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**Economic Commission for Europe      Food and Agriculture Organization**

Committee on Forests and the Forest Industry      European Forestry Commission

**Joint ECE/FAO Working Party on  
Forest Statistics, Economics and Management  
Forty-first session**

Geneva, 27-29 March 2019  
Item 6 of the provisional agenda

**Discussion on Forest Sector Outlook**

AGENDA ITEM 6

Note by the Secretariat

*Summary*

This document serves as a background document for item 6 of the annotated agenda of the forty-first session of the Joint ECE/FAO Working Party on Forest Statistics, Economics and Management.

Delegates are invited to refer to the background paper ECE/FAO Forest Sector Outlook Study III: Selected Scenarios and Preliminary Results. This study describes the current status of the modelling and its results for the Forest Sector Outlook Study and explains the process that has been followed so far as well as a proposal for the final output of the outlook study. It can be downloaded at: <https://www.unece.org/fileadmin/DAM/timber/meetings/2019/20190327/WP-2019-FSOS-BGD.pdf>

The Joint Working Party is invited to discuss the modelling results, provide input regarding national research and outlook work and advise on the final outputs of the study.

Content:

I.	Background.....	2
II.	Process for the development of the Forest Sector Outlook Study.....	2
III.	Current status of the modelling for the outlook study.....	3
IV.	Proposal for final documents and outputs of the outlook study.....	3
V.	Set-up of the session .....	3
VI.	Key questions for guidance and discussion .....	4

## **I. Background**

1. Since 1952, Forest Sector Outlook Studies (FSOS) have aimed to map out possible or likely future developments, based on past trends used as references, as a contribution to evidence-based policy formulation and decision-making. Through scenario analysis, policy makers can evaluate the long-term consequences of various policy choices.
2. The development of FSOS is part of the Warsaw Integrated Programme of Work for the period of 2018-2021, which was adopted during the Joint Session of the Committee on Forests and the Forest Industry (COFFI) and the European Forestry Commission (EFC) in Warsaw in October 2017. Work Area 2 on Policy Dialogue and Advice specifies, as an output, the publication of FSOS (ECE/TIM/2017/2).

## **II. Process for the development of the Forest Sector Outlook Study**

3. In January 2018, the ECE/FAO Forestry and Timber Section, in coordination with the Team of Specialists (ToS) on Forest Sector Outlook, organized the workshop “Brainstorming for the next UNECE/FAO Forest Sector Outlook Study” in Geneva. Participants included representatives from ministries and forest agencies, research institutes, the private sector and international organizations. The objective of the workshop was to brainstorm and discuss possible aspects and policy questions to be covered by the next FSOS. In addition, participants discussed general aspects, such as: geographic coverage, time horizon, possible contributions, financing, and next steps. The meeting agenda, presentations, pictures and the meeting report can be found on the meeting’s web page [www.unece.org/forests/outlookjan2018](http://www.unece.org/forests/outlookjan2018).
4. Based on the input from the workshop, the secretariat developed a draft proposal of policy question and scenarios, which was discussed by the ToS in March 2018 with respect to the technical feasibility of the various scenarios. The meeting report is available at [www.unece.org/forests/outlookmar2018](http://www.unece.org/forests/outlookmar2018).
5. At the 40th Session of the Joint ECE/FAO Working Party on Forest Statistics, Economics and Management (Joint Working Party), the participants were presented the outcome of the discussions of the Brainstorming Workshop and the ToS meeting. The Joint Working Party agreed to make projections until 2040 for the next FSOS and suggested having a single study covering the whole ECE region, ideally with an integrated modelling framework for all sub-regions. Following this advice, the Secretariat, together with the leaders of the Team of Specialists on Forest Sector Outlook, considered different options for a single global forest sector modelling platform. They decided that the modelling would be carried out by experts from the United States of America (US), subject to inputs and reviews of the members of the Team of Specialists. The US offered to conduct the modelling as an in-kind contribution, while a consultancy was required for compiling the background document provided to the Workshop and meeting of the Team of Specialist in Koli and the 41st session of the Joint Working Party.
6. With respect to policy issues addressed by the next FSOS, the Joint Working Party had communicated its priorities after its 40th session via email. With this input, the Secretariat finalized the proposal for the next outlook study. The list of prioritized scenarios included the following topics: climate change mitigation, growth of specific wood products (construction, textile fibres and biorefineries), climate change adaptation, upcoming market scenarios (China and Africa), economic disturbances, impacts of increasing natural disasters, nature conservation and trade barriers on forest products markets.
7. On 18 October 2018, the secretariat organized a teleconference for all interested Team of Specialists members. The US modelling team presented the assumptions and structure for a preliminary selection of prioritized scenarios, as well as first preliminary results. Participants asked questions, discussed the assumptions and provided input on other scenario variables for consideration. The Secretariat together with the US modelling team prepared a detailed report of the discussion. The report of the meeting can be found on the meeting’s web page [www.unece.org/forests/outlookoct2018](http://www.unece.org/forests/outlookoct2018).
8. The secretariat, in coordination with the Team of Specialists, organized two outlook related events in Koli, Finland on 14-15 February 2019 back-to-back with the final conference of the DIABOLO project: 1. the workshop “Exchange of Experiences in Forest Sector Outlook Studies and Related Work” open to all interested experts; and 2. a meeting of the Team of Specialists. A background paper

was prepared for these events containing the results of the modelling contributed by the US modelling team.

9. During the workshop on 14 February 2019, experts presented national and international modelling work of the forest sector as well as forest sector outlook related research. In addition, the US modelling team presented the results of modelling the prioritized scenarios. In an interactive session, the participants provided feedback and gave recommendations for further research that could feed into the final FSOS publication. The meeting agenda, presentations, pictures and the meeting report can be found on the ECE/FAO website: [www.unece.org/forests/fsosday2019](http://www.unece.org/forests/fsosday2019).
10. The technical discussion was continued at the Team of Specialists meeting on 15 February 2019. The Secretariat presented a draft outline for the final study and accompanying discussion paper, which were discussed with participants. The meeting report is available at [www.unece.org/forests/outlookfeb2019](http://www.unece.org/forests/outlookfeb2019).

### **III. Current status of the modelling for the outlook study**

11. The current status of the modelling is covered in the background paper, which can be found here: <https://www.unece.org/fileadmin/DAM/timber/meetings/2019/20190327/WP-2019-FSOS-BGD.pdf>. This background paper also contains the respective Appendices with further background and results of the modelling. The information in this document was prepared by Dr. Prakash Nepal and were first presented to technical experts in the above-mentioned meetings in Koli. Delegates are invited to analyze the results from their country's perspective. Delegates of the forty-first session will be invited to exchange viewpoints on the preliminary results and next steps of the study in interactive group work.

### **IV. Proposal for final documents and outputs of the outlook study**

12. Based on the discussions of the Team of Specialists, the following three final outputs are proposed for the next outlook study:
  - a. A technical FSOS methodology report, which would describe in detail the assumptions, model and scenario set-up, which were used for the modelling of the FSOS scenarios. This report would be an extension of the current information document (Forest Sector Outlook Study III: Selected Scenarios and Preliminary Results) based on the feedback received at the Koli meeting as well as from the Joint Working Party.
  - b. A web page for the FSOS results which would contain all the results from the scenario modelling including for regions and individual countries. The results would be available in a data-machine readable format such as Excel, so it can be downloaded and used for further studies. In addition, the web page could also contain the results presented in selected maps and graphs.
  - c. A short 20-30 pages FSOS publication directed to policy makers with interesting insights answering the main policy questions as decided by the Joint Working Party and deemed feasible by the Team of Specialists. It would contain additional information on qualitative details that could not be included in the modelling due to technical constraints. It would be structured along two main pillars: climate change (with results focusing on carbon sequestration and climate change related aspects) and structural changes (with results focusing on markets, i.e. volumes, prices etc.). In general, the study would focus on the UNECE forest sector in the global context.

### **V. Set-up of the session**

13. The secretariat and a representative of the Team of Specialists on Forest Sector Outlook will present further detail regarding the process and the current status of modelling, as well as the outcomes of the various meetings over the past year. Participants will have the opportunity to ask questions.
14. Participants will then be divided into four groups to discuss the following questions (these may be modified a bit):

- a. What is your assessment of the presented modelling results?
  - b. Among the results, what do you think is most important, considering present and future policy choices?
  - c. What is your assessment of the proposed outputs of the outlook study, i.e. methodology report, web page with all the results and publication orientated at policy makers?
  - d. What kind of research is undertaken in your country or organization which could feed into the final publication, in particular regarding climate change adaptation?
15. The results of the group discussion will be presented to the meeting delegates and will be included in the annex of the meeting report.
  16. Following the group work, delegates will be invited to have a general discussion including capacity building needs in different countries and advise on the future work of the ToS on Forest Sector Outlook.

## **VI. Key questions for guidance and discussion**

17. The Working Party is invited to:
  - a. *Inform the secretariat about current or planned activities in member States regarding outlook studies;*
  - b. *Provide feedback to modelling results;*
  - c. *Discuss the proposed outputs of the Forest Sector Outlook Study;*
  - d. *Discuss possible inputs to the publication, in particular on climate change adaptation;*
  - e. *Provide guidance regarding structure and content of the final FSOS publication;*
  - f. *Consider supporting this Outlook Study through in-kind and financial contributions;*
  - g. *Inform the secretariat about capacity building needs;*
  - h. *Advise on future work of the Team of Specialists on Forest Sector Outlook, including the extension of its mandate.*