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INTERNATIONAL WORKSHOP ON SUSTAINABLE DEVELOPMENT OF THE MARKETING OF NON-WOOD FOREST PRODUCTS IN COUNTRIES IN TRANSITION TO MARKET ECONOMIES

Chisinau, Republic of Moldova, 23-27 October 2000

Report of the Workshop

(Item 8 of the Provisional Agenda)

INTRODUCTION

1. The workshop was hosted by the State Forest Service, Republic of Moldova and held under the auspices of the Timber Committee of the United Nations Economic Commission for Europe. The workshop was held in cooperation with the Ministry of the Environment, Finland, the Ministry of Environment and Territorial Development, Republic of Moldova, the Forestry Department of the Food and Agriculture Organization of the United Nations and the United Nations Development Programme, Republic of Moldova. The workshop also formed part of the activities of a forest sector development project for the Republic of Moldova by the Forest and Park Service, Finland.

2. Participants came from the following countries: Albania, Armenia, Azerbaijan, Belarus, Republic of Kyrgyzstan, Republic of Moldova, Romania, Tajikistan, Ukraine and Uzbekistan.

Speakers came from Finland, Hungary, Italy, Moldova, ECE and FAO. (Full list of participants and speakers is in Annex 1.) A country statement was presented for each country In their introductions the participants said that their interests were on achieving sustainable development for non-wood forest products production, harvest and trade, establishing associations, learning how to access export markets and learning how the marketing of forest products contributes to their countries economic development.

3. The purpose of the workshop was to sensitise participants on marketing of forest products, specifically non-wood forest products. The workshop provided an invaluable opportunity for participants to exchange information and to receive an introduction to marketing. In addition it provided an opportunity to make contacts for current and future collaboration. The workshop was one of a continuing series of forest products marketing workshops for central and eastern European and Asian countries organised under the auspices of the UN/ECE Timber Committee in collaboration with FAO Forest Products Marketing Programme and international and national sponsors, most notably the Government of Finland.

4. Mr. Vasile Mahu, General Director, State Forest Service, Republic of Moldova, was the honorary chairman of the workshop. The co-chairmen of the workshop were Messrs. Bjorn Finne (Finland), Dumitru Galupa (Republic of Moldova), Leo Lintu (FAO), Zoltan Kosy (Finland), Ed Pepke (UN-ECE and FAO), Paul Vantomme (FAO) and Ms. Liliana Spitoc (Republic of Moldova). Mr. Pepke was the rapporteur.

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I. OPENING CEREMONY. Monday, 23 October 2000. Mr. Pepke chairing.

5. Mr. Mahu welcomed the participants to the workshop which he said was an example of collaboration between ministries, international organizations and the private sector. He explained that with only 9.6% of the land area in forests, the non-wood forest products (NWFPs) have a higher value in the Republic of Moldova than wood products. Noting that the workshop was sponsored by two Ministries of Environment (Republic of Moldova and Finland), he said forests are important to environmental protection.

6. Mr. Pepke, Forestry Officer (Forest Products Marketing), on behalf of the UN-ECE Timber Committee, thanked the hosts and sponsors which had made this workshop possible. He thanked the local organizers as well as the organizing committee.

7. Mr. Lintu, Senior Forestry Officer (Forest Products Marketing), thanked the hosts and organizers on behalf of FAO. He mentioned that the FAO Forestry Department has a number of programmes which are dealing with issues concerning non-wood forest products of which the Forest Products Marketing Programme addresses the aspects of their marketing. He also said that FAO Forestry Department continues to be interested in being a partner in holding future workshops.

8. Mr. Markku Nurmi, Director General, Ministry of Environment, Finland, drew the links between sustainable forestry and the production and marketing of NWFPs. He said that NWFPs are important in both Finland and the Republic of Moldova and that sustainable forest management is dependent on NWFPs.

9. Mr. Arcadie Capcelea, former Minister of Environment, Republic of Moldova, and candidate for the World Bank, said that sustainable development of forests is possible within the context of economic and environmental parameters. He said that forest products, including NWFPs, can provide the necessary financial resources for sustainable forest management and sustainable economic development. He closed in saying that this workshop provides a valuable link between countries.

10. Mr. Alexandru Jolondcovschi, Vice Minister, Ministry of Environment (Republic of Moldova) also welcomed participants to the workshop and added that he had just returned from signing a European convention on the environment which would have an impact on the forest sector. He said that the workshop participants would be partners in both discussion and afterwards in practice.

11. Mr. Lintu introduced the programme and its parts, noting that its objectives were to influence attitudes, to increase knowledge and demonstrate some of the skills needed in efficient marketing.

II. BUSINESS ENVIRONMENT. Mr. Lintu chairing.

12. Mr. Vantomme, Forestry Officer (NWFPs), presented a paper on the “Terms, Definitions and Classifications of NWFPs” explaining that there are many different definitions but for the purpose of this workshop the definition by FAO was used. Non-wood forest products are goods of biological origin, other than wood derived from forests, other wooded land and tree outside forests (FAO, 1999). This definition has 3 essential terms and aspects: 1. non-wood, 2. be derived from forests, and 3. “products", thus services are excluded. Internationally traded NWFPs are found under the classifications of the International Standard Industrial Classification of all Economic Activities (ISIC), the Standard International Trade Classification (SITC) and the Harmonized Commodity Description and Coding System (HS). He explained that the Harmonized System presents a practical mean of classifying NWFPs, and although it has some drawbacks, it is the most widely-used system. One limitation is the lack of identity by the HS of the origin of the product as they do not distinguish "wild gathered" from cultivated sources. While statistics collection and reporting have their costs, good baseline statistics are imperative to establishing national policy on NWFPs.

13. He said that good statistical data on the NWFP sector is essential to value their contribution to national economies and the elaboration of appropriate policies and regulations governing a sustainable development of the NWFP sector. He closed in stating that more information is available on NWFPs on the FAO website (www.fao.org/forestry) as is information on Codex Alimentarius, which has specific guidelines for some edible NWFPs.

14. Mr. Nurmi presented a paper on “Economy and the environment” in which he noted that sustainable development is becoming increasingly important in marketing as customers expect that products, processes and raw material production are based on sustainable principles. He said that the utilization of forest and other natural resources have to be implemented in economically feasible, ecologically sound and socially acceptable forms. He cited that the forests in Finland are sustainably managed as measured by the new certification schemes, and maintain biodiversity, landscape and ecology. Although timber production is increasing, annual increment exceeds removals and nature conservation areas are increasing. He concluded by stating Finland’s commitment to sustainable development through international technical cooperation.

15. Mr. Finne presented a paper on “NWFPs in Finnish forests”. While NWFPs are of marginal value in Finland, compared to industrial wood, approximately $38 million versus over $2 billion respectively, they represent a significant source of income for a number of households. He said that forest management planning has changed rapidly in the last few years and includes two important developments related to this workshop: 1. the greater inclusion of NWFPs and 2. the participatory form of planning incorporating stakeholders views. In Finland the collection of NWFPs often has a recreational value. Following a lively discussion, he concluded that

sustainability of the resource base is key to NWFPs market development, i.e. through a steady supply.

16. Mr. Antti Koskinen, Consultant, UN/ECE and FAO, presented a paper on "NWFP trade policies and regulations". He showed different classification systems, including the Harmonized System and the Standard Industrial Trade Classification. According to FAO, NWFPs in 1995 were estimated to value $11 billion, although this underestimates local markets. The paper explains tariff and non-tariff barriers and lists a number of sources of information sources on NWFPs and their trade regulations. He also introduced the certification of sustainable forest management, mentioning the new publication on certification status from the UN/ECE and FAO in Geneva.

17. Mr. Dimitru Cojocaru, Financial Director, State Forest Service (Republic of Moldova) spoke on the NWFPs of the Republic of Moldova, citing examples of walnuts, mushrooms, medicinal plants and hunting. Problems exist in the channels from harvesting to market, with serious constraints faced in transportation and storage.

18. Ms. Simona Dragoi presented a written "Statement on NWFPs in Romania" which highlighted a variety of NWFPs including forest fruit, mushrooms, medicinal plants, game, fish, basketry, Christmas trees, honey, seeds and seedlings. Domestic markets are variable and still affected negatively by the transition process. The threats to NWFP markets are misinformation, weak market demand and regulation or the lack of regulation. She concluded that to make the best use of raw materials to meet consumer needs requires a sustainable supply of NWFPs brought about by multipurpose management in which marketing is a key component.

III. MARKETS FOR NWFPS. Tuesday, 24 October 2000. Mr. Finne chairing.

19. Mr. Leo Lintu (FAO) presented a paper on "What is marketing?" to provide a comprehensive framework for understanding the basic elements of marketing, its relationship to other functions in an enterprise, the overall business environment and the markets. The paper defines marketing and describes its basic components (product, channels of distribution, promotion and price). It also discusses the needs of institutional and infrastructure support to efficient marketing. He concluded that marketing can be perceived and defined as an information-based technology to identify needs and wants of customers in the markets; to satisfy customers' needs with a mix of products, distribution, promotion and price; to be operated in a socially, ecologically and ethically acceptable manner; in order to compensate participants in a fair way; and to contribute to the profit of the enterprise. FAO has a number of publications on marketing of forest products, including NWFPs.

20. Mr. Galupa discussed the domestic market status of NWFPs in the Republic of Moldova and gave the volumes of some of the NWFPs that are harvested, saying that they are within sustainable limits, although further research is necessary on the limits. Forest enterprises harvest

65% of NWFPs, the cosmetic industry 20% and the public 10%. Little information is available from customers as to their demand. He concluded that the market needs to be more organised to operate efficiently.

21. Mr. Constantin Bulgac, Deputy Minister of the Ministry of Economy and Reforms of the Republic of Moldova presented the importance of forests in the general economy of the Republic.

22. Mr. Sakari Palviainen, NWFP Specialist (Finland), presented a paper on export markets with emphasis on markets for processed products, titled "NWFP markets". The harvesting and marketing chain goes from the forest harvest area, through independent entrepreneurs, through pre-processing plants, through storage and further processing and then arrives at the markets. The storage (freezing, drying or conserving) is of vital importance in fresh NWFPs.

23. Mr. Ion Turcanu (Republic of Moldova), National Institute of Fruit Trees, spoke about walnut production in the Republic of Moldova. Moldova is the largest producer in Europe and of the 80,000 tons produced per year, some 8,000 are exported. Nevertheless, the production per tree is low due to obsolete technology. The expansion of walnut plantations is limited by a shortage of planting stock. Currently the demand is much greater than the supply, so no market studies are conducted. It has been found that combining nut and wood production has not been compatible and that it was necessary to focus on either one or the other.

IV. MARKETING OF NWFPS

a) Factors of marketing

24. Based on the earlier presentation of the basic framework of marketing and the discussion on the markets for NWFP, each of the main marketing factors (product, channels, promotion and price) was highlighted and discussed in detail with examples from the practice in the papers presented in this section.

25. Mr. Palviainen presented a paper on the “Quality of NWFP and its significance in marketing” explaining that quality must be maintained throughout the chain, from harvesting to market. He explained the different responsibilities along the chain and the information transfer throughout and the need for annual training in quality-based grading, especially for private gatherers.

26. Mr. Attila Hegedus, Sales Manager, Egererdo Forest Company (Hungary) presented a paper on “Channels of marketing and channels of delivery, including e-business prospects: case examples from Hungary”. He classified the forest products in Hungary according to manufacturing, retail, public and consumer markets and also according to marketing of goods, means of production and services. 900 tons of Hungarian mushrooms are exported to the European Union and the

producers are represented by a NGO. Some current issues are competition between Hungarian traders and collectors and temporary foreign workers, access to NWFP resources and the change from a single, state-owned mushroom company to a number of small, private enterprises.

27. He introduced the subject of e-business, that is the trade of forest products via the Internet. Only 8 Hungarian mushroom producing companies have their own homepage on the World Wide Web, but most companies have e-mail capability. As approximately a third of the participants had not seen a website, a demonstration was held. Some of the advantages he mentioned are that it can: save time, minimize mistakes in information flow, increase efficiency, reduce sales costs, reach international markets, access market information, etc. He demonstrated a comprehensive database of the Hungarian forest products, including NWFPs, established by the main forestry and wood industry trade association.

AFTERNOON SESSION. Mr. Vantomme chairing.

28. Dr. Carlo Sessa (Italy), President of the Board of Assoerbe, presented a paper on how the association was created to bring together producers, processors and traders of medicinal and aromatic plants in Italy to promote the sector and to represent them throughout Europe. Assoerbe performs public relations and monitors legislative which might affect cultivation, harvesting, processing or handling. This association provides key information to members and has voluntary and mandatory guidelines. His paper includes 4 annexes on “Guidelines for good agricultural practices for medicinal and aromatic plants”; “Guidelines for wild crafting of medicinal and aromatic plants good harvesting practices”; and “Hazard analysis and critical control point”.

29. Dr. Davide Pettenella, University of Padova (Italy), presented the price and pricing methods of NWFPs. The agents in the market chain include the forest owner (producer), the NWFP collector, the merchant and processor and the wholesaler. The market power increases up the chain. For example, for bolet mushrooms from Ukraine, the forest owner receives nothing, the collector receives 0.2 to 0.5 euros per kilo, the merchant receives 4 to 6 euros per kilo and the retailer in Italy sells them for 10 euros per kilo. He presented these five main pricing methods, with their advantages and disadvantages, and when they are used: 1. cost-plus pricing (adding a pre-defined mark-up), 2. profit-objective, 3. customary prices, 4. contract or negotiated pricing, and 5. perceived value. This last pricing is based on the willingness to pay by the customer, but it must cover all costs. Price tactics used to improve the market power of sellers, for example direct sales, group marketing, off-season selling or quantity discounts.

30. He concluded that normally NWFPs prices are: derived by free competition and producers (collectors) are price takers; few middlemen control prices; more volatile due to biological nature; and that the potential for price differentiation is dependent on marketing techniques, e.g. packaging.

b) Marketing in practice

31. In this section several cases were presented to highlight the application of marketing in practice and to exchange views between the sellers and the buyers.

32. Mr. Palviainen presented a case study for the price change of herbs in the value-added production process. Market conditions are constantly changing and everyone in the marketing chain must be vigilant to changes which can affect the marketing mix. They should carry out market research (which can be simple, for example to produce samples of the product and question consumers), define the herbs, establish a harvesting operation and then build primary processing, trade and further processing operations. Continued investments based on a planned market strategy are needed in the business to be competitive.

33. Ms. Olga Nocevkina, Leading Engineer of Production Department of Viorica Cosmetic (Republic of Moldova), presented the views of buyers of herbal and medicinal plants. The fragrance producer buys volatile oils that meet state standards, of which some are NWFPs.

34. Mr. Ion Zabun, Forester (Republic of Moldova), presented the production of aromatic and medicinal plants in Moldova. He promotes teas and medicinal products through expositions and conferences.

35. Mr. Giovanni Staffaroni, Mushroom Specialist, Dalla Valle OY (Finland and Italy), presented a paper on his company's collection, processing, packaging, distribution of forest-grown, Finnish mushrooms for the Italian market. He stated that the appearance of mushrooms is of critical importance for the Italian market, which is Europe's largest market for mushrooms. Up-to-date market knowledge is critical because the availability of mushrooms varies considerably due to the localized growing conditions in different countries' forests. For European Union sales, precise regulations on documentation exist, for example for mushrooms, some 5 forms are necessary. He presented the classification system and explained other instructions for pickers. A lively discussion ensued where participants explained their market opportunities.

36. Mr. Genti Kromidha, Directorate General of Forest and Pasture (Albania) presented a country statement on the NWFPs in Albania. NWFPs are increasing in value and are exported to the European Union and the United States. Products include nuts, willow wicker and botanicals (herbs, spices, medicinal, ornamental and oils). Tariff rates are low, but do not rationalize the protection of valuable or rare products. He said a real market system does not exist and that some of the problems are: lack of capital for independence from big exporters; lack of information about alternative markets; lack of credit for improving processing capacity; lack of marketing training; certification of origin is problematic; and difficulties of payment for selling abroad.

37. Mr. Kromidha recommended that: there should be regulations to promote and protect the NWFP sector; governments should take an active role in promoting the NWFP sector; foreign investment and support must be attracted; the enforcement of banking and credit system to allow growth; governments should keep abreast of problems of harvesters; and the promotion of NWFPs at a high level. In the following discussion the restitution of land was seen as a concern to NWFPs because of potential high exploitation by "new" owners.

38. Mr. Armen Nalbandyan, Hayantar State Enterprise (Armenia) presented a country statement on NWFPs which include berries, fruits, fungi, medicinal plants and nuts. Forests occupy 11% of the land and following the economic and energy crisis in the 1990s, are threatened with annihilation from unauthorised fellings. Other needs are to rebuild wildlife populations, attract outside investments and accelerate reforestation.

Wednesday, 25 October 2000.

Field trip

39. At the Codrii Forest Reservation, Mr. Stephan Manic, Director, gave a presentation on the variety of mushrooms available in the Republic of Moldova, focussing on their gathering and processing. He also showed a video on the production and processing of walnuts. The lecture was followed by a lunch where participants sampled walnuts and mushrooms.

40. The second visit was to the walnut processing operation of Kentford Investments SRL outside of Chisinau, where the director explained the marketing and processing of walnuts for their export markets in several key European Union countries. Kentford graciously sponsored the field trip dinner in a limestone mine turned into a wine cave.

Thursday, 26 October 2000. Morning session. Mr. Vantomme chairing.

41. Mr. Valentine Shatravko (Belarus) presented a country statement on his country's production and marketing of NWFPs, including mushrooms, berries, birch sap, turpentine and medicinal herbs. The weak domestic demand makes export markets attractive. As the opportunities to expand exports are good, they are promoted through brochures and expositions. Private firms, state forestry enterprises and the Belarussian Cooperative Union all gather mushrooms and berries, but processing for export is only through the Union. Exporting is done under license by the Union and private firms.

42. The greatest problems include a lack of working capital and a lack of investment for all phases NWFPs marketing, i.e. from gathering, to processing, to export. Currently only 5% of the biological and 20% of the exploitable quantities of mushrooms and berries are exported. The training of forest products marketing specialists is carried out at the Belarusian State Engineering

Institute. Regulations promote development of the sector, including promotion of value-added products. Minimum prices for exports are regulated. Radioactive contamination in NWFPs resulting from the Chernobyl nuclear reactor accident in 1986 continues to be a sensitive issue and examinations are regularly carried out by state laboratories to issue certificates of non-contamination for exports.

43. Mr. Sergiy Zibtsev (Ukraine) presented a country statement on the marketing situation of the diverse NWFPs in Ukraine for berries, medicinal herbs, birch sap, resins, beverages (including alcoholic), berries, honey, roots, wild game and mushrooms. NWFPs importance exceeds that of timber. One of the problems is that some 34% of the forests are not managed via the State Forestry Committee and thus different priorities may be applied to those forests. The privatisation process has interrupted production of wood and non-wood products.

44. Some NWFPs in the Ukraine are affected by seasonability and related storage problems. Export pass through middlemen who control processing and quality who conduct expositions, while individual gatherers direct their production to stores or markets. Problems include taxation problems, quality assurance (maintenance and inspection), radiation control, price fluctuations, absence of processing know-how and market information, maintenance of biological diversity in certain forests.

45. He concluded that there is good potential for development NWFP sector because of available resources, traditional knowledge of products and processing, a population ready to participation in such work and the presence of the necessary legislative base and a growing demand. While there is optimism for the future, the current problems are: a lack of information about resources and marketing (product requirements, markets, processing, packaging and product requirements).

46. Mr. Zibtsev recommended: improving national statistical structure of information about NWFPs and creating databases about products and producers; introducing sound harvesting of NWFPs as an important part of sustainable marketing of NWFPs; preserving biodiversity; improving the level of marketing education of NWFPs in Universities.

47. Mr. Vladimir Bilenko (Ukraine) recommended that the next conference on marketing NWFPs take place in Kiev. A state consortium is in place which could help with the organization. He presented the production of medicinal herbs, which is constrained by lack of financing.

48. Mr. Mamur Allaiarov (Uzbekistan) presented a country statement on the marketing and production of medicinal plants, essential oils and animal skins in Uzbekistan. The country is 5% forested.

49. Mr. Farruh Mamedov (Azerbaijan) presented in a country statement, the wood and non-wood forest resources in Azerbaijan where the 1.3 million hectares of forests are found mainly in the mountains. Medicinal plants, fruits, spices, walnuts, beverages (soft, alcoholic and medicinal) are important NWFPs. The problem is to maximize their efficient use and increase their processing and exporting. Another problem is the overcutting of valuable species for fuelwood. Mr. Kerem Asadov (Azerbaijan) added that the diverse climatic conditions add significantly to the biodiversity.

50. Mr. Aitkul Burhanov (Kyrgystan) spoke, based on a country statement, on the markets for NWFPs in Kyrgystan, which occur on the 24.5 million hectares of forest, of which half are coniferous. Main NWFPs include berries, cherry, fruits, walnuts, honey and medicinal plants.

51. Hunting, regulated by the state forest association, and fishing attracts foreign sportsmen. The tourism industry has increased since independence and with the establishment of nature reserves and parks. The further development is envisaged, but depends on donors, for example for afforestation. The exports of NWFPs are practically non-existent for lack of connections with exporters, non-existent processing and packaging industry. Kyrgyzstan recently established new legislation which has opened the door to foreign buyers.

V. DEVELOPMENT ISSUES

52. Three main areas of issues had been identified to discuss the needs for development of institutional and infrastructure support for efficient forest products marketing: availability and access to marketing information, human resource development and industry and sector co-operation.

a) Marketing information

53. Mr. Lintu spoke on forest products marketing information, its availability and accessibility. He provided a basic structure for a marketing information system (MIS) and its monitoring and adjustment. Marketing information is both facts and opinions. It is used for short-, medium- and long-term decision-making and continuous monitoring of market situations and relevance of various marketing factors. He identified the following basic steps in setting up a MIS: 1. identifying the information needs, 2. determining information sources, 3. training the human resource and setting-up necessary facilities, including computer equipment, 4. collection and analysis, 5. dissemination of analysed information and 6. contacts with users to monitor the relevance of the MIS.

54. He mentioned the Compendium of Forest Products Marketing Databases established by FAO, which contains over 600 databases and which is expected to be on the website of the FAO Forest Products Marketing Programme (http://www.fao.org/forestry/fop/foph/marketing/mark-e.stm).

55. Mr. Pepke introduced the Timber Committee MIS (Market Information Service) website (www.unece.org/trade/timber/mis/mis.htm) which has wood market analyses, statistics, and information on certified forest products.

56. Mr. Vantomme notified participants about the NWFP site at (http://www.fao.org/forestry/fop/fopw/nwfp/nwfp-e.stm). The site identifies NWFPs. Its information base on countries, in addition to all its publications on NWFPs, are available on line.

57. Mr. Stafferoni presented a practical example of how a company collects market information. For a perishable NWFP, forest mushrooms, they send agents to several countries to first investigate the quality of mushrooms and then their availability before sending in buyers.

58. Mr. Kosy presented “Market and marketing studies” as a practical example of collecting and using marketing information and described how to provide the right information at the right time. Marketing research is a systematic approach to collection, processing, analysing of information and reporting of that information. Continuous monitoring and updating is necessary. The distinction between marketing research and market research was made, with the latter being one component of marketing research which focus on a specific market. Substantial detail on each step was presented which will be available in the workshop proceedings.

59. Mr. Lintu added that international organisations can provide general market information, but that for companies' needs, more specific market and marketing information is necessary. Sources of information include such as country statistics, trade journals and associations, personal networks, consultants, test marketing, etc.

Thursday, 26 October 2000. Afternoon session. Mr. Lintu chairing.

b) Human resources development

60. Mr. Kosy spoke on “Identification of training needs and existing education and training programmes”. Assessment of needs is the first step. Using the example of Metsahallitus Consulting Ltd., a division of the Finnish Forest and Park Service, he showed how the organization had changed from a fully government-owned, timber producer to being a more client-oriented, semi-private organization through an analysis of the company’s strengths, weaknesses, opportunities and threats. Continuous training takes place through available academic courses, exchange of experts with other countries, workshops and seminars, on-the-job training and field training. The company supports the exchange of staff between departments and the circulating of its experts between different regional offices within Finland. The staff of Metsähallitus have the possibility to take part in foreign forestry sector, nature protection, environment and human resources development projects all over the world through Metsähallitus Consulting, a subsidiary of Metsähallitus. This exchange and mobility of personnel gives good opportunities to maintain and develop the professional and language skills of the staff.

61. A discussion ensured and participants had the opportunity to describe the current status of forest products marketing training in their countries. Most countries had some higher level marketing education, however, forest products marketing education was either non-existent, or it was part of forest economics curriculum. In Armenia a new forestry department had been established, but it does not include marketing department. Azerbaijan has initiated training of gatherers, but needs forest products marketing textbooks. Mr. Kosy stated that the University of Helsinki's forest products marketing textbook is being translated into Russian. Belarus has marketing training at the State Engineering University. Romania has forest faculties, and forest engineers and managers receive marketing training within the country and abroad. NWFPs receive less attention due to their decreasing importance in Romania. A European Union programme on Environment and Natural Resource Economics (ENARECO) exists for training of trainers. Under ENARECO a consortium of three European universities have taught Ukrainian teachers on 1. environmental economics, including green marketing, 2. environmental policy and law, and 3. natural resources management. However, the Ukraine said that teaching teachers is not always effective if instruction manuals are unavailable. In Moldova, marketing training is planned within the forestry department of the state university. A German academy of business has taught students in Moldova, and selected students have had the possibility to study abroad.

c) Industry cooperation

62. Mr. Sergio Fulceri (Italy), Product Manager and Public Relations Officer, presented a paper on the benefits his company, Aboca, receives as an example of being a member of Assoerbe, the Italian association of producers and traders of medical and aromatic plants. Assoerbe unites competitors to protect their common interests, for example in promoting legislation related to the herbal market. It has been instrumental in establishing guidelines for the quality of herbs used in pharmaceutical, alcoholic, alimentary and cosmetic uses. Assorerbe helps make trade links for its members with foreign and domestic producers and buyers. They would also assist countries in establishing similar associations in their countries.

63. At the European level there is no overall regulations for medicinal herbs, although individual countries have regulations. The European Commission is considering establishing EU-wide controls and the association is establishing an office in order to monitor and possibly influence such legislations, and if such regulations came about, to transfer information back to their members about developments.

64. Participants commented on the existence of such associations in their respective countries. While there is no basis for such organizations in Ukraine, they are needed according to the representative. In Albania the term "cooperation" has a negative connotation due to the situation before independence, however associations are starting.

65. In Moldova there were connections to other countries before independence, and although now associations do not exist, they are envisaged.

66. Regional cooperation between countries on NWFPs is supported by FAO. Examples of multi-country producers' associations are an international walnut growers' association and a European Union-wide herbal growers association. An American herbal producers association exists too.

Friday, 26 October 2000.

VI. CLOSING SESSION. Friday, 26 October 2000. (Ms. Spitoc and Messrs. Galupa and Kosy Co-chairing.)

CONCLUSIONS OF THE WORKSHOP

67. The workshop concluded:

- While countries are in different phases of transition, all had common problems.
- The transition process has negatively affected NWFP markets and marketing.
- There is a great potential for better development of the NWFP sector in CITs, developing it as an important sector of the country's economy.
- The development of marketing as a comprehensive group of activities is a main concern for the future development of the NWFP sector in CITs.
- The current workshop addressed, and similar workshops in the future should further address, the recommendation of the FAO/ECE/ILO Joint Committee on Forest Technology, Management and Training's seminar in Ismir, Turkey, held earlier in October 2000, which called for such workshops on the marketing of NWFPs.

RECOMMENDATIONS OF THE WORKSHOP

68. The workshop recommended (not in priority):

- That marketing workshops in central and eastern European and Asian countries be continued in order to promote marketing principles of forest products, including NWFPs, as an essential means of ensuring sustainable forest management. These workshops make it possible for people to meet, exchange views and learn from each others experiences, especially other countries in transition to market economies. However, continue to include representatives of countries from developed countries.
- The development of the NWFP sector requires a better assessment of the resources as well as the establishment of policies and incentives that support and promote the sector.
- Information flow is the key for the NWFP sector. Flow of information from top-level, big enterprises to the single harvester will help in balancing the profit with each one gaining from the activities.
- Toward the development of a modern marketing, the following issues have to be considered: 1. training as an important tool for capacity building; 2. promotion of NWFPs at any level and

with any means; 3. development of processing capacities as they add value to the products and create jobs too.

- Develop the collection and reporting of national data on NWFPs and set up national marketing information systems.
- FAO should initiate the regular collection and publication of statistics on NWFPs including the resources, production, exports, imports and apparent consumption. UN-ECE and FAO should analyse those resources in a "NWFP market review" in order to keep up the market information started at this workshop, to provide marketing information and to promote the importance of reporting. The *Review* could focus on CIT/CIS supply and "western" demand and also include developments on trade restrictions and prices.
- With the assistance of foreign experts, develop training programmes on NWFPs marketing at faculties of forestry.
- Identify external funding possibilities for the development of NWFP processing and marketing within the forest sector.
- Organise fairs and workshops on NWFPs including forest services.
- Submit a new proposal to European Union to initiate a project on the assessment of the socio-economic importance and market potential of NWFPs, with the involvement of all countries in Central and Eastern Europe.
- Conduct rural area development projects for the processing and adding value to NWFPs.
- Prepare a project for the assessment of the market potential of NWFP in Armenia and other countries.
- Organise more in-depth training on the marketing of NWFPs. Prepare a training programme for the development of marketing-related issues of NWFPs.
- Promote the foundation of NWFP associations in the participating countries.
- Increase the co-operation between organisations and countries in the exchange of information on NWFPs.
- Organise similar seminars for companies which are interested in investing in the processing and trade of NWFPs.
- Conduct a study of domestic markets for NWFPs in one country and use it as a case example in another multi-country workshop.

69. Mr. Kosy summarised that the workshop has fulfilled its objectives. The key will be to implement the recommendations. Mr. Pepke explained that the recommendations would be carried to the Timber Committee. The workshop closed with mutual thanks for organisation and participation and the desire to have successive workshops.

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Annex I

List of Participants and Speakers

ALBANIA

Mr. Simo Koco
Directorate General Forest and Pasture
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