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Item 5 (a) of the provisional agenda

Methodological issues

**Good practice guidance for land use, land-use change and forestry (LULUCF)
activities under the Kyoto Protocol, harvested wood products and
other issues relating to LULUCF**

Report on the workshop on harvested wood products

Note by the secretariat

Summary

The secretariat was requested to organize a workshop on harvested wood products before the twenty-first session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) to increase the understanding of issues relating to harvested wood products. The workshop took place in Lillehammer, Norway, from 30 August to 1 September 2004.

Participants at the workshop exchanged views on definitions and scope of estimation, reporting and accounting of harvested wood products; methods for estimation and reporting of emissions and removals relating to harvested wood products; and approaches for accounting of harvested wood products and the socio-economic and environmental implications of different approaches. The SBSTA may wish to consider the information contained in this report and, if necessary, provide additional guidance.

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I. Introduction

A. Mandate

1. The Subsidiary Body for Scientific and Technological Advice (SBSTA), at its nineteenth session, requested the secretariat to organize a workshop on harvested wood products before its twenty-first session and to prepare a report of the workshop for consideration by SBSTA at that session.
2. The SBSTA, at its twentieth session,¹ decided that the objective of the workshop referred to in paragraph 1 above was to increase the understanding of issues relating to harvested wood products and that it should take into consideration the information contained in documents FCCC/TP/2003/7 and Corr.1 and FCCC/SBSTA/2004/MISC.9 and Add.1, as well as the information on harvested wood products contained in the Intergovernmental Panel on Climate Change (IPCC) *Good Practice Guidance for Land Use, Land-Use Change and Forestry* (IPCC good practice guidance for LULUCF) and the *Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories* (Revised 1996 IPCC Guidelines).

B. Scope of the note

3. This document contains a description of the proceedings and a summary of the discussions during the workshop organized by the secretariat in response to the above mandate. In accordance with the mandate, the workshop covered the following topics:
 - (a) Definitions and scope of estimation, reporting and accounting of harvested wood products, including system boundaries, changes in carbon stocks and emissions in relation to wood products, and the relationship to waste and energy sectors
 - (b) Methods for estimation and reporting of wood products, including inventory methods, assumptions, availability of data, classes of wood products, accuracy and uncertainties, feasibility and costs
 - (c) Approaches for accounting of harvested wood products and implications of different approaches, including socio-economic and environmental implications, impacts on forest carbon stocks and emissions in Parties included in Annex I to the Convention (Annex I Parties) and Parties not included in Annex I to the Convention (non-Annex I Parties), impacts on sustainable forest management and biomass use, impacts on Annex I and non-Annex I Parties, impacts on countries that export and import wood, and impacts on trade.

C. Possible action by the Subsidiary Body for Scientific and Technological Advice

4. The SBSTA may wish to consider the information in this document and, if necessary, provide additional guidance.

II. Proceedings

5. The UNFCCC Workshop on Harvested Wood Products took place in Lillehammer, Norway, from 30 August to 1 September 2004. It was hosted by the Ministries of Agriculture and Environment, Norway, with financial support from the Governments of Canada, New Zealand, Norway and Switzerland.
6. Fifty-nine representatives of Parties and organizations attended the workshop. Thirty-six representatives were nominated by Annex I Parties, including one by a Party with its economy in

¹ FCCC/SBSTA/2004/6.

transition, and 13 by non-Annex I Parties. Five representatives of intergovernmental organizations and five of non-governmental organizations also attended the workshop.

7. The workshop was opened by Mr. Abdullatif S. Benrageb (Libyan Arab Jamahiriya), Chair of the SBSTA. Mr. Håvard Toresen, representative of the Ministry of Environment, welcomed participants to Lillehammer on behalf of the Government of Norway. Mr. Halldor Thorgeirsson, Coordinator of the Methods, Inventories and Science Programme, UNFCCC secretariat, also addressed participants and acknowledged the Government of Norway for hosting the workshop.

8. The workshop was divided into five sessions. During the first session, several presentations by experts and representatives of Parties were delivered. The second, third and fourth sessions addressed the substantive topics referred to in paragraph 3 above. Discussions started with definitions and scope, followed by methods for estimating and reporting emissions and removals from harvested wood products, and by approaches for accounting and their implications. In the last session, the co-chair provided a summary of the discussions.

9. The first session of the workshop was chaired by Mr. Benrageb, who briefly recalled the mandate for the workshop and summarized the organization of work and the documents prepared for the workshop. Mr. Benrageb also introduced the speakers to this session.² Ms. Jenny Wong (secretariat) provided an overview of the technical paper on harvested wood products, prepared by the secretariat in response to a mandate by the SBSTA at its fifteenth session.³ Mr. Kim Pingoud (Finnish Forest Research Institute) delivered a presentation on methods for estimating emissions and removals resulting from harvested wood products and their relation to approaches for accounting. Mr. Osamu Hashiramoto (Food and Agriculture Organization of the United Nations (FAO)) presented data on the international trade of wood products, establishing a distinction between exports and imports from and to developed and developing countries. After these technical presentations, presentations on national experiences in reporting changes in carbon stocks in wood products were delivered by Mr. Peter Brisbane (Australia), Ms. Pascale Collas (Canada), Mr. Justin Ford-Robertson (New Zealand), Mr. Hans Nilsagård (Sweden), Mr. Jim Penman (United Kingdom of Great Britain and Northern Ireland), Mr. Kenneth Skog (United States of America) and Ms. Kathryn Bickel (United States of America). General discussions were held after each presentation.

10. Mr. Audun Rosland (Norway) and Mr. William Agyemang-Bonsu (Ghana) co-chaired the next three sessions and, after each, summarized and presented the main points raised and discussed by the participants. Shapter III is based on these summaries. In the final session, participants had a further opportunity to raise any outstanding issues on definitions and scope, methods and approaches related to harvested wood products.

III. Summary of discussions

A. Definitions and scope of estimation, reporting and accounting of emissions and removals relating to harvested wood products

11. The co-chairs initiated discussions on this topic by referring to basic concepts and definitions, such as “wood products” themselves, classification systems for wood products and estimation, reporting and accounting. They also called attention to the system boundaries and to the relationship between harvested wood products in the land use, land-use change and forestry (LULUCF) sector and these products in other sectors (i.e. waste and energy). Participants stressed that a common understanding of these concepts was needed before discussing other substantive issues.

² All presentations from this session are available at
<http://unfccc.int/meetings/workshops/other_meetings/items/2938.php>.

³ FCCC/TP/2003/7 and Corr.1.

12. The concept “harvested wood products” was understood as covering all wood-based materials obtained not only from forests but also from other land categories, such as croplands, grasslands, wetlands, settlements and other land as defined in the IPCC good practice guidance for LULUCF. Participants noted that, at this point, no wood products should be excluded in the reporting and that a direct link to any land-use category could complicate reporting. Some participants shared the view that the classification of wood products should be based on existing schemes (e.g. FAO classification of forest products⁴). However, such schemes should provide room for adaptation to national circumstances.

13. Participants shared the view that the description of the terms “method”, “reporting”, “estimation”, “accounting” and “approach” contained in the technical paper prepared by the secretariat could be used as a basis for a common understanding of their meaning. However, they noted that further consideration is needed. Some participants stated that, when trade of harvested wood products occurs, “approach” relates to **which country** should be required to report **what emissions** and **when**. The approach is defined by the system boundaries, consideration of which also leads to the allocation of emissions and removals between the inventories of Parties. Other participants referred to the confusion that has arisen from the stock data method and the stock change approach which share a similar name, and suggested perhaps of a need to redefine the names of these two methods. However, a few participants noted that revising the names of the approaches may cause further confusion given that much of the related literature and documentation by the IPCC refers to them by their existing names.

14. Participants suggested that definitional issues on harvested wood products are linked to the definitions agreed by Parties in the Kyoto Protocol (e.g. the definition of forest). However, one participant noted the possibility of having a distinction being established between wood products under the UNFCCC and wood products under the Kyoto Protocol.

15. It was the understanding of participants that “scope” is relevant to estimating, reporting and accounting of emissions and removals and changes in carbon stocks resulting from harvested wood products. Thus, participants noted that harvested wood products should be considered in the broader context when estimating, reporting and accounting given that not all emissions are necessarily linked to wood products. For example, the reporting of emissions from harvesting and slash have a proper place within the methodological guidelines for estimating and reporting. In addition, participants noted that emissions from wood products in solid waste disposal sites should be reported. It was further noted that not all changes in carbon stocks result in emissions, as carbon removed by growing forests is transferred from one carbon pool to another and such transfers between pools can be managed.

16. In discussions on trade of wood products between Annex I Parties and non-Annex I Parties, concerns were raised regarding whether a country should report emissions from wood products for which removals were not reported.

B. Methods for estimation and reporting of emissions and removals relating to harvested wood products

17. The session was opened with a presentation by Mr. Kim Pingoud (Finnish Forest Research Institute) and Mr. Kenneth Skog (United States of America), who provided an overview of available methods, their applicability to approaches, data needs and data availability, and the variables needed to estimate changes in carbon stocks in wood products.

18. Discussions on the choice of methods considered inventory methods and the availability of data, the quality and reliability of existing data and estimates of parameters, such as decay rates and average lifetimes.

⁴ *FAO Yearbook of Forest Products*.

19. After some discussion on the methods and their relation to the approaches, participants noted the need to develop a set of methods that is neutral to the approaches, which could, for example, include methodological guidance on a minimum set of “quantities” required to estimate emissions and removals under any approach. They stated that such methods should be comprehensive to allow for the estimation of all possible emissions from wood products and reflect the fact that not all changes in carbon stocks result in emissions. Methodological guidance should also ensure consistency when estimating carbon stock changes and transfer between pools, as well as transparency and time consistency of the reporting.

20. Several participants were concerned about availability of data, which are either lacking or non-existent, and about costs associated with data collection. In this regard, the development of methods should consider the use of default values where applicable, but should also state where country-specific values are required. Participants said that, although data from FAO are useful for determining harvest and trade volumes, values for specific coefficients may be more difficult to obtain or determine.

21. Participants noted that methods should also consider the treatment of recycled wood-based materials (e.g. particle boards using recycled wood chips) and inherited emissions from wood products in use. However, several participants noted the difficulty of separating domestic from imported wood-based material in recycled items.

22. At present, Parties can report harvested wood products within the common reporting format (CRF) for inventory submissions. Participants noted that the development and use of methods will provide information for the further development of the CRF, which is a matter for future discussions.

C. Approaches for accounting of emissions and removals relating to harvested wood products and their implications

23. The IPCC meeting in Dakar, Senegal, on 5–7 May 1998, identified four approaches for accounting emissions and removals relating to harvested wood products. These include the IPCC default approach, production approach, stock change approach and atmospheric flow approach. Participants exchanged views on the pros and cons of the different approaches.

24. The so-called “simple decay approach” was presented as an additional approach. Some participants suggested that this could be a simplification of the production approach, but one participant noted that this additional approach should not be ignored.

25. Some participants noted that the IPCC default approach overestimates emissions from harvested wood products at a given point in time and that alternative approaches need to be considered. One participant noted that the Revised 1996 IPCC Guidelines recommends that storage of carbon in forest products be included in a national inventory only in the case where a country can document that existing stocks of long-term forest products are in fact increasing. The participant was of the view that the treatment of the four approaches, mentioned in paragraph 23 above, as alternatives was inaccurate. It was suggested that there is a need to consider how consistent the other three approaches are with the IPCC default approach when imports and exports are taken into account; then, Parties need to come to an agreement on an alternative to the IPCC default approach.

26. Discussions highlighted that, with regard to the earth’s atmosphere, the application of each approach in reporting should yield the same figures and that differences occur in the allocation of emissions and/or removals among Parties. Participants stressed, however, that the application of the approaches may not yield the same results when trade of harvested wood products occurs between Parties with commitments and Parties without commitments. For example, in the case of the atmospheric flow approach, emissions from wood products coming from a Party with commitments which are exported to a Party without commitments will not be reported. On the other hand, with the stock change approach, Parties with commitments could get credit by importing wood products, thus creating an “artificial” sink.

Finally, the production approach presents some difficulties deriving from the fact that Parties do not have control over the management of wood products outside their boundaries.

27. There was general agreement that the analysis of the implications of the approaches is a complex issue that needs to be further considered. Participants noted that the technical paper by the secretariat provided an initial theoretical analysis, but caution was voiced that impacts may not play out as described in it. Participants suggested more analyses in order to have a sophisticated and deeper understanding of the socio-economic, trade and environmental implications of applying each approach.

28. Some participants underscored that economic implications of the application of the approaches would arise only in the case of entry into force of the Kyoto Protocol, where the cost of reducing emissions is transferred to consumption or production of wood products. There was a proposal to consider the trade flows between Annex I and non-Annex I Parties (such as those highlighted in the presentation by the expert from FAO) to estimate impacts and corresponding implications.

29. Some participants suggested that it is unlikely that the reporting and accounting of emissions and removals from wood products will considerably affect prices and quantities traded, and that national policies and market conditions were considered to be more important determinants of these variables.

30. One participant noted that national policies and measures on wood products may also influence the allocation of emissions and removals. First, it is a country's responsibility to promote and prolong the use of long-term wood products through different policies and measures. A country also has the capability to implement policies and measures that influence the volume of imported wood products within its national boundaries. Likewise, environmental and socio-economic implications of reporting and accounting of wood products will also be strongly determined by related national policies and measures.

31. Several participants noted that, in order to adequately address the storage of carbon in forest products, there is also a need to address other external factors, such as sustainable forest management and environmental impacts from unsustainable forest practices. However, one participant expressed concern with linking the accounting of harvested wood products to the practices of sustainable forest management and certification of forest products. A country's ability to manage its forests on a sustainable basis depends very much on capacity and technical capability.

32. Participants suggested that a general assessment of the application of each approach is needed to support any future decision on the selection of one. The basis for this assessment should be the application of each compared to the application of the IPCC default approach. Participants proposed some elements for such an assessment, these being:

- (a) The environmental integrity of the approach in relation to reporting and/or accounting, and its consistency with the ultimate objective of the Convention
- (b) Equity between consuming and producing countries
- (c) Accountability
- (d) The provision of incentives for, inter alia, increased use of biofuels, reduction of emissions and sustainable forest management
- (e) Simplicity and practicality (e.g. that approaches should be easy to be used by Annex I and non-Annex I Parties, and easily understood by policy makers, and should accommodate all three methodological tiers for estimating greenhouse gas emissions and removals)
- (f) Cost-effectiveness.

33. A few participants cautioned against too much focus on these general elements for assessment as they may hinder pragmatic solutions to the analysis. In addition, developing a long list of elements could make the assessment more difficult. It was noted that specific issues can be tabled, and extended discussions held at a later date.
