

Item: Impacts of Economic Turbulence on the Forest Sector

**Opening Remarks
by**

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Dear colleagues, ladies and gentlemen:

We are almost coming to the end of a week of intense deliberations and discussions, primarily focusing on how we are going to meet the twin challenges of climate change and the current economic crisis.

During the opening session we touched upon the issue of current economic crisis and its implications. We asked what we should do to deal with the situation. As every person dealing with business and economics knows, demand and supply are always subject to ups and downs, influenced by business cycles. What we are witnessing now seems to be something extremely severe, the worst since the depression in the 1930s.

I will not go into the impact of the current economic down-turn on the forest sector and there are a number of distinguished speakers who will provide us a concrete picture of where we are now. Suffice to say that:

- Production, consumption and trade have declined quite substantially during the last one year or so. This has led to mill closures and increasing unemployment. Forest industry has been the livelihood of many rural communities. The impact of the economic downturn has been devastating for such communities
- There is growing concern that this will reduce investment in forest management and forest industry. There is a danger that reduction in investments in management could have a significant impact on the supply of wood and environmental services.
- We may also witness some decline meeting environmental standards and in particular the willingness to develop new agreements/commitments, especially relating to climate change mitigation and adaptation.

But like all problems, we also have a very unique opportunity to make forestry one of the core components of economic recovery efforts. Forestry could create millions of green jobs, helping to

address the worsening unemployment problem. We have done some preliminary analysis which gives very clear indication of the enormous potential for job creation in the forest sector. Almost every country could envisage a forestry job creation programme geared to the specific national and local conditions. These could be afforestation, reforestation, improvement of watersheds, improved management of natural forests, building of paths, trails, and recreation sites, improved protection and management of protected areas, expansion of urban and peri-urban green spaces, improved fuel management to reduce fire incidence, etc.

What is of particular importance is that these are all employment that helps to rebuild real assets. As we move towards a “green economy” the demand for biomass will increase. We should invest in improving the forest health and vitality to ensure an increased supply of goods and services. Growing demand for wood and wood products in the recent decades has led some significant decline in the asset base.

More importantly rebuilding the forest asset base through employment will directly address the problem of climate change. Unemployment has been a major factor contributing to deforestation and forest degradation in many countries. In the absence of appropriate opportunities, people do find employment in cultivation, charcoal production, logging and so on. Providing forestry jobs has a double advantage: it not only stops people from pursuing activities that leads to deforestation and forest degradation, but productively utilizes labour to create new resources. Probably this is one of the most effective responses in the forest sector to address climate change.

Ladies and gentlemen, we have done some very preliminary analysis of the potential for job creation and the findings are outlined in the draft working paper that has been circulated. One of the presenters today, Mr. Ivan Tomaselli has also provided a background paper that highlights the potential of forestry for job creation in Latin America. These provide some indication of what can be done by the forest sector.

A number of countries have already embarked on forestry investments to create jobs. Let us take this opportunity to share our views and experience and discuss how we may encourage increased national investments in forestry, especially as countries try to implement economic stimulus packages.

Thank you.