

1. European Forest Sector Outlook Studies

- Market potentials of the forest sector in Eastern Europe
- Demand in social and environmental benefits from forests
- CEE in the European context (EU/EFTA/CIS)
- Forest use and its contribution to sustainable development
- Policy relevant conclusions and options
- Country specific outcomes

2. SEUR Forestry Programme on Eastern Europe



Driving forces and required outlook assumptions:

- Stability of the policy framework
- Economic growth (GDP)
- Demographic development/Migration
- Internal (forest sector) policies
- External policies
- Demand for forest products/Product Prices
- Demand for social and environmental services and benefits
- Innovations/Production Costs



Time horizon: Analysis 1964 to 2000
Outlook 2000 to 2020

Subject: forest resources,
forest products markets
forest sector policy framework

Regional scope: EU/EFTA,
CEEC (plus Turkey),
CIS (only Belarus, Moldova, Russia and Ukraine)

Network: 23 officially nominated correspondents, over 200 experts and stakeholder representatives participated in various meetings and inquiries, more people involved in the data and information supply + external funds



Main steering parameters, 2000- 2020 (NOBE, 2002)

		Conservation	Baseline	Integration
GDP	EU/EFTA	1.1%	1.3%	2.6%
	CEEC	2.6%	4.2%	5.3%
	CIS	2.4%	4.0%	5.3%
	Europe	1.5%	2.2%	3.5%
Change in relative prices of forest products		0.5%	0.0%	-0.5%



Further structural shift towards social and environmental services and benefits

- Rising awareness of the importance of social and environmental benefits to society (biodiversity, carbon storage, water management, landscape protection etc.) mainly in western Europe
- Growing demand in non-wood (market) forest products and services as well as in recreation in particular in urban areas
- Increasing contributions of forestry to development in rural areas (CiT)



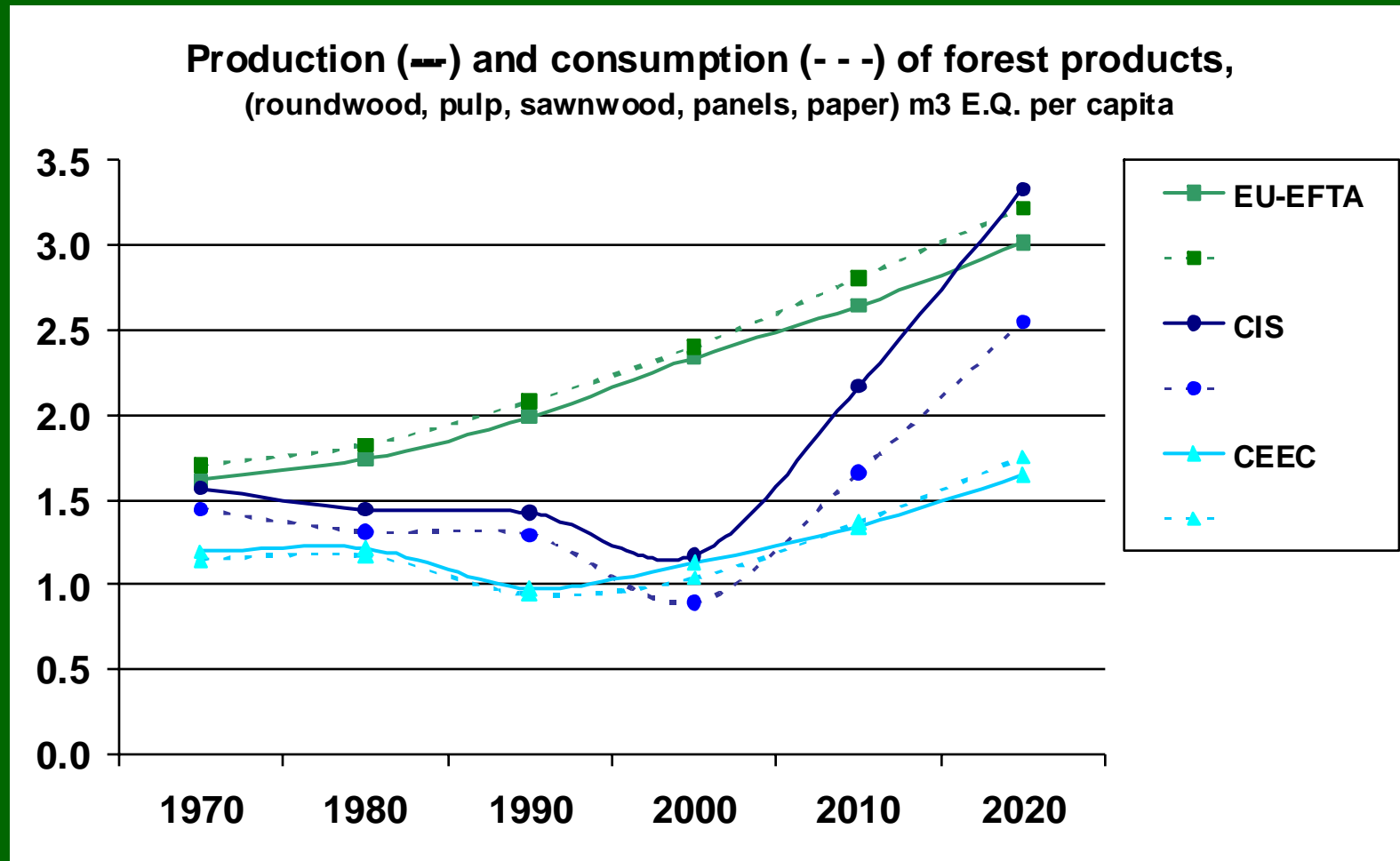
Dynamic growth in CEEC and CIS

Annual average growth rates in production and consumption of forest products, Baseline scenario, 2000-2020, (%)

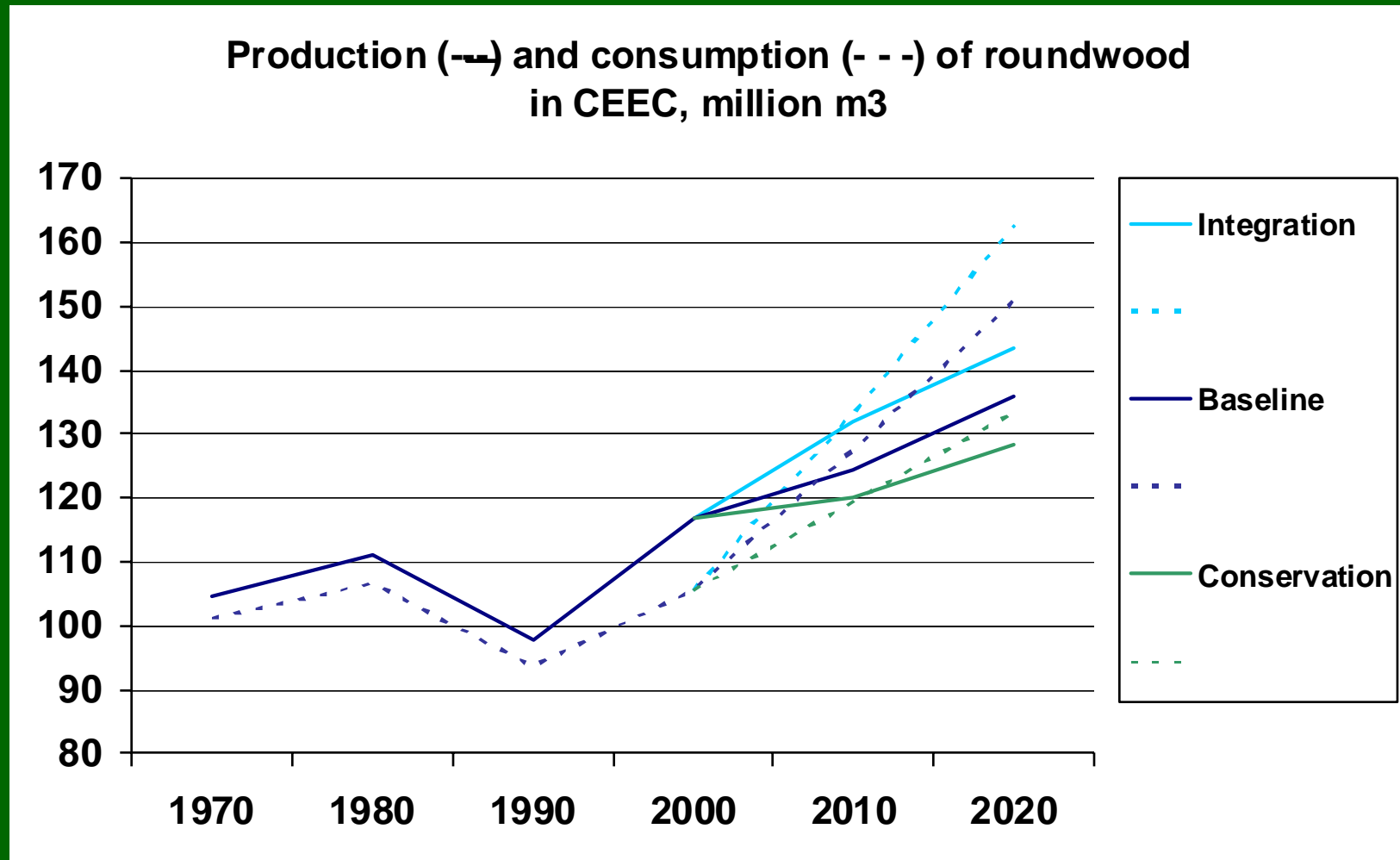
	EU/EFTA	CEEC	CIS	Europe
Production				
Sawnwood	0.9	2.3	5.2	2.3
Wood based panels	1.9	3.5	5.9	2.7
Paper and paperboard	2.0	5.0	6.1	2.6
Consumption				
Sawnwood	0.8	2.4	5.0	1.8
Wood based panels	1.7	3.8	6.1	2.6
Paper and paperboard	2.3	5.4	6.0	2.9



Forest products markets will continue to expand

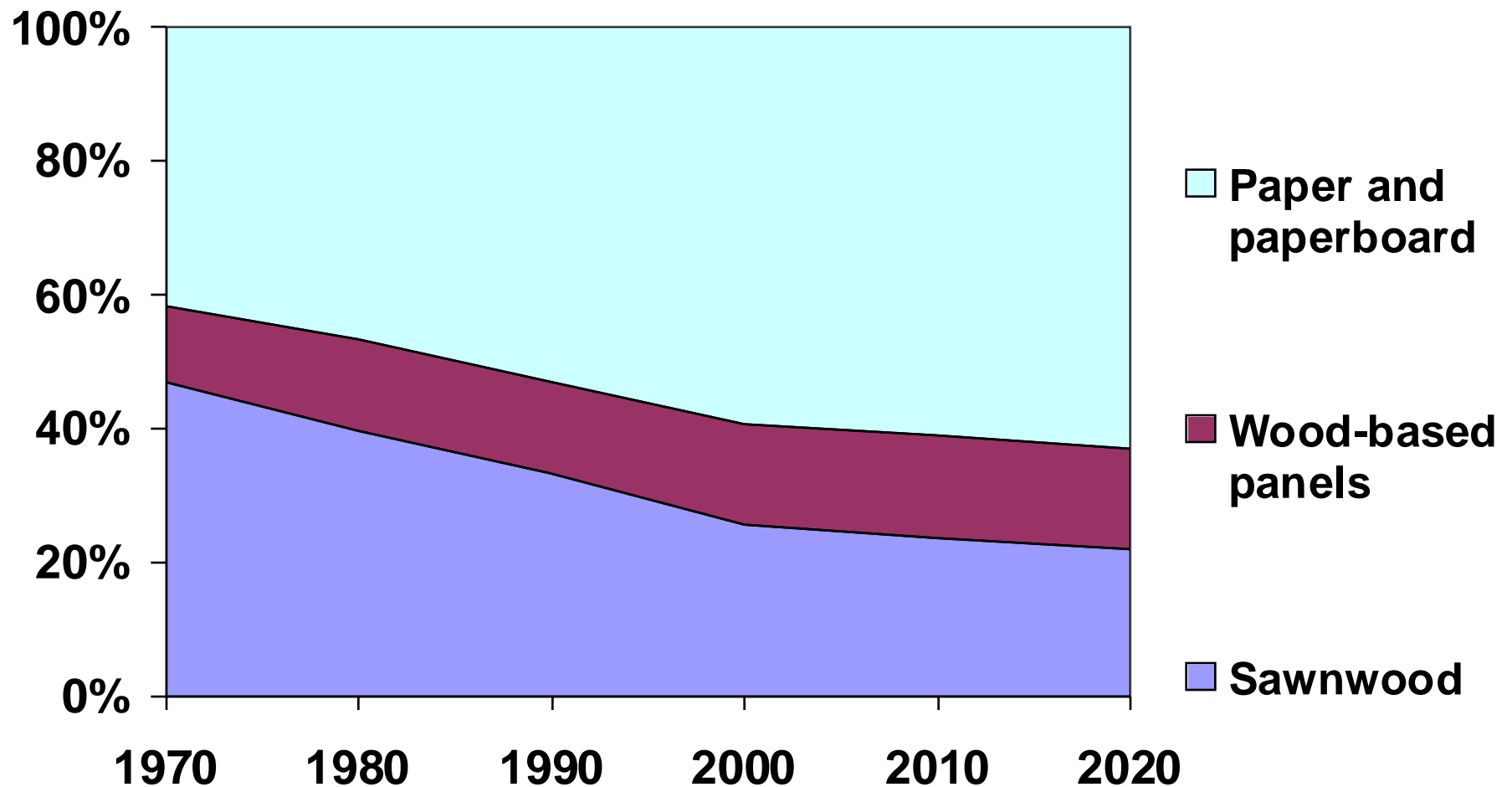


Forest products markets will continue to expand



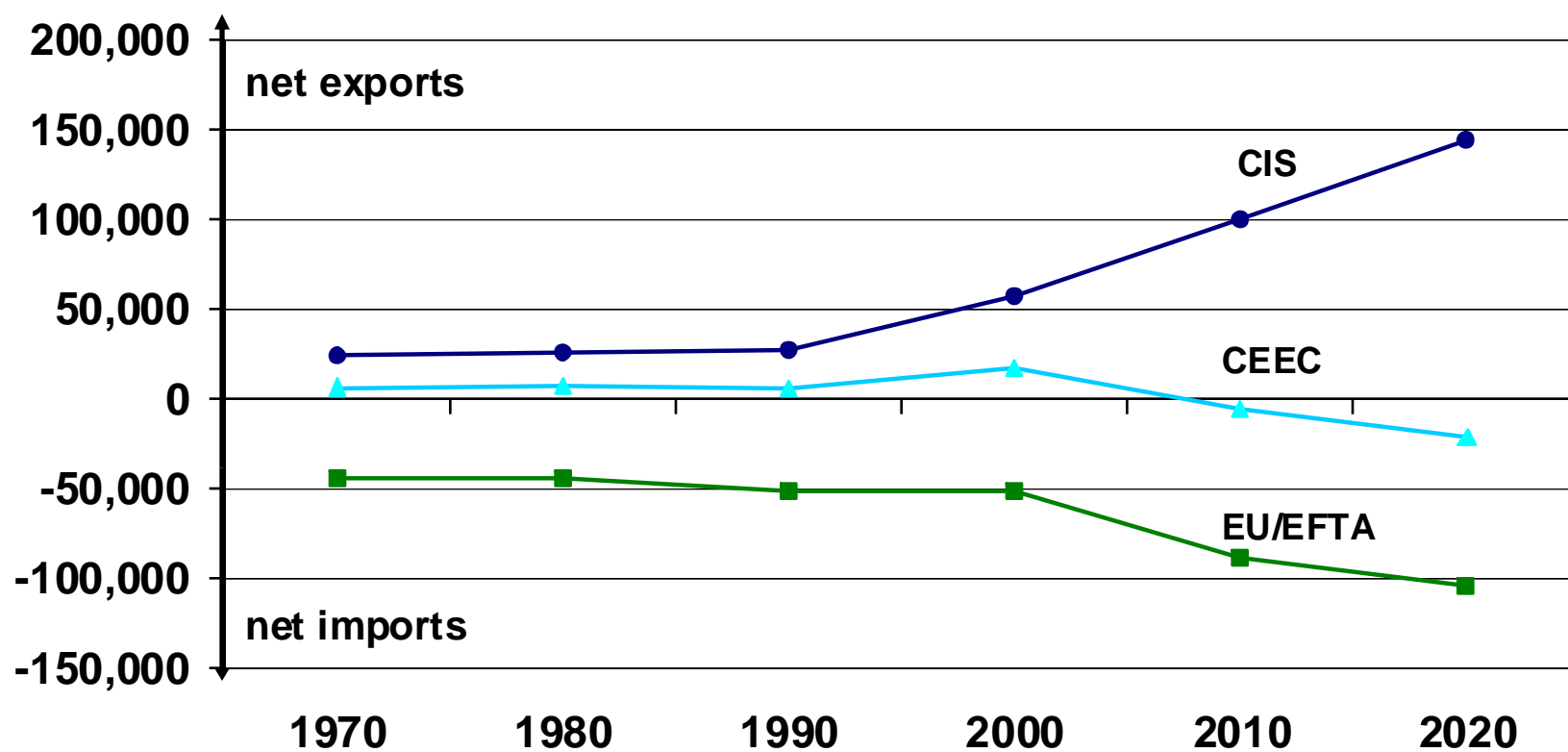
Structural shift in consumption of forest products continues

Share of forest products in total consumption of Europe,
Baseline scenario, % of m3 E.Q.



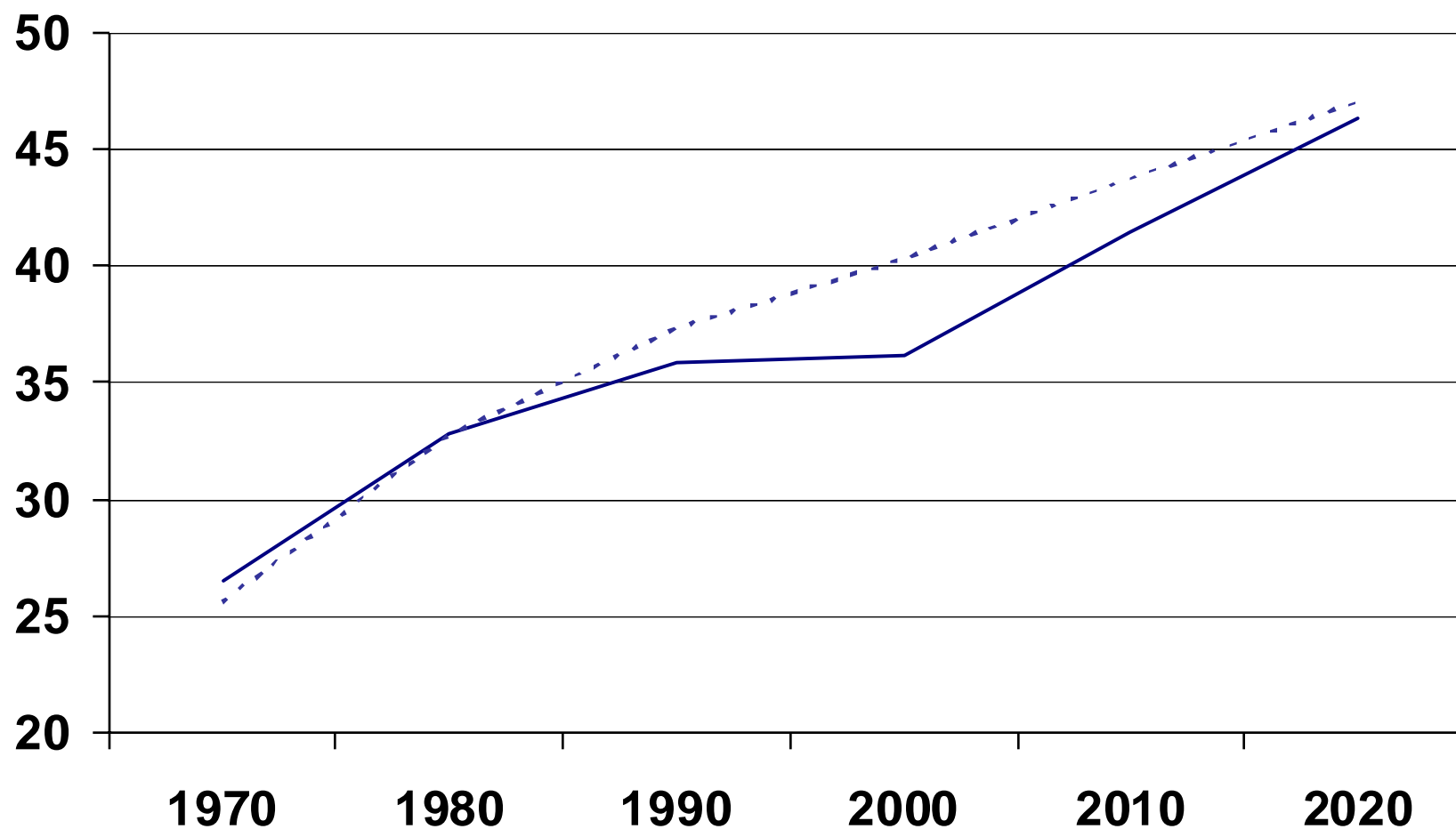
Trade will intensify

Net trade of forest products in Europe,
million m³ E.Q. (roundwood, pulp, sawnwood, panels, paper)



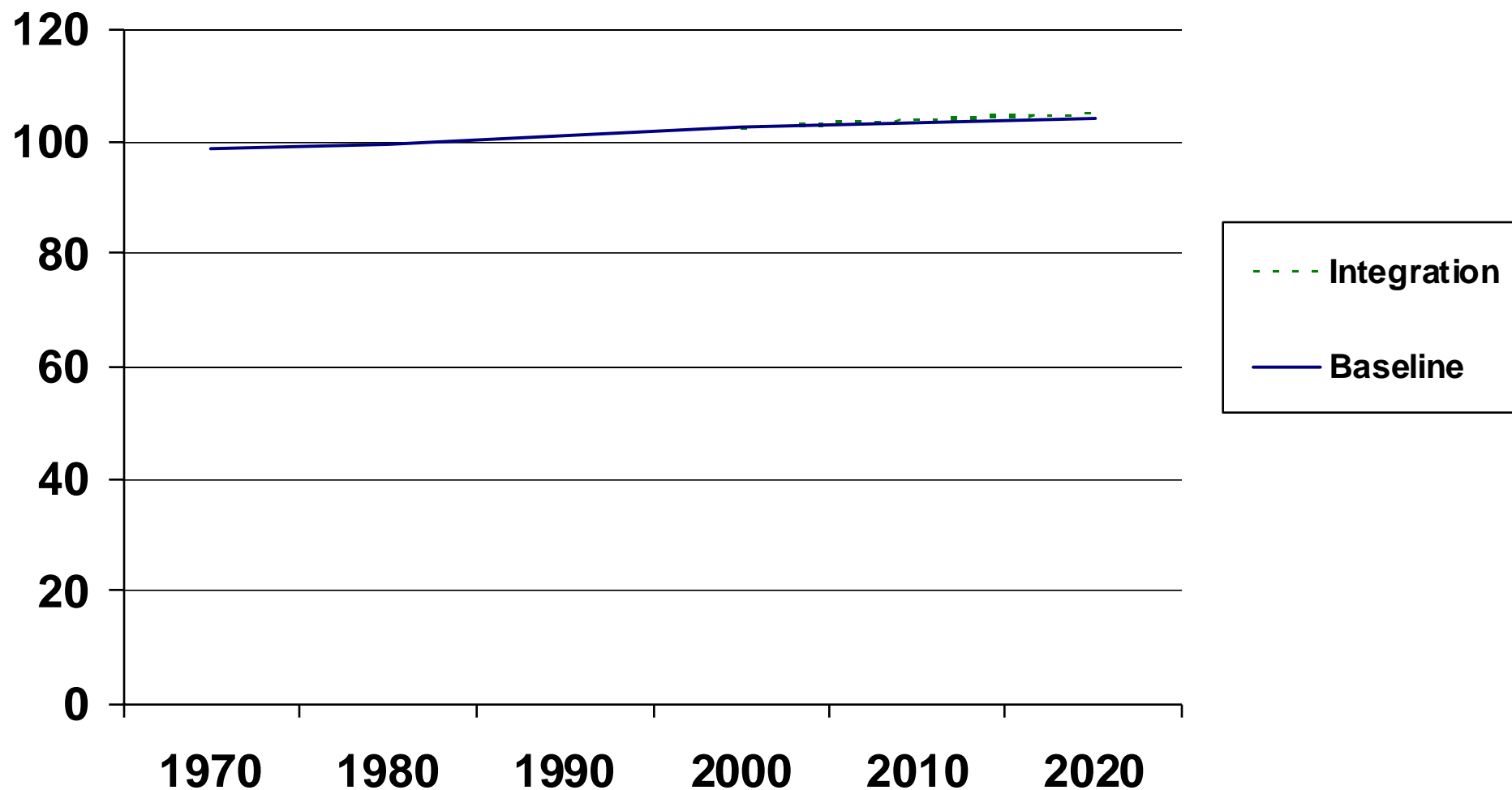
Recycling will continue to expand

Recovery rate (—) and utilisation rate (- - -) of recovered paper in Europe, %

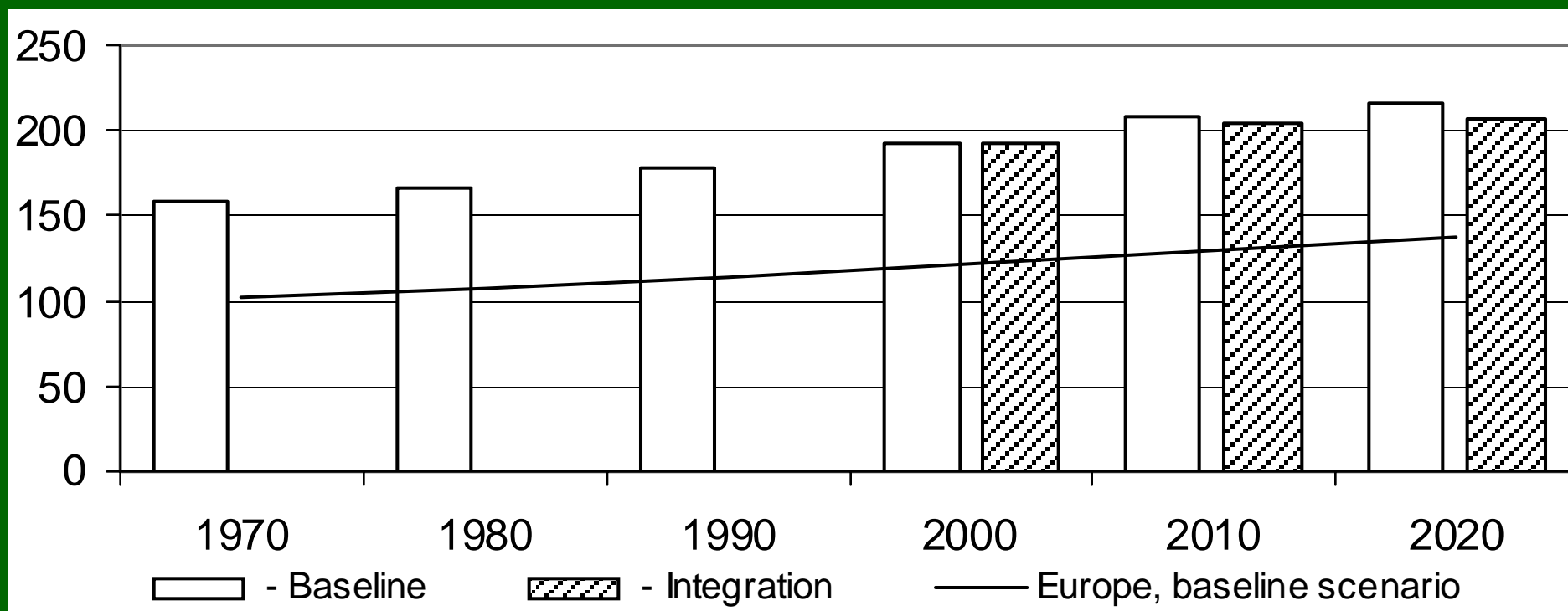


Forest resources are increasing

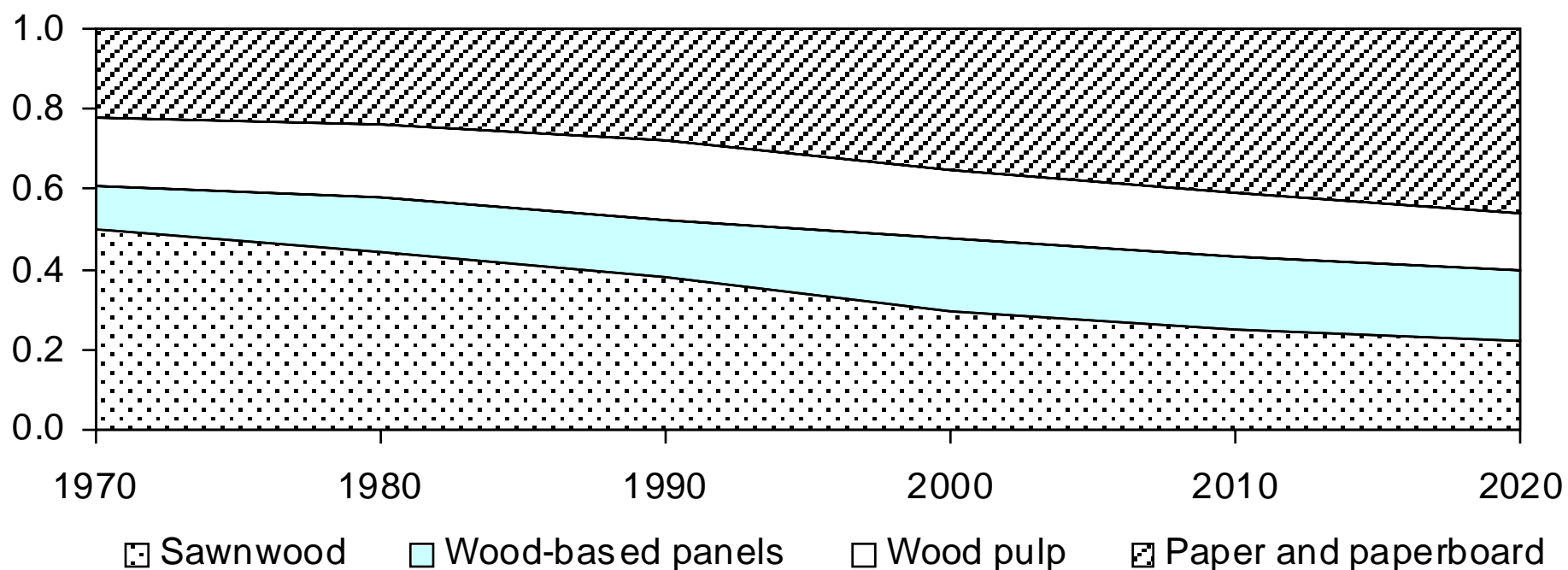
Forest Available for Wood Supply in EU-EFTA , million ha



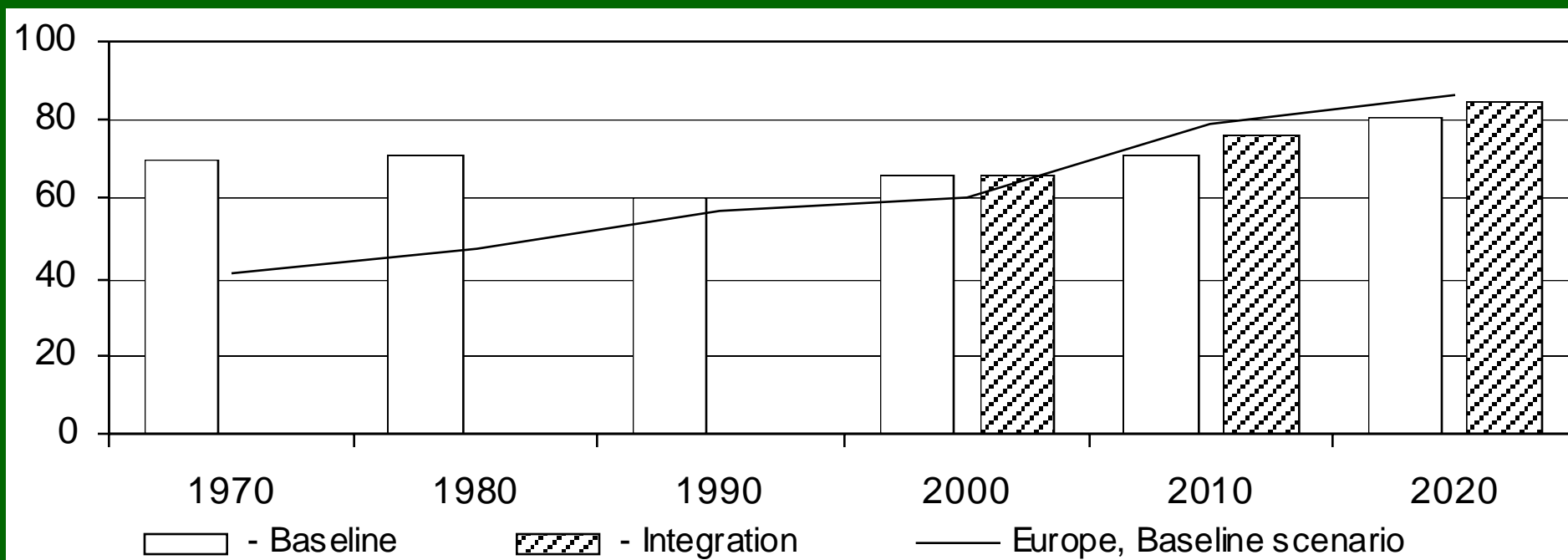
Growing stock, m³ o.b./ha



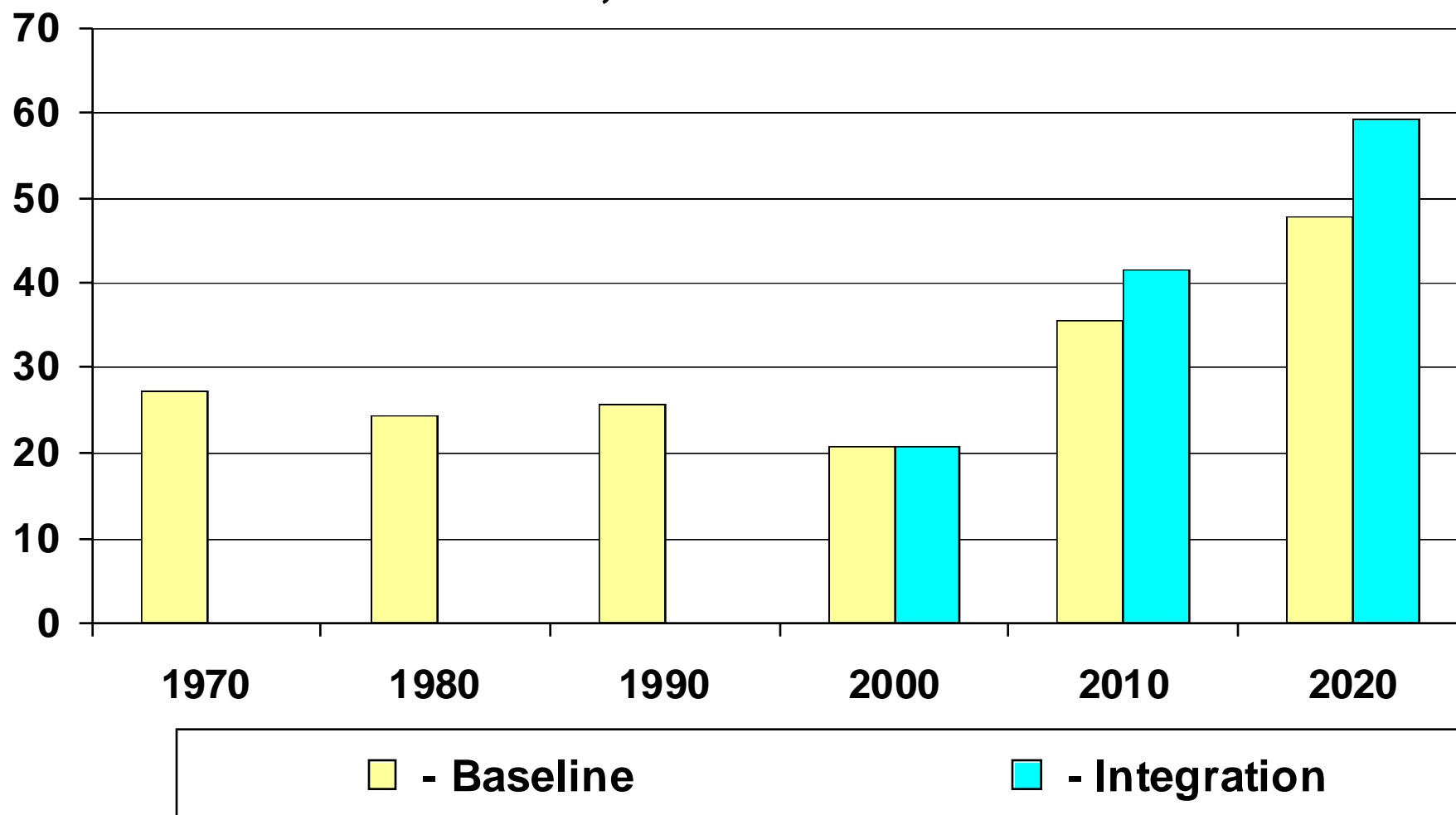
Share of Forest Products in Total Consumption, Baseline scenario, CEEC



Ratio of Fellings to Net Annual Increment, %



Ration between fellings and net annual increment in CIS, % based on m3 o.b.



Forestry employment will continue to decline

Sub-sector	Employment in 2010 (1,000 full-time equivalents)	Reduction relative to 2000	Per cent reduction 2000/2010
Forestry (ISIC 02)	1 277	- 120 000	- 8.6
Wood industries (ISIC 20)	1 410	- 60 000	- 4.1
Pulp and paper (ISIC 21)	827	-90 000	- 8.5
Total forest industry	3 544	- 270 000	- 6.9



Economic viability of forest management will continue weak in many European countries

- **Roundwood prices have stagnated or even fallen in real terms, while the costs of forest management, including labour costs, have been rising steadily, in line with developments in other parts of the economy**
- **Obligation in many areas to bear costs associated with the non-wood functions of the forest, such as recreation and biodiversity, without compensating revenue.**
- **The EFSOS analysis does not hold out the perspective for higher wood prices, or for reduction in costs of forest management**



Biodiversity and nature conservation

Comparison of rates of growth under baseline and conservation scenarios

(% p.a.)

	EU/EFTA		CEEC		CIS	
	Baseline	Conservation	Baseline	Conservation	Baseline	Conservation
Consumption						
Sawnwood	0.8	0.5	2.4	1.4	5.0	2.6
Wood based panels	1.7	1.1	3.8	2.3	6.1	3.3
Paper and Paperboard	2.3	1.6	5.4	3.3	6.0	3.1
Production						
Sawnwood	0.9	0.6	2.3	1.4	5.2	2.7
Wood based panels	1.9	1.3	3.5	2.3	5.9	3.2
Paper and Paperboard	2.0	1.4	5.0	3.1	6.1	3.2

Policy framework

Progress towards Sustainable Forest Management (nfp, criteria and indicators, certification etc.)

Forestry issues are and will be addressed increasingly by other policy areas (environment, agriculture, water management etc.)

Institutions are shifting/restructured reflecting the increasing needs of social and environmental benefits from forestry



Country specific analytical results for all European Countries!

In the country tables all data based on assumptions made by the secretariat are shown in italics.

Please review the tables for your country carefully, considering the explanatory notes!

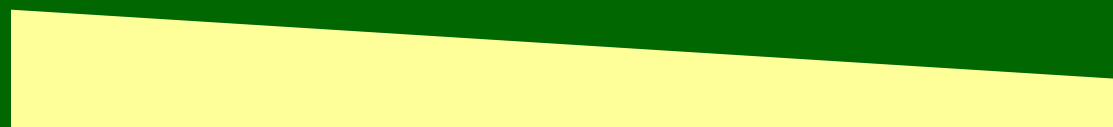


Western Europe
(EU/EFTA)

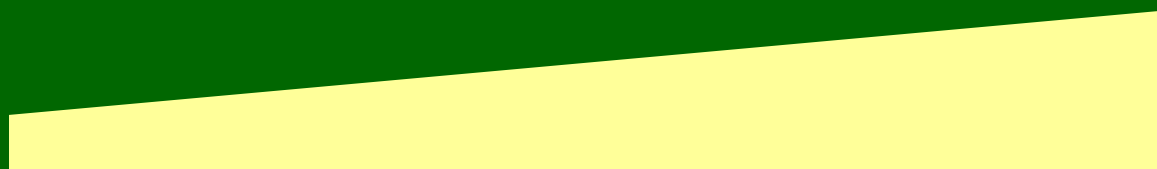
Central Europe
(CEEC)

Eastern Europe
(CIS)

Environmental values



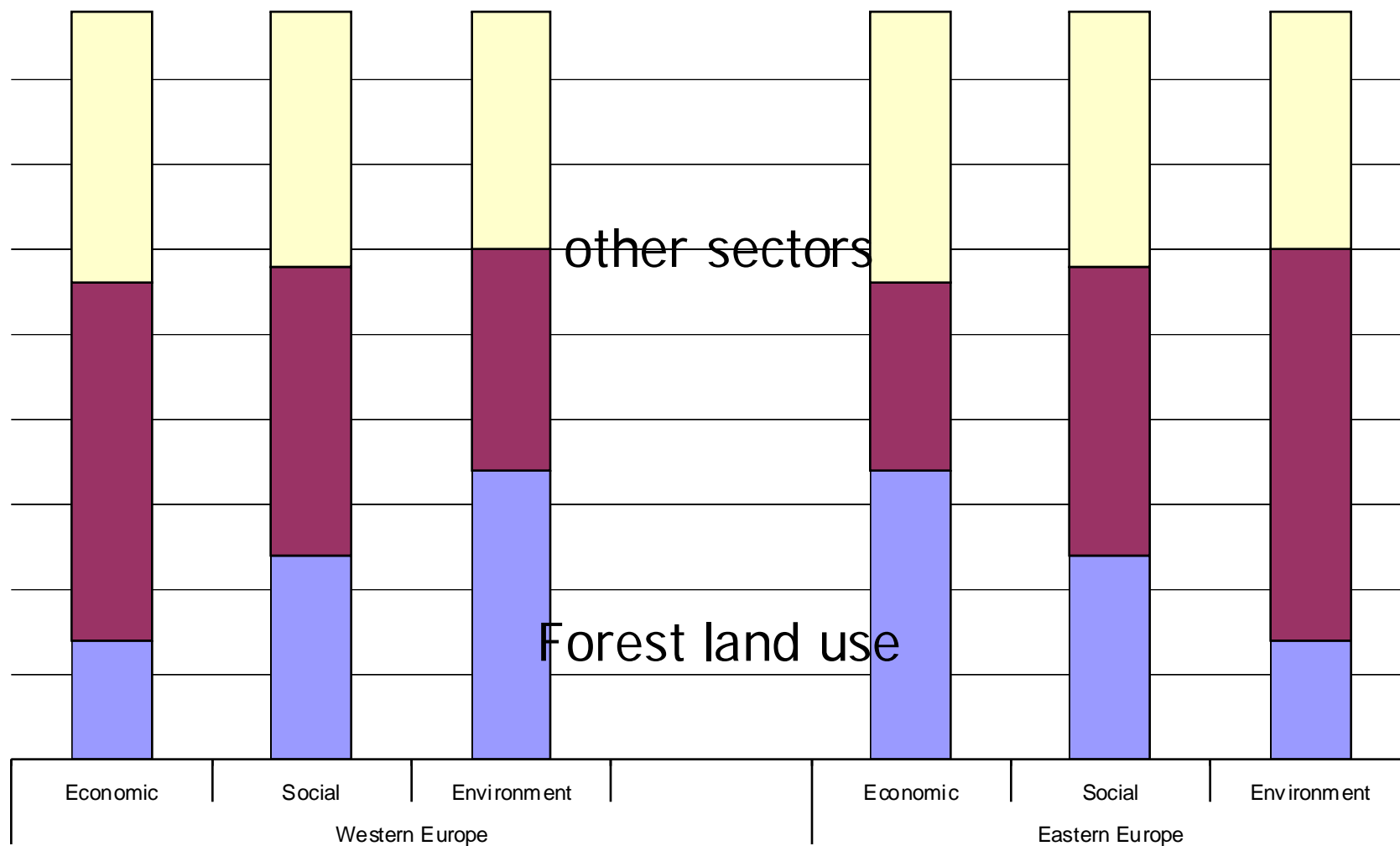
Economic values



Social values



.....
Overall sustainable development
.....



Policy options: What is the reference system?

Sustainable forest management

Contribution of forest land use to an overall sustainable development



Policy relevant conclusions

Foster regional integration of CEEC and CIS

Focus on social and environmental benefits

Insure further economic growth

Strengthen policy institutions



Policy relevant conclusions (CEEC)

Protect forest resources (local over cuttings, cutting endangered tree species, illegal loggings, storm damages, insects, forest fires)

Use of the particular economic potentials of the forest sector in particular for the development of rural areas

Overcome lack of management skills of "new" forest owners and the disadvantages from small scale ownership

Incentives for investment in the Eastern European forest sector



Policy relevant conclusions (CEEC)

Integration of the Eastern European forest sector stakeholders into the international forest sector institutions and activities

Consider increasing demand in social and environmental benefits from forests

Use cross-sectoral approaches to avoid further marginalization of forestry



Policy relevant conclusions (CEEC)

Promote traditions in environmentally friendly use of wood for housing and burning

Strengthen the forest sector institutions and policy framework

Particular market and trade issues of Central and Eastern European Countries (being located between EU/EFTA region and CIS)



Forestry Programme on Eastern Europe

Decentralisation process in FAO

Additional resources in SEUR on forestry issues in CEE and CIS

Possibilities of FAO (TCP, regional projects, Investments, fund raising)

Needs of the countries in terms of policy priorities



Forestry Programme on Eastern Europe

- Improve the contribution of the forest sector in CEE and CIS to sustainable development in Europe
- Assist countries in capacity building, strengthen the forest sector institutions and facilitate the implementations of adequate policies
- Involve representatives of all stakeholders in the target countries as well as on the regional and European level
- Consider current activities carried out by FAO, EU, UNECE, MCPFE and other organisations active in this field



Forestry Programme on Eastern Europe

- Avoid double work and gain synergies the FPEE aims first of all to support coordination of activities
- Organise additional activities where shortages are recognised and FAO resources allow respectively external funds can be raised



Roadmap

Information to and comments by the UNECE/FAO strategic review of the integrated programme of work, 1-2 April 2004, Geneva, Switzerland

Invite stakeholder and policy experts of CEEC and CIS as well as cooperation partners to comment on the draft FPEE (by email)

Meeting in Budapest, Hungary, with a small group of stakeholder and policy experts of CEEC and CIS to discuss the draft FPEE

Discussion and approval of the FPEE by the FAO European Forestry Commission in October 2004, Geneva, Switzerland.



Forestry Programme on Eastern Europe

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