

NOTE

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Any data provided under the heading "Yugoslavia" relate to the Federal Republic of Yugoslavia which, in accordance with General Assembly Resolutions 47/1 and 47/229, cannot continue automatically the membership of the former Socialist Federal Republic of Yugoslavia.
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ABSTRACT

The *Forest Products Annual Market Review, 1997-1998* provides general and statistical information on forest products markets in the UN-ECE region of Europe, North America and the Commonwealth of Independent States. The *Review* begins with a general overview of the forest products markets in the region followed by a description of the economic situation in the region. Two special chapters are included this year: "Certified forest products marketplace" and "Effects of the Asian crisis on ECE region forest products markets." The developments in five sectors are described for markets of roundwood, sawn softwood, sawn hardwood, wood-based panels and paper and paperboard, woodpulp and pulpwood. For each sector, production, consumption and trade are considered and relevant material on specific markets is included. Tables included with the text present detailed information and annex tables contain further reference material.

DATA SOURCES

This *Review* was compiled using data from ECE-region countries responding to a joint FAO/ECE/EUROSTAT questionnaire and other data available until the end of May 1998. The authors express their appreciation to contributing countries which included all major ECE-region producers and traders. In light of the problems with reporting intra-European Union trade statistics, UN COMTRADE statistics or estimations of trade provided by the respondents enabled a timely estimation of the 1997 European market. Supplementary data were obtained from industry associations and other sources where official data were lacking.

Additionally a wide range of specialized trade journals were used to supplement information and the authors have tried to give proper citation to them. Country specialists and institutions, including the important statistical contacts, were called upon for additional information. Most of these people are listed below.

The World Wide Web is a growing source of information for the secretariat in producing this *Review* and the authors appreciate the availability of countries' forest products statistics in this convenient format.

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PREFACE

The *Forest Products Annual Market Review, 1997-1998* provides general and statistical information on forest products markets in the UN-ECE region, including Europe, North America and the Commonwealth of Independent States, for the period beginning 1997 through mid 1998. It is intended to serve as a background document for the annual market discussion for the ECE Timber Committee session, which will be held on 29 September 1998. Furthermore, it provides readers with comprehensive analysis on recent developments in the forest and forest product sector in the ECE region as well as on other regions important for ECE region forest products trade.

The *Review* begins with an overview of the forest products markets, followed by a general appraisal of economic conditions which have directly or indirectly influenced forest products markets in the ECE region. The economic chapter also highlights demand for wood products from construction and furniture manufacturing. In-depth description is given of sectoral developments covering roundwood, sawn softwood, sawn hardwood, wood-based panels, and woodpulp, pulpwood, paper and paperboard. Production, consumption and trade are considered and additional material on specific markets is included. While most tables will be found with their descriptive text, additional tables found in the annex present information on apparent consumption by product and country.

Two special chapters are included in this *Review*. The first, "Certified forest products marketplace" offers an in-depth analysis of the current state of certification of sustainable forest management from a forest products market perspective. The secretariat is indebted to Dr. Eric Hansen of Oregon State University, United States of America, for this important contribution to understanding this complex topic. There are several active certification schemes in the ECE region in mid 1998 and the demand for certified wood products is presently coming from country-based buyers' groups. The final consumer does not generally know about certification and at this time the demand for these products is small. Initial exports of certified forest products began in the ECE region in 1997.

The Timber Committee held a special topic discussion on the "Markets for certified forest products" and a secretariat note produced before the topic's presentation, and a report of the discussion are available from the secretariat or on the Timber Committee's website (see below). Dr. Hansen's research was constrained by the lack of reliable, objective statistics regarding production, trade and consumption of certified forest products--perhaps a consideration for the Committee.

The second special chapter is on the "Effects of the Asian crisis on ECE region forest products markets." The current economic crisis engulfing most of southeast Asia is having worldwide ramifications, including disruptions of both new and established trade channels between ECE region countries and the Asian forest products producers and consumers. The crisis began in mid to late 1997 and by mid 1998 some preliminary statistics and forecasts give an indication of the significance of the situation.

As noted above under the new "Data sources" heading, this *Review* was based upon the most current forest products statistics available from ECE-region countries responding to a joint FAO/ECE/EUROSTAT questionnaire. A number of additional sources of information were used as documented above. As always there is a trade-off between completeness and timeliness and in order to have this document prepared for the Committee's market discussion, it was necessary to conclude the analysis in July 1998.

Frequent readers of the *Review* will note additional changes in this year's issue which are partly in response to suggestions from an on-going 1998 users' survey. This year for example there are two special chapters on topical issues and the authors intend to continue to include special chapters on specific issues and on selected, interesting country market analyses. Readers suggestions and contributions to these chapters are solicited.

Readers familiar with past *Reviews* will also notice that this year's review has a new interior look as a result of more advanced desktop publishing techniques. Highlights are included at the beginning of all chapters. The secretariat would like to express its gratitude to Mr. Jarno Seppälä, a forest products marketing graduate student at University of Helsinki, who was an intern with the Timber Section during the production of the *Review*. Mr. Seppälä was responsible for initiating a new graphical production system. Our experience of engaging an intern during the production of the publication, which has grown enormously in scope and time, was extremely positive and prospective interns are encouraged to apply to work with the secretariat.

The *Review* will be complemented in October 1998 by the *Timber Bulletin* issue No. 6, *Forest Products Markets in 1998 and Prospects for 1999*, which will contain the results of the Timber Committee's market

discussion. All statistics collected in the FAO/ECE/EUROSTAT questionnaire are presented systematically in issue No. 2, *Forest Products Statistics, 1993-1997*. There will be a delay in publication of this year's *Forest Products Statistics* pending recovery from illness of the statistician. Other issues of the *Timber Bulletin* are listed at the end of the *Review*.

The Timber Committee has a website on the World Wide Web which includes much of its work and documents, including for the first time, this *Review*. It will eventually be expanded to include the TIMBER database (which continues to be available on diskette). The address for the website is: <http://www.unece.org/trade/timber>

It would not be possible to produce the *Review* without the devoted efforts of a large number of people. The base data were supplied by country correspondents, who are acknowledged by name in the companion issue of the *Timber Bulletin* "Forest Products Statistics, 1993-1997". Some of these correspondents and other national experts also contributed supplementary data, notably on prices, and background information and explanation of trends. Particular mention should be made of the help received from the people listed on the adjoining page.

The *Review* is produced as a joint effort by the Geneva Timber Section and Ed Pepke led and coordinated the work. Claude Huybrechts maintains the TIMBER database and produced the basic tables. The individual chapters had the following principal authors: 1. Ed Pepke; 2. Kit Prins (drawing on the *Economic Survey of Europe* prepared by the Division of Economic Analysis of ECE); 3. Eric Hansen (United States); 4. Ed Pepke; 5. Kit Prins; 6. Ed Pepke; 7. Ed Pepke; 8. Jorge Najera; 9. Kit Prins. Kit Prins reviewed the whole draft. Jarno Seppälä produced all the graphics. Romi Chopra was responsible for preparation, formatting, integration and presentation of the text, tables and graphs. This manuscript was completed on 23 July 1997. More information may be obtained by contacting:

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EXPLANATORY NOTES

"Apparent consumption" is calculated by adding a country's production to imports and subtracting exports. Since data are not universally available, the apparent consumption volumes are not adjusted for changes in the level of stocks.

"Net trade" is calculated as the balance of exports and imports and is shown as "+" for net exports, when exports exceed imports and is shown as "-" for net imports, when imports exceed exports. Trade data for fifteen European Union countries include intra-EU trade, which is often estimated by the countries.

The countries of the former USSR and other former centrally planned countries of central and eastern Europe are referred to collectively as "countries in transition to market economies". The term "central and eastern Europe", used exclusively for presentational convenience, includes Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, The former Yugoslav Republic of Macedonia and Yugoslavia.

The term "softwood" is used synonymously for "coniferous." "Hardwood" is used synonymously for terms "non-coniferous" or "broadleaved" wood.

When no data were available, the previous year's figure is used to calculate the regional total. As a convention in the analysis, one time period, for example first quarter of 1997, is compared to the analogous time period, continuing this example, the first quarter of 1996. However in the case of rapidly changing markets, for example the steep decline in the Asian forest products markets in the fourth quarter of 1997, this convention can present a distortion, or at least different picture than if successive quarters are compared.

SYMBOLS AND ABBREVIATIONS USED

-	nil or negligible
...	not available
*	secretariat estimate or unofficial figure
\$	United States dollar unless otherwise specified
c.i.f.	customs + insurance + freight included
CIS	Commonwealth of Independent States
EU	European Union (currently 15 States)
f.a.s.	free alongside ship
FOB	free on board
GDP	gross domestic product
IMF	International Monetary Fund
m ³	cubic metre (solid volume of roundwood or processed product)
m.t.	metric ton
MW/h	Megawatt per hour
NIEs	Newly industrializing economies
Q	Quarter
T	Trimester
USDA	United States Department of Agriculture