions and climate change.

7. A small group was asked to prepare recommendations for more detailed assessment guidelines.

8. Countries are encouraged to adapt their approach to the good practice principles in the interests of international comparability and to enable the creation of an overall regional picture.

9. Governments, industry and other national, European and international stakeholders should consider funding basic research into wood supply (e.g. household survey on use of wood for energy, trade in residues, trees outside the forest, flows of recovered wood, conversion factors, etc.) to improve the quality of the estimates of potential sustainable wood supply being prepared.

10. All countries are encouraged to review the UNECE/FAO study and submit their comments to the secretariat, which should finalise the study taking account of these comments by summer 2009.

11. UNECE/FAO should continue to solicit information on national assessment estimates and facilitate exchanges of experience.
