



Work Area 2: Forest Sector Outlook Agenda item 4b

Report by the ToS and the Secretariat
Interactive Group work
Key questions for guidance



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**40th Joint UNECE/FAO Working Party on Forest Statistics,
Economics and Management**
22-23 March 2018, Geneva





- **Characteristics of the ToS on Forest Sector Outlook:**
 - 41 members + Secretariat
 - 19 countries: Austria, Azerbaijan, Croatia, Czech Republic, Finland, France, Georgia, Germany, Lithuania, Netherlands, Norway, Poland, Serbia, Spain, Sweden, Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America
 - Officers (since 21 Mar 2018):
 - Leader: Tuula Packalen (Finland)
 - Deputy Leader: Jeff Prestemon (USA)
 - Deputy Leader: Paolo Camin (Switzerland)
 - Possibly a third deputy leader

- **Meetings since the 39th Session of the Working Party:**
 - Brainstorming Workshop for the next UNECE/FAO Forest Sector Outlook Study, 23-24 Jan 2018
 - ToS Meeting, 21 Mar 2018

Brainstorming Workshop

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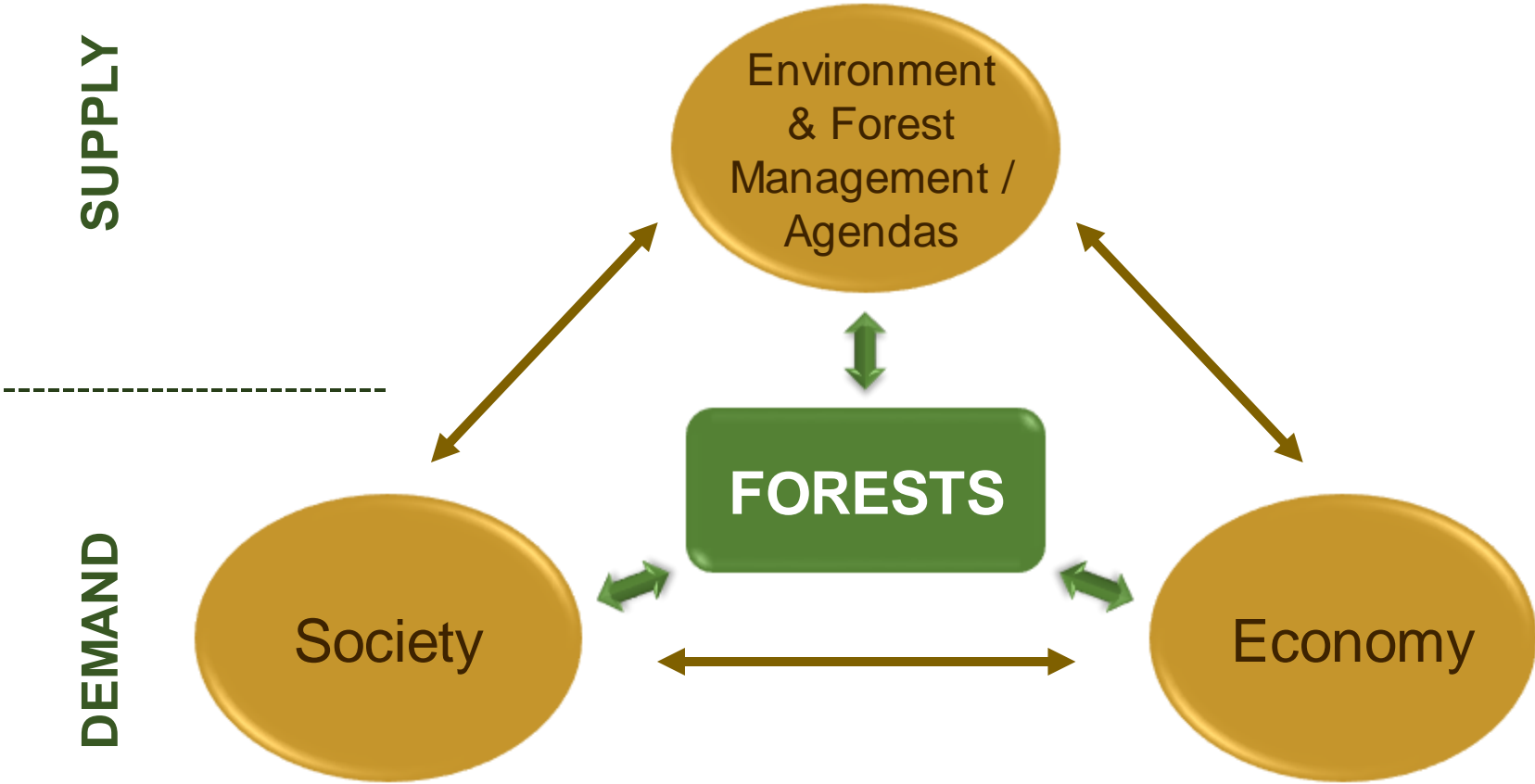


Brainstorming Workshop Jan 2018

- 26 participants including representatives from ministries, forest agencies, research institutes, the private sector and international organizations
- **Objectives:**
 1. Brainstorm on main aspects and policy questions that ideally should be covered by the next FSOS
 2. Discussion on other related topics such as geographic coverage, time horizon, scenarios, modelling
 3. Update on current activities by the ToS leaders



Forests in 2050?



Interactive discussions

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② Society

Aspect	Policy Questions	Impact	Likelihood	Interest <small>(policy relevance, private sector etc.)</small>
Inspiration from... across industry (Biomatque...)	Widespread higher wood consumption is preferable - good for efficiency - increasing opportunity in investment	3/3	2/3/2	4/3
Consumer attitudes change towards environmentally product	Need for certification EPR's, LCA to determine source of origin data	3/3	3/3/1	4/3
Urban population grows + + + Degradation of forest management	Forest transition to urban plantations faster way - payment of ES	2/3/3	2/3/1	3/3
Strong bioeconomy Industry	- use of hardwood species - competition with polymer - resin - etc more things	2/3	2/4	3/3
A variety of use of fibres increase	Wood grain flat in diameter - high density (laminated, chemical, etc.)	3/3	4/3	4/3
Lack of skilled labour (high cost per skilled labour)	Industrialization digitalization	2/3/2	1/2/2	3/3
Migration?	more funds need open? cheaper electricity rates	1/3/3	2/3	3/3/2
Demand for wood products likely increase	More need for doors, designers, activities making together with industry	1/3/4	2/2/1	2/2/3
Digitalization	integrating digital with processes & products	2/2/1	2/3	2/4
Environmental footprint (carbon footprint)	How will the forest sector contribute to employment outside of large cities?	1/3/3	2/2/2	2/2/1



Aspect	Related policy questions
Sustainable Production and Consumption	Contribution of the ECE Region Forest Sector SPC (esp. in China, India, Africa)
Climate change	Forests as a contributor to tackle climate change (carbon sinks)? How could we increase resilience by adaptive management? What would be the productive capacity of different ECE region under changing climate?
Renewable Energy?	What is the potential contribution of forests in the ECE Region to increase the share and quantity of renewable energy?
The extent of natural disasters will increase	What are the consequences? What can be done to increase resilience and regenerate damaged forests?
The pressure to protect more forest will continue	How to maximize the benefit of forest protection, at the same time taking other ecological services into account? How to arrange for compensation to forest owners?
Wood production in ECE will be strongly affected by non- ECE demand	What would be the effect of the increased demand on forest management? What will be the effect of increased plantation forestry outside the ECE?
The demand for certified products will increase?	Will the market accept the cost of the certification process?
Consumer attitude change towards environmentally friendly products	What would be the consequence?
Strong biorefinery industry	What would it mean for the use of hardwood species? Competition with pulpwood? Residues or more synergy?
A variety of use of wood fibres increase, increased demand	Wood market would integrate into others (fashion, chemical, nutrition...) What would be the consequence on wood supply and prices?
Land-use change	What would be the consequence?



Aspect	Related policy questions
Employment	How will the forest sector contribute to employment outside of large cities? Is there a shortage of labour supply? What will be the consequence?
Emergence of new energy sources	Would wood remain a competitive energy source? What would be the impact on profitability?
Lack of stability in the regulatory framework – at all levels	How would this impact investment? How to avoid the damaging impact on competitiveness in particular due to different regional regulations?
Payment of Ecosystem Services will become more widespread	Who will be paying? What will be the impact on costs? What will be the impact on forest management practices? What will be the impact on supply?
Environmental costs are more fully taken into account including with the help of life-cycle considerations	How will this affect perceptions of competitiveness? How will non-financial reporting at the sector level support comparability? How will this affect decision by forest owners?
The circular economy becomes more dominant as a policy framework (e.g. EU's circular economy package (re-use, recycling, etc.))	How to deal with transparency issues in this framework? How to address conflict? What would be the consequence?
Disruptive events (e.g. significant economic collapse) including events linked to climate change	What would be the impacts on the supply and demand sides? In the presence of long horizon investment cycles?
Wider development of biotechnology?	What new material / possibilities will emerge? How will competition shape within and between sectors? How will competition be affected by reliable and transparent information?
GDP development	What will be the consequences for the forest sector?
Wood species for industry demand 2050	How can a fitting forestry structure be set up today?
Policy-induced significant reductions in wood products trade volume shifts countries to greater self-sufficiency?	What would be the consequence for ECE countries that import and export wood products?

Proposal for the next FSOS



Scenarios in three areas:

- Climate Change
- Structural Changes
- Green Economy and SDGs

General aspect	Policy questions	Reference Scenario / Variables to compare	Possible alternative scenarios
Climate Change	What is the potential of UNECE forests for climate change mitigation? What can the UNECE forests contribute?	Carbon sequestration in forests and wood products under a normal economic growth scenario = reference scenario (no change in forest land)	<p>CC1: Potential of carbon sequestration in wood construction; assumption: significant increase in wood construction (UNECE and/or worldwide)</p> <p>CC2: Potential of carbon sequestration in traditional wood products; assumption: (policy-driven) significant increase in demand for wood products (UNECE and/or worldwide)</p> <p>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</p> <p>CC4: Potential of carbon sequestration through (re-)forestation; assumption: policy-driven, significant increase of forests area in the UNECE region (e.g. Bonn challenge)</p> <p>CC5: Maximising carbon sequestration by changing silvicultural methods (update to the EFSOS II scenario "Maximising biomass carbon")</p> <p>CC6: Combination of the above – what is the maximum that could be achieved given</p>

Reduced scenario list

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Possible scenario	Technical feasibility
Climate change mitigation (different aspect: potential carbon sequestration in wood construction and other wood products, different silvicultural methods, reforestation, substitution in energy (wood energy) and combination of the previous)	Feasible with a set of models
Climate change adaptation	Country-based review (no or little modelling involved)
Upcoming market scenarios (China, Africa)	Feasible, based on SSPs
Growth of specific products (construction, fibres, biorefineries)	Feasible
Economic disturbances	Feasible
Significant increase of forest plantations outside of UNECE	Feasible

Reduced scenario list

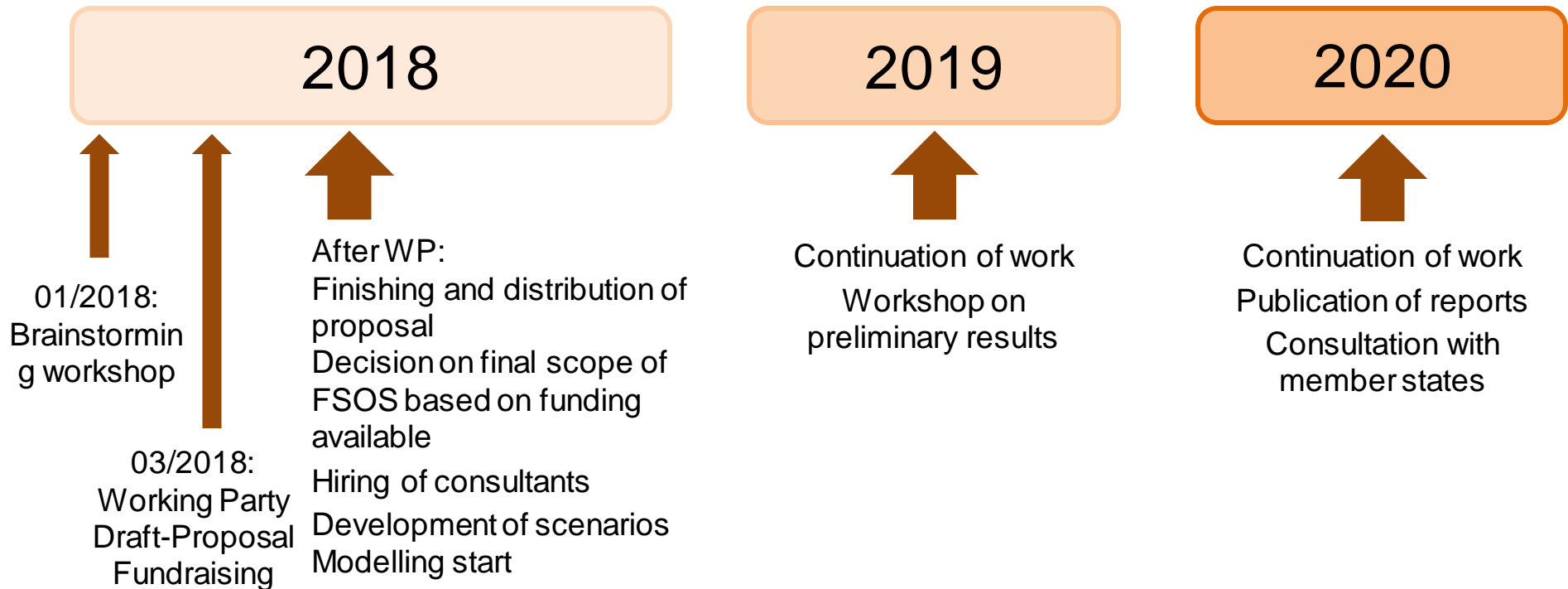
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Possible scenario	Technical feasibility
Impact on forest product market by significant increase of natural disasters	Feasible
Impact of trade barriers (increase or decrease)	Feasible
Potential of Payment for Ecosystem Services	Not feasible as a full outlook scenario; parts could be covered (carbon payment), and current case studies be added
Employment	Not feasible as a outlook scenario, could potentially be a “post-analysis” on all scenarios
SDGs	Not feasible as a outlook scenario, could potentially be a “post-analysis” on all scenarios; labor-intensive
Circular Economy/Cascading-use of wood	Difficult to define well as a scenario, could be a “post-analysis” on all scenarios



Roadmap for the next FSOS



Key questions for guidance



The Working Party is invited to:

- a) Inform the secretariat about current or planned activities in member States regarding outlook studies;
- b) Provide guidance regarding priorities for policy issues and questions to be covered by the next FSOS;
- c) Provide recommendations to the secretariat on how best cooperate with other relevant organizations and stakeholders;
- d) Consider supporting the next Outlook Study through in-kind and financial contributions.

Key questions for guidance



ToS on Forest Sector Outlook report

- a) The ToS proposes a projection year of 2040 – would you agree?
- b) Should there be a UNECE report with sub-chapters or three independent regional reports (EFSOS, NAFSOS, RFSOS)?
- c) Currently, resources are not sufficient to deliver a qualitatively good study with equal focus on all regions.
- d) The number of countries represented in the ToS has decreased in comparison to last year. For the Outlook studies, in particular EFSOS, reflections from national correspondents on (intermediate) outcomes are crucial. Countries currently not represented in the ToS are asked to consider appointing a national representative to the Team and engage actively.



Food and Agriculture Organization
of the United Nations

Thank you!



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