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Seventy-third session
Engelberg, 2-6 November 2015
Item 10 of the provisional agenda
Adoption of the Report

Food and Agriculture Organization

European Forestry Commission

Thirty-eighth session
Engelberg, 2-6 November 2015

Report of the joint seventy-third session of the Committee on Forests and the Forest Industry and thirty-eighth session of the European Forestry Commission

I. Introduction

1. At the invitation of the Government of Switzerland, the joint seventy-third session of the ECE Committee on Forests and the Forest Industry (COFFI) and thirty-eight session of the FAO European Forestry Commission (EFC) – Silva2015, as well as the third European Forest Week, were held in Engelberg, Switzerland, from 2 to 6 November 2015. More than 230 participants attended the meetings.

II. Attendance

2. Delegations from the following 39 member States participated: Albania, Armenia, Austria, Belarus, Belgium, Canada, Croatia, Cyprus, Czech Republic, Estonia, Finland, France, Georgia, Germany, Hungary, Ireland, Israel, Italy, Kazakhstan, Kyrgyzstan, Liechtenstein, Lithuania, the Netherlands, Norway, Poland, Republic of Moldova, Russian Federation, Slovakia, Slovenia, Spain, Sweden, Switzerland, Tajikistan, the former Yugoslav Republic of Macedonia, Turkey, Ukraine, United Kingdom, United States of America and Uzbekistan.

3. Representatives of the European Union participated in the session.

4. The following intergovernmental organizations were also present: the European Forest Institute (EFI) and the International Fund for Saving the Aral Sea (IFAS).

5. Representatives of the Liaison Unit Madrid of Forest Europe attended the session.

6. Representatives of the following non-governmental organizations attended for the session: Albaforest Center, Alpine Convention (Working Group on Mountain Forests), Association des Femmes Peuples Autochtones du Tchad, Bern University of Applied Science, Department of Agricultural, Forests and Food Sciences (HAFL), Central Union of Agricultural Producers and Forest Owners, Crann - Trees for Ireland, Finnish Forest

Industries Federation; Forest Stewardship Council (FSC), Helvetas Swiss Intercooperation, Mediterranean Action Plan - Plan Bleu, Pro Natura/Friends of the Earth Switzerland, Programme Intégré pour le Développement du Peuple Pygmée, Québec Arbres, Réseau Nationales des Peuples Peuples Autochtones du Congo, RVR Service AG - Clean Forest Club, Swiss Cantonal Conference of Forest and Hunting Directors, Swiss Forest Labour Union, Swiss Forest Union, Social Impact Development Foundation, Swiss Society of Foresters, Swiss National Science Foundation, Union de Selvicultores del Sur de Europe, AEIE (USSE), Union of European Foresters (UEF). A number of representatives from other organisations, private sector, local entities, academia and the media attended, at the invitation of the secretariat.

III. Opening of the meeting

7. Mr. Christoph Dürr, (Switzerland), COFFI chair, and co-chair of the meeting opened the session. He welcomed delegates and introduced speakers of the opening session: Ms. Doris Leuthard, Federal Councillor of Switzerland; Mr. Christian Friis Bach, Under-Secretary-General of the United Nations and the Executive Secretary of ECE; Mr. Tony Alonzi, Deputy Regional Representative of FAO for Europe and Central Asia; Ms. Jaqueline de Quattro, President of the Conference of Cantonal Councillors Responsible for Forests; and Mr. Paul Federer, Cantonal Councillor of Obwalden.

8. Ms. Doris Leuthard expressed her thanks to ECE and FAO for jointly preparing the meeting and reviewed the importance of forests in Switzerland. She also discussed the Swiss approach to protection of forests and the services that they provide, as well as the significance and challenges for accomplishing these aims at a global level. She underscored the fact that law and a favourable context were the keys to the success in Switzerland..

9. Mr. Christian Friis Bach welcomed the participants and highlighted the many years of cooperation between ECE and FAO during the seventy years of the two organizations' existence. He highlighted Sustainable Development Goals (SDGs) that provided the United Nations with a strong mandate to continue to support countries in their efforts towards building prosperous societies and sustaining the natural resources of our planet.

10. Mr. Tony Alonzi noted that 2015 has been a decisive year for forests and forestry, demonstrated by the culmination of a number of global policy processes related to and affecting forests. FAO had taken into account these global developments and had reviewed its own strategic framework and adopted new cross-cutting strategic objectives. He also recalled FAO's programme in the region which comprised the work by the offices in Budapest and Ankara and the Joint ECE/FAO Forestry and Timber Section in Geneva.

11. Ms. Jaqueline de Quattro discussed the role that forests can play towards achieving a green economy and the focus that Switzerland placed on achieving a green economy at the federal and cantonal levels. While a number of forest-related issues could be addressed at the local level, many required international coordination.

12. Mr. Paul Federer informed the delegates about the important role of forests in the Canton of Obwalden and presented key features of the management of forests. While emphasizing the importance of the protective functions of forests, he also recognized their economic functions as well as other services they provide.

13. The co-chair, Mr. Dürr introduced the Swiss yodelers who performed a traditional mountain song.

IV. Adoption of the agenda

Documentation: ECE/TIM/2015/1−FO:EFC/15/1 and ECE/TIM/2015/1/Corr.1−FO:EFC/15/1/Corr.1

14. Mr. Rob Busink, the Netherlands, EFC chair and co-chair of the session, welcomed the participants, introduced the provisional agenda and informed the delegates about

changes in the tentative timetable, as endorsed by the joint meeting of the COFFI Bureau and EFC Executive Committee on 1November 2015.

15. The agenda was adopted as presented.

V. Global and regional context

Documentation: ECE/TIM/2015/3−FO:EFC/15/3 and ECE/TIM/2015/INF. 2−FO:EFC15/INF.2

16. Mr. Rob Businkintroduced the first speaker, Mr. Thomas Gass, Assistant Secretary-General of the United Nations, who addressed the meeting through a video message. Mr. Gass briefed the delegates on recent progress related to the 2030 Agenda on Sustainable Development. Mr. Gass underlined the importance of forest in achieving Sustainable Development Goals, pointing out the essential role of a cross-sectoral approach in their implementation.

17. Mr. Heikki Granholm, Finland, presented the main outcomes of the eleventh session of the United Nations Forum on Forests (UNFF11). The International Arrangement on Forests was extended until 2030. He informed delegates about the UNFF resolution and highlighted the ongoing development of the "Strategic Plan" for 2017-2030 and the strengthened Global Forest Financing Facilitation Network. In addition, he updated delegates on the next steps in the coming two years and underscored the relevance of the UNFF process to the joint work of ECE and FAO in the region.

18. Ms. Eva Müller, FAO, presented the outcomes of the XIV World Forestry Congress, attended by 4,000 participants, including a record number of Ministers. The key outcome of the Congress was a new vision for forests and forestry in 2050, which highlighted the contributions of forests to SDGs and climate change adaptation and mitigation as well as their importance for food security and nutrition. The vision calls for new partnerships across sectors and improved governance to maintain the multiple services of forests in the landscape context.

19. Ms. Elena Estrada Wilke, Liaison Unit Madrid, Forest Europe, informed delegates of the results of the seventh Forest Europe Ministerial Conference, including the Ministerial Declaration, the Ministerial Decision and the two Ministerial Resolutions. She also informed about the Extraordinary Forest Europe Ministerial Conference and its Ministerial Decision; as well as the key findings from the newly released "State of Europe's Forests 2015" report.

20. Mr. Businkintroduced Mr. Roman Bobrovskii, winner of the XII International Junior Forest Contest (2015). Mr. Bobrovskii stressed how crucial it was for junior foresters to benefit from the knowledge and expertise of experienced foresters.

21. Mr. Bruno Oberle, Director of the Federal Office for the Environment, Switzerland discussed the regional implementation of global decisions, stressing the need for integrated policies that take into account all forest services. Criteria and indicators were essential and require cooperation between countries of the region to agree on meaningful metrics. The Rovaniemi Action Plan for the Forest Sector in a Green Economy (RAP) has become a key tool to guide sustainable forest management. He praised the good work of the joint ECE/FAO section in the past and expressed his hope that this fruitful cooperation would continue, for example, with the monitoring of the forest-related Sustainable Development Goals.

22. Ms. Helga Pülzl, EFI, presented a synoptic view of the global and regional policy developments presented in the morning session, including the Agenda 2030 and Sustainable Development Goals, the outcomes of the UNFF11, the ministerial conferences of Forest Europe and how they were relevant in the regional context. She also presented the key aspects of the UNFCCC and CBD of relevance to forests and how they were relevant for the region.

23. Mr. Kenneth MacDicken, FAO, presented the main outcomes and key findings of Forest Resources Assessment (FRA) 2015. The rate of forest area loss had been cut in half and was in 2015 less than one-tenth the rate of human population growth. Forest area continued to expand in the temperate and boreal zones and contract in the tropics. He noted that the capacity to manage forests for the long-term had never been stronger and underscored the immense resources, both human and financial, that went into the production of the publication and the cooperation with other organizations, such as ECE and Forest Europe.

24. Mr. Kit Prins, independent forest expert, presented the joint ECE/FAO study "Forests in the ECE Region: Trends and Challenges in Achieving the Global Objectives on Forests" prepared for UNFF11, which used existing data to assess the progress towards the global objectives on forests. The study also showed the value of regional assessments and input to UNFF process. Mr. Prins concluded that the regional approach, applied for the study, complements other scales, can mobilise resources, expertise and regional bodies. The method used for preparation of the study helped to identify challenges, issues and could also help in formulating future instruments.

25. Mr. Stein Tomter, Norway, the leader of the ECE/FAO Team of Specialists (ToS) on Monitoring Sustainable Forest Management (SFM), provided an overview of lessons learned from the 2015 cycle of the global and regional reporting on forests and sustainable forest management. Though there had been significant improvement in harmonization and reducing duplicate reporting, there remained scope for further development.

26. The French delegation commented that not all meeting documents were available in French, an official UN language. The secretariat regretted this situation since most of the documents had been submitted on time and would convey the French Delegation's concern to the Documents Management Section of the United Nations.

27. Delegates from Austria, Belgium, France, Finland, Germany, Norway, Poland, Russian Federation, Switzerland, Ukraine and United States and the European Commission provided substantive comments on the continuation of work in global and regional policy processes and reporting on forests, in the framework of existing mandates of ECE and FAO.

28. The Committee and the Commission encouraged countries to:

a) Actively engage in the work of UNFF and the implementation of SDGs as they relate to forests by strengthening the socio-economic contributions of forests and to monitor progress, using the UN Forest Instrument and national forest programmes as frameworks for implementation;

b) Continue efforts to integrate climate change into their national forest programmes and to reflect forests adequately in their climate change strategies and plans.

29. The Committee and the Commission appreciated the joint work done and requested ECE and FAO, within their existing mandates, to:

a) Collaborate to support country implementation of SDGs and the 2030 Agenda for Sustainable Development as they relate to forests, in cooperation with Collaborative Partnership on Forests (CPF) members;

b) Work jointly on developing global forest-related indicators, building on existing indicators, related to Sustainable Development Goals and efficient ways of measuring them, in the framework of the Inter-agency Expert Group on Sustainable Development Goal Indicators, and further requested FAO and ECE to continue their inputs to this group;

c) Continue jointly to provide support to countries, through providing tools and technical assistance to integrate issues related to climate change mitigation and adaptation into their forest and related sectors; and to assist in strengthening national forest monitoring systems for climate change mitigation;

d) Continue jointly, through the Integrated Programme of Work, to regularly

update member States and other stakeholders on the forest-related global and regional policy developments, building also on the possible input from the ECE/FAO ToS on Forest Policy, to contribute to the SDG implementation and review process.

30. Belgium, France, Germany, and Norway noted the benefits of FAO to coordinate the efforts mentioned under 29 b).

31. Delegates recognized the importance of the contributions by the Committee and the Commission, including through their joint secretariat, to UNFF so far, and discussed the possible regional contribution to the development of the UNFF Strategic Plan and its next work programme. While divergent views were expressed about the timing of the regional contribution, the need for future joint ECE and FAO regional inputs were recognized.

32. The Committee and the Commission took positive note of the outcomes of the Forest Europe ministerial conferences and welcomed the invitation to strengthen the cooperation between Forest Europe and the joint ECE and FAO work in the region. Austria, Belgium, France, Georgia, Germany, Norway and Ukraine stressed the role of Forest Europe as the political platform in Europe and the importance of the continued close collaboration with Forest Europe: noting the primary role of Forest Europe signatories in elaborating the future direction and work programme of the process. Some delegations proposed that in order to strengthen synergies and avoid overlaps, the ECE/FAO Forestry and Timber Section might provide inputs to the development of a possible future programme of work of Forest Europe.

33. The Committee and the Commission:

a) Expressed appreciation for the joint work of ECE and FAO in forest reporting and requested them to continue efforts to streamline reporting, *inter alia* through the Collaborative Forest Resources Questionnaire (CFRQ), in the next global reporting cycle;

b) Noted the benefits of strengthened cooperation with Forest Europe and the need for continuing the efforts to increase data quality and comparability;

c) Thanked ECE and FAO for the valuable study “Forests in the ECE Region – Trends and challenges in achieving the Global Objectives on Forests”, and noted the need for continued joint ECE and FAO regional inputs to the work of UNFF;

d) Recognized FRA as a unique and valuable resource that is the foundation of global forest reporting, urged countries to provide the highest quality data to the CFRQ, and requested FAO and ECE to support countries to improve their data;

e) Recognized the important role of the ECE/FAO Team of Specialists on Monitoring SFM in this context.

VI. Forest products and services

Documentation: ECE/TIM/2015/4; FO:EFC/15/4

(a) Wood and wood products/Market discussions

34. The market discussions were opened by Mr. Dürr, co-chair of the joint session. The secretariat introduced the topic and explained what background information was available.

35. Mr. Sten Nilsson, Forest Sector Insights AB, provided a historical perspective of European production and consumption trends for key forest products markets, together with economic data to show what markets may look like in the future. The short-term future, 2016-2017, appeared likely to be part of the continuing “great moderation”. He highlighted the increasing reliance of European producers on global markets and the trend to lower-value exports. Mr. Nilsson called for sectoral transformation to provide complete solutions

rather than simply raw material. Part of it could include close cooperation with the housing sector.

36. Mr. Nikolay Ivanov, the Russian Union of Timber Manufacturers, updated delegates on the situation in the Russian Federation, which had experienced a devaluation of the ruble, falling oil prices, higher inflation and increased interest rates. Despite this, some parts of the Russian forest sector had experienced growth, driven by the continuing strength of the housing sector. Log removals had risen by 2 per cent and the plywood market experienced 4 per cent growth in the first six months of 2015. Exports had declined in value though China's share of softwood log exports had remained over 80 per cent. There had been a significant increase in the use of wood for house construction and the potential for a further increase remained high.

37. Mr. Gordon Culbertson, Forest2Market, presented an overview of North American markets. He anticipated a slight decline in housing starting in 2016-17 which could negatively affect forest products markets. In 2015, US sawnwood imports from eastern Canada were equal to those from British Columbia. There was increasing Canadian ownership of U S sawn softwood production, concentrated in the south. Timber supply constraints in the US west, driven by management practices in federal forests, was reducing sawnwood production (increasing returns to forest owners) while the US south had significant available supply and more efficient producers were building there. In other markets, he highlighted that the Russian Federation had overtaken Canada as the leading supplier of sawnwood to China.

38. Mr. Hermann Blumer, Création Holz, discussed the characteristics of using hardwood in construction structural components. Hardwood was a significantly underused resource in Europe and had engineering values that in some respects far exceeded softwood (up to 400% more strength). So far, hardwood was seen as more difficult to use in the building sector than softwood, but ongoing technological advancement, such as the use of improved wooden connection system had helped to increase use of hardwoods. He encouraged the industry to learn from nature and illustrated the presentation with striking images from his many construction projects.

39. Mr. Gerhard Schickhofer, Institute of Timber Engineering and Wood Technology at Graz University of Technology, reviewed the design, engineering and installation of cross-laminated timber (CLT). The amount of CLT could rival glued laminated timber. There were many different ways of using CLT with different structural elements such as I-beams. However, the competition to build ever-taller wooden structures was unlikely to lead to a significant increase in construction using wood. Mr. Schickhofer urged instead that, for the moment at least, the focus of wooden construction should be on buildings of between 3-5 storeys, leading to efficiency gains and developing standards.

40. Delegates from Canada, Finland, Germany, Ireland, Sweden, United States as well as the secretariat had a number of questions and comments. In response to a question, Mr. Ivanov estimated the production of small enterprises in the sawmilling sector of the Russian Federation to be 11 million m^3 annually. According to Mr. Nilsson, the correlation between rising GDP and forest industry growth had become more tenuous, with the impact varying between sectors and depending on the development status of the country. Demand for new products was based more on societal needs. He said that Europe needed to focus more on value-added products.

41. It was brought to the attention to the delegates that the Swedish Forest Agency has completed a global analysis of forest products outlook to 2050 and that a Canadian study, which was recently completed, indicated largely stable demand for wood. Delegates drew attention to the potential impact of a growing Chinese middle class, particularly if China pursued carbon zero policies for housing. Mr. Culbertson pointed out that US south held significant wood supplies, indicating sufficient wood fibre availability. He contrasted this with the northwest where, without access to federal land, wood fibre could soon be in short supply. Beech hardwood was widely available in Europe and significantly underutilized.

42. The presenters pointed out, in response to questions, the positive view on wooden high-rise buildings and that wood use could well increase reflecting changing attitudes in the long term.

43. Mr. Nilsson saw the import of wood pellets from North America to Europe as undesirable and called instead for a more rapid shift towards second and third generation biofuels. Mr. Culbertson viewed energy as a low-value opportunity that had been successful in the US south due to low fibre and transport costs, which might lead to the development of a new export market in Asia for wood fuel.

44. The increased scope for using hardwood was welcomed and the sector should try to deliver solutions for users, to make it easier for architects and builders to specify wood in construction. Cross-laminated timber in particular offered a low-carbon solution for construction.

45. The Committee and the Commission expressed their appreciation for the joint ECE/FAO work on the organization of the market discussions. These market overviews and the following discussion which addressed the key developments and drivers of change for the forest sectors in the region were reflected in the market statement, which was reviewed by a drafting committee and was attached to this report (Annex I).

VII. Forest Ecosystem Services and Financing Sustainable Forest Management

Documentation: ECE/TIM/2015/5, FO/EFC/15/5

46. Mr. Guy Robertson, United States Forest Service, presented “Markets for Forest Ecosystem Services: Concepts and Examples”, starting from introducing the topic at conceptual level and showcasing practical examples of payment schemes at the municipal level in New York in watershed management and species banking. These kinds of initiatives had expanded significantly since 1997. He stressed that there was often a difference between the valuation of the forest ecosystem services (FES) and the value that might be paid by markets. Several public-private specific deals in the United States have been on-going on for years: they were difficult to monitor because the information was not included in statistics.

47. The secretariat presented the points for consideration related to agenda item 4 and invited delegates to keep these in mind during the subsequent discussion.

48. Mr. Tapani Pahkasalo, Quantum Global, presented “Investments and Institutional Forest Ownership”, including examples of timberland investments in the United States, which dominated the global investment market. Europe was viewed as an emerging market for timberland investments, with highly mature markets and with higher risk/return profiles. In some countries, forest investors had become significant forest owners, e.g. Australia, New Zealand and the United States. Increasing exports or an expanding area of forest plantations were examples of the market impacts that had been brought about by timber investment.

49. Mr. Josef Hess, Federal Office for the Environment, Switzerland, presented “Barriers to Overcome in Financing Payments for Ecosystem Services (FES): Experiences from Switzerland”, with examples from Engelberg, where – as in other parts of the Swiss Alps - in earlier centuries forest resources were heavily over-exploited for housing and heating, causing deforestation and environmental degradation. In 1876, a legal framework at the national level was created to prevent further destruction of the forests. In addition, protective forests were established or regenerated naturally resulting in 50 per cent increase in the forest area during the last 100 years. This had prevented natural disasters such as floods, landslides or avalanches, which had had caused severe damage in the past.

50. Mr. Matthias Dieter, Thünen-Institute of International Forestry and Forest Economics, Germany, presented “Values and Financing of Forest Ecosystem Services- the

Example of Germany", and pointed out the importance of land tenure and clear property rights, as well as the fact that revenue from forests did not equate to the actual value of forest ecosystem services. In Germany, people were allowed to use the forests for recreation free of charge, and there was no incentive to develop forests to earn money from visitors. There were no specific objectives to finance ecosystem services.

51. Belgium, Finland, Germany, Sweden, Switzerland, Ukraine, United Kingdom, United States and FAO took part in the discussion about the availability of the information, studies and actions at different levels, with several examples from schemes at national level. The overall level of interest in forest ecosystem services was high, concluded by interventions of Finland, Germany, Switzerland, Sweden and Ukraine. Financing and valuation of Forest Ecosystem Services should be considered together with other sectors, in particular with the financial sector, in a cross sectoral approach. Full use should be made of existing information sources and studies on the topic, rather than collecting new information and adding to the reporting burden of the countries. Exchange of experience and lessons learnt would also be welcomed in this regard.

52. The Committee and the Commission noted the high interest to discuss and develop markets and payments for forest ecosystem services and suggested that FAO and ECE, within their existing mandates:

a) Compile studies and information and disseminate them in an easily-accessible format;

b) Give due attention to the differences arising from the different levels of actions (global, regional, local, communal);

c) Analyse and compare existing schemes of payments for forest ecosystem services;

d) Develop and publish guidelines for practitioners on how to finance, pay for and institute markets for forest ecosystem services building on successful examples in member States; and that FAO consider expanding the SFM toolbox in this area;

e) Raise awareness of the value of FES, particularly among politicians, with the aim of creating the necessary enabling policy environment.

VIII. Forest ecosystem services

Documentation: ECE/TIM/2015/6; FO: EFC/15/6

53. This agenda item was discussed in the form of moderated panels.

(a) Disaster risk reduction and watershed management

54. The panel was moderated by Mr. Kaspar Schmidt, Helvetas Swiss Intercooperation and included: Ms. Catrin Promper, Forestry Department, FAO ; Mr. Siegfried Sauermoser, Service for Torrent and Avalanche Control, Austria; Mr. Artur Sandri, Federal Office for the Environment, Switzerland; and Mr. Normukhamad Sheraliyev, International Fund for Saving the Aral Sea, Uzbekistan.

55. Ms. Catrin Promper presented the role of forests in mitigating natural hazards such as droughts, salinization, rock fall, landslides, floods and land degradation. She mentioned challenges and limitations of forests in disaster risk mitigation, such as magnitude of the process, and the time and scale of hazard. She also demonstrated how integrated watershed management could reduce the impact of natural disasters and increase the resilience of landscapes to natural disasters.

56. Mr. Siegfried Sauermoser informed delegates that in Austria, where a large part of the country was covered by mountains, forests play a key role in natural hazards' mitigation. Forest protection platforms at the federal and regional level discuss measures needed for the protection of the forests. Mr. Sauermoser also recognized that mitigation of

natural hazards by forests can be in competition with their productive functions in certain Alpine areas.

57. Mr. Artur Sandri informed that around half of Swiss forests were protective forests and serve as natural protection against a variety of natural hazard processes. The Swiss "risk concept" consists of technical and biological preventive measures, which provide uniform and objective assessment and management of natural hazards. The methodology was developed in the project "PROTECT" of the National Platform for Natural Hazards (PLANAT).

58. Mr. Normukhamad Sheraliyev informed the delegates about the ecological situation and the project of environmental rehabilitation in the Aral Sea basin, which consists of afforestation and restoration of delta ecosystem. He presented the International Fund for Saving the Aral Sea (IFAS), established to consolidate the efforts of the countries of the region and the international community to mitigate the negative consequences of the Aral Sea disaster.

59. The moderator asked the panellists about the main challenges related to Disaster Risk Reduction (DRR) that were relevant for countries to consider.

60. Panellists highlighted the balance between protective functions and short-term benefits from forests, land use competition with other sectors including agriculture and up-stream and down-stream linkages. They also stressed the necessity to communicate, with all stakeholders involved, on the role of forest in DRR and highlighted the importance of innovative approaches and relying on natural processes, such as natural regeneration as much as possible.

61. In the open-floor discussion, delegates reflected on the points for consideration presented by the secretariat. Some countries underlined that the function of forests for protection needs to be evaluated and pursued based on existing good practice. The significant role of communication in protective measures and especially in forest protection measures was also highlighted.

62. The Committee and the Commission called for sharing experiences, close cooperation in disaster management, exchange of knowledge and capacity building among countries.

63. In relation to the above points, the Committee and the Commission reflected on the important role of the FAO Working Party on the Management of Mountain Watersheds and encouraged continuation of work in this direction including broader cross-sectoral collaboration.

(b) Biodiversity maintenance

64. The panel was moderated by Ms. Ivonne Higuero, Environment Division, ECE and it included: Mr. Reinhard Schnidrig Federal Office for the Environment, Switzerland, Ms. Annemarie Bastrup-Birk, European Environment Agency; Mr. John Hontelez, Forest Stewardship Council (FSC); Ms. Ivonne Higuero, ECE; Ms. Susan Braatz, Forestry Department, FAO.

65. Mr. Reinhard Schnidrig presented the Swiss approach to biodiversity maintenance and improvements at the national level. He highlighted the policy background and strategic steps undertaken by the Federal Office for the Environment in the area of biodiversity maintenance.

66. Ms. Annemarie Bastrup-Birk presented the work of the European Environment Agency on biodiversity, which covers data, indicators and assessments. She emphasized that this knowledgebase greatly contributes to the European Union's Biodiversity Strategy 2020 and the maintenance of biodiversity in Europe.

67. Mr. John Hontelez presented the FSC certification requirements, which included protection and enhancement of biodiversity, particularly in relation to forest products. He also informed that FSC was developing special certification on forest ecosystem services.

68. Ms. Ivonne Higuero presented the ECE Environmental Performance Reviews and how they evaluated government-related biodiversity policies in general and in particular with respect to the forest sector. The presentation highlighted four recently-completed Environmental Performance Reviews of Belarus, Croatia, Georgia and the Republic of Moldova, which included chapters on the review of biodiversity and forest policy in those countries.

69. Ms. Susan Braatz presented two of FAO's main activities related to biodiversity: the study on the State of the World's Forest Genetic Resources and the Global Plan of Action on Forest Genetic Resources as well as the Collaborative Partnership on Sustainable Wildlife Management.

70. The moderator asked the panellists to reflect on what concrete actions could be undertaken to achieve biodiversity-related Sustainable Development Goals and targets.

71. Panellists mentioned the need for mainstreaming biodiversity protection into managed forests and the review of existing monitoring system and indicators under new SDGs targets to avoid the additional reporting burden. They highlighted the need to integrate other relevant sectors into this effort and to enhance international cooperation in that area.

72. In the open floor discussion, delegates reflected on the points for consideration presented by the secretariat, emphasizing the importance of working together and exchanging experience on methods and on harmonizing monitoring and assessment indicators among organizations in the region: ECE, FAO, EEA and Forest Europe.

73. The Committee and the Commission stressed the need to consider biodiversity conservation in a broader context and in connection with the most recent research results in the area.

74. Member States noted that the issues discussed were critical and the points for consideration were highly relevant and recommended having a better representation of foresters in the biodiversity policy processes. Some delegates suggested using criteria and indicators developed by the Montreal Process as a reference, while others recognized the limitations of the data sources used for these purposes.

75. The Russian Federation expressed their willingness to share their experience in biodiversity conservation and recommended that biodiversity be integrated into the policies of other sectors.

(c) Climate change mitigation, substitution and adaptation and forest and landscape restoration

76. The panel was moderated by Mr. Keith Anderson, Federal Office for the Environment, Switzerland and included: Ms. Venera Surappaeva, State Agency of Environment and Forestry, Kyrgyzstan; Mr. Alexander Panfilov, Federal Forestry Agency, Russian Federation; Mr. Rolf Manser, Federal Office for the Environment, Switzerland; Ms. Liubov Poliakova, State Forest Resources Agency, Ukraine and Ms. Susan Braatz, Forestry Department, FAO.

77. Ms. Venera Surappaeva presented the approach of Kyrgyzstan to climate change and forest restoration. Climate change may have an impact on forest cover and the distribution of climate-sensitive species. Under a FAO Global Environment Facility (GEF) project, Kyrgyzstan had established a series of eight pilot sites for reforestation including a mix of planting and natural regeneration.

78. Mr. Alexander Panfilov informed delegates about the significant potential of the Russian boreal forests to sequester carbon. Mr. Panfilov highlighted the Russian initiative put forward at the UN Sustainable Development Summit, in September 2015 on the necessity to include the forest sector in the framework of the new climate agreement and to create a centre for planning, protection and rehabilitation of forests under the aegis of UNFF to achieve sustainable development and mitigate climate change. He highlighted the

importance of capacity building activities and support for regional work on the best methods of market formation for the forest ecosystem services. Mr. Panfilov noted the relevance of the joint ECE and FAO work and suggested there was a need to continue work in the area of forest ecosystem services, leading to strategic decisions in forest management.

79. Mr. Rolf Manser stated that forests and wood had an important role to play in climate change mitigation. This ecosystem service, as well as many other services provided by forests, was jeopardized without adaptation of forests to climate change. It was necessary, therefore, to develop strategies to support the adaptive capacities of forests and their ability to deliver needed ecosystem services.

80. Ms. Liubov Poliakova stated that the role of forests in climate change mitigation was fully recognized, as well as the fact that forests were affected by climate change. She presented information about the recent impacts of climate change on Ukrainian forests, described activities undertaken by the forest sector to improve forests' mitigation capacity and challenges connected with forests' adaptation to climate change.

81. Ms. Susan Braatz presented FAO activities in the areas of climate change and forest and landscape restoration. She highlighted UN-REDD climate change activities, product substitution, climate change guidelines for forest managers and work on forest vulnerability assessments in Mediterranean forests. She reported on two activities related to forest and landscape restoration: the Forest and Landscape Restoration Mechanism (FLRM) and the Global Guidelines for Restoration of Degraded Forests and Landscapes in Drylands.

82. The moderator asked the panellists what actions they and their institution have been taking to accelerate climate action in forests.

83. Panellists mentioned the emission reduction measures, the use of alternative energy sources and development of legal frameworks, including national action plans. At the same time, they stressed the need for capacity building, coordinated cross-sectoral actions, and building upon existing programmes and mechanisms.

84. The Committee and the Commission requested FAO and ECE, subject to their capacities and mandates, to include climate change mitigation and adaptation activities in their Integrated Programme of Work (IPoW). Suggested activities included: continued support to the exchange of information and lessons learned on efforts to integrate climate change into forest policy frameworks and management practices, and to increase forest resilience and adaptation; undertake, in collaboration with research institutions, an analysis of the potential for forest products and markets for climate change mitigation; development of standards for calculating and validating contributions from forest product-based mitigation.

85. Delegates underlined the importance of making use of existing national and regional forest monitoring systems, the methodological guidance provided by the International Panel on Climate Change (IPCC), and regional criteria and indicators for sustainable forest management for monitoring climate change impacts and responses in the forest sector to avoid duplication of reporting efforts. They noted the need to consider, as part of adaptation measures, efforts to increase the resilience and adaptation of forests, as well as the forest sector's contribution to resilience and adaption of forest-dependent communities. They also proposed that the twenty-third meeting of the FAO Committee on Forestry (COFO) in 2016 should take up the issue of adaptation of forests to climate change, taking into account all types of forests from boreal to tropical.

86. Delegates reiterated their request to ECE and FAO to continue their joint efforts to assist member States in implementing the Rovaniemi Action Plan for the Forest Sector in a Green Economy on a voluntary basis within their existing mandates, referring to elements related to climate change adaptation and mitigation.

87. The Committee and the Commission discussed and supported the points for consideration mentioned in the background document (ECE/TIM/2015/6; FO: EFC/15/6) on forest and landscape restoration.

IX. Joint ECE Committee on Forests and the Forest Industry and FAO European Forestry Commission matters

(a) Integrated Programme of Work 2014-2017

Documentation: ECE/TIM/2015/7; FO: EFC/2015/7

88. The secretariat presented the review of activities in 2015 and planned activities in for 2016 according to the reporting format agreed at Metsä2013.

89. Delegates reflected on the ongoing implementation of the Integrated Programme of Work and suggested possible priorities for activities foreseen in 2016. Member States supported the joint work in the area of forest products and markets, and wood energy as the unique platform for these types of activities in the region. They encouraged prioritization of this area of work and expressed their interest in having it discussed, together with other related topics such as green and bio economy, more broadly during the next COFFI and EFC sessions (Austria, Belgium, Canada, Finland, France, Germany, Norway, Russian Federation and Switzerland).

90. While Germany and Spain supported narrowing the scope of activities included in the Integrated Programme of Work and postulated for their further alignment with national priorities, other supported the inclusion of activities, which would reflect the latest global policy developments such as the adoption of SDGs and the outcomes of the UNFF11 (Poland, Russian Federation, Ukraine, Switzerland). Ukraine also mentioned that activities related to topics presented during the previous days of the session such as forest ecosystem services and climate change could be included.

91. Delegates supported the continuation of work on forest resources assessment and the forest reporting work done through the ECE/FAO Team of Specialists on Monitoring SFM. At the request of Belgium and Germany the secretariat provided an update on the pilot SEMAFOR project undertaken on the mandate of the Joint ECE/FAO Working Party on Forest Statistics, Economics and Management (JWPFSEM) and informed delegates that the results of the pilot project report would be presented at the next JWPFSEM session in March 2016. The Working Party will send recommendations to COFFI and EFC. Germany reflected that an update on the pilot project should be presented also at the next COFFI and EFC session.

92. Delegates (Finland, Poland, Russian Federation and United States) reflected on the way of reporting, as agreed at Metsä2013 and expressed the need for including in the record tangible outcomes of each area of activities. The Integrated Programme of Work will be reviewed at the next Joint COFFI and EFC Session. The reporting and the suggestions from Silva2015 about possible new activities would benefit the review of activities and would help to prioritise activities for the new Programme of Work (Finland, Poland).

93. Delegates supported the continuation of activities implementing the Rovaniemi Action Plan. While France and Spain stressed the voluntary character of the Plan and requested that this should be properly reflected in its name, Finland requested the retention of the original title, as adopted at Metsä2013. France requested updating of the English version of the background document ECE/TIM/2015/7; FO: EFC/2015/7 in line with the French translation. In point B (a) first bullet point the word “monitoring” should be replaced by “follow up” in line with French “suivi”. Some delegations proposed to retain the original English text.

94. The secretariat informed delegates about the planned study on the System of Environmental and Economic Accounts (SEEA) done by the UN Statistics Division, to make this system better known among the sector. The United Kingdom commented on the importance of the SEEA study and the forest sector participation in it.

95. Additionally, under this agenda item the secretariat informed delegates that at Metsä2013, the ECE/FAO Teams of Specialists (ToS) were established until the end of 2017. In line with ECE rules, the duration of their Terms of Reference (ToR) approved by

the ECE Executive Committee was two years (till end of 2015). The secretariat would submit a request to ECE Executive Committee to extend on its part the Terms of Reference in line with the Integrated Programme of Work until the end of 2017.

(b) Planning for the 2016 Strategic Review of the Integrated Programme of Work 2014-17

96. The secretariat informed delegates about the evaluation, to be undertaken by ECE, of the Integrated Programme of Work 2014-17 for the ECE Committee on Forests and the Forest Industry and the FAO European Forestry Commission, planned for the second quarter of 2016, in line with established UN rules and procedures for evaluations.

97. Delegates from Belgium, Germany and Finland asked for clarification of links between this evaluation and the Strategic Review of the Integrated Programme of Work activities planned jointly by ECE and FAO. The secretariat explained that the results of this evaluation carried out by an independent auditor, could be used in the Strategic Review of the activities of the existing IPoW beyond 2017 but would not replace it. Belgium requested clarification of the role of the joint Bureaux in the Strategic Review. The secretariat informed delegates that the Strategic Review would involve the participation of all stakeholders with an interest in the implementation of the Integrated Programme of Work and that more information would become available soon.

(c) Report of the thirty-seventh session of the Joint ECE/FAO Working Party on Forest Statistics, Economics and Management

Documentation: ECE/TIM/EFC/WP.2/2015/2

98. Mr. Johannes Hangler, Austria, in his capacity as chair of the Joint ECE/FAO Working Party on Forest Statistics, Economics and Management, presented the report of the thirty-seventh session of the Working Party, which took place from 18-20 March 2015 in Geneva.

99. The Committee and the Commission appreciated the work of the Joint Working Party and the Teams of Specialists reporting to it, as a valuable platform for exchange of technical expertise among countries.

(d) Rovaniemi Action Plan implementation

Documentation: ECE/TIM/2015/INF.3; FO: EFC/15/INF.3

100. The secretariat presented the Rovaniemi Action Plan for the Forest Sector in a Green Economy and the results of a recently-realized voluntary survey on its implementation.

101. Delegates from Finland and Switzerland supported the implementation of the Rovaniemi Action Plan and reflected on the actions and projects in line with its objectives. Austria stated that although many activities had been undertaken and reported, there was no evidence that the RAP had actually been used in Austria. The reported actions undertaken in Austria were implemented independent from the RAP. The Russian Federation reported on the implementation of the Rovaniemi Action Plan at the national level and noted the relevance of the Russian experience not only for the COFFI and EFC region but also for other regions. Sweden reported on a Circumboreal Cooperation, where RAP was used as reference.

102. France, supported by Germany stressed the voluntary nature of the Rovaniemi Action Plan. Reporting on its implementation should not represent an additional burden for countries as they also have national programmes implementing green economy.

103. FAO offered to create an online platform for the RAP on the ECE and FAO website that would allow exchange of information.

X. ECE Committee on Forests and the Forest Industry matters

(a) Matters arising from the sixty-sixth session of the United Nations Economic Commission for Europe

Documentation: ECE/TIM/2015/INF.4; FO: EFC/15/INF.4

104. Mr. Marco Keiner, Acting Director of Forest, Land and Housing Division of ECE, reported the outcomes of the sixty-sixth session of the United Nations Economic Commission for Europe. At the sixty-sixth session it was mentioned that ECE was ideally placed to continue to make a strong contribution to sustainable development by, among other activities, strengthening the sustainable management of ecosystem services. In addition, the UN Charter on Sustainable Housing, which had, among its aims, support for sustainability in the construction sector and the reduction of the carbon footprint of buildings, was endorsed. Mr. Keiner also reported on the high level statement on the post-2015 development agenda and expected sustainable development goals, which highlighted the role of ECE in cooperation with FAO for the sustainable management of forests in the region and the contribution of forests to a green economy.

(b) Matters arising from the seventy-second session of the Committee on Forests and the Forest Industry

Documentation: ECE/TIM/2014/2

105. The secretariat presented the results of the seventy-second session of COFFI held in Kazan, Russian Federation from 18-21 November, 2014 and its main topics of discussion, covering: the forest sector in s green economy, forest information, reporting, outlook, the role of forests in the post-2015 agenda, and rules of procedure for the Committee. The forest ownership study would be forthcoming and the next outlook study would be initiated in late 2016.

(c) Draft Programme of Work of the Forestry and Timber subprogramme for 2016-2017

Documentation: ECE/TIM/2015/8; FO: EFC/15/8

106. The secretariat gave an overview of the Programme of Work (PoW), which was a requirement for all ECE subprogrammes. The listed activities corresponded to the budget and included indicators of achievement. The secretariat invited delegates to review and adopt the PoW, mentioning that the PoW had allowed for parliamentary documents for only one session whereas there would be a need for documents for two Committee meetings and two Working Party meetings, so the number of documents needed to be doubled provided that the Committee/Commission agreed.

107. The Committee underlined the importance of this subprogramme to be understood as the contribution of ECE to the Integrated Programme of Work with FAO in the forest sector and in that respect stressed the need for the closest possible cooperation between ECE and FAO on the basis of their respective mandates and professional expertise.

108. Belgium, France, Germany and Norway were concerned about the broad range of issues now covered and suggested that there should be an early start to discussing priority setting for the future work programme.

109. In addition, delegates from Belgium, France and Germany provided comments on the document:

a) There was a question as to whether the Programme of Work (PoW) of the ECE Subprogramme on Forestry and Timber was additional to the ECE/FAO Integrated Programme of Work. The secretariat explained that the PoW of the ECE Subprogramme on Forestry and Timber was part of the Integrated Programme of Work, and thus did not duplicate it;

b) Some countries were concerned that the range of activities in the Integrated

Programme of Work needed more focus and sought assurance that no work would be done outside the mandate.

110. The Russian Federation stressed that timely translation of publications into Russian was specifically important, not only for the Russian Federation, but the whole of the Commonwealth of Independent States (CIS) (and others).

111. The Committee adopted the PoW with the following amendments:

a) Add Rovaniemi ahead of action plan in para 7;

b) Add UNEP and EFI to the list of organization (section III C (i) para 3) with which ECE should cooperate;

c) Update references to legislative mandates: namely, add to Annex III part A, section 1 the UNGA resolution 70/1 (of 25 September 2015) and into part B section 2 the ECOSOC resolution 2015/33 - International Arrangement on Forests beyond 2015 and delete the reference to ECOSOC resolution 2013/240;

d) Double the number of parliamentary documents under III A (ii).

(d) Strategic Framework 2018-2019

Documentation: ECE/TIM/2015/9/Rev.1; FO: EFC/15/9/Rev.1

112. Mr. Keiner gave an overview of the Strategic Framework 2018/2019 for the ECE subprogramme on Forestry and Timber. The Strategic Framework was a living document until approved. There was a clear focus on implementation of SDGs. Indicators of achievement covered outcomes and not the activities of the secretariat. The document showed the objective of the subprogramme, the expected accomplishments, and related indicators of achievement. The Strategic Framework had to be submitted in November 2015 to the Committee for Programme and Coordination, but it would not be approved before June 2016.

113. The Committee gave full support to the objective of the implementation strategy to also cooperate with other partners in the region, like EFI or Forest Europe.

114. While taking note of the presentation of the document by the secretariat, Belgium, France, Germany and Norway commented that the document overemphasized the role of the subprogramme in providing a platform for forest policy dialogue and requested that this focus should remain unchanged on providing a platform for exchange of information, national experiences and mutual learning. The Russian Federation supported the language in the document.

115. Delegates from Germany, Norway, Russian Federation, Switzerland and Ukraine provided further comments on the document.

a) There was a suggestion to change “post-2015” in paragraph 6 to “2030”;

b) Some countries found it difficult to find the various referenced documents and suggested that it would be helpful if the relevant text could be reproduced within the document;

c) Some countries stated that work on SDGs should only be undertaken jointly with FAO.

116. The Committee took note on the document and provided comments as above.

(e) Draft rules of procedure of the Committee on Forests and the Forest Industry

Documentation: ECE/TIM/2015/10; FO: EFC/15/10; ECE/TIM/2015/INF.5; FO: EFC/15/INF.5

117. The secretariat reviewed the document on rules of procedure, which were designed to further strengthen cooperation between COFFI and EFC. The secretariat presented modifications made after the seventy-second session of COFFI.

118. Delegates from Belgium, Finland, France, Norway, Russian Federation and Switzerland provided comments on the document.

a) There was a suggestion that the heading of section III should be reworded "representation and accreditation";

b) The phrase "back to back" should be replaced with "joint";

c) Several countries questioned the added-value of this document;

d) There was a concern about possible limitations about participation by NGOs, private sector, academia and other entities;

e) There was an objection to the word "consensus" and a recommendation that this should be replaced by a requirement that two-thirds of members should support changes;

f) There was a concern that Bureau members could be re-elected up to three times, thus remaining in office for up to eight years, whereas, according to the ECE Guidelines, Bureau members should only be eligible for re-election once;

g) Delegates recommended that a revised version of this document should be tabled for consideration at the joint COFFI and EFC session in Poland in 2017;

h) The rules of procedure of an organization cannot implicate obligations for another organization; reference to joint sessions with EFC should be deleted in para II.2 and II.4 and mention to FAO in para 15.

119. The Committee agreed that this item would be put on the agenda in the joint session in 2017, taking into account comments received during Silva2015.

(f) Election of officers

120. The following individuals were re-elected to hold office until the end of the seventy-fourth session: Mr. Christoph Dürr, Switzerland as chair; and, as vice-chairs: Mr. Heikki Granholm, Finland; Ms. Marta Gaworska, Poland; and Mr. Guy Robertson, United States.

(g) Date and place of the next session

121. The seventy-fourth session of the ECE Committee on Forests and the Forest Industry would be held tentatively in the week of 17-21 October 2016 in Geneva, Switzerland.

122. Canada suggested that there would be value in having a meeting in conjunction with the ECE Committee on Housing and Land Management (CHLM), possibly organizing a joint event. The Committee would invite the CHLM to consider the Canadian proposal. Mr. Keiner would raise this proposal with the chair of the Committee on Housing and Land Management.

123. The Committee confirmed its gratitude to Poland for the offer to host the next joint session of COFFI and EFC as well as the fourth European Forest Week, in Poland in 2017. The Committee agreed to hold the seventy-fifth session of COFFI, jointly with the thirty-ninth session of the FAO European Forestry Commission in 2017.

XI. FAO European Forestry Commission matters

(a) Follow-up to the decisions of the thirty-seventh session of the European Forestry Commission

124. The secretariat delivered a presentation based on document ECE/TIM/2015/11 - FO: EFC/2015/11, which reported the actions undertaken to respond to the requests made by the Commission during its last session, held in December 2013 in Rovaniemi, Finland. He recalled FAO`s work towards reinforcing the focus on the landscape approach, work on

the implementation of the voluntary guidelines on tenure, development of SFM toolbox, the State of the World's Forest Genetic Resources, and addressing the issue of forests and food security in a cross-sectoral manner. He invited delegations to give further guidance and address, in particular, the points for consideration contained in Annex I and Annex III of the secretariat document.

Forestry activities in FAO Regional Office for Europe and Central Asia

125. Ms. Kitti Horvath, FAO, presented activities in 2014-2015 in the Regional Office for Europe and Central Asia (REU) and in the Subregional Office for Central Asia (SEC). The activities of REU and SEC focussed on the following main technical areas: (i) Sustainable forest management, including policy, (ii) Sustainable utilization of wood energy, (iii) Forest health issues, (iv) Support to strengthening the policy, legal and institutional framework for implementation of sustainable management of forest and tree resources, (v) Support to forest and tree resources assessment and monitoring and data collection, and (vi) Strengthening environmental roles of forests and trees. Several of the projects were funded by FAO and external sources (mainly GEF and contributions from governments). Information about the projects had been made available on the FAO website.

126. Delegates welcomed the report and stressed the importance of the work. Some delegations, including Ukraine, expressed their interest and willingness to continue the project work with FAO on forestry issues in the future.

127. The representative of the Russian Federation thanked FAO for supporting GEF project development which focussed on sustainable forest management in particular in the boreal zone in the Russian Federation. Recalling decisions of the Metsä2013and the twenty-second session of COFO, he requested FAO to consider also other formats for promoting boreal forest issues within FAO, including interdisciplinary work on boreal forests and a specialized working group comprising interested countries.

128. The Commission recommended that FAO continue to support the development and dissemination of the SFM Toolbox and the implementation of the Global Plan of Action for the Conservation, Sustainable Use and Development of Forest Genetic Resources and noted the need to expand the thematic coverage to include the issues of climate change adaptation and forest and landscape restoration.

(b) Gender, youth and education

129. Ms. Eva Müller presented the agenda item highlighting the particular challenges arising from gender inequality; an ageing workforce; youth lacking voice in forest decision making; education lagging behind the evolving roles of foresters; and urbanization resulting in an erosion of knowledge and appreciation of forests. She outlined a number of actions that could be undertaken to address these issues.

130. The Commission noted the importance and timeliness of addressing these issues and acknowledged the need for effective measures for turning the challenges into opportunities. Delegates recognized the need for collaboration with other entities of the UN system and with relevant programmes in these fields. While noting the benefit of involving the ECE/FAO Team of Specialists on Green Jobs in Forest Sector, (ILO/ECE/FAO Joint Expert Network), delegates invited FAO to work on supporting education in forest issues for the public at large, taking into account possibilities for synergy with ECE in the regional context".

131. The Commission invited countries to mainstream gender and youth into their forest policies and ensure and monitor their implementation; increase the participation of women and youth representatives at forestry events; identify major challenges facing the future of forest education and explore innovative approaches to tackle these challenges and attract more students to the field of forestry; and provide adequate resources to FAO to strengthen gender and youth mainstreaming in forestry. International competitions in forestry, such as

the "International Junior Forest Contest" and the "Youth in European Forests" were mentioned as tools to attract youth participation.

132. The Commission recommended that FAO should: support countries by strengthening capacity and providing technical support for gender and youth mainstreaming in forest policies and their implementation; support the economic empowerment of women in the forestry value chain, where appropriate, through enterprise development; work with the Advisory Panel on Forest Knowledge to provide guidance for modernizing forestry related education.

(c) Contributions to FAO Governance

Documentation: ECE/TIM/2015/13; FO: EFC/15/13

133. Mr. Goran Stavrik, FAO, informed delegations about the role of the regional conferences in FAO's governance mechanism and the potential for regional technical commissions to contribute to it. He also explained the indicative timetable for the decision-taking process.

134. Mr. Peter Csoka, FAO, presented a revised template for providing coordinated input to the COFO agenda, the Regional Conference and for the FAO Programme of Work in Forestry, highlighting the changes recommended by the COFO Steering Committee on the basis of the experience gained since the introduction of the system.

135. Mr. Rob Busink, EFC chair, presented the proposal of the Executive Committee for the recommendation for the agendas of the Regional Conference and COFO.

136. Delegates noted the importance of providing input to FAO governance and, while acknowledging the benefits of the coordination system, noted the need to allow enough time to consider the items, reflecting their importance. For future sessions, the Commission requested that the Executive Committee seek ways to allow an early start to the consideration of such recommendations in a transparent manner and urged the secretariat to make available full documentation on this agenda item, well in advance of the session.

137. The Commission decided to recommend that the Regional Conference for Europe receive the report of the Commission starting from this session henceforth as an independent agenda item. The Commission also agreed to invite the Regional Conference to recognize the importance of collaboration on forest issues (Annex II a).

138. The Russian Federation delivered a statement on suggested priorities for the FAO forestry programme and recommended that these be taken into account when shaping FAO regional priorities in forestry and the agendas of COFO and the Regional Conference for Europe. The priorities mentioned by the Russian Federation included work on boreal forests; forest-related targets of Sustainable Development Goals; forest fire prevention and control; the role of forests in enhancing nutrition; and multilingual forest terminology glossaries.

139. The Commission also considered the draft recommendation for the COFO agenda. Sweden highlighted the importance of FAO in continuing to address gender issues in their actions as it was considered a crosscutting issue. It was noted that FAO in the next COFO would present a progress report which would allow consideration of possible further action related to gender and forestry. The Commission was informed that agenda items arising from past decisions of COFO or other governing bodies, such as, inter alia, the work on boreal forests and the follow up on the outcome of Second International Conference on Nutrition (ICN2), would be automatically included in the agenda. While noting the need to keep the agenda focused and streamlined, the Commission agreed on recommending the items contained in Annex II b.

140. Regarding the recommendations for the FAO programme priorities in forestry, the Commission requested that the secretariat compile the recommendations made by the Commission during Silva2015 and establish linkages between these recommendations and the Strategic Objectives of FAO and attach the compilation to this report as Annex II c. The

Commission decided not to set priorities at that stage, due to insufficient time for thorough consideration. The secretariat was requested to compile the recommendations from the report for the FAO programme priorities in forestry and link them with FAO Strategic Objectives.

(d) Progress of Silva Mediterranea and the Working Party on the Management of Mountain Watersheds

Documentation: ECE/TIM/2015/14; FO: EFC/15/14

141. Ms. Catrin Promper presented the progress of the EFC Working Party on the Management of Mountain Watersheds. The new Governance and Strategy had been developed based on the requirements from the session in Rovaniemi in 2013 for a clear work plan and better defined outputs. Two Working Groups had been established: i) Working Group on Forest and Water and ii) Working Group on Hazard and Disaster Risk Management in Mountain Areas. The working Groups had developed work plans and first activities had been implemented. The Working Party strengthened the contact with EFC by the new communication structure i) homepage and ii) newsletter and by contacting EFC members for designating or confirming focal points.

142. The Commission appreciated the report and welcomed diverse work activities of the Working Party. While informing about several national activities, delegates noted with appreciation the results of the enhanced reporting to the Commission and keeping members informed of progress.

143. The Commission stressed the need for strengthening further the commitment to the Working Party, including through the designating a focal point to serve on the Working Party; and for providing continued guidance for and expressed support and commitment to the work of the Working Party.

144. The Commission noted that the theme of the International Day of Forest in 2016 would be on forests and water, noting the relevance and timeliness of the activities of the Working Party.

145. Mr. Nicolas Picard, FAO, reported on the work of the Committee on Mediterranean Forestry Questions, Silva Mediterranea, including the IV Mediterranean Forest Week, activities in follow-up to the Tlemcen Declaration from III Mediterranean Forest Week 2013, the two extraordinary sessions of Silva Mediterranea that had been held since the previous session of the EFC, the evaluation of Silva Mediterranea, the work and evaluation of the Collaborative Partnership on Mediterranean Forests, and the activities of the Working Groups of the Committee.

146. The Commission took note of the report and the achievements of Silva Mediterranea with appreciation and welcomed the active work and significant progress of the Committee. Delegates noted the importance of the activities of Silva Mediterranea, going beyond the boundaries of the region and linking various Regional Forestry Commissions.

147. In relation to the discussion, some delegations reiterated that more time should be given to discussion of the EFC items during future joint COFFI and EFC sessions.

(e) Election of officers

148. In accordance with its rules of procedure and established practice, the Commission, by acclamation, elected: Mr. Kenan Kilic, Turkey as chair; re-elected Mr. Rob Busink, the Netherlands and Ms. Christine Farcy, Belgium as vice-chairs; and elected Ms. Liubov Poliakova, Ukraine; as vice-chair, to hold office till the end of the thirty-ninth session of the Commission.

149. The chair, Mr. Busink, thanked the outgoing vice-chair, Mr. Andrey Filipchuk, who had been chair of EFC from April 2011 to October 2013, and a member of the Executive Committee since May 2008. Mr Busink paid tribute to Mr. Filipchuk’s excellent work over

the years and thanked him for his wise counsel and his friendly and approachable manner. He presented Mr. Filipchuk with a certificate of appreciation for his considerable service.

150. The Commission warmly thanked, Mr. Rob Busink, outgoing chair, for his excellent services as chairperson of Commission and as vice-chair of COFO Steering Committee.

(f) Date and place of the next session

151. Poland reiterated its offer, made at the last COFFI session in Kazan in 2014, to host the next joint COFFI and EFC session and the European Forest Week in Poland in 2017. It was agreed by acclamation that the next session of the European Forestry Commission be held jointly with the session of the ECE Committee on Forests and the Forest Industry in 2017 in Poland.

152. The need for improved structure and time management of the joint sessions was noted and the bureaux were invited to give considerations to innovative solutions, including allocating different days for discussing Commission, Committee and joint items.

153. The secretariat noted that according to the established practices, FAO would be the leading partner in organising the next joint session.

XII. Any other business

154. None.

XIII. Adoption of the report

155. The Committee and the Commission adopted the present report in session.

156. The chair thanked delegates for their input to the report. The joint secretariat informed the participants that the final edited report would be issued in the coming days.

157. The meeting also expressed its sincere appreciation to the Government of Switzerland the Federal Office for the Environment, the Canton of Obwalden, the Municipality of Engelberg and people of Engelberg for their warm hospitality and excellent organization of the meeting.

158. The joint session was closed on Friday 6 November 2015 at 1:22 am.

Annex I

Forest products market statement

I. Overview of forest products markets in 2014-2015

1. The general condition of forest products markets in the UNECE region continued to improve in North America and Europe in 2014, which is substantiated by the overall positive economic developments, upward trends in housing and construction, and increasing consumption of roundwood (raw materials) and wood products.

2. The CIS experienced mixed results, with growth in industrial roundwood and pulp and paper consumption in 2014, while sawnwood and panels consumption contracted, each by more than 4%. Production, however, was up for all the major product categories of the CIS, with exports increasing, supported by a much weakened Russian ruble.

3. Currency fluctuations are impacting forest products trade across the UNECE region. A strong US dollar against a weakened Russian ruble, Canadian dollar, Brazilian real and euro has and will continue to influence trade flows.

4. Structural changes in the pulp and paper sector are likely to have wide-reaching ramifications. People are changing the way that they correspond, read media and books, and pay bills, which is having profound effects. Consumption of paper and paperboard has fallen by about 10% in North America and 5% in Europe between 2010-2014 r years, with a structural change between printing and writing paper, and paperboard.

5. For 2015, the Committee on Forests and the Forest Industry (COFFI) forecasts that the consumption of forest products in the UNECE region is expected to decline at an annual rate of 0.2%. 2016 is expected to show a growth of 0.8% on a roundwood equivalent basis, with the strongest growth in wood pellets. The subregional breakdown is as follows: the CIS is the only subregion with growth in both years (1.4% in 2015 and 2.1% in 2016), Europe is flat in 2015 and increase 1.1% in 2016 and North America decline of 0.6% in 2015 and growth of 0.3% in 2016.

Economic developments with implications for the forest sector

6. In the UNECE region, there are also sharp variations in current growth rates and economic prospects across its members. The decline in oil prices has supported the global recovery but also contributed to the growth divergence. For a number of energy-exporting economies in the Commonwealth of Independent States (CIS), notably the Russian Federation, weaker oil prices represented a significant shock.

7. In the European Union (EU), countries outside the eurozone have experienced rapid growth. This is a pattern that is expected to continue in 2015-2016. The improvement of economic performance in the new EU member States in Central Europe has been driven by the new dynamism in the euro area, stronger domestic demand and the use of EU structural funds.

8. In south and eastern Europe, structural factors continued to hold back the recovery. Falling oil prices were the main factor affecting economic performance in the Russian Federation but Western economic restrictions increased financing costs. Diminished economic prospects in the largest economy in the CIS had a negative impact on other countries in this subregion through the trade, investment and remittances channels. In Ukraine, the conflict in the east and contractionary policies are severely depressing economic activity. As a result of these negative influences, output in the CIS is expected to contract in 2015 and stage only a limited recovery in 2016.

9. Employment growth has accelerated in advanced economies, in particular in the US.

However, unemployment remains elevated in many countries, in particular in the eurozone, where unemployment is expected to remain high, which will limit income growth.

10. Construction spending in the US bottomed out in 2011 and has continued to climb since then, but it remains well below pre-crisis levels. In the European Union, the decline of the construction sector was deeper and more protracted but in 2014, the sector initiated a recovery, making a positive contribution to employment growth for the first time since the financial crisis. Housing prices have been growing well above inflation in many countries in the region.

11. A weaker euro to US dollar exchange rate has contributed to the improved outlook for the eurozone. Currencies in the CIS weakened sharply in late 2014 and early 2015, as a result of lower energy prices and capital outflows.

12. Overall, investment in advanced countries has gained little traction, despite accelerating growth and a supportive financial backdrop. This depresses current demand but also undermines long-term growth prospects.

13. Economic prospects in the ECE region are mixed. Activity is expected to accelerate further in the advanced countries but significant fragilities remain from the legacies of the global financial crisis. In the CIS, geopolitical tensions are having a dampening effect on activity, despite some limited recovery in commodity prices.

Policy and regulatory developments affecting the forest products sector

14. The use of wood and the management of the forest resource from which it is derived have influence across policies, markets and economies. The EU Forest Strategy, which was adopted on 20 September 2013, responds to the challenges facing the forest sector and key policy developments in the EU. The EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan has been in force since 2003. As of November 2015, six exporting countries had voluntary partnership agreements (VPAs). The EU Timber Regulation (EUTR) came into effect on 3 March, 2013. A recent assessment concluded that its implementation remains challenging and inconsistent across EU member states. Some countries reported that initial checks of proof of legality had revealed that, in 1 out of 3 cases, operators did not have an adequate due care system in place. In other countries, reported illegal logging has dropped significantly: for example, in Estonia, where there had been 800 cases in 2002 there were only 8 in 2014.

15. The Transatlantic Trade and Investment Partnership (TTIP) trade agreement between the EU and the US is still under negotiation. Negotiations began in July 2013 and are expected to continue through 2015. A separate agreement between the EU and Canada was concluded in September 2014.

16. Fiscal policy can also affect wood use. In Sweden a tax deduction (ROT) on labour and materials for home improvement has stimulated the domestic demand for sawn wood.

17. The upcoming climate discussions at COP-21 in Paris will have a potentially significant impact on the forest products sector, in particular the extent to which carbon will be credited to harvested wood products, both for storage and for avoided emissions by substituting wood for more carbon-intensive materials.

18. A number of countries in eastern and western Europe are considering limitations of log exports. Such bans would primarily affect countries with high import dependency from Belarus and Ukraine. Latvia, Lithuania and Poland, in their national market statements, indicated this was a possible issue for their wood processing industries. In other countries (for example in Slovakia) forests are being withheld from production until their ownership under restitution laws has been settled.

19. The world's total certified forest area as of May 2015 was about 439 million hectares, which is 10.9% of the total global forest area. The growth of certified forest area

is slowing and it may be time for diversification and new approaches to certification, including opportunities to address regulatory needs for monitoring and providing accountability benefits. The issue of double-certification of forests by PEFC and FSC seems to be larger than has previously been reported. Poland, for example, reported 6.9 million ha certified under both schemes. Chain-of-custody certificates increased by 4.7% in 2014-2015 to reach a total of 39,609.

Institutional forestland ownership

20. Worldwide, financial investors hold close to 24 million hectares of timberland, at an estimated value of close to $100 billion. This group of forest owners represents a growing share of the world's industrial timber supply. Financial investors have changed the way in which the forest industry operates; many forest companies in the US no longer control their raw material sources, and the same is happening in other regions.

21. The institutional ownership of forestland is still limited in Europe, where state ownership and small-scale private ownership (family forestry) are the dominant ownership types.

22. There are four basic types of financial investment in forestry:

(a) Timberland investment management organizations (TIMOs) – companies that acquire and manage forests on behalf of institutional investors;

(b) Real estate investment trusts (REITs) – companies in the US that pass at least 90% of their income to investors, and which earn at least 75% of their income from the sale of raw material;

(c) Direct investment by institutional investors – which can take several forms;

(d) "Retail" investment companies – which offer individual investors the opportunity to invest in forests at a very small scale.

23. Forests have several characteristics that distinguish them from other asset classes, and analyses of return drivers for forestry investments show that 65% - 75% of returns are derived from biological growth. A second distinguishing factor affecting returns on forest investments is variation in timber prices, typically ranging between 25% and 30% of the total return. Finally, changes in forest land prices contribute 2% - 5% of overall investment returns. It is logical to argue, therefore, that forests grow and produce returns even if economic and market circumstances are challenging, as they have been in the last few years.

24. The impacts of timberland investment on forest products markets vary by region and the type of forests. In general, financial investors in North America adjust their harvest levels in response to market demand. A high level of timberland ownership among financial investors reduces the tendency of some integrated companies to continue harvesting and processing timber, even in weak markets, and the misallocation of logs (e.g. sawlogs being processed in integrated company pulpmills) is mostly avoided.

II: Summary of regional and subregional markets for key forest products

Wood raw materials

25. Of the total roundwood removals in the UNECE, approximately 16% of logs were used for fuel. The 201 million m^3 of fuelwood were consumed predominantly in Europe, which accounted for almost 60% of the total fuel consumption in the UNECE. Although the data for roundwood volumes removed from forests for fuel are highly unreliable, it is clear that a fairly large share of forest removals is used for energy purposes.

26. Total consumption of roundwood in the UNECE continued its upward trend to reach

1.26 billion m^3 in 2014. This was an increase of 1.1% from 2013, and was more than 5% higher than in 2010. The biggest relative increase was in the CIS subregion.

27. The usage of roundwood in the CIS subregion reached 182 million m^3, which was almost 20% higher than in 2010.

28. In Europe, total log consumption, including industrial roundwood and fuelwood, was up 2.4% in 2014 from 2013, with hardwood log usage by the forest industry increasing the most.

29. Log consumption in North America increased least among the three UNECE subregions, rising by only 0.7% between 2013 and 2014. The major reasons for the limited growth in North America as compared to the other two subregions included a decline in log usage by the pulp industry in the US and practically no change in the demand for sawlogs by the sawnwood sector in Canada from 2013 to 2014.

30. Global trade of softwood roundwood in 2014 remained practically unchanged from 2013 at approximately 84 million m^3, according to estimates by Wood Resources International. Trade slowed towards the end of 2014 and log shipments in the first five months of 2015 have continued to be slow. The biggest falls in imports in 2015 were seen in China and Japan, where import volumes during the first five months fell 23% and 30%, respectively compared to the same period in 2014.

31. The UNECE region is a major net exporter of logs with Asia being the major destination for wood raw-material. In 2014, net exports of softwood logs to destinations outside the region reached 28 million m^3, while hardwood log net exports were close to two million m^3. The major trade flows of logs all involve shipments of softwood logs to China with New Zealand, Russia, the US and Canada being the largest supplying countries in ranking order. This is affecting many countries in the region – in France, for example, log exports to China have risen from 30,000 m^3 in 2000 to 600,000 m^3 in 2014.

32. Domestic demand in some cases continues to be strong: for example, a rise of 4% is expected in Finnish pulpwood in 2016 to supply new pulp mills. Afforestation in Ireland has increased the forested area by one-third in the past 25 years while in the UK softwood removals have increased by 31% since 2007.

33. COFFI forecasts that removals of industrial roundwood are expected to increase in the UNECE region at an annual rate of 0.4% in 2015 and 0.8% in 2016. The subregional breakdown is as follows: Europe showing a decline of 0.2% in 2015 and a rise of 1.1% in 2016; CIS is expected to increase 1.8% in 2015 and then 1.9% in 2016; and North America to increase 0.2% in 2015 and fall 0.2% in 2016.

Sawn softwood

34. As was the case in 2013, 2014 continued on a slow and unsettled trend of improving economic outcomes for sawmills. Recovery was ongoing in North America and the first increase in consumption in four years occurred in Europe. The CIS countries suffered a setback in 2014 as economic conditions and depreciating currencies negatively impacted sawn softwood demand. Sawn softwood consumption in 2014 increases by 4.6% in North America and 2.5% in Europe while the CIS countries recorded a decline of 3.7%. Though volatility in currency exchange rates impacted countries differently, all regions posted gains in production: North America (3.5%); Europe (3.0%); and the CIS (0.9%).

35. The European market reported an apparent consumption in 2014 of 86.4 million m^3 (increasing by 2.2 million m^3 since 2013) while results were mixed depending on the country. The Nordic countries, and particularly Sweden, contributed more than half of the net European apparent consumption increase (1.2 million m^3). Strong domestic and export markets allowed European production to grow by 3% in 2014 reaching 100.9 million m^3 - the highest recorded level since 2011. Prices in euros increased for European sawn softwood in some overseas markets, whereas prices dropped in Japan and remained stable

in Europe. Middle East and North African markets experienced some price appreciation.

36. Sawn softwood consumption in the CIS region decreased by 3.7%t (to 17.6 million m^3) over 2013, while gains in production were 0.9% as compared to the previous year totalling 36.1 million m^3 in 2014. The dramatic devaluation of the rouble in early 2015 made exports of sawn softwood from Russia extremely attractive. Although the rate of growth has slowed, China remained the largest export market for sawn softwood from Russia. In 2014, Russian sawn softwood shipments to China were 8.4 million m^3 - an increase of 11% compared with 2013. Aided by a weakening ruble, Russian producers enjoyed a weighted average price increase of 24% (in rubles per m^3) during 2014 compared with 2013.

37. The slow and steady improvement of new residential housing starts and repair and remodelling activity continued in North America. North American sawn softwood consumption increased by 4.6% in 2014. US consumption rose to 72 million m^3 (a gain of 6.4%) while Canada's apparent consumption decreased for the second straight year to 14.4 million m^3 (a decline of 3.6%). US sawn softwood production grew by 5.4% in 2014 reaching 53.8 million m^3 with 2015 consumption forecast to gain 6% while Canadian production gained 1.1% n 2014 to 41.9 million m^3. Production gains outpaced growth in demand in domestic and export markets and prices suffered on most products. Currency swings favoured Canadian producers, although there is some uncertainty regarding the Softwood Lumber Agreement which expired in October 2015. Canadian-based companies have also invested heavily in the US southeast and now own 30% of production capacity in construction-grade sawn softwood there.

38. COFFI forecasts that production of sawn softwood will increase in the UNECE region at an annual rate of 1.0% in 2015 and 1.6% in 2016. The subregional breakdown is as follows: Europe with a gain of 0.6% in 2015 and 1.5% in 2016; CIS is expected to increase 1.9% in 2015 and another 0.8% in 2016; and North America will gain 1.1% in 2015 and 2.0% in 2016.

39. After difficult market conditions in 2015, the market is expected to improve in 2016.

Sawn hardwood

40. Total apparent consumption of sawn hardwood in the UNECE region increased to 34.4 million m^3 in 2014, a 3.3% rise compared with 2013. This was the second consecutive year of increase, a sign that the upward trend may be sustainable.

41. Sawn hardwood production in the UNECE region increased by 5.8% in 2014, to 39.1 million m^3. Production had increased in the CIS and North America in 2013 and declined in Europe, but it increased in all three subregions in 2014.

42. The downturn in sawn hardwood imports in the UNECE region in 2012 and 2013 ended in 2014 when imports increased by 7.7%, to 6.7 million m^3. The UNECE region exported 11.4 million m^3 of sawn hardwood in 2014, up by 15.2% over 2013, with exports increasing in all three subregions.

43. China continued to dominate the global sawn hardwood trade in 2014. Its sawn hardwood imports increased by 32% in 2014, to $4.2 billion, and its share of total global trade value increased from 33% to 39%. The continued rise in Chinese consumption was the major factor driving sawn hardwood supply shortages and price increases in 2014, especially in the first half of that year. There were signs of a slowdown in the growth of demand in China towards the end of 2014, and these signs were also evident in the first quarter of 2015.

44. European oak prices rose in 2014. In addition to strong overall demand, this was driven by price hikes for competing American white oak assortments. French sawn oak prices climbed by 1% - 13%, depending on specification, in the first seven months of 2014 Prices for European sawn beech also increased in 2014 after stagnating for most of 2013.

45. The pallet industry is a significant user of hardwoods. Even countries with a minimal forest products sector benefit from pallet mills to assist local industry. Spain has seen improvements in capacity in this area.

46. Hardwood is a significant underused resource in the European forest with engineering values that far exceed softwood (up to 400% more strength). There is increasing interest in using hardwood for load-bearing construction. For example, for this end use in Switzerland the Omega House in Biel has used beech timbers and in Germany LVL for flooring and construction purposes is now being produced from beech.

47. Prices for kiln-dried US hardwood increased sharply between October 2013 and June 2014, triggered by strong demand, particularly in Asia and domestically and intensifying due to weather-related shortages in the 2013-2014 winter.

48. COFFI forecasts that production of sawn hardwood will decline in the UNECE region at an annual rate of 1.0% in 2015 and then rise slightly by 0.4% in 2016. The subregional breakdown is as follows: Europe is expected to gain 1.4% in both 2015 and 2016; CIS increases 3.1% in 2015 and stays flat in 2016; and North America with a decline of 3.2% in 2015 and a further decline of 0.3% in 2016.

Wood-based panels

49. 2014 saw continued growth in North America, driven largely by the US, while economic growth in Europe and the CIS region remained stagnant. Consumption of wood-based panels exhibited moderately strong growth in both North America (5.0%) and Europe (4.7%) although it declined by 4.4% within the CIS region. Plywood consumption increased by just 1.2% across the region although it grew by an impressive 3.9% in the Europe subregion. Particleboard consumption grew by just 2.1% across the region and was up by 8.5% within North America and down by 8.3% within the CIS region. In the case of OSB, consumption growth was strong across all three subregions, growing by 7.6%. Finally, fibreboard consumption, with strong growth in North America (4.2%) and in Europe (6.6%), declined within the CIS region (1.0%).

50. Wood-based panel production in the UNECE region increased by 3.5% in 2014. While production volumes increased across all panel types, both plywood and particleboard experienced small increases (1.0% and 1.8%, respectively). In contrast, both OSB and MDF exhibited strong growth in production (5.4% and 3.4%, respectively). Looking ahead to 2015, plywood, particleboard and MDF are projected to display minimal growth in production volumes, ranging between 0.5% and 2.3%. In contrast, the rapidly emerging OSB industry in the Russia Federation is expected to propel strong growth in OSB production within the UNECE region in 2015, although OSB production in the other subregions is also projected to display healthy growth.

51. Both the US and the CIS region reported panel trade deficits in 2014, while Europe showed a slight trade surplus (although this was down substantially from 2013). In the case of North America, the trade deficit in wood-based panels increased by 62% whereas the trade deficit in the CIS region actually narrowed by 39%.

52. COFFI forecasts that production of wood-based panels will increase in the UNECE region at an annual rate of 1.2% in 2015 and by 1.4% in 2016. The subregional breakdown is as follows: Europe is flat in 2015 and will grow 0.8% in 2016; CIS should increase at 2.6% in 2015 and 4.2% in 2016; and North America is forecast to grow 2.0% in 2015 and 2.9% in 2016.

Paper, paperboard and woodpulp

53. The pulp, paper and paperboard market was once again in flux, as large concentrations of graphic paper capacity continued to be rationalized in Europe and North America – a development that has persisted for well over a decade now. South American expansions of chemical market pulp capacity continued to affect UNECE producers, with tonnage easily absorbed by first the tissue and packaging segments, and second by

consumers wanting to reduce their use of higher-cost softwood kraft grades. Southeast Asia remained the favoured target market, despite a marked slowdown in the level of investment in new paper and paperboard installations to serve rapidly growing economies. The ramifications of these and other changes are being felt on a global basis.

54. Despite significant capacity closures across several graphic paper grades throughout Europe, Japan and North America in 2014, excess production capacity remains when measured against falling or static demand and, as a result, prices have deteriorated. Apparent consumption in Europe rose in 2014, aided by stronger economic activity, but fell in North America due to ongoing negative impacts of the growth in electronic media, which affected graphic papers. Graphic paper and chemical wood pulp output fell across Europe and North America. In the CIS, both production and apparent consumption increased due to ongoing investment in capacity.

55. While global demand for pulp and paperboard grew in 2014, graphic paper consumption fell. Electronic communication continued to play a major role in the evolution of the pulp and paper segments, while paperboard actually benefitted from increased online shopping.

56. In the pulp sector, expansions of bleached hardwood kraft capacity in South America continued to be by far the most important factor influencing the market in 2014 and 2015. In the paper sector, the current trend continues to be to convert production to paperboard and packaging grades.

57. Prices in the pulp sector corrected in general in 2014, while hardwood kraft grades rebounded on a significant price advantage over higher-priced softwood-based pulps; by mid-2015, pulp prices appeared to have stagnated on poor pricing of end-use products downstream – in particular graphic grades – and unfavourable currency plays against the rising US dollar; however, weaker currencies have provided export opportunities and improved margins for pulp and paper producers.

58. COFFI forecasts that production of pulp is expected to decline in the UNECE region at an annual rate of 0.8% in 2015 and then stay flat in 2016. The subregional breakdown is as follows: Europe is flat in 2015 and is expected to gain 1.5% in 2016; CIS is expected to increase 1.5% in 2015 and then decline -0.8% in 2016; and North America is forecast to decline at 1.7% in 2015 and a further 1.0% in 2016.

59. COFFI forecasts that production of paper and board will decline in the UNECE region at an annual rate of 1.0% in 2015 and increase 0.2% in 2016. The subregional breakdown is as follows: Europe is declining 0.7% in 2015 and expected to gain 0.7% in 2016; CIS is forecast to gain 0.8% in 2015 and stay flat in 2016; and North America would decline 1.5% in 2015 and gain 0.3% in 2016.

Wood energy

60. Wood energy markets are developing strongly. Wood remains the single most important source of renewable energy in the UNECE region though wood's share in renewable energy is falling as wind and solar energy develop.

61. Data from the Joint Wood Energy Enquiry (UNECE/FAO, 2015) show that the forest-based industry is the largest consumer of wood energy (43.9%), followed by the residential (35.8%) and power-and-heat (17.3%) sectors. Wood for energy (by volume of wood used) in 2013 was derived mainly from wood-processing co-products (57.8%) and direct (36.4%) sources, including trees in and outside forests.

62. The wood-pellet manufacturing sector is the most dynamic and underwent important organizational restructuring in 2014, including downstream expansion into retail and distribution. Exports are increasing rapidly for a number of countries in the region – Latvia for example increased exports by 22% in 2014 and is forecast to export 1.6 million tonnes by 2016. Latvia is now the third leading exporter in the UNECE region after Canada and

the United States. The JWEE 2013 indicates that per capita wood-pellet consumption in the UNECE region increased significantly between 2011 and 2013, from 25.9kg to 38.8kg. Pellet market expansion is supported by standardization and the International Organization for Standardization issued standards for solid biofuels directly relevant to wood energy under ISO 17225. Expected growth in wood-pellet demand, which some estimate will reach about 50 million tonnes by 2024, is driving investment in new manufacturing capacity.

63. Public policy plays an important role in the current use and future expansion (or contraction) of wood energy markets as issues including legality assurance of fibres, minimum combustion efficiency and maximum levels of particulate matter or net greenhouse-gas emissions are incorporated into regulatory frameworks at national and regional levels.

64. For the first time, COFFI has collected forecast data for wood pellets. The COFFI forecasts that production of wood pellets will increase in the UNECE region at an annual rate of 2.7% in 2015 and 4.9% in 2016. The subregional breakdown is as follows: Europe is forecast to increase by 6.3% in 2015 and a further 4.9% in 2016; CIS is expected to increase 0.4% in 2015 and 10.5% in 2016; and North America is estimated to decline 2.5% in 2015 and then to rise by 3.7% in 2016.

Value-added wood products

65. The value of global furniture production was estimated at $480 billion in 2014, an increase of almost 10% over 2013. The global economic recovery led by the US is fuelling construction demand, which, in turn, is the major driver of increased furniture consumption. Furniture manufacturing is increasingly taking place inside the UNECE region as the benefits of producing furniture in lower-cost countries decline. For example, in the Czech Republic, furniture production rose by 8% in 2014 with Slovenia seeing similar increases.

66. Builders' joinery and carpentry (BJC) markets are recovering swiftly in Germany and the US, but other markets in Europe are flat. German imports grew by 9.5% in 2014, and the US market experienced a third consecutive year of solid growth. BJC markets are typically local, and manufacturing abroad is not as profitable as it is for wooden furniture. Nevertheless, about one-third of UK and US imports originate from Asia.

67. Profiled-wood markets continue to recover in the US. Import growth increased by 58% from 2010 to 2014, concentrated in a few producer countries with comparative advantages. Profiled-wood markets in Europe, which are more local, continued to stagnate in 2014.

68. Global wood laminate flooring production increased from 925 million m^2 in 2013 to 940 million m^2 in 2014. The largest producers were China, which accounted for 27% of production in 2014, and Germany, which accounted for 25%. Turkey's production is growing in importance, accounting for 10% of global production in 2014, replacing the US as the world's third-largest producer.

69. The consumption of engineered wood products (I-beams, finger-jointed sawnwood, glue-laminated beams, laminated veneer lumber and cross-laminated timber) in North America has recovered modestly, following the trends in housing construction of housing and other buildings) since the bottoming of building construction activity. Unfortunately data for most engineered wood products were not available for Europe this year, but information on cross laminated timber (CLT) was available.

70. About 90% of CLT production worldwide is located in Europe, with a total production volume of 560 thousand m^3 in 2014, forecast to increase to about 630 thousand m^3 by the end of 2015. The global distribution of CLT production is likely to change, however, with new planned capacity in, for example, Japan and North America. National CLT production volume is not necessarily proportional to national consumption – the central European timber industry is strongly export-oriented, supplying other parts of

Europe as well as overseas markets. CLT has become an important material in urban multi-storey residential and public buildings.

71. Worldwide, the use of CLT as a building product is expected to grow at rates in the double digits. Within the next decade, CLT could become as important as glue-laminated timber, and CLT is likely to permit the construction of taller wooden buildings. The current record holder is "The Tree" in Bergen Norway at 15 floors. In Austria a building permit was granted for a 25-floor high-rise timber building, which will start construction in spring 2016. In August 2015, the province of Quebec in Canada became the first jurisdiction in North America to officially allow the construction of tall mass timber buildings up to 13 floors. There is some concern that the race to build ever-higher buildings is moving too fast and the focus of wooden construction should be on 4-6 floor buildings in order to gain efficiency, develop standards and avoid a competition for ever taller buildings until the time is right.

Housing

72. The housing construction sectors in North America and Europe are improving, but have yet to fully recover from the global financial crisis of 2008. The Russian housing sector is improving steadily, with record units put in place in 2014. All the subregions' construction sectors are affected by tepid or declining aggregate economies.

73. The Euroconstruct area housing is still hindered by sluggish economies. All subsectors of housing construction are forecast to remain steady through 2017. In order, Germany, France, Italy, United Kingdom and Spain are projected to have the largest combined new construction and remodelling markets (value basis) through 2017.

74. In North America, the United States housing market has yet to fully recover; primarily a result of a tepid economy. Multi-family housing continues to exceed average permit and start levels for the past 20-years; single-family housing starts are about 60% of their historical average. New housing sales have improved but remain at some of the lowest levels recorded since the early 1980's. Total residential construction spending has improved: single-family has increased the most since 2013, and remodelling and multi-family construction appear to have levelled off. The United States forecast is for incremental improvement through 2016. Canada's housing market has remained steady and projections are for a gradual improvement in starts and sales through 2016.

75. Housing completions in the Russian Federation reached record levels in 2014, with a total of 1,080,300 new residences completed, a year-on-year increase of 20.3%. Residential floor area put in place increased 18.6% more than in 2013. The number of residences put in place and their total floor space were both the highest in Russian history. Additionally, residences put in place from January to May 2015 were nearly 25% greater than in the same period in 2014. The share of wood as a building material for housing in Russia is forecast to increase significantly.

76. Many analysts see opportunities for the forest products manufacturers to control more of their value chain rather than just supply raw materials. An example of this is the growing trade in prefabricated wooden housing where Estonia is showing 13% annual growth in exports and Latvia saw 20% growth in exports in the first half of 2015. Prefabrication of housing components in industrial sites is another way to increase efficiency in a sector which has traditionally lagged behind in productivity gains.

Annex II

European Forestry Commission recommendations

a) EFC recommendations for the attention of the ERC

Priority issues for the RC to consider	*Expected outcome (information/discussion /decision)*	*Possible follow up activities for FAO*
Report on the 38th session of the EFC	Information/Discussion	Based on endorsement by the ERC FAO to incorporate regional priorities in PWB *(N.B. parallel track to COFO*)

b) EFC recommendations for the attention of COFO (issues to be considered for inclusion in the Agenda)

Priority issues for COFO to consider	*Expected outcome (information/discussion/decision)*	*Possible follow up activities for COFO and FAO*	*Reference to other RFC recommendation*
Forests' contribution to the SDGs	Discussion/decision	Guidance for members and FAO	
Strengthening contribution to the IAF	Discussion/decision	Guidance for COFO and FAO for enhanced collaboration and contribution	
Forest and climate change after UNFCCC COP21	Discussion/decision	Guidance for COFO and FAO for follow up action	
Forest fires	Discussion/decision	Guidance for FAO to enhance its work on forest fires	
Forest information	Discussion/decision	Guidance for FAO on shaping its programme related to forest information collection, analysis and dissemination, including, *inter alia*, FRA, and C&I	
Youth and Education	Discussion/decision	Guidance for members and FAO to mainstream youth into forest policies and strengthen forest education	
Consideration of initiating the revision of the Forestry Strategy	Discussion/decision	Guidance for FAO to strengthen the contribution of forests and forestry to sustainable development	

c) EFC recommendations for the FAO Programme of Work in Forestry

Area/ action for FAO programme of work	*Priority (H, M, L, De-emphasis*	*Type (new, continued,*	*Level of action (sub-regional/ regional./global)*	*Strategic Objective (1-5)*
Global and regional context: ECE and FAO, within their existing mandates, to				
1. collaborate to support country implementation of the SDGs and the 2030 Agenda for Sustainable Development as they relate to forests, in cooperation with CPF members;		New	regional	SO 1-5
2. work jointly on developing global forest-related indicators, building on existing indicators, related to Sustainable Development Goals and efficient ways of measuring them, in the framework of the Inter-agency Expert Group on Sustainable Development Goal Indicators, and further requested FAO and ECE to continue their inputs to this group;		New	Global, regional	SO 1-5
3. continue jointly to provide support to countries, through providing tools and technical assistance to integrate issues related to climate change mitigation and adaptation into their forest and related sectors; and to assist in strengthening national forest monitoring systems for climate change mitigation;		Continued	Regional	SO2
4. continue jointly, through the Integrated Programme of Work, to regularly update member States and other stakeholders on the forest-related global and regional policy developments, building also on the possible input from the ToS on Forest Policy, to contribute to the SDG implementation and review process;		Continued	Regional	SO1-6
5. continue efforts to streamline reporting, inter alia through the Collaborative Forest Resources Questionnaire (CFRQ), in the next global reporting cycle;		Continued	Regional	SO2
Forest Ecosystem Services and Financing Sustainable Forest Management: FAO and ECE, within their existing mandates to:				
6. compile studies and information and disseminate them in an easily-accessible format;		Continue	Global, regional	SO2, 4
7. give due attention to the differences arising from the different levels of actions (global, regional, local, communal);		New	All	SO2, 4
8. analyse and compare existing schemes of payments for forest ecosystem services;		New	Global, regional	SO2, 4
9. develop and publish guidelines for practitioners on how to finance, pay for and institute markets for forest ecosystem services building on successful examples in member States; and that FAO consider expanding the SFM toolbox in this area;		New	Global	SO2, 4
10. raise awareness of the value of FES, particularly among politicians, with the aim of creating the necessary enabling policy environment.		New	Global, regional	SO2, 4

Area/ action for FAO programme of work	*Priority (H, M, L, De-emphasis*	*Type (new, continued,*	*Level of action (sub-regional/ regional./global)*	*Strategic Objective (1-5)*
Disaster risk reduction and watershed management				
11. The Working Party on the Management of Mountain Watersheds to work in its current direction including broader cross-sectoral collaboration.		Continued	Regional	SO2, 5
Climate change mitigation, substitution and adaptation and forest and landscape restoration: The FAO and ECE, subject to their capacities and mandates, to				
12. include climate change mitigation and adaptation activities in their Integrated Programme of Work;		Continued	Global	SO2
13. undertake, in collaboration with research institutions, an analysis of the potential for forest products and markets for climate change mitigation; development of standards for calculating and validating contributions from forest product-based mitigation.		Continued	Global	SO2, SO4
14. They also proposed that the 23rd meeting of the FAO Committee on Forestry (COFO) in 2016 should take up the issue of adaptation of forests to climate change, taking into account all types of forests from boreal to tropical.		New	Global	SO2, SO6
Forest and Landscape Restoration				
15. support country efforts to plan and implement activities related to the restoration of forests and other degraded lands, in particular through activities of the FRL Mechanism;		Continued	Global, regional	SO2
16. seek further cooperation with partners to promote the restoration of degraded lands, in particular through direct involvement in global partnerships and initiatives, including the GPFLR, International Model Forest Network, and the Landscapes for People, Food and Nature initiative, as well as with the members of the Collaborative Partnership on Forests;		Continued	Global, regional	SO2
17. engage in more cross-cutting and inter-departmental work, in particular through the relevant Major Areas of Work and/or Regional Initiatives defined under the FAO Strategic Framework, to support landscape approaches to achieve greater food security, poverty alleviation, climate change adaptation and mitigation, as well as the conservation and sustainable use of natural resources;		Continued	Global, regional	SO2
18. pursue active engagement with multilateral, bilateral and private sector resource partners, including the GEF, Green Climate Fund and multilateral and regional development banks, to enable FAO to increase its support to member countries for capacity development in inter-sectoral planning, institutional development and application of landscape approaches on the ground.		Continued	Global, regional	SO2
Rovaniemi Action Plan implementation				
19. ECE and FAO to continue their joint efforts to assist member States in implementing the		Continued	Regional	SO2

Area/ action for FAO programme of work	*Priority (H, M, L, De-emphasis*	*Type (new, continued,*	*Level of action (sub-regional/ regional./global)*	*Strategic Objective (1-5)*
Rovaniemi Action Plan of the Forest Sector in a Green Economy on a voluntary basis within their existing mandates, referring to elements related to climate change adaptation and mitigation.				
Follow-up to the decisions of the thirty-seventh session of the European Forestry Commission				
20. FAO to continue to support the development and dissemination of the SFM Toolbox and the implementation of the Global Plan of Action for the Conservation, Sustainable Use and Development of Forest Genetic Resources		Continued	Regional	SO2
Gender, youth and education				
21. FAO to work on supporting education in forest issues for the public at large, taking into account possibilities for synergy with UNECE in the regional context"		Continued	Global, regional	SO2
22. FAO to support countries by strengthening capacity and providing technical support for gender and youth mainstreaming in forest policies and their implementation;		Continued	Global, regional	SO3
23. FAO to support the economic empowerment of women in the forestry value chain, where appropriate, through enterprise development;		Continued	Global, regional	SO3
24. FAO to work with the Advisory Panel on Forest Knowledge to provide guidance for modernizing forestry related education.		New	Global, regional	SO2