

FINLAND'S FOREST POLICY

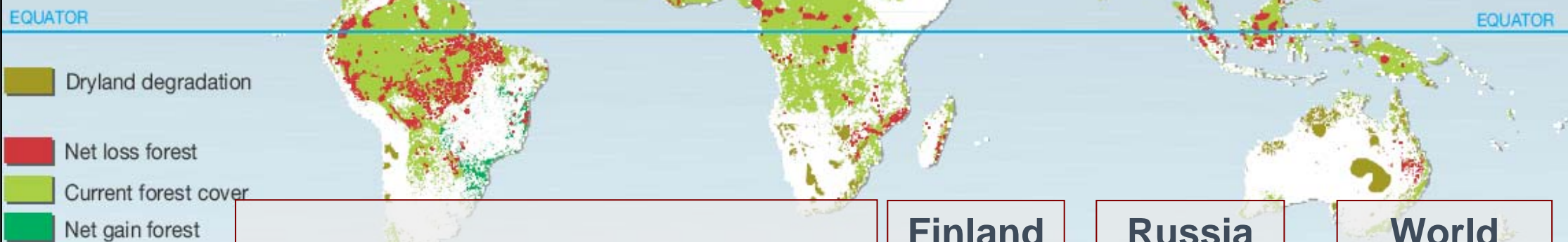
*Heikki Granholm, Director
Ministry of Agriculture and Forestry, Finland*



- Forests and forestry in Finland
- Forest policy challenges
- International and EU forest affairs
- Finnish-Russian forestry cooperation



World's Forests 2007



	<u>Finland</u>	<u>Russia</u>	<u>World</u>
Forest area, <i>million ha</i>	22	850	4 000
Growing stock, <i>million m³</i>	2 200	89 000	430 000
Mean growing stock, <i>m³/ha</i>	100	105	107
Annual growth, <i>million m³/y</i>	98	740	..
Industrial roundwood, <i>million m³/y</i>	50	165	1 600
Energy wood, <i>million m³/y</i>	8	50	1 800

IMPORTANCE OF FORESTS FOR FINLAND



European Forest Institute - EFI

ECONOMY

- 22 mill. ha of forests
- Harvesting 55 mill.m³/y
- Stumpage earnings 2 billion €/y (30 €/m³)
- Average net income 100 €/ha/y
- 20 % of exports from forest products

SOCIAL

- Forest sector employment 80 000
- Multiple use, common right of access

ECOLOGY

- 73% of land area covered by forests
- Endangered species: 37% in forests
- Forests as a net sink: 20 - 40 million tn CO₂-ekv





Scots pine
Pinus silvestris
48%



Norway spruce
Picea abies
34%



Birch
Betula pendula
15%

GROWING STOCK BY TREE SPECIES



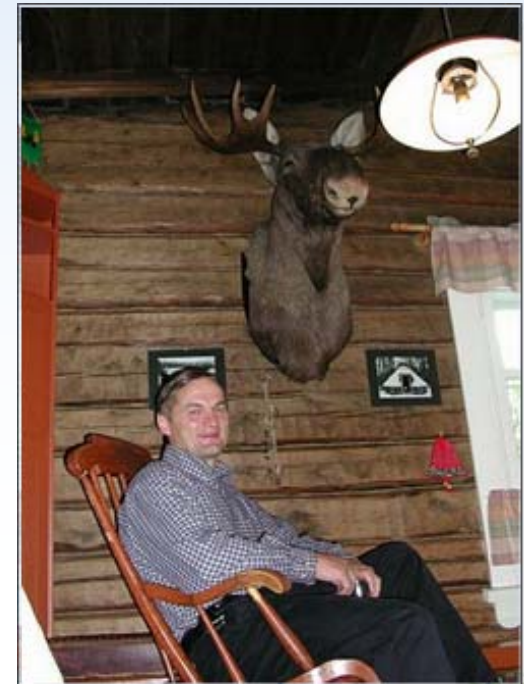
FOREST OWNERSHIP

	<i>mill. ha</i>	<i>%</i>
<i>Private individuals</i>	13	59
<i>Private companies, cooperatives & institutions</i>	2	9
<i>Public</i>	7	32
<i>Total</i>	22	100

FAO definition of "forest", FRA2010 data

Small-Scale Family Forestry

- *Private ownership is the basis of Finnish society*
- *400 000 forest owners*
- *Average forest holding size 35 ha*



ECONOMIC IMPORTANCE OF A PRIVATE FOREST HOLDING

Annual income from 35 hectares
(rough estimate)

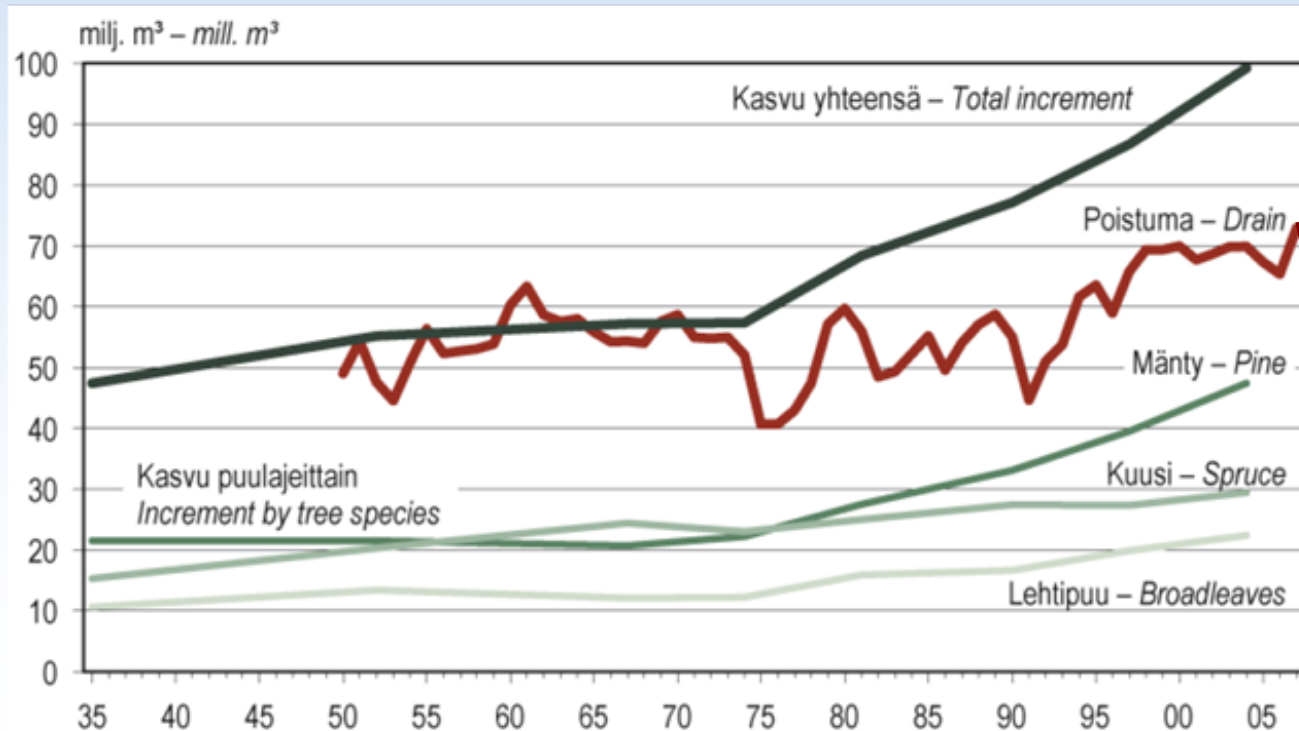
<i>Average sales 4 m³/ha/y</i>	<i>140 m³</i>
<i>Stumpage price 140 x 30€</i>	<i>4200 €</i>
<i>Silvicultural costs</i>	<i>- 700 €</i>
<i>Net income</i>	<i>3500 €</i>
<i>Tax 28%</i>	<i>- 1000 €</i>
<i>Disposable income</i>	<i>2500 €</i>

- Forest owners sell timber every 3 year on the average
- Timber sales account for 10% of family's income
- Owners are also interested in recreation and work in the forest
- 2/3 of planting and tending of young stands is done by owners themselves



ACTIVE FOREST POLICY SINCE 1960's

Annual growth and harvesting of forests



- Increased investments into silviculture since 1965
- Result: Annual growth of forests has increased from 55 to 98 million m³
- Opportunity: Total harvesting can be increased by 10-15 million m³/y

Finnish Forest Research Institute
National Forest Inventory since 1920's





FINLAND'S NATIONAL FOREST PROGRAMME 2015

Government
decision 27.3.2008

Vision

*“Finland is one of the leaders of sustainable forest management
and forest sector know-how”*



- *New competitive products and services*



- *Considerably increased use of domestic wood*

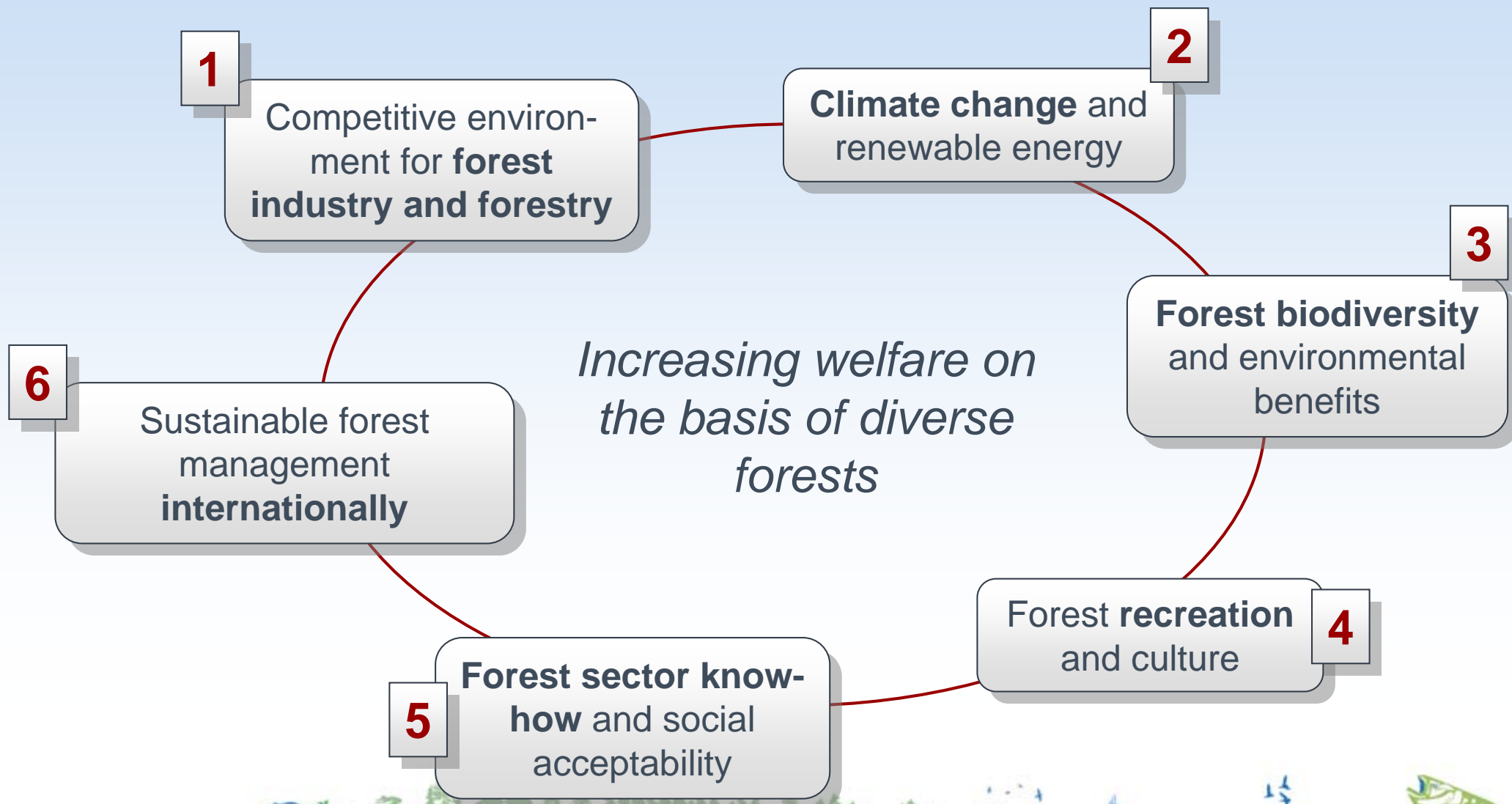


- *Enhanced forest biodiversity*





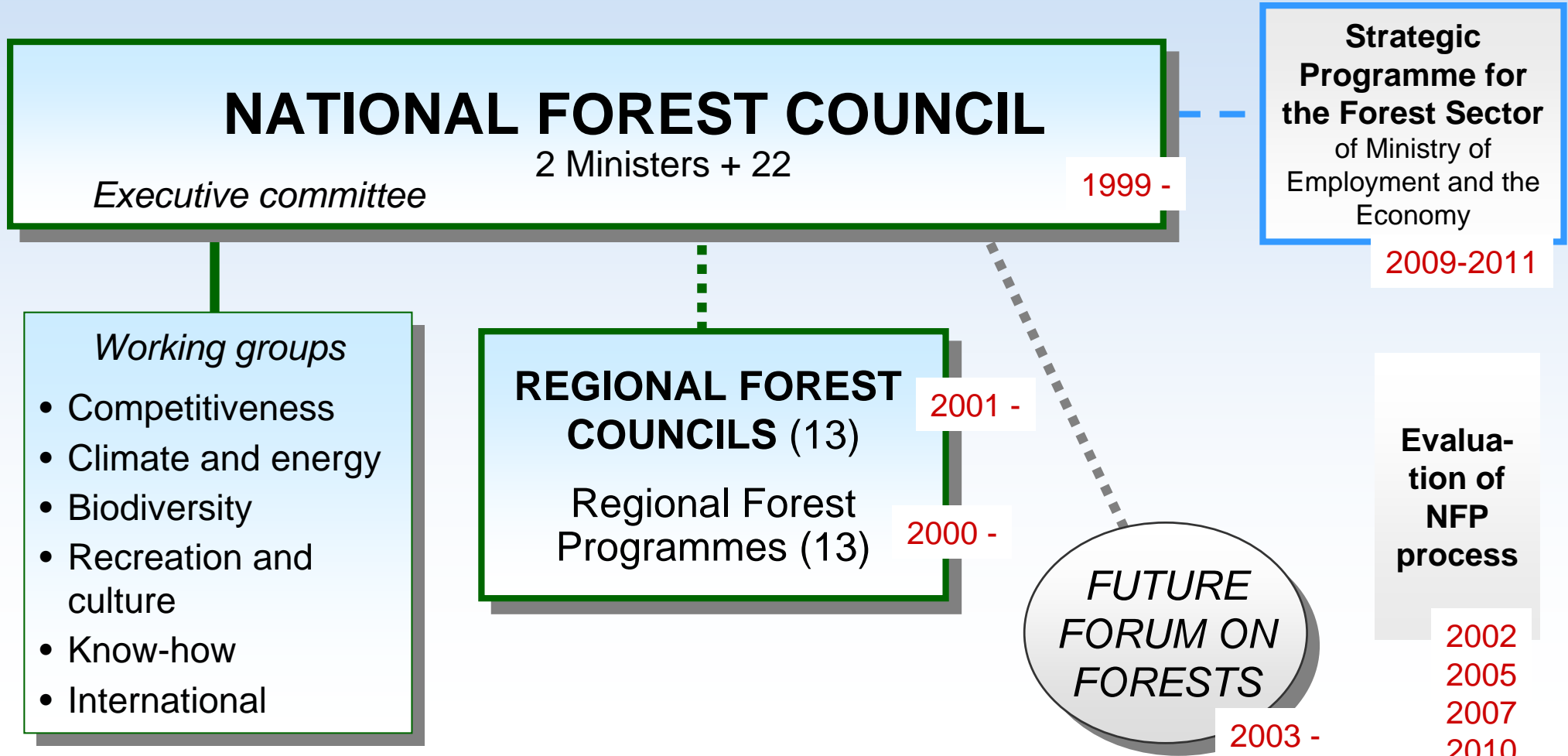
STRATEGIC OBJECTIVES



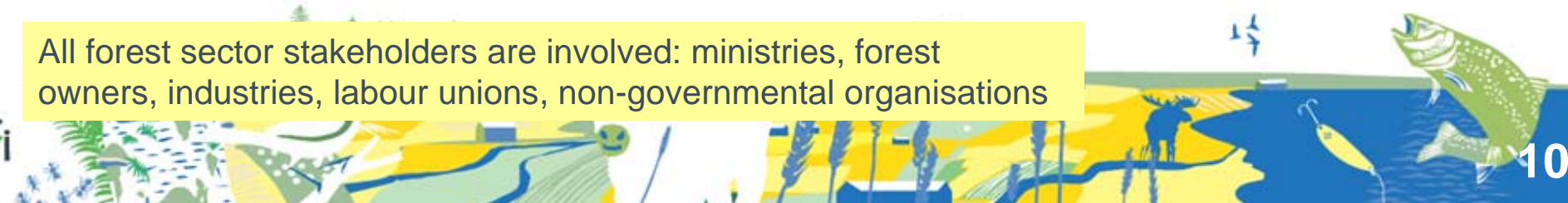


IMPLEMENTATION

National Forest Programme process

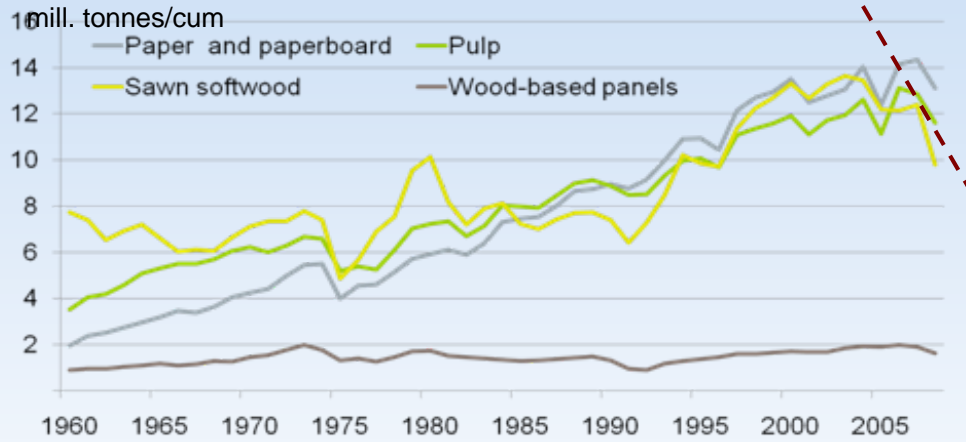


All forest sector stakeholders are involved: ministries, forest owners, industries, labour unions, non-governmental organisations

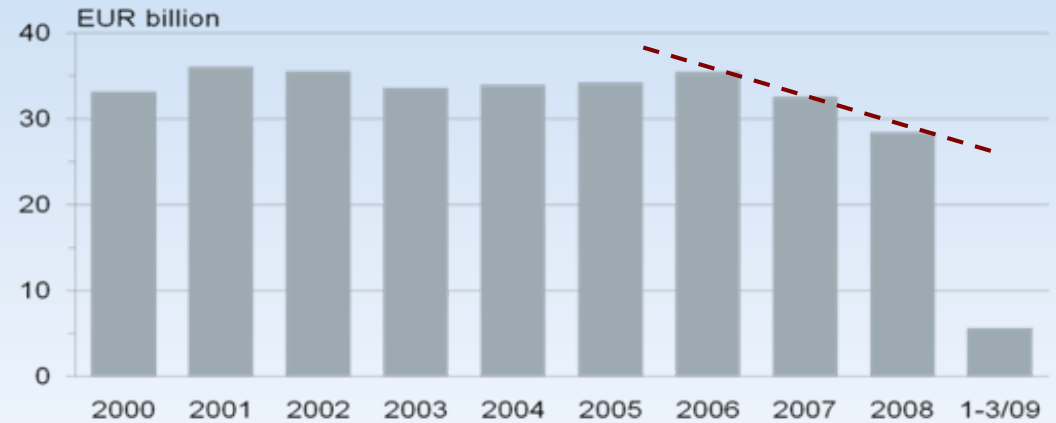


Structural crisis of forest industry

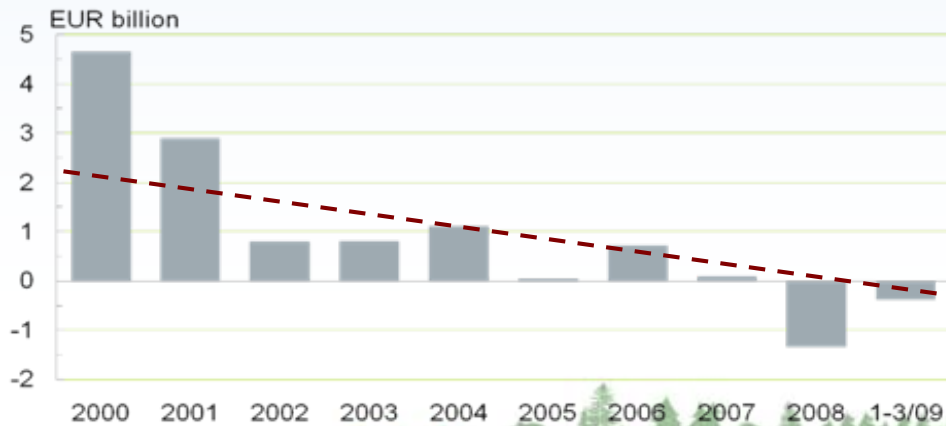
Forest industry production volumes 1960's



Turnover of main Finnish forest industry companies



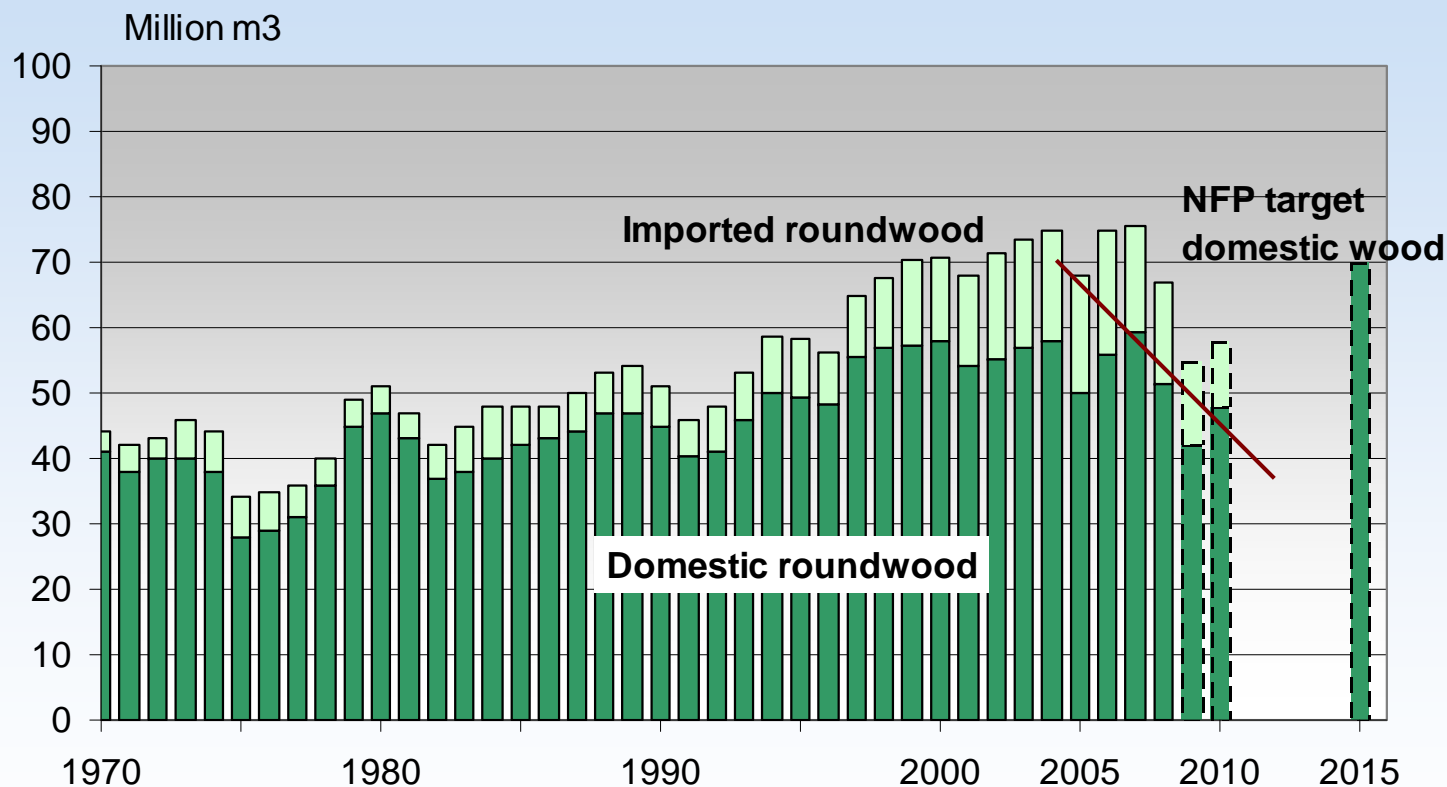
Profit before taxes of forest industry companies



Logs stumpage prices in Finland 2004-2009



DECREASE OF TIMBER HARVESTING



Industrial use of roundwood 1970 - 2005

Timber harvesting		
<u>2008</u>	<u>2009</u>	<u>2010</u>
-10%	-20%	+15%

NFP target 70 Mill.m3
unrealistic
Realistic level for the
coming years 50 Mill.m3



UPDATING NATIONAL FOREST PROGRAMME 2015

November 2009 -
January 2010

Forest sector scenarios

January - May
2010

Mid-term evaluation of NFP 2015

June 2010

New orientations for NFP 2015 (National Forest Council)
Outlook for the future (Ministry of Agr & For, report for the preparation of 2011 general election and the Programme of the new Government)



FOREST POLICY TOOLS



Forest Act

- *Obligatory forest regeneration*
- *Conservation of ecologically valuable habitats*

Ministry of Agriculture and Forestry

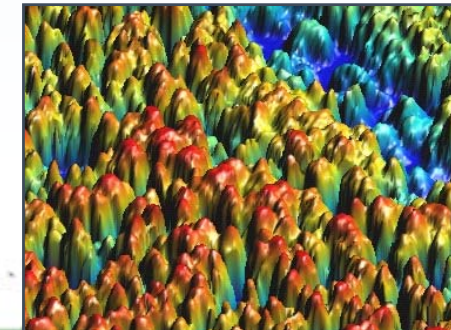
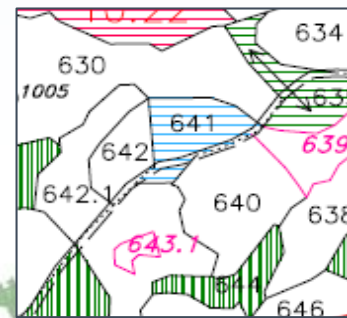
Financial incentives

- *Incentives for forest improvement, 67 mill. €/y.*
(Forest road construction, Ditch maintenance Tending of young stands, Energy wood harvesting,...)
- *Biodiversity incentives, 8 mill.€/y*

13 Regional forest centres

Information and advice

- *Forest resource database*
- *Individual forest management plans*
- *Communication and education*
- *Forest management associations*



New technology: airplane laser image to measure forest stands

FOREST LEGISLATION

Forest Act 1997

- *Obligatory forest regeneration*
- *Regulation of intermediate cuttings*
- *Conservation of ecologically valuable habitats (key biotopes)*



Act on financing of sustainable forestry 1997

- *Incentives to private owners, annually 75 mill. €.*
(Tending of young stands, Energy wood harvesting, Ditch maintenance, Forest road construction, Biodiversity...)

Acts on organisations

- *Act on Forest Centres 1996 (updated 2006)*
- *Act on State Forest Enterprise Metsähallitus 2005*
- *Act on Finnish Forest Research Institute 2000*
- *Act on Forest Management Associations 1999*
- *Act on Jointly Owned Forests 2003*



FOREST ACT UPDATING 2009

Background

- *Finland's new Constitution (2000) calls for some technical amendments*
- *Silvicultural state of seedling stands has been decreasing (26% are unacceptable or passable)*

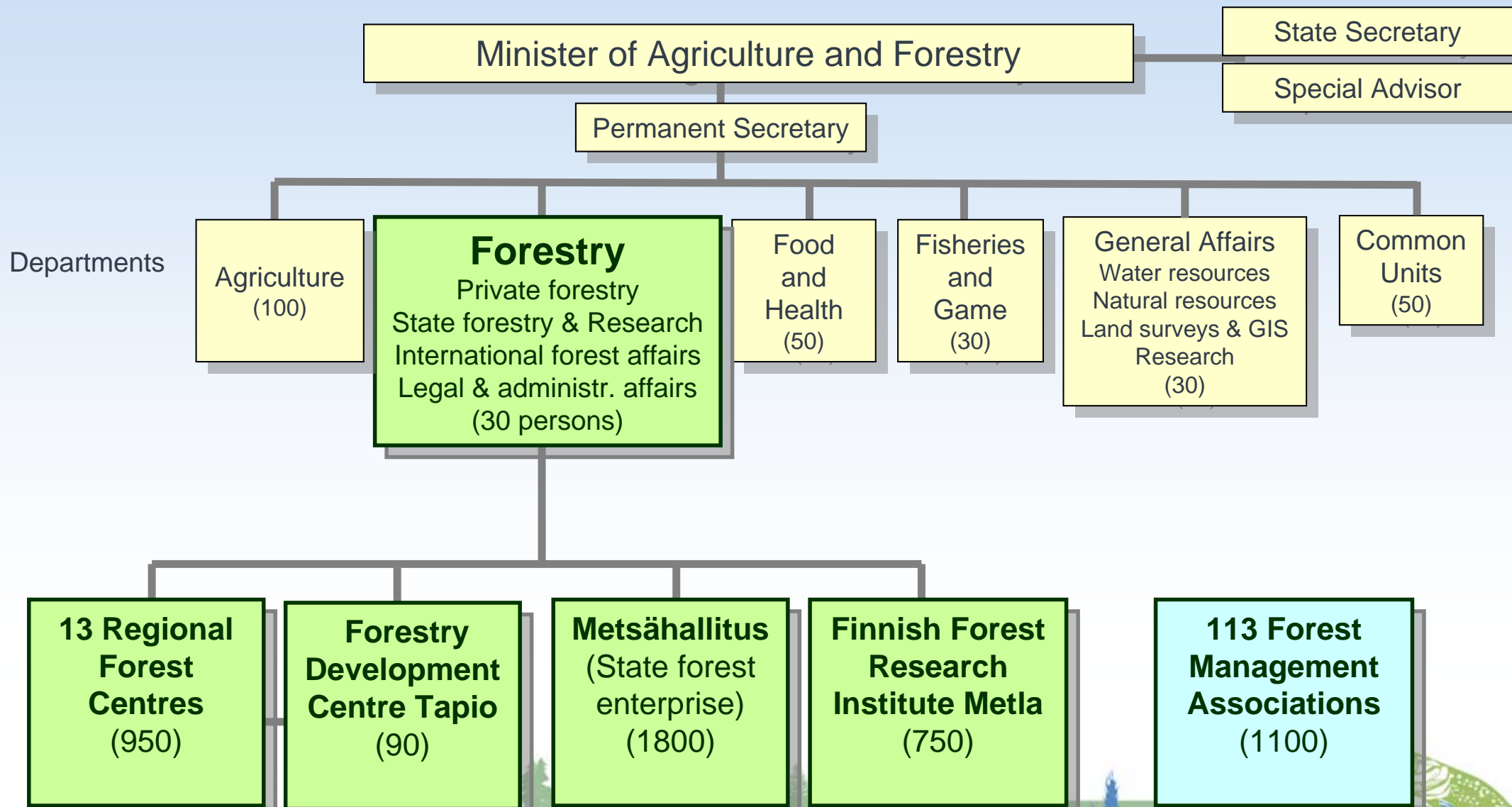
New proposals

- *Many technical amendments*
- *More strict time limit for reforestation: 2 years after final cutting (now: 3 years)*
- *New Cutting Declaration to be given within 3 months after cutting*
- *New definitions: Forest Plan, National Forest Programme*

Time schedule

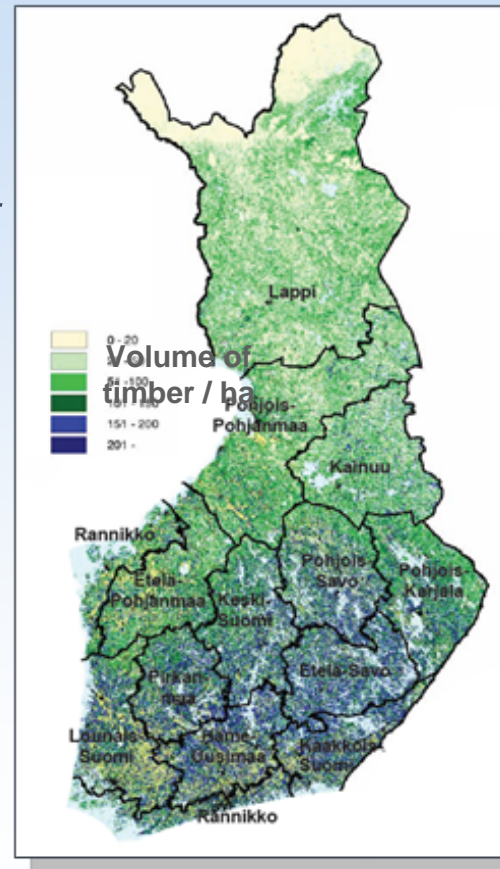
- *Proposal sent for comments in May 2009*
- *49 comments received by August 2009*
- *Final proposal to the Parliament in December 2009*
- *Expected entry into force 2011*
- *Consultation on forest management practices 2010 ->*

FORESTRY ADMINISTRATION



REFORM OF FOREST CENTRES

- **13 Regional Forest Centres**
- Personnel 1000
- Turnover 83 M€/y (State budget 43 M€/y)
- **Enforce forest legislation**
- **Distribute incentives 75 M€/y**
- **Training, promotion, information on forestry and biodiversity**
- **Business activities** (forest improvement projects, forest planning, nurseries)



Reform proposal

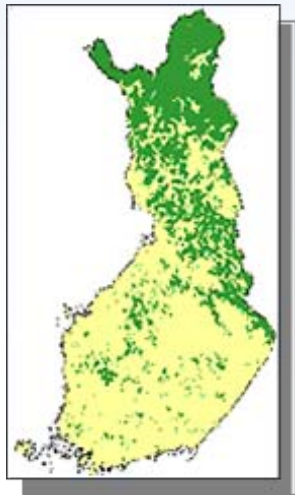
- Business activities (300 persons) separated from other services
- 13 independent Centres merged into one National Forest Centre
- Preparations 2009-2011
- New organisation 2012



METSÄHALLITUS (State Forest Enterprise)

- *Manages and uses State lands and waters*

<i>Production forests</i>	<i>3.4 mill. ha</i>
<i>Nature conservation areas</i>	<i>4.1 mill. ha</i>
<i>Unproductive lands</i>	<i>1.5 mill. ha</i>
<i>Total</i>	<i>9.0 mill. ha</i>
- *Timber production 5.5 mill. m³/y*
 - *Personnel 1800*
 - *Turnover 342 M€/y, benefit 109 M€ (2008)*



State forests and lands mainly in the north

FINNISH FOREST RESEARCH INSTITUTE (Metla)

- *Internationally leading forest research organisation*
- *9 Research Units*
- *Personnel 800*
- *Turnover 50 M€/y (budget 43 M€/y)*

– New organisation structure considered because of EU competition rules
– Preparations 2009-2010
– Activities maintained as they are today

– Decreasing resources
– Closer cooperation with 4 other research institutes: "Natural Resources and Environment Research Consortium"



REFORM OF FOREST MANAGEMENT ASSOCIATIONS

- 113 Associations, 280 000 members
- Services to private forest owners:
 - 80% of silvicultural works
 - 70% of timber sales plans
 - 40% of timber sales on behalf of forest owners
 - Information, management planning
- Personnel 1100 + 750 forest workers
- Turnover 2007: 177 M€/y
- Basic financing: Forest Management Fee, 27 M€ (average 2€/ha/y)



Reform proposal

- Business activities (150 M€) more strictly separated from services of good forest management (27 M€)
- Preparation 2010-2011
- New rules 2012



5. Forest sector know-how and social acceptability

Research and scenarios on forest sector future

Work on forest sector future is enhanced.

Social acceptability of forest sector

Forest sector activities have large social approval. Over 90% of citizens consider that Finland's welfare is based on forests also in the future (2007: 81%).

Research and development supporting business and entrepreneurship

Public financing of forest sector R&D will increase to 200 M€/y (2006: 135 M€).

Increased public and private R&D is necessary for new, competitive products and services (Objective 1)

Forest know-how of children and youth

Children and the young have a natural relationship to forests, sustainable forestry and forest products. 300 000 children and young participate to forest events (2006: 195 000).

Education and training of forestry professionals

3 000 – 3 500 new forestry, bio-energy, wood and paper professionals/y (2006: 2500)





6. Sustainable forest management internationally

International forest policy

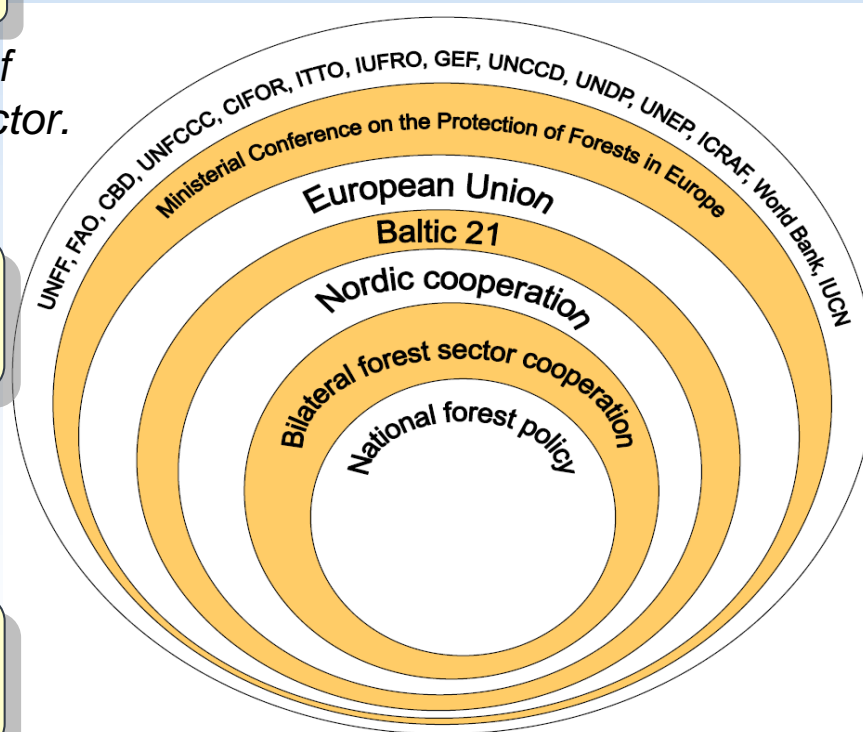
Promotion of SFM, improvement of operational conditions of forest sector.

Forest issues in the European Union

EU forest sector activities are coordinated and take into account national characteristics.

Development aid and other bilateral cooperation

Sustainable forest management is emphasized as a tool to reduce poverty and improve the state of the environment.



ISSUES

- Global deforestation (net) 9 Mill.ha/y
- Forests as carbon sink
- Illegal logging
- Green public procurement, forest certification
- Renewable energy
- Competitiveness, new products
- EU Forest Action Plan 2007-2011
- National Forest Programmes
- ...



EU FOREST ISSUES

Directorate General (DG)

ISSUES

COMMITTEES

Environment

- *Biodiversity*
- *Protected areas*
- *Climate change*
- *Green public procurement*

Standing Forestry Committee

Agriculture

- *Rural development*
- *EU Forest Action Plan*
- *FLEGT*

Advisory Committee on Forestry and Cork

Enterprise

- *Forest industry*

Forest Industries Committee

Energy

- *Renewable energy*

Competition

Research

Development

...



EU FOREST ACTION PLAN 2007-2011

VISION

Forests for society: Long-term, multifunctional forestry fulfilling present and future societal needs and supporting forest-related livelihoods

MAIN OBJECTIVES

- *Improving long-term competitiveness*
- *Improving and protecting the environment*
- *Contributing to the quality of life*
- *Fostering coordination and communication*

IMPLEMENTATION

- *18 Key Actions*
- *Mid-term evaluation*
- *Annual work programme*



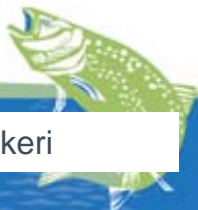
Forest Summits – discussion of forestry issues on the highest level between Finland and Russia

2002 – main themes: investments and timber trade, establishment of Forest Sector WG



2004 – main themes: investments, trade and forest sector training

2009 – main themes: investments and forest infrastructure, Forest Academy for decision makers, EFI regional center



Finnish-Russian Commission on Economic Cooperation

*Forest Sector Working Group as result of the first Summit 2002
Provides a framework for systematic but also flexible dialogue
on multifaceted forest sector issues between the countries*

Forest Sector WG

- Ministry of Agriculture and Forestry
- Ministry of Industry and Trade of the Russian Federation

WG on Sustainable Forestry

- Ministry of Agriculture and Forestry
 - Rosleskhoz

WG on Timber Trade

- Metsäliitto Ltd.
- Union of Timber Manufacturers and Exporters of Russia

WG on Forest Sector Investments

- Finnish Forest Industries Federation
- Ministry of Industry and Trade of the Russian Federation



Working Group on Sustainable Forestry

- Basis: the agreement between MAF and Rosleskhoz in 1995
- WG joint-meetings take place biannually in Finland and Russia

Main tasks include:

- Information exchange on current Finnish and Russian forest policy issues
- Information exchange on topical international forest policy issues
- Promotion of forestry cooperation between the countries
- Steering Committee for the North-West Russian Forestry Programme



- Work program for 2010 – 2011, including various development themes
 - Bioenergy, forestry infrastructure development, forest regeneration, forest inventory and forest legislation



Finnish-Russian Development Programme on Sustainable Forest Management and Conservation of Biological Diversity in North-West Russia

The 4th stage of the Programme 2009 - 2011 focuses on:

- introduction of Scandinavian forest management methods,
- supporting the reform of the Russian forest administration, and
- promoting public-private partnerships between the forest administration and forest leasers

The projects included in the Programme are:

1. Development of forest administration in Karelia
2. Development of Scandinavian forest management in the Vologda Region
3. Expert services in the Komi Republic
4. Development of innovative forestry in Nizhny Novgorod region
5. Training of leaders and experts in regional forest administration



Finnish Contribution 2009-2011 to the Programme is 1 200 000 €



CONCLUSIONS

- *Competitiveness of boreal forest sector has decreased*
- *R&D needed for new wood-based products and services*
- *State needs to support competitive infrastructure for forestry and forest industry*
- *Forest administration reform a big task in Finland 2010-2011*
- *Role of EU's forest and related policies increasing*
- *Long-term opportunities for renewable forest products and services are good*
- ***Many common issues a good base for Finnish - Russian forestry cooperation***

