

## **Agenda Item 7**

# **Summary of Country Reports**

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# Summary country reports

- ACPWP members focus on emerging issues and business developments for the year 2008.



# Questions

- What are the emerging issues facing the industry in your country?
- What are the most important business developments within your country over the last year?
- What new information do you have on the socio-economic contributions of the forest industry in your country (formal and informal employment generated by the forest industry, contribution to rural and urban development, health, education, poverty alleviation, etc.



# Answers

Most of the country reports cover the three questions and provide important information.

It was difficult to get answers on the

- Social and environmental roles of the industry
- Precise impact of the financial crisis
- Consolidated figures on Employment by the sector



# Emerging issues facing the industry

- Climate change
- Emission Trading Schemes
- Water
- Certification
- Energy market
- Corporate Social Responsibility



# Climate Change

- Awareness of the significance of climate change is increasing
- European based industry is confronted with ambitious and binding targets of the EC
  - Reduction of GHG emissions
  - Energy efficiency gains
  - Accomplishing a 20 percent share of renewable energies and a
  - 10 percent bio-fuel target
- Expansion of forest plantations as carbon sinks



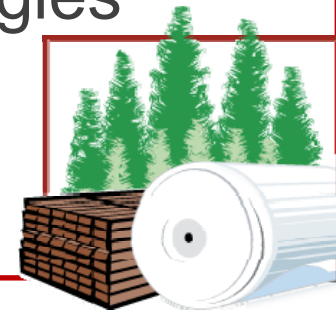
# Emission Trading Schemes

Countries concerned about :

- Large scale emission credits auctioning (up to 100%) in the EU planned for the period by 2013
- Probably market imbalances in favour of countries with lower standards

Political framework for Emissions Trading Scheme set in Dec. 2008

- 2009 – 2010 setting of implementation strategies



# Water

Severe droughts in some countries has a significant impact on:

- Water allocation and expansion of plantations
- Increasing fire risks

In countries with sufficient water supply, a debate on industry's impact on water quality and a call for reduction of emissions of nutrients is emerging.



# Certification and Code of Conduct

Independent, third-party certification continued to grow in many countries:

- Over half of New Zealand's forest plantations are now certified
- Germany reports 100 percent of the wood supply and 85 percent of the pulp supply as having proofs of origin
- Two thirds of Australian forest plantations are certified
- Argentina reports around 30 % of forest lands certified

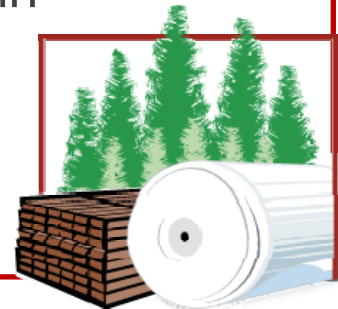
At present, India is reporting on difficulties to get smallholdings with tens of thousands of private owners certified.



# Energy market

High energy costs and political directives are fueling the competition between use of wood for industrial processing and for energy.

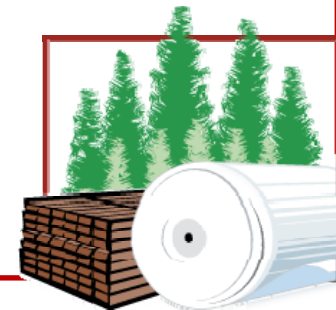
- Concerns about the availability of wood at reasonable market prices are rising (the 20% bio-energy target inflates wood prices)
- An annual gap of wood supply in the EU alone is estimated to reach 260 million cubic meters of round wood by 2020
- The industry proposes the mobilization of all wood resources available and
- Establishment of fuel wood plantations for energy generation
- Some countries are requesting codified priority settings in favour of the production of wood based materials rather than for energy purposes



# Corporate Social Responsibility

Corporate social responsibility has been defined as the ethical behaviour of a company towards society.

- CSR is addressed by certification schemes and national initiatives
- Countries increase the involvement of their indigenous population in the forest industry sector
- Steps forward are changes in land ownership and business and employment opportunities



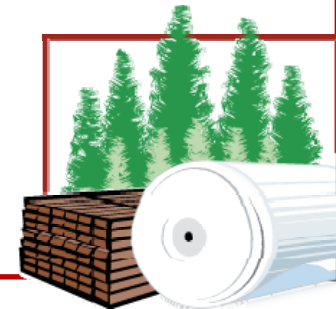
# Business developments, economic situation

- Downturn in the global economy since second part of 2008 and in 2009 weakened demand for forest products in all sectors.
- Increasing number of insolvencies and plant closures, which in the long run could help reduce overcapacities and allow further consolidation.
- Some countries are trying to establish comprehensive development programmes for their forest sector.
- Changing taxation systems and carbon trade lead to uncertainties



# Socio-economic contributions of the Forest Industries

- Downturn in the global economy results in lay-offs, depressed prices, job uncertainties, etc....
- Many countries reported a steep fall in production and trade of forest products during period.
- Some countries reported significant developments during 2008:
  - Argentina: progress in providing forest services and professionalization of rural workers;
  - South Africa: Black Economic Empowerment Transformation Charter will allow for greater participation of previously disadvantaged peoples.



Thank you!

