

REPORT

The FAO Advisory Committee on Paper and Wood Products held its Fiftieth Session in Rome, Italy, on 26 May 2009. Mr. Avrim Lazar chaired the session, which was attended by 36 participants from 21 countries. This report summarizes the main results of the session.

ITEM 1. Opening of the Session and welcome address

Mr. Avrim Lazar, Chairman of the Committee, opened the Session and welcomed Mr. Jan Heino, Assistant-Director General of the Forestry Department of FAO, Professor Davide Pettenella from the University of Padua and participants.

Mr. Heino welcomed the participants on behalf of FAO and thanked the FAO team for the preparation of the meeting. Since this was the 50th anniversary of the ACPWP, Mr. Heino recalled that the Committee was founded at the 10th session of the Conference on Pulp and Paper in 1959. In 1996 the current ACPWP was formed, which since that time also covers wood products, besides pulp and paper. The purpose of the Committee is to give advice concerning FAO's work in the fields of pulp, paper and wood products, including wood fuel and climate change. It also serves as a common platform for discussions and information exchange. Mr. Heino thanked the Committee for its support and work for the benefit of the industry and FAO over the past 50 years and expressed the wish that such fruitful co-operation and work will continue in the coming years.

The main issues having arisen since last year were the current economic crisis and aspects of climate change. Mr. Heino expressed his hope that these two issues will give greater thrust to "green" products available as pulp, paper and wood products. In conclusion, Mr. Heino expressed his appreciation to Mr. Alfonso Ocampo from Colombia, who had left the Committee and welcomed Mr. Rudolf Rahn Zuniga, Vice-President from Smurfit Kappa Carton de Colombia, succeeding him.

Mr. Lazar then kindly requested Mr. Davide Pettenella, Professor of Padua University to welcome participants on behalf of the host country, Italy. He referred to two topical aspects that the forest industry is facing at the moment: One is the call to use more wood in house construction for the rehabilitation and reconstruction of buildings damaged and destroyed by the recent heavy earthquake in the Abruzzo region, based on the observation that wooden constructions seem to be more earthquake resistant than those in stone and concrete; nevertheless, he regretted that there was not more strenuous lobbying to convince government institutions of the advantages of wood as a solid construction material. Secondly, Italy, as the world's second largest furniture exporter, is feeling the effects of the economic crisis like other countries; however, there is some hope that the stimulus given by the Italian government through reduced taxes on construction and furniture will help the industry to better manage the economic crisis in the sector.

ITEM 2. Adoption of the provisional agenda

The agenda was adopted.

ITEM 3. Review of actions taken by FAO on the recommendations made at the 49th Session of the Committee, and at the preparatory meeting held in Rome on 20 October 2008

Mr. Jan Heino, Assistant Director-General, described the actions FAO has taken since the 49th Session of the Committee, held in Bakubung, South Africa, which requested FAO to:

- 1. Promote the contributions of sustainable forest management to climate change mitigation.**
 - FAO and ICFPA undertook a joint study "*The climate profile of the global forest products industry*". The findings will be used to profile the role of the global forest products industry (if confirmed by the study) at the UNFCCC's COP-15 in Copenhagen in December 2009. The study is expected to be available by 30 September 2009 at the latest;
 - FAO issued a new *Unasylva International Journal of Forestry and Forest Products* No 231/232 on Adaptation to Climate Change.

- 2. Inform on further analysis and forecasts regarding the evolving relationship between liquid biofuels, food and fibre, and the impacts on forest and forest product sectors.**
 - FAO in partnership with IEA Task 31 is finalizing the publication on “Criteria and Indicators for Sustainable Woodfuel”. Completion is due before COP-15. Upon completion the publication will be provided to the Committee members.
- 3. Involve the private sector in the Global Bioenergy Partnership (GBEP).**
 - At the request of the Committee during the preparatory meeting on 20 October 2008 in Rome, Ms. Michaela Morese from Global Bioenergy Partnership Secretariat (GBEP), located at FAO Natural Resources Management and Environment Department, reported on the links to the private sector activities, objectives of the Global Partnership, which aims at promoting bioenergy for sustainable development.
- 4. Analyze the impacts of forest-based industries’ operations on availability and quality of water.**
 - At the request of the Committee during the preparatory meeting on 20 October 2008 in Rome, Mr. Tomas Hofer addressed the recommendation. Mr. Hofer gave a presentation on recent developments in forests and water, focusing on (a) quality, (b) quantity of water on global scale, (c) adaptation to climate change and (d) disaster risk mitigation;
 - FAO published a report on forests and water, *FAO Forestry Paper 155*. This state-of-knowledge publication will be of interest to the private sector. www.fao.org/forestry/publications/en
- 5. Expand the analysis on the contribution of the forest sector to GDP, including contribution to communities’ and individuals’ well-being;**
 - Mr. Arvydas Lebedys briefed the Committee during the preparatory meeting in Rome on 20 October 2008 and made a presentation addressing forest sector employment and impact on GDP. Employment in the forest sector was decreasing globally slowly but steadily from 15.7 million (1990) to 13.7 million jobs in 2006;
 - Early March 2009, before the COFO/WFW, FAO FO made a statement - Forests and the global economy: ten million new jobs. FAO stated that the forest sector has considerable potential to play a catalytic role in the world’s response to the global economic and environmental crises. The information is available at www.fao.org/news/story/en/item/10442/icode/;
 - Financial crisis issues were addressed at COFO/WFW special event on 20 March 2009: Impacts of Global Economic Turbulence on the Forest Sector. The event was addressed by Teresa Presas.
- 6. Facilitate private sector participation in the World Forestry Congress 2009.**
 - FAO is organizing a series of side events, facilitating private sector participation, including:
 - Forestry and climate change - To Copenhagen and beyond
 - Forests and energy - Balancing risks and opportunities
 - Special event 1: "Investment and financing forum" ;
 - Special event 2: "Business networking day".
- 7. Build on the European Forest Communicator’s network for a global reach with a focus on deliverables.**
 - UN-ECE/FAO European Communicators Network (FCN) held a meeting in Rome on 20th October 2008 www.fao.org/forestry/foris/data/efw/FCNAgenda.doc. The meeting discussed global dimensions of forest communication;
 - FAO is working with the UNECE Timber Committee on the issue of focusing on deliverables. Because of the leadership change in the Timber Committee, the task may require more time to complete.
- 8. Map and analyze green public procurement systems and green building initiatives related to forest-based products.**
 - A Workshop entitled “*The Roles of wood in green building and green building effects on the forest sector in the UNECE region*” was held during European Forest Week on 20 October 2008. The workshop was organized by UNECE/FAO Team of Specialists on Forest Product Markets and Marketing. The event mapped and analyzed green building initiatives www.fao.org/forestry/foris/data/efw/GBDAgenda.pdf.

9. Organize an informal interim meeting in conjunction with the European Forest Week on October 20, 2008 in Rome.

- The preparatory meeting was held on 20 October 2008 in Rome as agreed.

10. Hold its 50th Session in Brazil during the first week of June, 2009.

- Subsequently the venue was changed to FAO HQ in Rome on 26 May 2009.

ITEM 4. Forests and climate change: the Road to Copenhagen

Ms. Susan Braatz briefed the participants on recent status of UNFCCC negotiations and forestry related issues being deliberated in the lead up to an agreement in Copenhagen on 7-18 December 2009. In particular, she reported on i) issues relevant to the industrial forest sector, ii) the status of UNFCCC negotiations, iii) issues related to mitigation management, iv) adaptation with emphasis on most vulnerable countries and v) engagement of the forest industry in the UNFCCC process. The latter could be done through providing views and inputs to the negotiators, by delivering statements and policy issues messages and by holding side events at UNFCCC sessions.

At the questions and answers session following the presentation, participants raised some concerns about the actions taken in favour of the industry: the draft on harvesting (ICFPA) will not be ready for presenting in Copenhagen. Among other interventions, participants noted that pulp and paper are not considered in the deliberations on carbon accounting for harvested wood products. Concerning the voluntary market, it turned out that this is much smaller than expected and that the CDM is not favourable for forestry at the moment. Some participants and members of the secretariat expressed the opinion that the outcome of Copenhagen negotiations will be important, and that intense work will most likely have to be carried out after Copenhagen. Therefore, participants agreed to formulate strong recommendations with regard to intensifying the work on forests and climate change.

ITEM 5. The impacts of the financial crisis on forest industry

Mr. Jukka Tissari introduced the topic of global impacts of the financial crisis on the forest industry worldwide. He mentioned that almost all countries have been affected by the economic down-turn, but while some countries are projecting early signs of recovery, in other regions the crisis has not bottomed out yet. However, common to many countries is the importance attached to the forest sector on the political agenda which aims to overcome some of the unprecedented challenges at national and even global level.

Mr Tissari also pointed out that the on-going restructuring is a correction move to reduce overcapacity and reduce finished products inventories. It is hoped that this will allow fast up-turn once the crisis is over and the real economy bounces back again. It is expected, that mergers and acquisitions will accelerate after cyclical turn for the better.

FAO was invited to study the future demand for pulp, paper and wood products, as well as a review of the supply side in the geopolitical context, taking into consideration the future supply of land, water and energy in competition with agriculture and energy production.

In the second presentation under Item 5, Mr. Davide Petennella presented additional information on the development and perspectives of forest industries in Italy. He reported on how the current financial crisis had affected the forest industry and how the impact of the crisis may lead to the creation of different structures in the future. The Italian pulp and paper industry is now discussing an adaption strategy to overcome the economic crisis. The elements of the strategy will be first of all energy saving, then new efforts to improve public opinion of the pulp and paper industry, which is presently dominated by wrong and negative perceptions about what the industry is doing, and lastly to increase the domestic supply of raw material by using even more recycled material and intensifying utilization of raw material from domestic poplar plantations.

ITEM 6. Communication of joint messages

Mr. Bernard de Galembert and Mr. Ingwald Gschwandl introduced item 6 - Communication of joint messages, an item which has such a high relevance for the industry that the Committee put it on the agenda for the third time since the Shanghai meeting in 2007. Although the image of the forest industry has

improved in recent years, Mr. de Galembert said that there is still a need to issues raised by NGOs and the general public regarding environmental issues and forestry practices. Many people still have an erroneous perception that using wood products is congruent with destruction of forests. To successfully improve the image of the forest industry, coordinated and concerted strategies are needed. Unfortunately, wrong perceptions are very persistent in the public opinion and a poor image is difficult to correct. Since NGOs and the public opinion are generally emotive, whereas the industry responds with dry facts and figures, make improving the industry's image very difficult. The industry should address the emotional slogans and try to demonstrate that the industry works in a responsible manner. FAO's role should be to disseminate information about the sector and facilitate dialogue by acting as a neutral forum. Mr. Ingwald Gschwandtl mentioned that one resource to improve the image of the industry is the Forest Communicators' Network, which operates from Vienna and stands ready to help fill information gaps. The network is also mandated to develop a communications strategy for UNECE member countries. Mr Gschwandtl pointed out that improving the industry's image and overcoming wrong public perceptions about what the forest industry is doing will be a long process. However, there were also positive examples, such as the European Forest Week (October 2008) or the World Forestry Week held in conjunction with COFO 2009, which were jointly organized with many partners and were well receptive to the media and public.

ITEM 7. Summary of country reports, including the social impacts of forest industries

The country reports mostly focus on the economic situation of the industry in 2008, but also cast light on national and regional policy developments and trends, as well as touching on social aspects. Some country reports also cover environmental impacts of the industry. The country reports and the executive summary of the reports were not presented due to time constraints, but the chair strongly urged participants to read this informative document which was included the meeting folder.

ITEM 8. Participation in the XIII World Forestry Congress, 18-23 October 2009 in Buenos Aires

Mr. Olman Serrano and his team, including the Argentinean representative, provided the participants with detailed information on the different events of the World Forestry Congress which FAO holds once in six years together with a host country. In particular, Mr. Serrano highlighted four side events, which may be of special interest for ACPWP members. These are: Forestry and Climate Change - to Copenhagen and beyond; Forests and energy - Balancing risks and opportunities; Business networking day; and Investment and financing forum. The most attractive Congress days for the industry will be concentrated between Wednesday and Friday, 21-23 October 2009. The participants also decided to hold the ACPWP interim meeting 2009 in Buenos Aires on Friday 23 October, in conjunction with the WFC. It was agreed that this time the format should be a joint ACPWP/ICFPA half-day meeting.

ITEM 9. Recommendations of the Committee to FAO for 2009 - 2010

The Committee requested FAO to undertake the following actions:

1. Water

Continue to document the important role of forests with regard to water quality and utilization, including the known issues and existing knowledge, with a view to making recommendations to the sector for best practices, further action and research. This also includes working on common definitions related to water and forestry, resulting in a "Forest Water Lexicon".

2. Climate change

Document the contribution to carbon sequestration of harvested wood products as a substitute for more carbon intensive material and articulate the benefits of sustainable forest management in the international climate change dialogue.

Monitor and report on the development of carbon trading markets, including the voluntary market, for facilitating the reporting of forest and wood product carbon stocks and flows through the exchange of information and development of methodologies.

Conscious of the timetable for post 2012 negotiations, the Committee further recommends FAO take all opportunities to participate in key LULUCF related meetings prior to Copenhagen and beyond if necessary.

Close collaboration over this period will be essential and it is proposed that FAO establish a regular communication channel with the ICFPA climate change working group. It is expected that contacts will be frequent - perhaps every two weeks – and will be open to all those from each group interested and able to contribute. The objective should be to use collective knowledge of the negotiations to achieve a higher level of awareness and preparation.

3. Poverty alleviation and economics

Continue working to document the contribution of the forest sector to job creation and alleviation of poverty.

4. Communications

Sustain its support for the Forest Communicators' Network by further gathering, refining and disseminating data for relevant communication, including the collection and summarising of relevant information, and streamline data accessibility together with ICFPA.

5. Possible Future of the Forest Industry

Together with ICFPA, convene in the coming eight months an experts' workshop, duration approximately two days, which will examine the results of the CEOs round table and use the documentation prepared for that round table to deepen further understanding of the possible future for the global forestry industry.

ITEM 10. Election of Chairperson

Mr. Avrim Lazar will chair the 51st Session.

ITEM 11. Date and place of the next session

Japan offered to host the 51st session, most likely on the 24-25 May 2009. Exact dates and place have to be confirmed.

ITEM 12. Any other business

Mr. Klaus Windhagen referred to the ICFPA memo (ICFPA/024/09), on the subject of the CEPI Statistics Network group, shortcomings related to the FAO Pulp and Paper Capacity Survey and proposed possible solutions. Mr. Heino informed participants about FAO intention to invite private sector representatives to participate in a High-Level Meeting on how to feed the World in 2050, to be held in Rome at the end of the year.

ITEM 13. Closing remarks

The Chair closed the meeting at 14.45 hours and thanked all participants for this productive meeting.