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Committee on Forests and the Forest Industry

Seventy-sixth session

Vancouver, 5-8 November 2018

Report of the seventy-sixth session of the Economic Commission for Europe Committee on Forests and the Forest Industry

I. Introduction

1. At the invitation of the Government of Canada, the seventy-sixth session of the ECE Committee on Forests and the Forest Industry (COFFI) was held in Vancouver, Canada, from 5 to 8 November 2018. More than 270 participants from the ECE region registered to participate in the session.

II. Attendance

2. Delegations from the following twenty-nine member States registered: Albania, Armenia, Austria, Bosnia and Herzegovina, Canada, Croatia, Czech Republic, Estonia, Finland, Georgia, Germany, Ireland, Kazakhstan, Kyrgyzstan, Montenegro, Netherlands, Norway, Poland, Portugal, Russian Federation, Slovakia, Slovenia, Sweden, Switzerland, Tajikistan, Turkey, Ukraine, United States of America, and Uzbekistan.

3. Representatives of the United Nations Forum on Forests (UNFF) and the Food and Agriculture Organization (FAO) participated in the session.

4. The following intergovernmental organization participated: European Forest Institute.

5. The following non-governmental organizations registered for the meeting: European Organization of the Sawmill Industry, Forest Stewardship Council, Union of Timber Manufacturers and Exporters of Russia, Ecoforum of Uzbekistan, Biodiversity Conservation Corridors Cambodia Project (BCC), International Forestry Students' Association, Disaster Reduction Nepal (DRN), Association for Farmers Rights Defense, AFRD, Planta Panta Tree International (PPTI), Agricultural University of Georgia, V.Gulisashvili Forest Institute, L.E.P.L "Foresters Association", Sustainable Forestry Initiative, Canadian Wood Council, Smena Trading Co., Ltd Non-Governmental Organization Dalexportles, Aachen University, Passive House Canada, FORZA, Agency for Sustainable Development of the Carpathian Region, Magnesium Oxide Cement Association, Canadian Wood Council / Wood

WORKS! BC, Québec Forest Industry Council, Chamber of Forest Engineers of Turkey, Design Build Research (Timber Online Education), Forest Products Association of Canada, Canadian Council on Invasive Species, Quebec Wood Export Bureau, and Québec Arbres.

6. The following “other organizations” also registered: University of Helsinki, University of British Columbia, Wood Impex LTD, Hoag Associates - Architecture, Planning & Transforming, Consultant, Ukrainian Research Institute of Forestry and Forest Melioration, Zhytomyr State Technological University, University of Padova, Oregon State University, University of Missouri, Institute of Forest, Agricultural University of Tirane, Catalyst Paper Corporation, Thompson Rivers University, University of Michigan, University of Calgary, Northeast Forestry University, ETIFOR Srl, PwC, University of Eastern Finland, University of Georgia, Gruppo Mauro Saviola, West Fraser, FPInnovations, University of Belgrade, Metric Modular, WSP Canada, University of Washington, EcoCentury Technologies Inc., Campbell Global, LLC, Timbatec Holzbauingenieure Schweiz AG, University of Idaho, Perkins+Will Architects, AKT Sustainability strategies, BC Event Management, Cement Association of Canada, Council of Forest Industries, The University of Maryland, FEA Canada / WOOD MARKETS, Fujian Agriculture and Forestry University, Intelligent City + LWPAC, Passive House Institute, Beijing Forestry University, BillerudKorsnäs, Forestry Innovation Investment, Lenzing, Québec Forest Industry Council, Formline Architecture, University of Northern British Columbia, Brantwood consulting, atelierjones, Urban One Builders, Team V Architecture, BC Housing, Universidad Catolica de Chile, and Canfor.

III. Opening of the meeting

7. Ms. Marta Gaworska (Poland), Committee Chair, invited Ms. Maureen Whelan, Manager International Affairs, Natural Resources Canada, to co-chair the meeting. The Committee supported her request by acclamation.

8. Ms. Maureen Whelan, co-chair of the session, opened the session and welcomed delegates. She thanked the sponsors for their financial and in-kind contributions, as well as all partners who were involved in the organization of the event. She introduced the speakers of the opening session: Chief Bob Baker, Cultural Advisor and Performer, with the Eagle Song Dancers; Mr. Amarjeet Sohi, Minister of Natural Resources Canada; Ms. Beth MacNeil, Assistant Deputy Minister of Natural Resources Canada; Ms. Sonya Zeitler Fletcher, Vice President of Market Development at Forestry Innovation Investment; Mr. Sean Pander, Green Building Program Manager, City of Vancouver; Ms. Olga Algayerova, Executive Secretary of ECE; and Mr. Samuel Adeyanju, graduate student in the Master of Science in Forestry programme of the University of British Columbia.

9. Chief Bob Baker, with his performance group the Eagle Song Dancers, presented a “talking stick” to the co-chairs of the meeting and performed a Squamish First Nations ceremonial demonstration to give blessings to the meeting.

10. Mr. Amarjeet Sohi delivered his opening remarks via video and expressed Canada’s commitment to promoting wood products.

11. Ms. Beth MacNeil stressed the importance of forest products and practices as Canada takes action on climate change.

12. On behalf of the Province of British Columbia, Ms. Sonya Zeitler Fletcher noted that 95% of British Columbian forests are owned by the public, and that these forests are managed for the long term. She stressed that British Columbia is a leader in sustainable forest management, using the latest technology across the sector.

13. Mr. Sean Pander, Green Building Program Manager, City of Vancouver, stressed the importance of forests for the way of life of First Nations, referring to the site of the conference as land of the Squamish First Nations. He also referred to Vancouver's Green City Programme, which recognizes the value of timber construction for reducing emissions of greenhouse gases.

14. Ms. Olga Algayerova, Executive Secretary of ECE, delivered her opening remarks via video. She expressed her support for the Vancouver Invitation on Forest Products for a Better Future, stating that forests, and the forest products sector, have an essential role to play in the future of our planet.

15. Mr. Samuel Adeyanju spoke on behalf of the International Forestry Students Association. He acknowledged the efforts of COFFI organizers in bringing youth to the table, stressing that young people are effective agents of change.

IV. Adoption of the agenda (Agenda Item 1)

Documentation: ECE/TIM/2018/1

16. Ms. Marta Gaworska, co-chair of the session, welcomed the participants and introduced the provisional agenda.

17. The agenda was adopted, as contained in document ECE/TIM/2018/1, with the addition of agenda item 4(e) "Twenty-fourth Conference of the Parties of the UN Framework Convention on Climate Change (COP24 Katowice 2018)".

V. Building the future with forests (Agenda Item 2)

(a) Key note presentation

18. Ms. Susan Jones, founder and principal architect of *atelierjones*, stressed the importance of using the latest wood construction technology in the fight against climate change. She further noted the aesthetic and comfort qualities of using wood in architecture. Her presentation slides, as well as all other slides presented during the session, are available on the website of the ECE/FAO Forestry and Timber Section: <http://www.unece.org/forests/coffi2018>.

(b) Vancouver Invitation on Sustainable Forest Products for a Better Future

Documentation: ECE/TIM/2018/3

19. Ms. Maureen Whelan announced that the Vancouver Invitation was developed in partnership with Canada and the COFFI Bureau, and contains the main elements of a message on sustainable forest products for the consideration of the Committee. The Vancouver Invitation is a statement of intent, meant to gain supporters after its approval at the session, to create a larger community of like-minded stakeholders in support of sustainable forest products as a key element of a green economy and to achieve relevant SDGs.

20. The Committee expressed its appreciation to the Canadian Government and the Bureaux for taking the initiative of drafting the Vancouver Invitation.

21. The Committee approved the "Vancouver Invitation on Sustainable Forest Products for a Better Future", as contained in Annex I.

(c) **Panel discussion on the use of wood in construction: Technical and policy developments**

22. Mr. Harald Aalde, Senior Advisor at the Ministry of Agriculture and Food, Norway, introduced the speakers and moderated the panel discussion. The following experts took part in the discussions:

23. Mr. Peter Moonen, National Sustainability Manger, Canadian Wood Council, informed the meeting delegates about the Canadian Wood Council and Wood WORKS! and stressed the importance of streamlining “wood education” across different sectors.

24. Mr. Iain Macdonald, Associate Director of the TallWood Design Institute, presented on the role of research and education in overcoming barriers to growth.

25. Prof. José Torero, Director of the Center for Disaster Resilience at the Clark School of Engineering, University of Maryland, stressed that the wood construction industry needs to confront safety in a responsible manner.

26. Mr. Alfred Waugh, architect and founder of Formline Architecture, noted that timber has a long history in indigenous architecture. He stressed the value of incorporating indigenous knowledge of wood construction and design into modern architecture projects.

27. Ms. Helen Goodland, Managing Principal of Brantwood Consulting, spoke about the state of public policies on wood construction in North America and Europe.

28. Dr. Guido Wimmers, Associate Professor and Chair of the Master of Engineering Programme in Integrated Wood Design, University of Northern British Columbia, presented the challenges and opportunities for the wood construction industry in North America.

29. Ms. Chunny Varaich, graduate student in the Master of International Forestry programme at the University of British Columbia, delivered a statement on the importance of responsibly and sustainably producing and consuming wood products to support the future of the planet’s forests.

30. The key conclusions and recommendations from the session’s discussions are summarized below:

(a) Dissemination of knowledge on the characteristics of wood, including its climate friendliness, should be enhanced as a matter of priority.

(b) Education on the use of wood in construction should be streamlined across different sectors – e.g. architects’ and engineers’ curricula often do not contemplate wood construction. In this regard, the industry should work to enhance relevant educational and professional curricula, promote collaboration, knowledge sharing and communication.

(c) Sectors traditionally not related to construction (e.g. finance; insurance) need to be made aware of the advantages of using wood in building in order to appreciate the value as well as the characteristics of the material.

(d) Barriers to growth of wood construction are diverse, amongst them cost uncertainties and lack of familiarity amongst building experts, as well as design-related challenges. Research and documentation can help overcome these barriers and identify practical solutions and technologies to increase the use of wood in construction. Science should lead the advancement of wood construction and support its marketing.

(e) Research also needs to be aligned with and responsive to industry needs. Industry may need assistance in investing in research and development and participating in research projects. Currently, there are few research projects providing feedback loops from industry to the lab.

(f) A focus should be placed on performance-based rather than prescriptive measures: the ultimate goal is not the use of wood per se but the advancement of sustainable building. Wood will play a key role, given its performance vis-a-vis climate friendliness, versatility and reduced waste.

(g) Industry-level performance indicators are necessary to assess current practice, identify gaps and opportunities in technical skills, education, policy support, research and development, etc.

(h) Policy makers need to encourage collaboration in the sectors, collect data to support the use of key performance indicators, support research and development to drive the early adoption of sustainable practices and reduce administrative burdens. Governments can encourage collaboration and improved project performance by modernizing their procurement processes and by prioritizing “best value” as opposed to “lowest bid”.

(i) Wood has a recognized role in the modernization of the sector, given its performance and versatility, in particular its suitability for pre-fabrication.

(j) The wood construction industry needs to confront safety in a responsible manner by respecting the need to establish true performance and not focusing on premature changes of building codes. This requires, among others, an investment in professional education and awareness-raising activities.

(k) The wood industry sector is currently underrepresented in the international standards development process. As a result, the contribution of building with wood within the green economy is not realized to its full potential.

(d) Panel discussion on the private sector’s perspective

31. Mr. Peter Moonen, National Sustainability Manger for the Canadian Wood Council, introduced the speakers and moderated the panel discussion. The following experts took part in the discussions:

32. Ms. Laura Plant, impact economist at PwC, presented on natural capital accounting in the forest product sector and how companies can take better decisions by identifying the true economic value of corporate activities and their impact on the environment. PwC and the World Business Council for Sustainable Development have developed a forest product sector guide as a tool to measure this impact.

33. Mr. Andrew Bowerbank, National Vice President, Sustainability & Energy at WSP, presented examples of exploring innovations, market trends, and collaborative leadership across the design and construction sectors. He stressed that the increased use of wood in construction will depend on companies proofing the value of wood construction and giving confidence to the client with respect to risks.

34. Mr. Stefan Zöllig, CEO of Timbatec AG, presented strategies for wider use of timber in urban buildings covering technical, educational and marketing aspects including innovative approaches and the importance of building codes. He noted that fire tests on wood assemblies can increase confidence in the safety of wooden buildings.

35. Mr. Craig Mitchell, Director, Innovative Solutions of Metric Modular, presented on current developments in pre-fabrication in the construction industry. He mentioned barriers to a higher use of pre-fabrication which include resistance to innovation and green solutions, and higher perceived levels of risk.

36. Ms. Karla Fraser, Senior Project Manager at Urban One, presented challenges and opportunities of mass timber construction, including virtual construction techniques, managing expectations, benefits of mass timber and social responsibility. She stressed that

virtual construction is particularly advantageous for wood constructions and will be the norm within a few years' time.

37. Mr. Oliver Lang, founding principal of LWPAC and CEO of Intelligent City, presented a transformative approach of constructing multi-storey buildings with high liveability and a low carbon impact. He explained how wooden buildings can be carbon neutral, over a structural lifespan of 100 years, if combined with renewable energy sources in the operational phase.

38. The key conclusions and recommendations from the session's discussions are summarized below:

(a) The global construction sector has shown little productivity gains over the last 70 years compared to other sectors: acceptance of innovations and new technologies will be key factors in increasing productivity in the future.

(b) The looming shortage of skilled labour in the construction sector may be addressed by new technologies and increased training of designers, trades and entry level workers.

(c) Using wood products offers a tremendous opportunity to reduce the carbon footprint of buildings.

(d) The use of wood and pre-fabricated building elements can play a key role in addressing speed of construction, affordability of housing and building performance in the context of rapid urban densification.

(e) A leadership culture that encourages and invites innovation is key to address future societal expectations.

(f) Collaboration between the different actors in the construction process, such as designers, architects, construction companies etc. as well as governments, is crucial for adopting new technologies in wood construction, promoting their use and therefore addressing future housing needs in a sustainable way.

(e) Panel discussion on the role of forest management

39. Mr. Hosny El Lakany, Adjunct Professor at the Department of Forest Resources Management and Director of International Programs, Faculty of Forestry, UBC, introduced the speakers and moderated the panel discussion. The following experts took part in the discussions:

40. Mr. Guy Robertson, National Sustainability Program Leader, the U.S. Forest Service's Research and Development Office, set the scene for the panel discussion with a key note speech on the role of forests and forest management in achieving the Sustainable Development Goals.

41. Mr. Alessandro Leonardi, Managing Director and co-founder of ETIFOR | Valuing Nature, presented the mutual interrelation between forests and water, using examples from the ECE/FAO publication "Forests and Water-Valuation and Payments for Forest Ecosystem Services".

42. Mr. Francisco Aguilar, Associate Professor of Forest Economics and lead author of the ECE/FAO publication on Wood Energy, showed how wood energy can contribute to resilient and secure energy systems while reducing carbon emission and protecting soil, preventing water quality deterioration and enhancing wildlife habitat in contribution to SDG 7.

43. Ms. Matilda Van Den Bosch, Assistant Professor at UBC, provided an overview of current and expected threats to human health and well-being in urban areas.

44. Mr. Werner Kurz, Senior Research Scientist at the Canadian Forest Service, presented the results of the recent IPCC report, including climate change scenarios, reduction goals and potential measures to reduce atmospheric carbon.
45. Ms. Zuzana Sarvašová, Senior Researcher at the department of Forest Policy, Economics and Forest Management, National Forest Centre in Slovakia, presented the forest ownership situation in Europe using preliminary results from the study “The State of Forest Ownership in the ECE Region” (in press).
46. Mr. Andrzej Konieczny, Director General of Poland State Forests, illustrated practical implications of sustainable forest management from a public ownership perspective focusing on the Polish State Forests Holding.
47. Mr. Adam Polinko, PhD candidate in the Forest Resources Management department at UBC and representative of the Youth, stated that instead of focussing on a specific forest management target, policy decisions related to forest management should strive to balance goals and minimize the risk of negative outcomes for future generations.
48. The key conclusions and recommendations from the session are summarized below:
- (a) Forest management and planning will increasingly need to consider water-related issues, such as water purification, surface flow regulation and erosion control. Forest and water legislative frameworks need to be mutually supportive towards forest-water related ecosystem service.
 - (b) Wood energy is the most important source of renewable energy in the ECE region. In many places, notably in rural areas in countries in economic transition, wood is the only affordable source of energy for heating and cooking.
 - (c) Wood energy contributes directly to local economies often supporting more jobs than other energy sources.
 - (d) Despite its importance, wood energy is sometimes used inefficiently, resulting in air pollution. Better and more efficient utilization of forest product for energy purposes is necessary.
 - (e) SFM implementation needs to better involve actors beyond the forest sector (e.g. urban planners, health community, the energy sector, etc.).
 - (f) Improving the health of the urban population is increasingly important. The urban heat island effect is a cause of concern, with trees being a cost-effective countermeasure.
 - (g) The impacts of climate change on forests can lead to forests becoming a carbon sources (e.g. fires, insect attacks, drought). Forest management to maximize carbon sequestration is a priority; both to protect forests and mitigate climate change.

VI. Forest economics and markets (Agenda Item 3)

(a) Panel discussion on markets “Market Discussions”

Documentation: ECE/TIM/2018/4

49. The market discussions were opened by Ms. Maureen Whelan, co-chair of the meeting. The secretariat introduced the topic, explaining that background information had been circulated to participants, including the Forest Product Annual Market Review 2017-2018. Mr. Chris Gaston, Associate Professor at the Department of Wood Science at the University of British Columbia moderated the session. The interaction between ECE producer regions and the offshore markets in Asia was highlighted by all speakers.

50. Mr. Russ Taylor, Managing Director at Forest Economics Advisors, presented on “North America Market Trends and fit with China” as they relate to sawn softwood markets.

51. Mr. Bruce Glass, Senior Forest Economist for Campbell Global, LLC, complemented the first presentation and briefed the Committee on “A TIMO Perspective of West Coast and Sothern US Softwood Sawlog Markets”.

52. Mr. Vladimir Dmitriev, Head of Science and International Cooperation Department, Federal Forestry Agency of Russia, presented the “Current Market Trends in the Russian Federation: Highlighting the Far East Region”.

53. Mr. Magnus Niklasson, Wood Markets Analyst, Swedish Forest Industries Federation (Skogsindustrierna) presented “European Market Trends with a Focus on Cross-Laminated Timber (CLT) and Export Markets for European Forest Products”.

54. Mr. Paul Newman, responsible for Canada Wood’s Asian programs briefed the Committee on “Drivers for Future Growth of Wood Construction in Northeast Asia” focussing on the policy and regulatory developments that are enabling increased wood construction in that region.

55. Mr. Bob Smith, General Manager of Specialty Products and Offshore Sales at Canfor in Vancouver presented on “New Forest Product Markets & Applications – A North American Perspective”, covering the perspective of future market developments for forest products in North America as well as export opportunities abroad (namely in Asia).

56. Some of the key findings of the discussion for the period 2017-2018 included:

(a) ECE region sawn softwood (and pulp) producers have had a significant period of increased demand and higher prices (in some cases, record prices). However there has been a sharp dip in North American prices that is likely to be short lived as there are strong indications that demand will tighten, increasing prices again.

(b) The southeast of the US has become a major region of growth in the sawn softwood sector, the result of an oversupply of pine sawlogs given the current capacity of existing sawlogs in that area. However, this area is seeing many investments in existing mills and greenfield projects, so supply of raw materials and sawmill capacity is expected to align better in the future.

(c) European sawn softwood producers have had a long period of growing markets and have become adept at reorienting export markets, when demand in one region wanes, to supply an emerging market, such as Asia.

(d) Russian sawn softwood production has been increasing, led by growth in exports, with China leading as an export destination. This has occurred simultaneous with a reduction in log exports, which was the intent of policy measures (namely export tariffs)

implemented by the Russian Government. There has been significant growth of Chinese investment within the Russian Federation to produce sawnwood for export to China.

(e) The current trade disputes between the US and China and the US and Canada regarding wood products is adding volatility to current markets and future marketing plans for producers and consumers on both sides of the Pacific Ocean, with exports of wood products from the US to China currently dropping.

(f) The forecast for forest products markets is for increased demand, the result of a pent-up demand for housing in the US and significant growth potential in Asia. While the growth potential of China is widely recognized, and Japan and Korea are seen to be reliable destinations, the potential for India is seen as being a highly important future market.

(g) The importance of construction was acknowledged as a driving force in demand for wood products, and within the construction sector, there is a growing consensus that off-site production of housing (modular, prefabricated and mass timber components) will become much more important. This will be driven not only by the growth of CLT panels for the construction of tall wood buildings, but also by constraints in the availability of workers for traditional (onsite) fabrication of buildings. In addition, green building initiatives in the ECE region and in the Pacific-rim of Asia will continue to seek low carbon solutions for building, which bodes well for wood products.

57. 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 is attached to this report (Annex II).

(b) Panel discussion on forests and the circular economy

58. Ms. Kathy Abusow, President and CEO of the Sustainable Forestry Initiative, introduced the speakers and moderated the panel discussion. The following experts took part in the discussions:

59. Mr. Pekka Leskinen, Head of Bioeconomy, European Forest Institute, presented concepts of green economy, the circular economy and bioeconomy and informed participants on how these concepts impact the forest sector. He further discussed the green economy's role in mitigation of climate change and its contribution to the Sustainable Development Goals.

60. Mr. Paolo Scommegna, Manager Wood Supply, Gruppo Mauro Saviola, presented the company's integrated business model, based on the use of the recycled wood, which encompasses the whole production chain: from collection of used wood through its transformation into value-added products based on ecological design.

61. Mr. Robert van de Kerkof, Chief Commercial Officer, Lenzing AG, informed participants about Lenzing's activities in the international textile industry, a company producing innovative, wood-based textile fibres, a highly attractive alternative for the clothing industry.

62. Mr. Lars Sandberg, Project Manager, Innovation, BillerudKorsnäs, informed participants about the company's business model, based on the production of innovative and functional wood-based packaging with high reprocessing potential. He highlighted that the circular economy is not only about recycling and noted that innovation in the forest sector has gained momentum in the transition to a circular economy.

63. Ms. Rosa Corbet, student at the University of British Columbia, delivered a statement on the importance of shifting mentalities towards circular business models and job opportunities resulting from it.

64. The key conclusions and recommendations from the session's discussions are summarized below:

- (a) The circular economy is a tool to achieve the Sustainable Development Goals.
- (b) Sustainable forest management is key to support a green, circular and bio-economy in the forest sector.
- (c) While the forest sector provides products with highly rated environmental performance and durability, sustainable life-cycles need to consider all functions of forests, in order to avoid unnecessary pressures on ecosystems.
- (d) The circular, bio-based economy's principles of integrating technological innovation (including eco-design), recycling and eco-efficiency should become a widely-adopted new business practice in the forest sector.
- (e) Innovative products and processes are providing opportunities for forest industries and new career paths in the sector. The use of recycled, wood-based materials is not only an environmental requirement, but it is also an economically viable solution. The circular economy should not be seen as a constraint, but as an opportunity.
- (f) The producer is responsible for the entire life-cycle of the product including the recovery of the post-consumer waste.
- (g) The consumer should be an actor of the circular economy and a partner in closing the loop of sustainable value chains by making responsible purchasing decisions, including renewable forest-based products.
- (h) Shifting the mentality, from "take-make-waste" to "take-make-recycle" is key to achieving a successful transformation of the forest sector towards a circular bioeconomy.
- (i) Changing the mindset to the circular bioeconomy can be achieved through awareness raising and education of all forest sector stakeholders, including the consumers of wood products and communication about the contribution of the forest sector to a circular bio-economy.

65. Ms. Marta Gaworska, co-chair of the meeting, thanked the panel for the positive message on the transition towards the circular bioeconomy and encouraged participants to consider, at their individual level, why and how they would like to make a difference in this direction.

VII. The global and regional policy context (Agenda Item 4)

(a) Thirteenth session of the United Nations Forum on Forests (UNFF13)

66. Ms. Barbara Tavora-Jainchill, Forest Affairs Officer at the United Nations Forum on Forests, informed the Committee on the results and decisions from the thirteenth session of the United Nations Forum on Forests (UNFF13), held in New York, United States, on 7-11 May 2018. Ms. Tavora-Jainchill also updated the meeting on the current and planned activities, in particular related to the regional work, including the focus of the next, fourteenth session of the Forum (as follows):

- (a) Forests and climate change;
- (b) Forests, inclusive and sustainable economic growth and employment; and
- (c) Forests, peaceful and inclusive societies, reduced inequality, education, and inclusive institutions at all levels.

67. The Committee welcomed the information provided by the Secretariat of the UNFF. In the follow up discussion delegates raised the importance and the added value of cooperation and supporting the work of the UNFF at the regional level. Delegates stressed the importance of the exchange of information among the UNFF and regional organizations, as well as coordinated communication, in particular communication directed at non-forest audiences.

(b) Twenty-fourth session of the FAO Committee on Forestry

68. Mr. Peter Csoka, Senior Forestry Officer, FAO, presented on the outcome of the 24th Session of the Committee on Forestry (COFO) which took place in Rome, Italy, 16-20 July 2018.

69. The Committee welcomed the information provided. In the follow up discussion, the Committee was advised that global goals and targets related to forest cover are to be measured according to the FRA definition.

70. The delegate of Sweden recalled informing COFO of the Haparanda Declaration on Boreal Forests and the related discussion on the possible establishment of a Team of Specialists on Boreal Forests under ECE/FAO.

(c) Regional Forum on Sustainable Development for the ECE region 2018

71. The secretariat provided information on the outcome of the Regional Forum on Sustainable Development for the ECE region (Geneva, Switzerland, on 1-2 March 2018), including the organization of a roundtable on sustainable forest management.

72. The Committee appreciated the initiative and noted that the 2019 Regional Forum on Sustainable Development for the ECE region would provide an opportunity to link to forest education through the International Day of Forests and requested that the secretariat organize a special event on the topic.

(d) High-level Political Forum on Sustainable Development 2018

73. The secretariat informed the Committee about forest-related activities and events which took place during the High-level Political Forum on Sustainable Development in New York, United States, 9-18 July 2018.

74. The Committee welcomed the initiative and encouraged similar activities around the High-level Political Forum in 2019.

(e) Twenty-fourth Conference of the Parties of the UN Framework Convention on Climate Change (COP24 Katowice 2018)

75. Dr. Jacek Sagan, Director of the Forestry Department, Ministry of Environment, Poland, reported on planned forest-related events at the upcoming COP24 in Katowice. He referred to a video clip that is being produced to promote the use of wood in the context of climate change. He also noted that there will be a Ministerial declaration on forests and a panel discussion on innovative ways of producing and using timber products. Further, there will be an exhibition of timber products and sustainable development of non-urbanized areas.

76. The Committee noted the activities and wished Poland a successful meeting.

VIII. Reporting on and implementation of the 2018-2021 Warsaw Integrated Programme of Work and related decisions (Agenda item 5)

(a) Report of and recommendations from the Joint ECE/FAO Working Party on Forest Statistics, Economics and Management

Documentation: ECE/TIM/EFC/WP.2/2018/2

77. Mr. Matthias Dieter, Germany, Chair of the Joint ECE/FAO Working Party on Forest Statistics, Economics and Management, presented the report of the fortieth session of the Joint Working Party on Forest Statistics, Economics and Management, which was held in Geneva, Switzerland, in March 2018. In his presentation, Mr. Dieter focused on the four Work Areas and highlighted the feedback received from participants during the Joint Working Party session.

78. He highlighted that the Joint Working Party confirmed their preference for issuing only the annotated agenda and the meeting report as official documents (translated into French and Russian) and that the other meeting documents could be issued as informal documents (English only).

79. The Committee took note of the information provided and congratulated Mr. Dieter for his election as Chair of the Joint Working Party. The Committee took further note of the meeting dates for the forty-first session to be held on 27-29 March 2019, agreeing that a three-day session would allow sufficient time for the discussions.

80. The Committee expressed its appreciation for the work of the Joint Working Party and the Teams of Specialists reporting to it and stressed that all Teams of Specialists play a vital role in supporting the implementation of the Warsaw Integrated Programme of Work and as a platform for exchange of technical expertise among member States.

81. The Committee approved the recommendations of the Joint Working Party and in addition requested that the secretariat include the following three items in the agenda of the forty-first session of the Joint Working Party:

(a) Information on the outcome of the Forest Europe Expert Level Meeting (Bratislava on 5-6 December 2018) and developments of the Legally Binding Agreement (it was noted that Forest Europe will be invited to inform the meeting).

(b) A discussion on boreal forests and the possible establishment of a Team of Specialists on Boreal Forests. In particular, the Committee requested that the secretariat prepare, together with interested parties, the draft Terms of Reference for a possible Team of Specialists on Boreal Forests prior to the Joint Working Party (to allow sufficient time for presenting and discussing the item during the meeting). The Joint Working Party will have to report back to the joint meeting of the Committee and the FAO European Forestry Commission (EFC) on the matter.

(c) A discussion on green jobs in the forest sector. In particular, the Committee discussed the need to avoid overlaps and join forces between ECE/FAO and Forest Europe in the development of guidelines for green jobs in the forest sector. It was agreed that the secretariat will liaise with Forest Europe to merge the current drafts and present joint guidelines for the consideration of the Joint Working Party. Moreover, the Joint Working Party will discuss the possible development by ECE/FAO and Forest Europe of case studies in support of the guidelines.

(b) Review of 2018 activities, and activities planned for 2019

Documentation: ECE/TIM/2018/5

82. The secretariat informed the participants of activities implemented in 2018 and presented a provisional list of outputs, publications and activities for 2019.

83. In the follow up discussion, delegates noted the versatility and the amplexness of the implemented activities stressing the importance of dissemination and communication of the results achieved. Full use of digitalization and application of IT technologies was recommended.

84. The Committee endorsed the activities for 2019 as contained in document ECE/TIM/2018/5.

(c) Report of the Ministerial Roundtable on Forest Landscape Restoration and the Bonn Challenge in the Caucasus and Central Asia, 21-22 June 2018, Astana, Kazakhstan

85. Mr. Ulan Abzhanov, Senior Expert of the Forestry and Wildlife Committee of the Ministry of Agriculture of the Republic of Kazakhstan, reported on the Ministerial Roundtable on Forest Landscape Restoration and the Bonn Challenge in the Caucasus and Central Asia, which took place in Astana, Kazakhstan on 21-22 June 2018. The meeting resulted in a pledge of six countries (Armenia, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan) to restore over 2.5 million ha of forest landscapes by 2030 under the Bonn Challenge. He stressed the willingness of the region to go beyond the 2.5 million ha (this goal is stated in the Astana Resolution adopted at the same meeting).

86. The Committee congratulated the respective countries for the initiative and passed on its wishes for a successful implementation.

(d) Global Forest Resources Assessment 2020 (FRA2020): Enhanced and streamlined international reporting

87. Mr. Peter Csoka, Senior Forestry Officer, FAO, updated the Committee on the process for the implementation of the Global Forest Resources Assessment (FRA2020). The FRA2020 reporting officially started in March 2018, at the global technical meeting of FRA National Correspondents (5-9 March 2018 in Toluca, Mexico). FRA is primarily based on national reporting; however remote sensing constitutes an important component. National data is collected through the newly developed online FRA platform.

88. The 2020 pan-European reporting is done in coordination with the global effort, as a collective endeavour of ECE, FAO and Forest Europe. Work of national correspondents in their reporting to the two processes is supported by international experts designated by the three organizations. Technical guidance and training to correspondents from Europe, and the Caucasus and Central Asia was provided at the regional workshop in Geneva, Switzerland on 18-20 April 2018.

89. Mr. Csoka informed delegates about the results of the work on the global core set of forest-related indicators, which are expected to facilitate future international work on forest monitoring and assessment, decreasing the future reporting burden.

90. The Committee welcomed the information and the progress achieved, in particular in the optimization of the scope of the reporting, the application of innovative tools and technologies, as well as in the coordination of the global and regional processes. Delegates noted the need for further integration of data collection work, underlining the need to strengthen reporting on socio-economic indicators and non-wood forest products and services.

(e) **State of Europe's Forests**

91. The secretariat informed the Committee about the status of copyright for the State of Europe's Forests (SoEF) report. The United Nations Publications Board did not authorize shared copyright between the ECE and the Forest Europe/Slovak Government. However, FAO is in a position to share copyright with the Slovak Government. The ECE will continue to contribute to the State of Europe's Forests publication. Its involvement will be recognized by including the ECE logo on the publication preceded by the words "with the support of".

92. The Committee took note on the information provided.

IX. Draft Rules of Procedure for the Committee (Agenda item 6)

Documentation: ECE/TIM/2018/6

93. Ms. Marta Gaworska informed the participants that (in line with the outcome of the review of the 2005 reform of ECE (E/ECE/1468)) the Committee considered Draft Rules of Procedure (ECE/TIM/2014/12) at its seventy-second session held in Kazan, Russian Federation in November 2014. At that session, proposals were made by delegates and included in a second draft subsequently tabled at the seventy-third session of the Committee in Engelberg, Switzerland, in November 2015 (ECE/TIM/2015/10-FO:EFC/15/10). At the seventy-fifth session of the Committee in Warsaw, Poland, in November 2017 the Committee considered again the Draft Rules of Procedure for the Committee (ECE/TIM/2017/10-FO:EFC/2017/10) (as updated to reflect comments from the session in Engelberg). At the Warsaw meeting, the Committee could not agree on the latest iteration of the rules nor on the necessity to have Rules of Procedure for the Committee in general, and finally decided to postpone the discussion to this current session (the seventy-sixth session of the Committee).

94. The Committee was invited to consider these Draft Rules of Procedure for further discussion and adoption, or to consider continuing to use the ECE Rules of Procedure instead (without adopting rules specific to the Committee). The Committee adopted its Rules of Procedure as included in Annex III.

95. The Committee recommended that gender balance should be taken into consideration when examining the candidacies of the Bureau members.

X. Reform of the United Nations planning and budgeting process (Agenda item 7)

Documentation: ECE/TIM/2018/ INF.1

96. The secretariat informed the Committee about recent developments regarding the reform of the United Nations planning and budgeting process and its implication for the work of the Committee.

97. The Committee took note of the information provided.

XI. Election of officers (Agenda item 8)

98. The following individuals were elected to hold office until the end of the seventy-seventh session: Mr. Guy Robertson (United States) as Chair; and Ms. Marta Gaworska (Poland), Mr. Christoph Dürr (Switzerland), and Ms. Maria Sokolenko (Russian Federation) as Vice-Chairs.

99. The meeting warmly thanked Ms. Gaworska for her excellent work and leadership to the Committee and welcomed Mr. Robertson as its future Chair.

XII. Date and place of the next session (Agenda item 9)

100. The co-chair informed delegates that, at the joint session of COFFI and EFC held in Poland, the Committee had agreed to hold the seventy-seventh session of the Committee jointly with the fortieth session of the EFC in 2019.

101. The co-chair informed delegates that the week of 4 to 8 November 2019 has been provisionally reserved for the joint session of the Committee and the Commission, to be held in Geneva, provided that conference services are available.

102. The secretariat stated that it has been approached by a member State to discuss the possible hosting of the joint session. Should any offer materialize the secretariat will inform the joint Bureaux accordingly.

XIII. Any other business (Agenda item 10)

103. There was no other business discussed.

XIV. Adoption of the report and closure of the session (Agenda item 11)

104. The Committee adopted the present report in session.

105. The co-chairs of the session thanked delegates for their input to the report. The secretariat informed the participants that the final edited report would be issued shortly.

106. The meeting also expressed its sincere appreciation to the Government of Canada for their commitment to international cooperation on forest work, their warm hospitality and excellent organization of the meeting. The co-chair, Ms. Whelan and her team were warmly acknowledged, for their engagement and dedication to the organization of the meeting.

The joint session was closed on Thursday, 8 November 2018 at 6 p.m.

Annex I

Vancouver Invitation on Sustainable Forest Products for a Better Future

In line with similar initiatives developed in the international context to promote the use of sustainable forest and wood-based products,

1. The UNECE Committee on Forests and the Forest Industry invites you to join us in recognizing and promoting the value of sustainably produced wood and wood-based products as environmentally friendly materials with which to build the future.
2. Through this effort, we wish to spread the word that traditional and innovative wood and wood-based products and applications, when coupled with sustainable forest management techniques, can provide substantial benefits to the world of the future, socially, economically, and environmentally. And we want to identify the actions we need to take to secure this future.
3. We assert that forests, and the forest product sector, have an essential role to play in the future of our planet. In order to serve this role, a commitment from all of us to both sustainable forest management and to continued innovation in the wood and wood-based products sector is critical.
4. Forests purify the air we breathe, clean the water we drink, store carbon, sustain biodiversity, beautify our communities, and support local economies. When sustainably managed, forests can supply these benefits and a wealth of products. By producing both commodity and innovative products, forests substantially improve our quality of life, including, wood for homes and tall buildings, books that promote learning, packaging, personal care products and textiles that provide comfort, the list continues to grow in often diverse and surprising ways.
5. The United Nation's Agenda 2030 has identified 17 Sustainable Development Goals (SDGs) to pursue over the coming decades in order to make the world a better place. As one of the largest terrestrial habitats, forests and their sustainable management can have a positive impact on most, if not all of the SDGs. Wood and wood-based products obtained from timber harvested in sustainably managed forests can also provide substantial benefits. These range from reductions in atmospheric carbon from the substitution of renewable wood for more carbon intensive building materials (SDG 13—Climate Action), to the invigoration of rural economies and communities in forested areas (SDG 8—Decent Work and Economic Growth), to the provision of renewable energy (SDG 7—Affordable and Clean Energy) and to the overarching goal of equality (SDG 5—Gender Equality).
6. To further attain these goals, the wood and wood-based products sector will need to continue to pursue efficient and innovative processing techniques and products (SDG 9—Industry, Innovation and Infrastructure) and more fully incorporate socially and environmentally responsible practices using circular production chains (SDG 12—Responsible Consumption and Production). Implementation of sustainable management of all types of forests, halting deforestation, restoring degraded forests and substantially increasing afforestation and reforestation globally (SDG 15 – Life on Land) provide the basis for renewable forest products. To the extent that these objectives can be realized, the wood and wood-based products sector can serve as a modern and quintessential example of humanity working with nature to produce benefits for society.

7. Reaching the SDGs will require specific efforts by the forest sector and forest-based industries and many other stakeholders; therefore, we invite the forest sector and forest based industries and other stakeholders to:
- a) **SDG 1 (No Poverty)**
 - Promote livelihoods through active and sustainable forest management and use of wood-based forest products.
 - b) **SDG 2 (Zero Hunger)**
 - Promote sustainable food systems including nutrition by avoiding food waste through innovative wood-based packing solutions substituting carbon intensive packaging.
 - Foster agro-forestry systems, where appropriate, to provide both food and forest products while maintaining ecosystem services.
 - c) **SDG 3 (Good Health and Well-being)**
 - Increase health and wellness of all ages through increased outdoor activity in the forest.
 - Create amenity forests in particular in the immediate vicinity of urban areas to foster recreation, wellbeing and treatment and recovery of patients.
 - Develop understanding of the value of wood buildings in providing affordable housing, and the impact wood buildings can have on health and well-being.
 - d) **SDG 4 (Quality Education)**
 - Communicate to the society at large, and younger generations in particular the importance of sustainable forest management and sustainable and innovative forest-based industries.
 - Increase the knowledge and awareness about the role of forest and wood products in carbon storage and substitution of non-renewable materials and fossil fuels.
 - e) **SDG 6 (Clean Water and Sanitation)**
 - Educate new audiences about the importance of well-managed forests in improving the availability of clean water.
 - f) **SDG 7 (Affordable and Clean Energy)**
 - Promote forest-based biomass from sustainably managed forests as well as industrial wood residues as a source of renewable energy.
 - Create awareness on the advantages of renewable forest products as a substitute for more energy-intensive raw materials.
 - g) **SDG 8 (Decent Work and Economic Growth)**
 - Undertake actions especially among youth to improve attractiveness of the sector to tackle widespread workforce aging and loss of skills.
 - h) **SDG 9 (Industry, Innovation and Infrastructure)**
 - Pursue efficient and innovative processing techniques and products.
 - Recognize and promote the importance of construction standards that do not discriminate against wood materials.

- Identify appropriate initiatives that can assist in attracting investment in forests, wood processing and manufacturing sectors.
- i) **SDG 11 (Sustainable Cities and Communities)**
- Undertake actions to ensure a steady supply of sustainably sourced raw materials to the sector, balanced with social, economic and environmental considerations.
 - Support performance based public procurement policies for building materials.
 - Promote a level playing field for wood as a construction material regarding building regulations (e.g. fire safety, earthquakes, etc.) based on robust scientific knowledge.
- j) **SDG 12 (Responsible Consumption and Production)**
- Incorporate socially, economically and environmentally responsible practices in all stages of the production chain.
 - Boost favourable conditions for innovation in wood and wood-based product development.
 - Promote the use of wood from sustainably managed sources including forest certification by the relevant stakeholders.
 - Acknowledge wood as an appropriate feedstock for the realization of a viable, low-energy circular economy, reflecting the already existing extended recycling cycles in many developed countries.
- k) **SDG 13 (Climate Action)**
- Promote the use of renewable wood products in order to reduce CO₂ emissions and stabilize the level of atmospheric carbon by substituting non-renewable materials and fossil fuels.
 - Foster the implementation of policy measures to encourage use of wood as a building material to help tackle climate change through increased carbon storage.
 - Support the reduction of deforestation and increase afforestation and reforestation.
 - Promote bioenergy and wood-based carbon sequestration and storage.
- l) **SDG 15 (Life on Land)**
- Recognize the contribution of sustainable forest management in all of its important ecological, social, cultural and economic dimensions, including the sourcing of raw materials.
 - Contribute to and enhance sustainable forest management.
 - Respect land ownership and tenure rights and indigenous rights across landscapes and understand the long-term relationship indigenous peoples have had with many forested lands.

[English only]

Annex II**Forest Products Market Statement****I. Overview of forest products markets in 2017 and 2018**

1. General conditions in forest products market in the ECE region were positive in 2017, with consumption increasing in sawnwood (+1.7%) and wood-based panels (+5.2%). Consumption was flat in industrial roundwood (-0.1%) and decreased in paper and paperboard (-0.9%). The consumption of paper and paperboard decreased in every subregion in 2017 (table 1).

TABLE 1
Apparent consumption of industrial roundwood, sawnwood, wood-based panels and paper and paperboard, ECE region, 2013-2017

	Thousand	2013	2014	2015	2016	2017	Change (volume) 2016- 2017	Change (%) 2016- 2017	Change (%) 2013- 2017
Industrial roundwood									
Europe	m ³	379,526	395,019	401,065	408,587	408,812	225	0.1	7.7
CIS	m ³	175,074	181,822	185,471	194,311	196,822	2,511	1.3	12.4
North America	m ³	486,764	490,150	494,222	498,494	494,358	-4,136	-0.8	1.6
ECE region	m ³	1,041,364	1,066,991	1,080,758	1,101,392	1,099,992	-1,400	-0.1	5.6
Sawnwood									
Europe	m ³	96,894	101,368	104,522	107,955	108,889	934	0.9	12.4
CIS	m ³	20,356	19,247	17,219	16,674	17,768	1,094	6.6	-12.7
North America	m ³	101,090	106,274	112,603	117,570	119,623	2,053	1.7	18.3
ECE region	m ³	218,340	226,889	234,345	242,200	246,280	4,080	1.7	12.8
Wood-based panels									
Europe	m ³	66,494	69,001	70,289	73,231	75,272	2,041	2.8	13.2
CIS	m ³	17,904	17,530	17,547	17,527	19,323	1,796	10.2	7.9
North America	m ³	47,538	49,459	51,580	52,403	56,034	3,631	6.9	17.9
ECE region	m ³	131,936	135,990	139,415	143,161	150,630	7,468	5.2	14.2
Paper and paperboard									
Europe	m.t.	89,485	89,814	88,933	89,402	88,248	-1,154	-1.3	-1.4
CIS	m.t.	9,386	9,397	9,106	9,561	9,501	-60	-0.6	1.2
North America	m.t.	74,954	76,053	75,651	75,602	75,181	-421	-0.6	0.3
ECE region	m.t.	173,825	175,264	173,690	174,566	172,931	-1,635	-0.9	-0.5

Note: Sawnwood does not include sleepers.

Source: UNECE/FAO, 2018

A. Economic developments with implications on the forest sector

2. The pace of economic activity accelerated in the ECE region in 2017 amid a stronger world economy. For the first time since the 2008 global financial crisis, economic growth was observed in all ECE countries, albeit with marked differences. In the US, increased consumption and exports and a turnaround in investment led to relatively rapid growth. In

the euro area, a broad-based recovery gained momentum and became more synchronized. In the new EU member countries output expanded at the fastest rate in a decade, driven by the upturn in the rest of the EU, supportive policies, and increased EU transfers. Data for early 2018, however, suggest a slowdown in the EU as a whole, due partly to temporary factors (e.g. strikes and weather disruptions). In the CIS, a return to growth in the Russian Federation after a two-year contraction had a positive impact throughout the subregion, supported by better terms of trade and less-volatile macroeconomic conditions.

3. Continued expansion led to improved labour market dynamics in the ECE region. In the US, unemployment fell to a level below that observed before the global financial crisis, and the strong momentum for job creation continued in early 2018. Despite falling unemployment, wage growth remains relatively muted although there are some signs of a pickup. In the euro area, unemployment continued to decline, but the pick-up in earnings was limited. Significant differences exist in the EU as a whole. Labour shortages in particular sectors in some countries are in sharp contrast with double-digit rates of unemployment in others, and there are large differences between age groups. In the CIS, the economic recovery resulted in growing wages, a reduction in involuntary adjustment mechanisms, and falling unemployment.

4. Economic prospects in the ECE region remain generally positive, buoyed by improving investment and productivity trends and by growth-supportive policies. Overall, output is expected to increase in 2018 at a similar pace to 2017. There are, however, significant downside risks and sources of uncertainty that could have a detrimental effect on economic performance. Movements in financial markets have started to reflect a more complicated outlook. After a long period of lax financial conditions, the normalization of monetary policy in advanced countries may reveal hidden fragilities. In some countries, low interest rates have fuelled very rapid increases in house prices. In some others, the need for large external financing is a source of vulnerability that rising interest rates could exacerbate. Geopolitical tensions have not disappeared. The prospect of trade conflicts has emerged, with damaging implications for confidence and investment and potentially large negative spillovers.

5. The improvement in economic conditions has been accompanied by increasing house prices and construction activity. In Europe and the US, the growth of house prices – which are now above previous peaks – accelerated slightly in 2017. In the euro area, house prices rose in early 2018 at rates not seen since before the global financial crisis. Although increased overall investment was the main driver of accelerating economic activity in the US in 2017, new residential investment continued to trail behind. The growth of building construction picked up in the EU, mainly as a result of sharp increases in new EU member countries. Housing activities were supported by an expansion in lending. The health of banking systems in euro-area countries improved, in line with the economic situation. In some EU countries, however, the fast growth of house prices led monetary authorities to introduce constraints on housing loans. Lending to households picked up in the CIS; the banking sector there remained in poor shape, however, thus limiting credit growth.

6. Despite continued economic expansion, price pressures have remained muted in the US. Authorities tightened monetary policy gradually (amid expectations of higher inflation as the economy powered ahead), raising interest rates three times in 2017 and three times in 2018 with a further increase anticipated. Further rate increases are anticipated in the US in the second half of 2018. In contrast, the European Central Bank has signalled its intention to keep the existing low rates unchanged this year. It has, however, started withdrawing its massive monetary stimulus by reducing net bond purchases because the inflation outlook for the euro area has changed. Higher energy prices and a weaker exchange rate drove headline inflation higher in early 2018 in the euro area (graph 1). Despite rising interest rates, the nominal trade-weighted dollar exchange rate slid through 2017 and early 2018; this trend

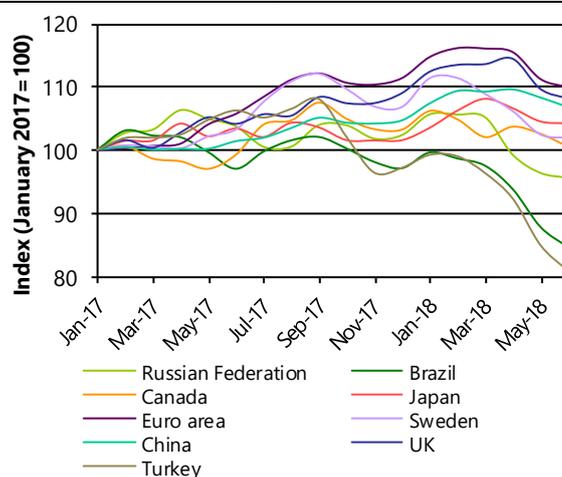
reversed recently, however, supported by perceptions of growing divergence in monetary policy. In some CIS countries, the weakening of price pressures amid moderate growth allowed a cautious loosening of monetary policies.

7. In the US, fiscal policy is becoming more expansionary, with investment, at least initially, reacting positively to cuts in corporate and personal income tax. The impact on growth of a fiscal loosening in the US economy, which is already very close to full employment, may be partly offset, however, by a faster-than-anticipated normalization of monetary policy. Differences with the euro area on fiscal policy would have implications for future monetary policy paths. The fiscal position of the euro area continued to improve in 2017 due to the cyclical recovery and persistently low financing costs. Fiscal policy, which has been broadly neutral since 2015, is becoming slightly expansionary. In some countries, the improvement of the economic situation is allowing a reduction in social transfers while increasing public investment. In the CIS, higher oil prices boosted public finances in energy-exporting countries, which have nevertheless embarked on paths of fiscal consolidation.

GRAPH 1

Major currencies used to trade forest products indexed against the US dollar

January 2017–June 2018



Notes: A diminishing index value indicates a weakening of the currency value against the US dollar; an increasing index value indicates a strengthening of the currency value against the US dollar.

Source: IMF, 2018.

B. Policy and regulatory developments affecting the forest products sector

8. Various recent economic and political decisions have direct and indirect implications for the forest sector. Trade agreement negotiations and discussions on tariffs are having an impact, as is continued uncertainty about government positions and policy changes, either proposed or realized.

9. The Comprehensive Economic and Trade Agreement (CETA) entered into force provisionally in September 2017 with the aim of expanding transatlantic trade between the EU and Canada. No progress has been made in the last year, however, on negotiations for the Transatlantic Trade and Investment Partnership (TTIP) between the EU and the US. Both parties agreed in mid-2017 to set up a joint delegation to increase trade cooperation, but no subsequent activity has been reported. It is expected that the Economic Partnership

Agreement between the EU and Japan will take effect in 2019. Tariffs on forest products will be progressively eliminated.

10. On December 30, 2018, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will enter into force. The CPTPP's entry into force was triggered by the sixth member country to ratify the agreement (Australia) on October 31, 2018. The CPTPP is a major trading block comprising 11 Pacific Rim countries representing 495 million people. Once the CPTPP enters into force, it will be one of the largest free trade agreements in the world and will provide enhanced market access to key Asian markets. Member countries will enjoy a reduction in forest product tariffs. Many forest products will enjoy duty-free access upon entry into force, while tariff reductions on other forest products will be phased in over time.

11. The United States–Mexico–Canada Agreement (USMCA) is the pending free trade agreement between Canada, Mexico, and the United States. Negotiations have been concluded, but the agreement has not been signed or ratified. The USMCA will ensure certainty and improved trade stability between Canada, Mexico and the US.

12. The Softwood Lumber Agreement between Canada and the US expired in 2015, having been in place since 2006. In May 2017, the US levied 3-24% tariffs on Canadian sawn softwood (antidumping and countervailing duties). The Government of Canada disputes the US allegation that it is subsidizing Canadian forest products and has taken its complaint to the World Trade Organization.

13. Log exports to China from Russia in 2017 were less than half of ten years earlier while sawnwood exports increased ten times. This was the intent of policy measures (namely export tariffs) implemented by the Russian Government which will increase from 25% to 40% in 2019 in the Russian Far East. There has been significant growth of Chinese investment within the Russian Federation to produce sawnwood for export to China.

14. The EU Forest Law Enforcement, Governance and Trade Action Plan, adopted in 2003, is an initiative to address illegal logging and the economic, social and environmental harm it causes through measures in the EU and in countries that export timber and timber products to the EU. The Review highlights some of the outcomes of enforcement of the EU Timber Regulation by member states.

15. EU tropical sawn hardwood imports declined to 875,000 m³, a reduction of 18% from 2016 and about one-third the volume prevailing before the global financial crisis. The situation is less dire for some other products; nevertheless, the ECE region is losing significance as an export market for tropical producers.

16. The US Lacey Act, enacted in 1900, now requires that import declarations accompany certain plants and plant products, including a wide range of forest products. Effective from November 2016, all shipments of plants and plant products entering or leaving the US are subject to Lacey Act declaration requirements.

17. The Russian government has placed a two-year moratorium (from 1 December 2017) on the public procurement of furniture produced outside Eurasian Economic Union countries (Armenia, Belarus, Kazakhstan, Kyrgyzstan and the Russian Federation). The moratorium could lead to increases in wood-furniture production in the Russian Federation and other Eurasian Economic Union countries.

18. The US Environmental Protection Agency issued a statement of policy that biomass from managed forests will be treated as being carbon neutral when used for energy production at stationary sources. The policy is expected to increase opportunities for investment in biomass energy and to reduce uncertainty around biomass regulations.

19. Another major policy change affecting US forests was the passage of a “wildfire funding fix” to address problems in the US Forest Service budget associated with having to shift funding to fight wildfires, thus reducing the funds available for other management activities. The policy change will allow federal agencies to use disaster funding to pay a portion of wildfire suppression costs.

20. The US Congress is debating the Agriculture and Nutrition Act, 2018 (also referred to as the Farm Bill), the most significant legislation affecting management and conservation activities in private and family-owned forests in the US (US Congress, 2018). It is estimated that the previous Farm Bill, passed in 2014, has facilitated more than \$1.8 billion of investment in forest-owner assistance programmes for activities associated with wildlife habitats, tree planting and reforestation, insect and disease management, the removal of invasive species, water-quality protections, and other conservation measures.

21. The European Commission published a proposal for a revised Renewable Energy Directive in late 2016 with the aim of ensuring that renewables constitute at least 27% of final energy consumption in the EU by 2030. In June 2018, the European Parliament and the Council agreed on a revised share of energy from renewables of at least 32 per cent by 2030.

22. The world’s two major forest certification schemes – the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC) – reported a combined certified forest area of 503 million hectares. The two organizations concluded that the area of double-certified forest (i.e. forest certified under both schemes) amounted to 70.1 million hectares in December 2016 and 71.1 million hectares in mid-2017; in both cases, this was 16.5% of the global certified forest area. The total global certified forest area, with double-counting subtracted, was 427.7 million hectares in December 2016 and 431.4 million hectares in mid-2017, with the area of double-certified area increasing by almost 1 million hectares. The FSC reported that, in June 2018, it had more than 200 million hectares of certified land area.

23. Both the Sustainable Forestry Initiative (SFI) and the American Tree Farm System have gained access to federal procurement recommendations in the US; previously, only FSC-certified materials were recognized. The revised approach is intended to align with purchasing requirements for federal agencies established in the US Department of Agriculture’s BioPreferred Program, which recognizes the various forest certification programmes equally.

24. Reported participation in chain-of-custody (CoC) certification continues to grow; however, data on this aspect of certification are known to include overlaps, with companies often holding multiple CoC certificates. The International Organization for Standardization is developing a CoC standard (ISO/PC 287) for wood, wood-based products and wood-related materials.

25. The Sustainable Biomass Program (SBP) reported that it had 139 certificate holders as of March 2018, up by 88% from December 2016. The SBP estimated that there were more than 5 million tonnes of SBP-certified wood pellets and chips in the market in 2017, representing 46% of the EU28’s wood pellet consumption.

26. On 14 May 2018, the Council of the European Union adopted a regulation committing all EU member countries to compensate for their greenhouse gas (GHG) emissions and removals from land use, land-use change and forestry against a country’s specific reference level. The regulation is known as a no-debit rule, meaning that all countries commit to offsetting their GHG emissions from land-use change and deforestation that occur between 2021 and 2030. This is also in line with the EU’s 2030 emission-reduction targets (GHG emissions should be cut by at least 40% by 2030) and the Paris Agreement on climate change.

27. The Government of Canada has committed to put a price on carbon across all provinces and territories by 1 January 2019. Some jurisdictions have already implemented a carbon price, while others have expressed their opposition to the plan.

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

A. Wood raw materials

28. The total consumption of roundwood – comprising logs for industrial uses and fuel – in the ECE region was estimated at 1.35 billion m³ in 2017, almost unchanged (up by 0.1%) from 2016. The apparent consumption of logs for industrial purposes trended upward in the ECE region in the five years to 2017, reaching 1.10 billion m³, 5.6% higher than in 2013. Woodfuel consumption increased by 3.0 million m³ in 2017, to 221.5 million m³.

29. Of the total volume of roundwood harvested in the ECE region in 2017, about 17% was used for fuel (224.4 million m³), an increase of 18 million m³ (+8.9%) from 2013. Europe accounted for almost 54% of total woodfuel consumption in the ECE region in 2017. Estimates of roundwood volumes removed from forests for fuel are highly unreliable, however, because only a few countries have consistent methods for collecting relevant data on this increasingly important end use. Nevertheless, it is clear that a significant share of forest removals is used for energy purposes.

30. The ECE region is a net exporter of industrial roundwood (both softwood and hardwood), with total net exports of 29.5 million m³ in 2017. The biggest shipments from countries in the ECE region were from the Russian Federation to China and Finland and from the US to Canada and China.

31. Sawlog prices increased in many countries in 2017 due to strong demand for softwood lumber in key markets worldwide (including the US, Europe and China), increasing prices for lumber, and a growing international log trade. With the exception of the US South and Brazil, sawlog prices moved up in the world's major lumber-producing regions in 2017 and early 2018. The biggest increases were in eastern Europe, the Nordic countries and western North America.

32. Softwood-fibre costs increased in 2017 and early 2018 for the first time since 2011, thus ending a seven-year declining trend.

33. The Committee forecasts that removals of industrial roundwood are expected to increase in the ECE region at an annual rate of 1.2% in 2018 and 0.2% in 2019. The subregional breakdown is as follows: Europe is showing an increase of 3.8% in 2018 (partly driven by removals due to bark beetle infestation in central Europe) and a small rise of 0.1% in 2019; CIS is expected to increase 1.7% in 2018 and then 1.6% in 2019; and North America to decrease -1.1% in 2018 and a further -0.4% in 2019.

B. Sawn softwood

34. For the second consecutive year, the three ECE subregions recorded gains in the consumption and production of sawn softwood, the result of continuing favourable global economic conditions and improving markets worldwide.

35. Apparent sawn softwood consumption grew by 1.5% in Europe in 2017, with some countries increasing strongly, such as the UK (+9.7%), the Netherlands (+7.8%) and France (+6.4%). Germany is Europe's largest market for sawn softwood, with a 20% share of

consumption, followed by the UK (11%). Europe's sawn softwood production increased by 1.2% in 2017, to 109.7 million m³. Notable gains were in Germany (+0.9 million m³), Finland (+0.3 million m³) and Poland (+0.2 million m³).

36. European sawn softwood exports increased by 3.4% (to a total volume of 51.5 million m³) in 2017, compared with growth of 4.1% in 2016. China became Europe's largest overseas sawn softwood export market in 2017, overtaking Egypt and Japan and compensating for weak demand in the Middle East and North Africa.

37. Sawn softwood production in the Russian Federation increased by 10.3% in 2017, to 37.8 million m³, accounting for 86% of the CIS subregion's output of 43.8 million m³. The Russian Federation exported 28.0 million m³ of sawn softwood (+10%) in 2017, a new record. China remained the largest consumer of Russian sawn softwood in 2017, increasing purchases by 20% compared with 2016, to 16.1 million m³. The CIS showed the strongest increase in apparent consumption in the ECE region (+6.2%).

38. The economic recovery in North America continued in 2017 for the eighth consecutive year. US housing starts increased to more than 1.2 million units (up by 3.0%), pushing North American apparent sawn softwood consumption to 99.2 million m³ (+2.9%). Canadian sawn softwood production was unchanged in 2017, at 48.2 million m³, but the US increased output by 3.5%, to 57.6 million m³. Combined, North American output amounted to 105.8 million m³ (+1.9%).

39. A multitude of supply shocks (including reduced Canadian production), as well as import duties on Canadian sawn softwood to the US, created all-time record-high sawnwood prices in the US in 2017 and especially the first half of 2018. This caused a ripple effect on prices in most major global markets, continuing a positive cycle that started in late 2015. However there has been a sharp dip since June 2018 in North American prices that is likely to be short lived as there are strong indications that demand will increase, raising prices again.

40. With strong domestic demand in 2017 and no growth in production, Canadian shipments to the US fell by 1.4 million m³ (-5.8%) in 2017, to 22.7 million m³, despite soaring prices. Overseas exports declined by 5.0%, to 6.7 million m³.

41. The Committee forecasts that production of sawn softwood will increase in the ECE region at an annual rate of 2.1% in 2018 and 1.3% in 2019. The subregional breakdown is as follows: Europe with a gain of 3.1% in 2018 and 1.3% in 2019; CIS is expected to increase 2.6% in 2018 and remain flat in 2019; and North America will gain 0.9% in 2018 and increase 2.0% in 2019. Limited mill capacity in US South and Canadian roundwood supply constrain the opportunity for responding to market growth.

C. Sawn hardwood

42. After five years of growth, the apparent consumption of sawn hardwood decreased by 3.2% in the ECE region in 2017, to 34.4 million m³. Consumption increased rapidly in the CIS (+11.1%), in contrast to Europe and North America, where it decreased by 3.8% and 3.6%, respectively.

43. Sawn hardwood production was relatively flat (up by 0.6%) in the ECE region in 2017, at 41.7 million m³. Production was stable in Europe and North America and increased in the CIS.

44. Sawn hardwood imports by ECE countries decreased by 3.2% in 2017, to 6.4 million m³. Sawn hardwood exports amounted to 13.7 million m³, up by 9.6% compared with 2016 and by more than 40% compared with 2013.

45. Oak is still highly sought-after, and exports of oak logs increased to China. The strong Chinese demand further increased prices for European oak in 2017 and the first half of 2018.

46. The Committee forecasts that production of sawn hardwood will increase in the ECE region at an annual rate of 3.9% in 2018 and 0.6% in 2019. The subregional breakdown is as follows: Europe is expected to jump 7.0% in 2018 (driven by a very strong forecast increase for Turkey) and 0.5% in 2019; CIS increases 1.0% in 2018 and 4.1% in 2019; and North America with an expected increase of 2.5% in 2018 and an increase of 0.1% in 2019.

D. Wood-based panels

47. The production and consumption of wood-based panels increased in all three ECE subregions in 2017. In Europe, production increased by 1.6% overall and grew for all types of wood-based panels except veneer sheets.

48. The production of wood-based panels increased by 12.3% in the CIS in 2017, with an even stronger increase (+15.1%) in exports; apparent consumption was also up (by 10.2%). There were large increases in the production of fibreboard (+19.4%) and OSB (+17.7%) in the CIS, but plywood production contracted slightly in the Russian Federation due to a shortage of raw materials.

49. The apparent consumption of wood-based panels increased by 6.9% in North America in 2017, led by an increase in net imports (exports grew by 4.5% and imports were up by 17%). Total wood-based panel production in North America increased by 3.0% in 2017, to 48.6 million m³. The consumption of structural wood-based panels (OSB and plywood) increased by 5.5% in North America in 2017, with demand for OSB and plywood increasing by 7.6% and 3.2%, respectively. The consumption of non-structural panels (particle board and medium density fibreboard – MDF) in the North American market increased by 0.9% in 2017, with MDF growing by 2.0% and particle board flat.

50. The trade (both imports and exports) of wood-based panels increased in all three subregions in 2017. Europe and the CIS have trade surpluses in wood-based panels, but North America has a substantial trade deficit.

51. The Committee forecasts that production of wood-based panels will increase in the ECE region at an annual rate of 2.2% in 2018 and by 1.0% in 2019. The subregional breakdown is as follows: Europe will grow 0.9% in 2018 and 0.8% in 2019; CIS should increase by 2.0% in 2018 and 2.5% in 2019; and North America is forecast to grow 3.0% in 2018 and 3.3% in 2019.

E. Paper, paperboard and woodpulp

52. The global pulp, paper and paperboard industry experienced a turnaround in 2017, driven by a much tighter supply–demand balance for woodpulp and continued strong demand for packaging and sanitary and household products.

53. China was the engine of growth in global demand for market pulp in 2017. Tighter rules surrounding imports of recovered paper caused demand for other fibres to grow and prices to rise.

54. Increased use of electronic communication continued to play a major role in the evolution of the pulp and paper segments, with graphic-paper capacity declining due to lower demand. Further rationalization is anticipated in 2018, albeit at a slower pace.

55. Pulp prices increased in 2017, due mainly to unplanned supply disruptions, and higher prices have continued into 2018. The expansion of bleached hardwood kraft capacity in South

America and Asia was by far the most important factor influencing pulp markets in 2017 and the first half of 2018. This was countered by several bouts of unplanned downtime due to major mechanical failures, slow start-ups during the commercialization periods of new pulp lines, and transportation strikes in Brazil and Chile.

56. As a result of increased input costs for non-integrated producers, prices for graphic paper and sanitary and household items rose throughout 2017.

57. Global chemical market-pulp capacity grew by 4.5 million tonnes (6.9%) in 2017, with increases mainly in South America and Asia. Unplanned downtime among pulp producers caused significant supply disruptions in woodpulp production, negating much of the incremental increase in capacity.

58. Graphic-paper production and apparent consumption continued to decline in almost every market in 2017 as end-users reduced advertising budgets for print media and swung towards electronic communication. The apparent consumption of graphic paper fell in every ECE subregion as end-users moved increasingly to electronic communication. The ongoing increase in raw-material costs, including pulp, could further exacerbate the reduction in demand for graphic-paper grades.

59. The Committee forecasts that production of woodpulp will increase in the ECE region at an annual rate of 0.7% in 2018 and at the same rate in 2019. The subregional breakdown is as follows: Europe gains 2.3% in 2018 and 1.6% in 2019; the CIS is forecast to gain 0.2% in 2018 and gain 1.7% in 2019; and North America is expected to decrease by -0.2% in 2018 and remain flat in 2019.

60. The Committee also forecasts that production of paper and board will increase in the ECE region at an annual rate of 0.3% in 2018 and by 0.5% in 2019. The subregional breakdown is as follows: Europe gains 0.8% in both 2018 and 2019; the CIS is forecast to gain 0.3% in 2018 and 1.0% in 2019; and North America is expected to decrease by 0.4% in 2018 and remain flat in 2019.

F. Wood energy

61. There was little change in wood energy consumption in the ECE region in 2017. Nevertheless, the slower-than-expected expansion of production capacity, combined with greater demand (especially in the UK, Denmark and the Netherlands) and higher fossil-fuel prices, contributed to significant increases in wood pellet prices in 2017 and early 2018; other factors were production issues in the Russian Federation, fires in Portugal, and relatively low year-on-year growth in installed production capacity. Higher fossil-fuel prices and continued interest in replacing older commercial and residential heating units, upgrading existing district heating units and replacing coal-fuelled power plants with biofuels are expected to spur new demand.

62. Some analysts expect wood pellet demand to reach 45 million tonnes by 2025 for power generation and 24 million tonnes for heating in the residential and commercial sectors. This would mean an increase in pellet consumption above 2017 volumes of about 15 million tonnes for power generation and 14 million tonnes for heating.

63. The primary production of “solid biofuels (excluding charcoal)” in the EU28 grew to about 3,941 petajoules in 2016, up by 2.5% compared with 2015. Wood pellet consumption was 23.4 million tonnes in Europe in 2017, a 4.6% increase over 2016. Wood pellet production increased by 5.4% to 16.4 million tonnes and imports by 4.4% to 14.6 million tonnes.

64. The production of wood pellets in the CIS increased by 21.5% in 2017. Production grew by 20% in the Russian Federation, to 1.3 million tonnes, due to improvements in logistics and new infrastructure. Wood pellet consumption declined by 5.8% in the CIS in 2017, with all the increase in production exported (wood pellet exports rose by 31.9%, to 1.8 million tonnes).

65. North America produced 9.6 million tonnes of wood pellets in 2017, up by 3.4% over 2016. Wood energy consumption accounted for about 4.5% of Canada's total primary energy supply in 2017, which was largely unchanged from 2016. Wood energy consumption in the US was only about 0.6% higher in 2017 than in 2016, at 2,262 PJ. Wood consumption for energy is expected to remain flat in the US through 2019.

66. The price of wood pellets increased in Europe in 2017 and early 2018, with prices for industrial wood pellets at Antwerp, Amsterdam and Rotterdam up by 50% in January 2018, year-on-year. The price of wood pellets exported from the Russian Federation was down slightly in 2017 due to increased production capacity. There was little change in prices in North American firewood and pellet markets in 2017.

67. The Committee forecasts that production of wood pellets will increase in the ECE region at an annual rate of 3.5% in 2018 and 5.5% in 2019. The subregional breakdown is as follows: Europe is forecast to increase by 1.8% in 2018 and a further 4.3% in 2019; CIS is expected to increase 13.4% in 2018 and 3.9% in 2019; and North America is estimated to increase 4.1% in 2018 and then 7.9% in 2019.

G. Value-added wood products

68. Global furniture production was worth \$440 billion in 2017, up by \$20 billion from 2016. The value of the global furniture trade in 2017 was estimated at \$145 billion, with the US, Germany, France, the UK and Japan the largest importers.

69. The trend of furniture producers shifting production to lower-cost regions is slowing due to the increased use of automation, increasing costs in previously low-cost regions, and demands from customers for shorter delivery times. China is still by far the biggest producer and exporter in the global furniture market, and the US is the largest furniture importer. China's domestic furniture market is increasing by 10% per year.

70. Furniture producers in high-cost countries such as Germany and Italy have started exporting "high-end" furniture products with high-quality materials, finishing and design. Prospects for furniture markets seem bright after a positive 2017, and orders were up in the first few months of 2018: for example, orders were 5% higher in the US in February 2018, year-on-year. There are increasing trends towards the online sale of furniture and away from durable hardwood furniture towards low-cost, owner-assembled, semi-disposable furniture.

71. Markets for builders' joinery and carpentry (BJC) have grown steadily in the US, with imports doubling from 2011 to more than \$2.2 billion in 2017. The increased demand is the result of a strong housing market, economic growth, consumer confidence and good employment figures. BJC imports are also growing in the European market, mainly from neighbouring countries.

72. Improved housing markets in the ECE region are causing strong demand for imports of profiled-wood products, although volumes are still well below their peak in 2006.

73. North American production of glulam, wooden I-beams and laminated veneer lumber made consistent gains from 2010 to 2017, mainly the result of increased new-housing construction. The trade flow of glulam and cross-laminated timber (CLT) from Austria to

Italy – the biggest trade flow of these products in Europe – fell by 12% in the first three months of 2018, year-on-year.

74. The production of CLT is still concentrated in Europe and, within Europe, in Germany, Austria and Switzerland, which together accounted for about 70% of global production in 2017. European production is projected to increase dramatically to about 1.78 million m³ by 2020. Despite the hype around CLT for the construction of tall wooden structures, most usage in construction in the near future is likely to be for low- and mid-rise buildings.

75. CLT is increasingly popular in North America, echoing the long-established trend in Europe. As of early 2017, there were two CLT producers in Canada and three in the US, but numerous CLT manufacturing plants are in start-up, under construction or in planning. It is estimated that the potential market for CLT in the US alone could be between 2 million and 10 million m³ – bigger than the entire global market today.

H. Housing

76. In many countries, housing (new construction and remodelling) is the largest value-added market for wood products. Housing is considered a primary indicator and catalyst of economic activity for overall economies. Thus, economic projections and house-price analysis may provide insights into housing construction and remodelling markets.

77. The number of residential buildings put in place in the Russian Federation declined by 3.2% in 2017, even though the area of newly installed residential space of 78.6 million m² was similar to the area installed in 2016. Although the Russian housing market is improving, house prices fell in 2017, possibly due to the steadily increasing construction market. The goal of the “Housing for Russian Family Programme” is to build 500,000 two-room apartments, beginning in 2018.

78. Construction spending increased by 1.8% in the euro area and by 0.9% in the EU28 between April 2017 and April 2018. Construction output grew by 3.9% in the Euroconstruct region in 2017, led by residential construction (+10%). Residential remodelling is also looking promising, especially in western and northern Europe. New residential construction accounted for 42.6% of total new construction spending in the Euroconstruct region in 2017, non-residential construction for 34.4% and civil engineering for 23%, a similar breakdown to previous years. The outlook for the construction sector in the Euroconstruct region is positive, with spending projected to grow in all subsectors (new residential, residential remodelling, new non-residential, non-residential remodelling, new civil engineering and civil-engineering remodelling) in 2018 and through to at least 2020.

79. House construction and sales have been improving in the US from the low-point in 2009, but aggregate new single-family house construction remains well below its historical average. All sectors of the US housing market improved in 2017. Beginner or starter housing remained subdued, however, and the quantity of dwellings being constructed is insufficient to meet the potential demand due to population growth. In Canada, federal, provincial and local governments introduced regulations in 2017 designed to dampen rising prices and valuations, including a nationwide mortgage stress test, a foreign buyer’s tax, and rent controls. By the first quarter of 2018, the effect of these regulations had been a decline of 10% in the average sales price of Canadian houses and a sharp decline in house sales.

80. The Joint Center for Housing estimated that \$306 billion was spent on remodelling in the US in 2017 and forecast this to rise to \$327.9 billion in 2018 and \$341 billion in 2019. The aging stock of housing will likely keep repair and remodelling an important consumer of wood products.

I. Conclusion

81. Conclusions from the Market Discussions forecast increased demand for sawn softwood, the result of a pent-up need for housing in the US and significant growth potential in Asia. While the market potential of China is widely recognized, and Japan and Korea are seen to be reliable destinations; India is seen as having a strong potential as a market. Per-capita sawn softwood consumption in the ECE, at roughly 0.3 m³ per person per year, is ten times the level of china.

82. Significant demand comes from the construction sector. There is a growing consensus that off-site production of housing (modular, prefabricated and mass timber components) will become much more important, driven by productivity, cost and quality factors. An emphasis on wood in construction in countries where this has not been common is also expected to lift demand over the medium and long-term.

Annex III

Rules of Procedure for the Committee

I. Introduction

1. The draft rules of procedure in this document have been prepared in accordance with the Guidelines on Procedures and Practices for ECE bodies adopted by the Economic Commission for Europe (E/2013/37-E/ECE/1464, annex III, appendix III).¹ In any area not covered in this document, the Rules of Procedure of the Economic Commission for Europe will be used and, where applicable, the Rules of Procedure of the Economic and Social Council, and taking into account the Guidelines on Procedure and Practices for ECE bodies *mutatis mutandis*.

II. Organization of the Committee sessions

2. Sessions of the Committee shall be held regularly once a year. Additional meetings may be convened by the Bureau² in consultation with the secretariat.

3. At its regular sessions, the Committee decides on the dates of the next session. Changes in previously agreed dates of sessions due to unforeseen circumstances can be initiated by the Bureau in consultation with the secretariat.

4. The provisional agenda for the upcoming individual³ sessions of the Committee shall be drawn up by the secretariat in consultation with the Bureau and shall be circulated to member States at least six weeks⁴ in advance of the meeting.

5. The agenda of the individual sessions of the Committee shall cover, *inter alia*, a review of the implementation of its programme of work, including a review of capacity-building activities, policy-relevant documents developed in the context of the Committee's programme of work, as well as deliberations on future activities in accordance with its Terms of Reference, as contained in document ECE/EX/10.

6. The Bureau shall suggest important substantive issues within the aforementioned Terms of Reference to be addressed during the substantive segment of the sessions.

7. The Committee shall agree on its programme of work, which shall be compatible with the Integrated Programme of Work of the Committee and the FAO European Forestry Commission.

III. Representation and accreditation

8. The rules for representation and participation in the Economic Commission for Europe (E/ECE/778/Rev.5)⁵ and the Guidelines on Procedures and Practices for ECE bodies

¹ Outcome of the review of the 2005 reform of ECE (E/2013/37-E/ECE/1464, annex III).

² See section IV.

³ With individual session is meant a meeting of COFFI not held jointly with EFC.

⁴ Rules of procedures of UNECE, Decision 2010/19, Rule 7.

⁵ Terms of Reference and Rules of Procedure of the Economic Commission for Europe – Fifth edition (E/ECE/778/Rev.5).

adopted by the Economic Commission for Europe (E/2013/37-E/ECE/1464, annex III, appendix III) shall be applied.

9. Representatives of non-governmental organizations, private sector and academia and other entities, which do not have consultative status with the Economic and Social Council⁶ may participate in the individual sessions of the Committee as observers without a right to vote.

10. The list of participants in the individual Committee's sessions shall be communicated by the secretariat to the Permanent Representations of member States to the United Nations Organizations in Geneva at the latest five working days prior to the starting date of the session.

IV. Officers

11. The Committee shall elect a Chairperson and three Vice-Chairpersons among individuals nominated by member States of UNECE. The Committee Bureau shall consist of those four officers.⁷

12. The term of office shall be one year. Bureau members can be re-elected for maximum seven additional terms. Efforts shall be made to ensure continuity within the Bureau, as appropriate. The terms of office of elected officials will begin at the end of the session in which they are elected. This will allow the current officers to preside over the session that they have prepared and organized.

13. Candidates for the Bureau of the Committee and other subsidiary bodies shall be nominated by member States based on the person's expertise, professionalism, and expected support from the membership.

14. Geographical balance should be taken into due consideration when examining the candidatures of potential Bureau members.

15. Member States, while making their nomination, shall ensure that candidates or their employers have no contractual agreement with ECE, from which they or their employers may financially benefit, in order to avoid conflicts of interest.

16. The elections for the Bureau will take place in accordance with the Guidelines on Procedures and Practices for ECE bodies (E/2013/37-E/ECE/1464, annex III, appendix III).

17. If the Chairperson is absent from any meetings or part thereof, a Vice-Chairperson shall perform the functions of the Chairperson. If no Vice-Chairperson is present, the Committee shall elect an interim Chairperson for that meeting or that part of the meeting.

18. If the Chairperson can no longer perform the functions of the office, the Bureau of the Committee shall designate one of the Vice-Chairpersons as interim Chairperson to perform those functions pending the election of a new Chairperson by the Committee. The interim Chairperson shall have the same powers and duties as the Chairperson.

19. The Chairperson and Vice-Chairpersons serve collectively in the interest of all member States of the Committee and not as official representatives of their Governments, and act within the Terms of Reference of the Committee and these Rules of Procedures. The

⁶ Non-governmental organizations recognized by the Economic and Social Council are covered in document E/ECE/778/Rev.5, which is referred to in paragraph 8.

⁷ This is compatible with the membership of the European Forestry Commission Executive Committee as adopted at "Orman2011," the joint session of the Committee and the European Forestry Commission held in Turkey in October 2011 (see ECE/TIM/2011/13-FO:EFC/2011/13 and http://www.fao.org/fileadmin/user_upload/gsb/Statutes/EFC_RoP.pdf).

work of the Bureau is carried out in a way that is member driven, consensus-oriented, transparent and accountable.

V. Functions of the Bureau

20. The key functions of the Bureau are those detailed in the Guidelines on Procedures and Practices for ECE bodies (E/2013/37-E/ECE/1464, annex III, appendix III).
21. In addition to these key functions, Bureau members of the Committee will attend the joint Bureaux meetings with the FAO European Forestry Commission Executive Committee to support the development of the agenda of the joint meetings and discuss matters related to the implementation of the joint integrated Programme of Work.
22. The Bureau shall report to the Committee.

VI. Procedures for the adoption of decisions and Committee meeting reports

23. The Committee shall make all possible efforts to take decisions on the basis of consensus. If voting is used, the Chapter on Voting in the Rules of Procedure of the ECE shall apply.
24. A draft report of the meeting, which reflects in a concise and factual manner the discussion and the views expressed by participants, should be circulated before the end of the meeting for comments and adoption by member States at the end of the meeting.
25. If the draft report cannot be circulated at or adopted during the meeting for technical reasons, the Committee will distribute it to all Geneva Permanent Representations for subsequent approval no later than ten days after the conclusion of the meeting.

VII. Subsidiary bodies

26. The Committee may establish Teams of Specialists or other subsidiary bodies (e.g. Working Parties), in accordance with the existing Guidelines for the establishment and functioning of Working Parties (ECE/EX/1) and Teams of Specialists within ECE (ECE/EX/2/Rev.1), in order to fulfil particular objectives in accordance with the terms of reference created for them, subject to approval by the ECE Executive Committee (EXCOM).
27. The terms of reference and reporting procedures of the subsidiary bodies shall be determined by the Committee.

Annex to the Rules of Procedure for the Committee

Decisions taken by COFFI (former Timber Committee) at the joint COFFI-EFC session in Antalya, Turkey in 2011 on the composition of its Bureau

1. At the end of each session, the Committee will elect a Chair and three Vice-Chairs from among the representatives to the Committee. Elected officials will remain in office until a new Chair and Vice-Chairs are elected at the following session. The outgoing Chair and

Vice-Chairs will be eligible for re-election, and the office of Chair will not normally be held for more than two consecutive periods by the representative of the same member State.

2. In practice, Bureau members will continue to be elected for a one-year term, with the possibility of being re-elected. The current practice of re-electing Bureau members for a second term will be maintained. For continuity, the outgoing Chair could remain in the Bureau as Vice-Chair. The longer-serving Vice-Chair who had not already served as Chair would normally be expected to be elected as Chair. The practice outlined here would be subject to the availability of the candidate and could be modified upon the agreement of member States.

3. This practice would allow the Committee to elect a Chair to remain in that function for two consecutive years, as it is the current practice, or to step down from the function after one term. As elections are held every year, this means that the minimum term to be served by one member is one year, with eight being the maximum.
