

Increased wood production: Finnish policy measures

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Finland's National Forest Programme 2015 is constructed upon six priorities:

1. Securing a competitive operating environment for the forest industry and forest management

SCOPE OF THIS PRESENTATION

OTHER PRIORITIES:

2. Enhancing the climate- and energy-related benefits of forests
3. Protecting the biological diversity and environmental benefits of forests
4. Promoting the use of forests as a source of culture and recreation
5. Strengthening the skills, expertise and acceptability in the forest sector
6. Promoting sustainable forest management in international forest policy

Source: National Forest Programme 2015

Securing a competitive operating environment for the forest industry and forest management;

1. Increasing the value added and providing new products and services

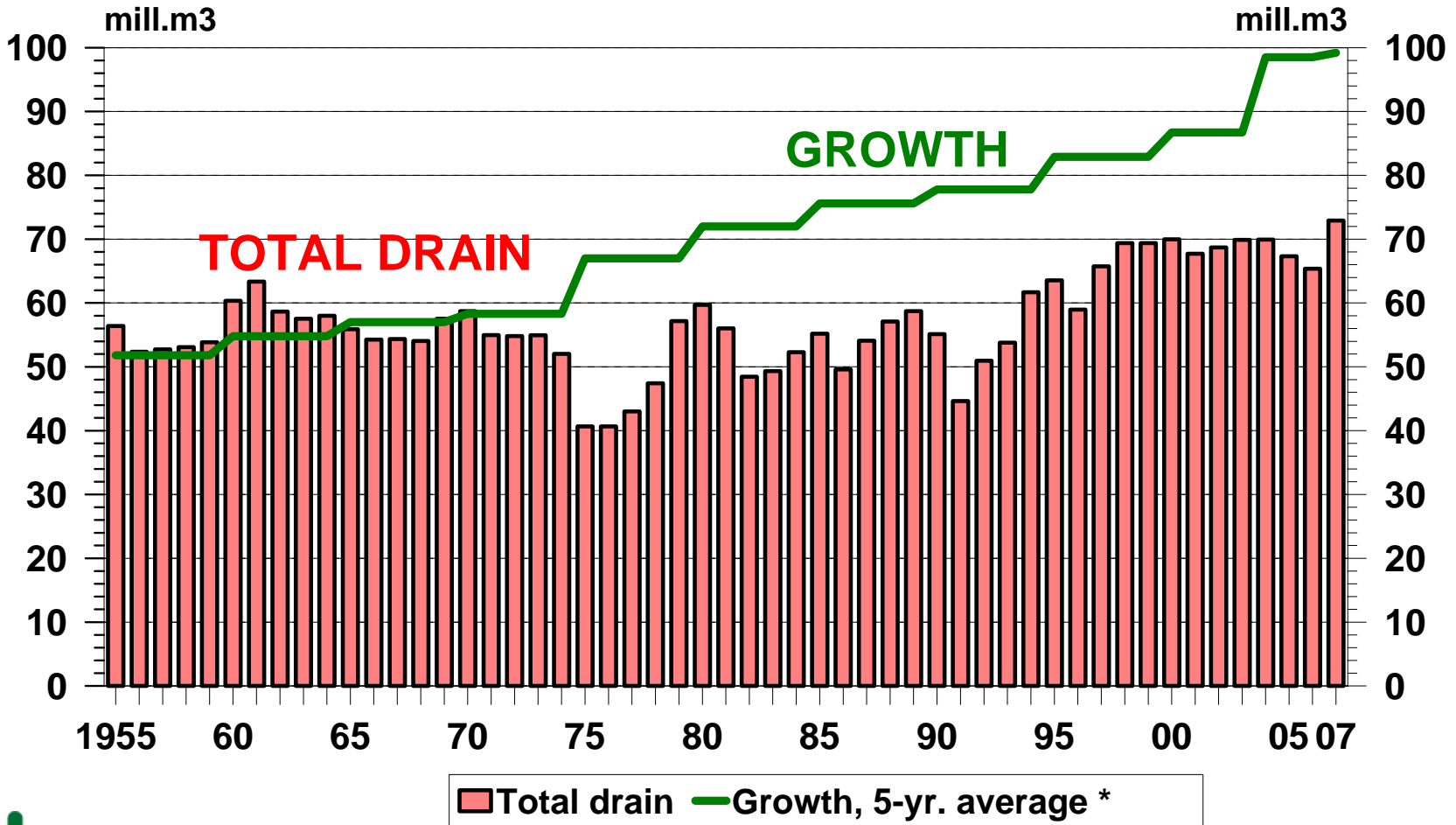
- *Target level for 2015: The value of the forest industries and wood products industries in Finland has increased by 20% (average increase €19,560 mill/year in 2002–2006).*

2. Utilising the harvesting potential

- *Target level for 2015: Annual fellings of roundwood increase to 65–70 million cubic metres (average volume in 2002–2006 was 44 million m³). Holding-specific up-to-date forest management plans cover 75% of the area of forest land in private ownership (current figure 43% in 2006).*

Source: National Forest Programme 2015

TIMBER BALANCE

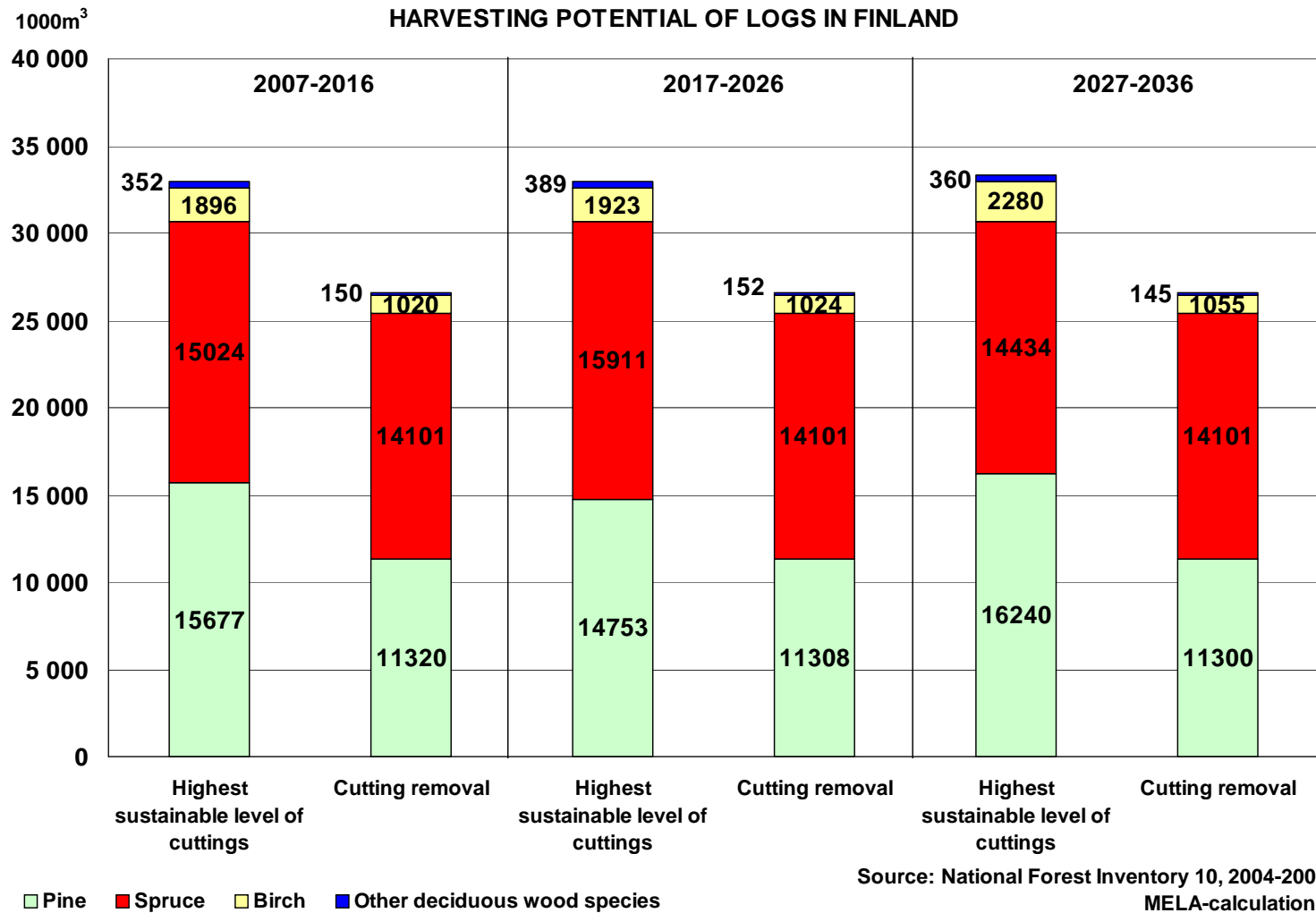


Source: Finnish Forest Research Institute
 8.8.2008/MTK/Erno Järvinen
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* Growth incl. industrial roundwood (logs and pulpwood). In addition, annual harvesting potential of energy wood (i.e. logging residues and stumps) is 10-15 mill. m3.

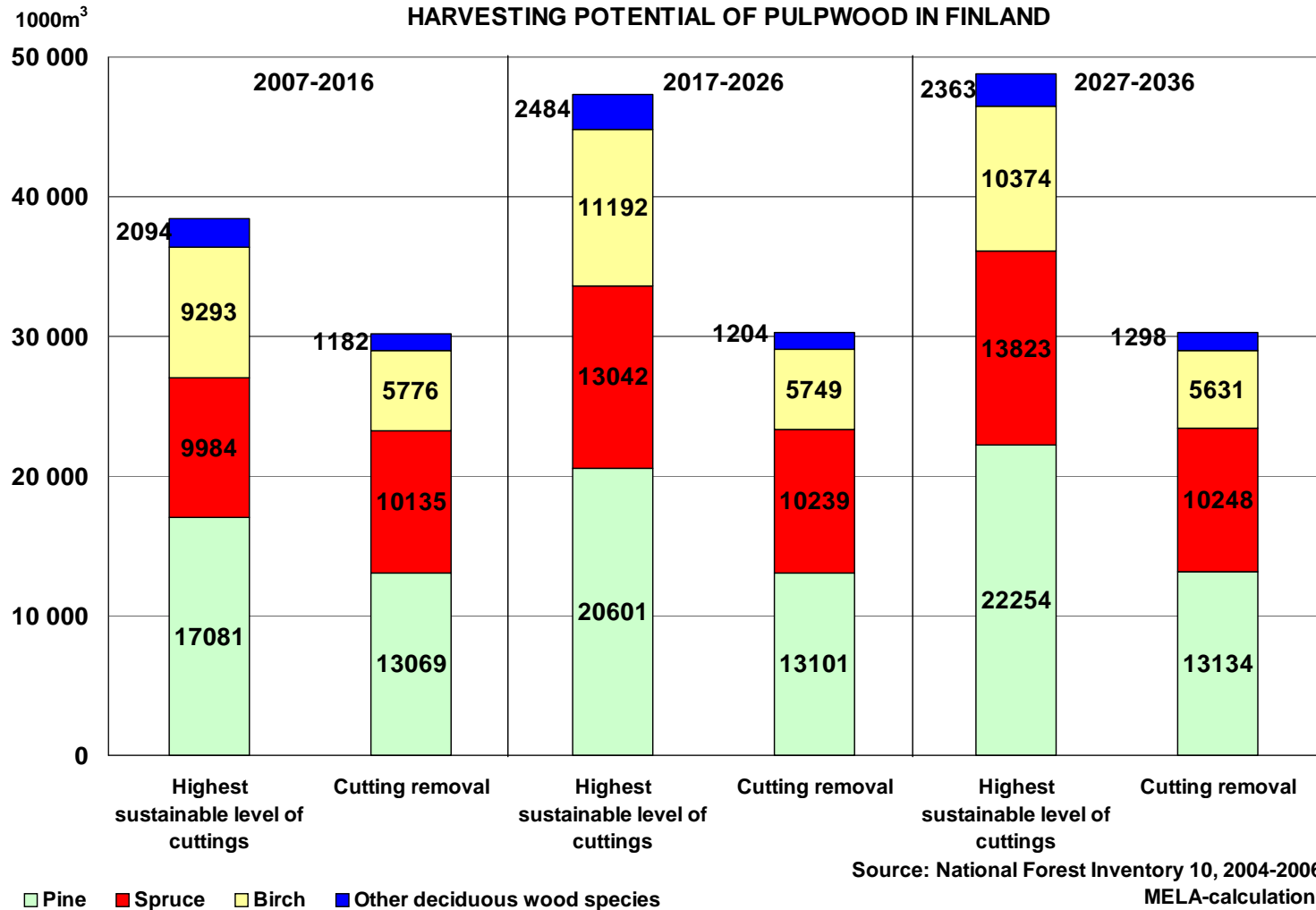


HARVESTING POTENTIAL OF LOGS IN FINLAND



Roughly 80% of the harvesting potential exists in the private owned forests

HARVESTING POTENTIAL OF PULPWOOD IN FINLAND



Roughly 80% of the harvesting potential exists in the private owned forests

Securing a competitive operating environment for the forest industry and forest management;

3. Sustainability of roundwood production

- *Vision for 2015: The production conditions of forests improve and the annual increment increases.*
- *Target level for 2015: Of the area of seedling stands and young artificially generated forests, 80–85% are of good or satisfactory quality in terms of forest management (figure for 2006 was 69%). The annual increment is at least 100 million m³ (98.5 mill. m³ in 2006).*

Source: National Forest Programme 2015

Securing a competitive operating environment for the forest industry and forest management;

3. Sustainability of roundwood production, necessary measures (1/2)

- a) The attainment of goals for forest management and forest improvement will be promoted by the means of financial support, advisory services and forest management planning
- b) The quality of regeneration will be improved by adopting a monitoring system for the quality of forest regeneration covering the entire country
- c) Measures to prevent root-rot fungus will be stepped up
- d) Implementation of the Tree Breeding Programme 2050 will continue, ensuring also the availability of forest reproductive material that is of suitable provenance for the site and meets the quality criteria for silviculture
- e) The programme for the establishment of seed orchards for forest trees will be reviewed to bring it in line with the tree breeding needs dictated by increased regeneration fellings

Source: National Forest Programme 2015

Securing a competitive operating environment for the forest industry and forest management;

3. Sustainability of roundwood production, necessary measures (2/2)

- f) Quantitative goals for the early management of seedling stands will be determined, and their attainment will be promoted using training and advisory services
- g) Fertilisation for health and growth and also ash fertilisation will be increased in a way that prevents environmental loads to water, and fertilisation methods will be developed
- h) A geographic information system (GIS) will be set up by 2010 that will cover the numbers of moose and the damages caused by them.
- i) The development and adoption of mechanised forest management methods will be promoted
- j) It will be ensured that foreign pests do not spread in forests through coniferous chippings or sawn goods or packaging made of these

Source: National Forest Programme 2015

Securing a competitive operating environment for the forest industry and forest management;

4. Profitability and holding size in private forestry

- *Target level for 2015: The net result (operating result) of private forestry in Finland is at least €120/ha (2002–06 average was €98/ha, in 2006 prices). The average size of private forest holdings increases to 50 hectares by 2050 (24ha in 2006).*

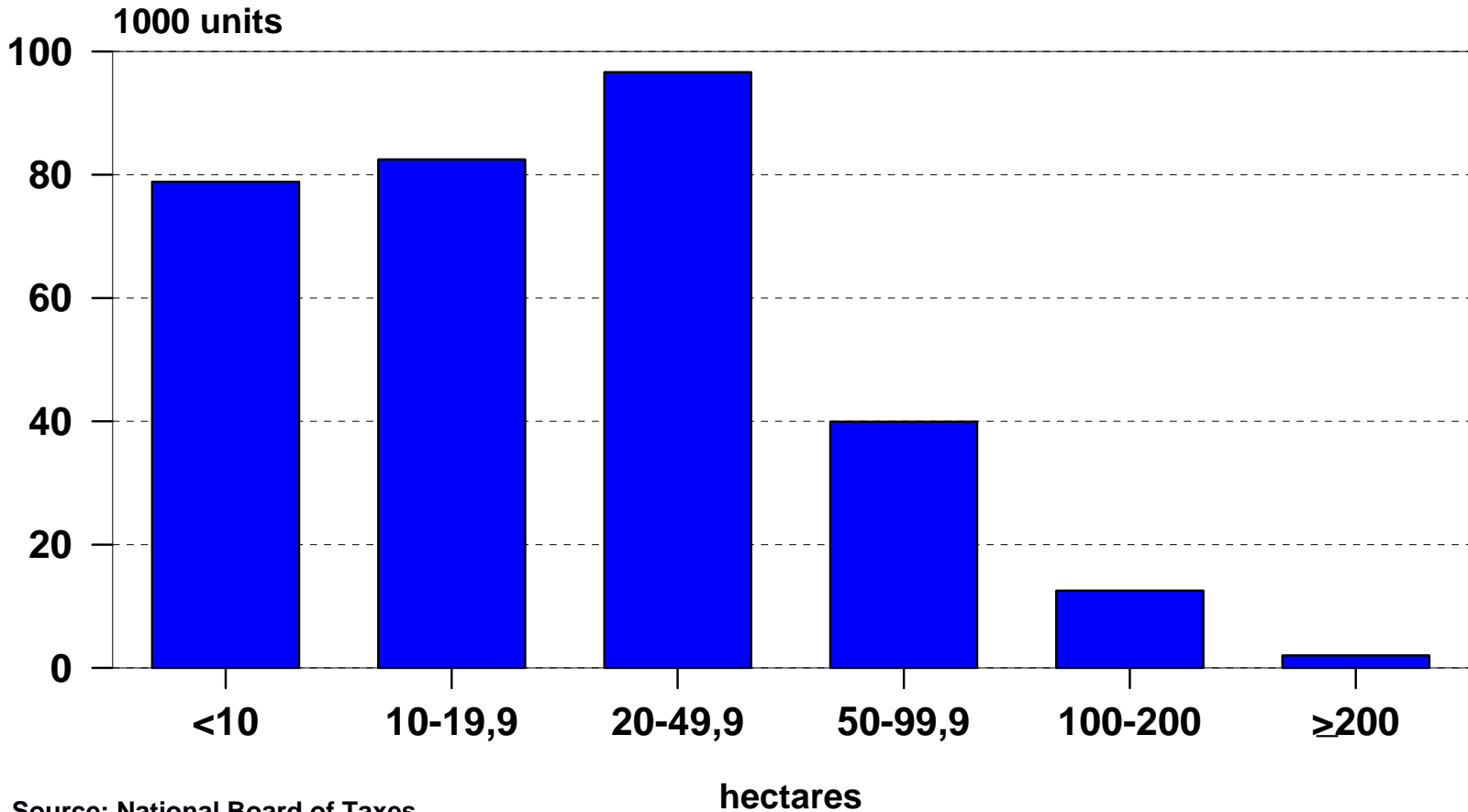
5. Condition of transport networks

- *Target level for 2015: The combined length of roads subject to restrictions due to frost damage is at most 500 kilometres (911km in 2006). As a result of the reconditioning of the rail network, not more than 550km remain in the lowest service class (Class T4, capacity less than 20 tonnes) (figure for Class T4 in 2006 was 759km). The annual total volume of reconditioned forest roads is 4,000 kilometres (2,457 in 2006).*

Source: National Forest Programme 2015

Number of Private Forest Holdings by Size Classes 1.1.2007

forest holdings with forestry fee 312 508 units, average size 31,2 ha
(all forest holdings over 2 ha 443 740 units, average size 23,6 ha)



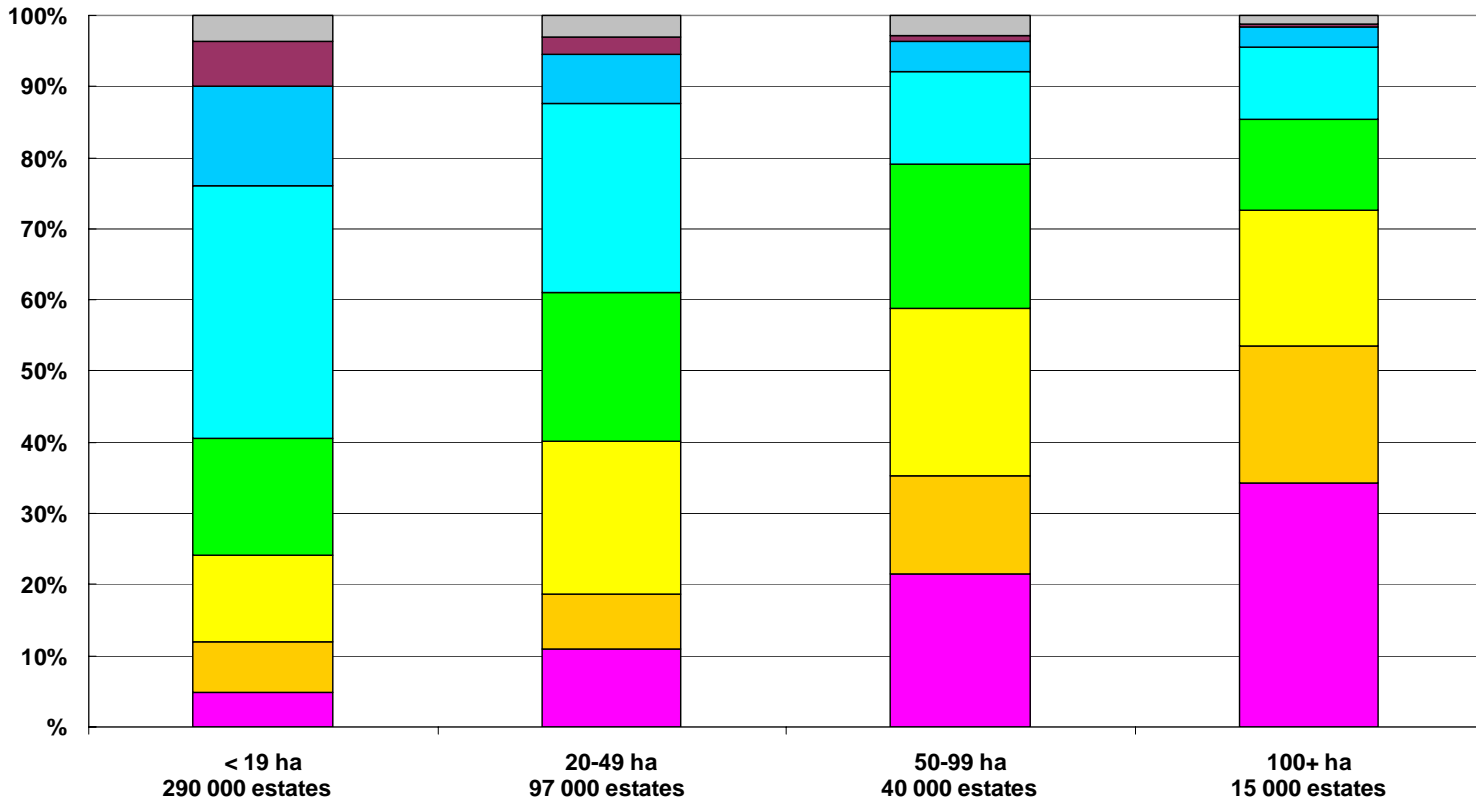
Source: National Board of Taxes

MTK/23.1.2009

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% of Finnish forest owners

SELLING FREQUENCY ACCORDING TO THE SIZE OF THE FOREST AREA

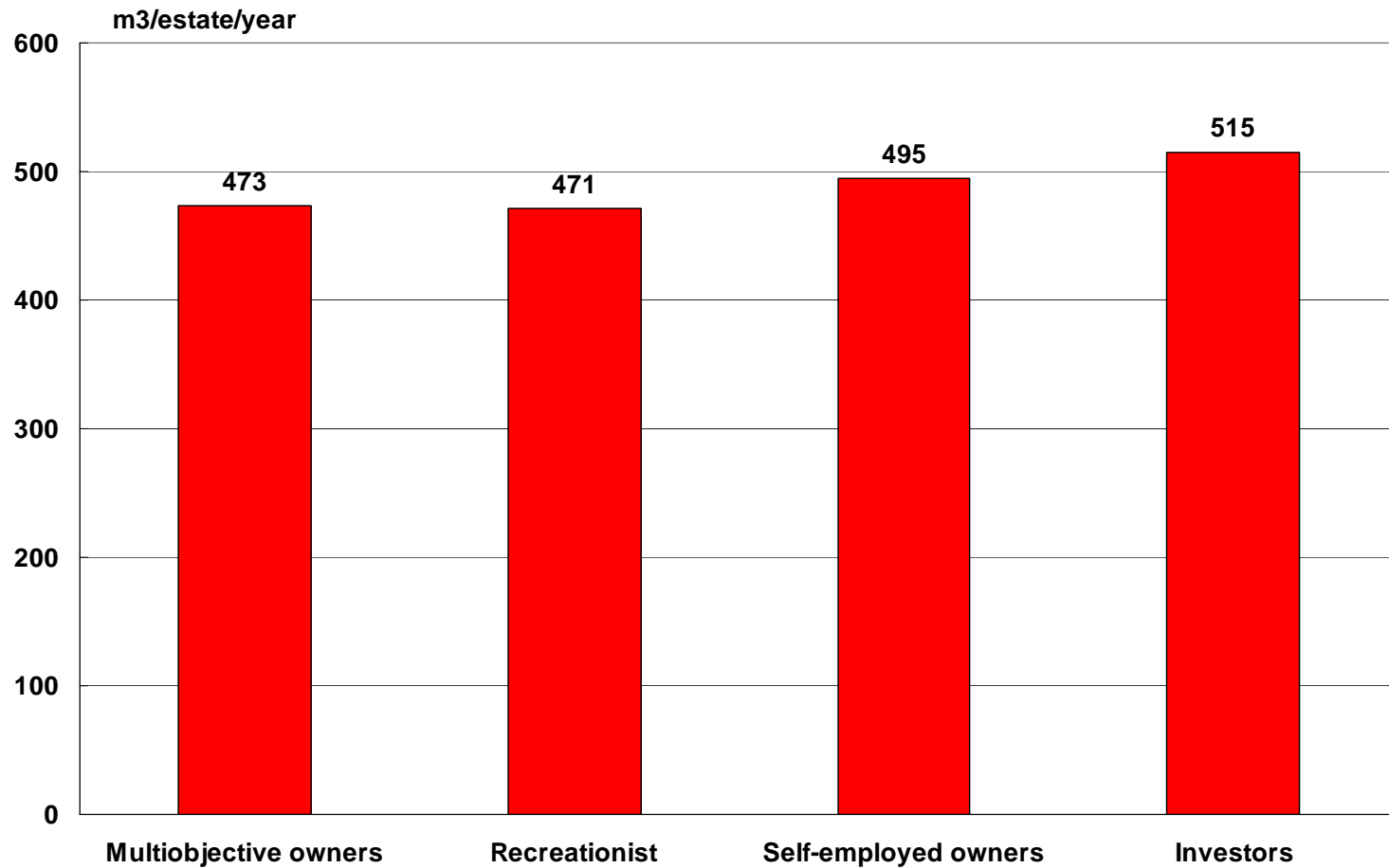


Average size of the single timber trade 480 m³ (overbark)

- Almost every year
- On average every 3rd or 4th year
- Less frequently than with the intervals of 5 years
- Has never sold
- On average every second year
- Every 5th year
- Has not sold for 10 years
- Can not answer

Sources: Metsätutka-enquiries 2006-2008, Finnish Forest Research Institute

ALL FOREST OWNER GROUPS SELL ANNUALLY ROUGHLY EQUAL AMOUNT OF TIMBER



Source: Finnish Forest Research Institute

Securing a competitive operating environment for the forest industry and forest management;

6. Sufficiency of labour and entrepreneurship

- *Target level for 2015: Forestry provides employment for at least 23,000 and the forest industries for at least 50,000 people, and the proportion of women of the total workforce exceeds 25% (in 2006 the number of employed people in forestry was 22,700 and in forest industries 66,700, of which 18% were women).*

Source: National Forest Programme 2015

Securing a competitive operating environment for the forest industry and forest management;

Organizations responsible for the implementation of the national goals

- *Ministry of Agriculture and Forestry*
- *Forestry Development Centre Tapio*
- *Forestry Centres*
- *Forest Management Associations*
- *Forest owners (including Metsähallitus)*
- *Forest industries*
- *Finnish Forest Research Institute (Metla), Game and Fisheries Research Institute*
- *Seedling producers*
- *Finnish Food Safety Authority*
- *Customs*

Source: National Forest Programme 2015

Securing a competitive operating environment for the forest industry and forest management;

Annual target levels for forest management and improvement works

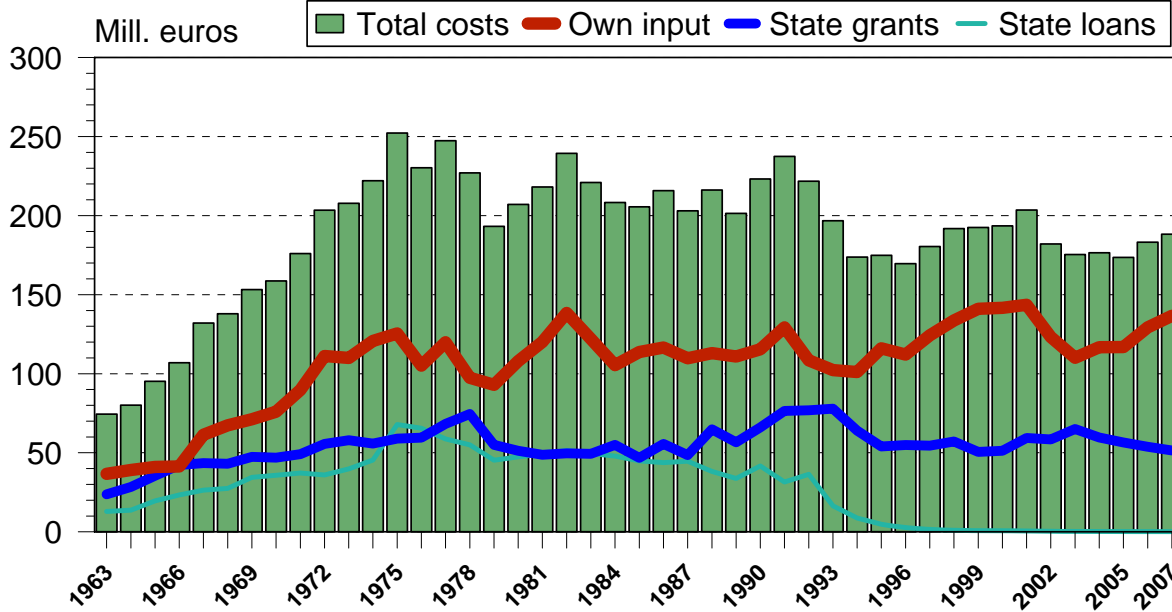
Type of work	All forest owners, total	of which under funding for Sustainable Forest Management ¹
Artificial regeneration, ha	160 000	21 000
Management of seedling and young stands, ha	265 000	168 000
Ditch reconditioning, ha	100 000	80 000
Forest roads		
- improvement, km	4 000	3 000
- new roads, km	640	320
Fertilisation, ha	80 000	21 000
- remedial fertilisation, ha	30 000	21 000
- fertilisation for growth, ha	50 000	0
Prevention of root-rot, ha	65 000	51 000

¹Public funding covers only part of the overall cost of the works.

Source: National Forest Programme 2015

Total Costs of Silvicultural and Forest-Improvement Works, State Loans and Grants

Non-industrial private forests, real prices (cost-of-living index, year 2007)



Source: Finnish Forest Research Institute
11.8.2008/MTK
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STATE INCENTIVES INTO:

- Forest regeneration
- Repelling root-rot disease
- Tending and improvement of young stands
- Remedial fertilisation
- Ditch cleaning and supplementary ditching
- Construction and improvement of forest roads

To sum up, additional wood production requires:

- Several measures that increase roundwood production
- Tax incentives for the structure development of forest estate
- Infrastructure investments
- Sufficiently labour force in harvesting and long-distance transportation operations
- Forestry related guidance targeted to forest owners
- Better image of the whole forest sector

THANK YOU

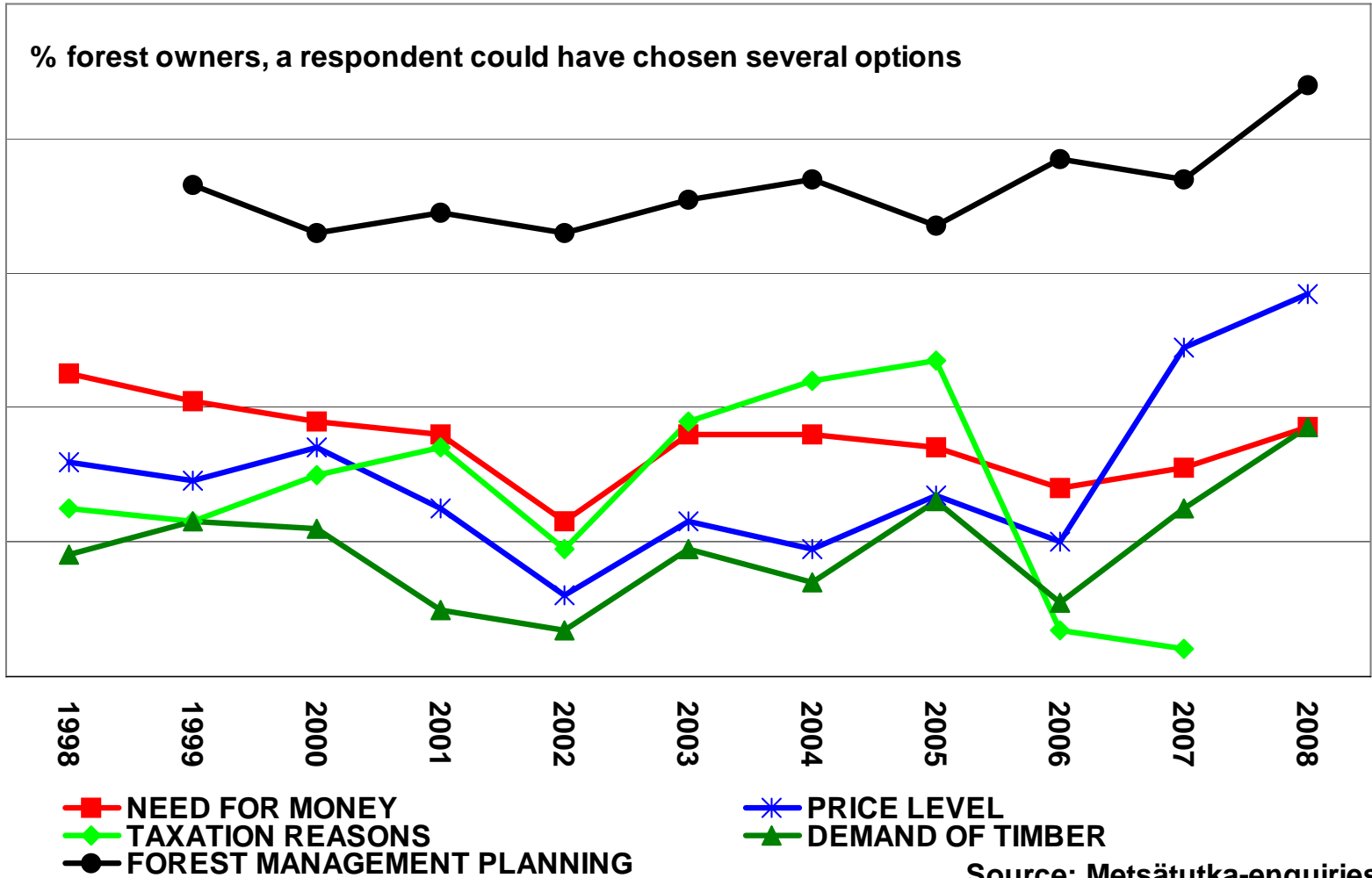
For more information

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WHAT ARE THE KEY REASONS FOR SELLING TIMBER IN FINLAND?

% forest owners, a respondent could have chosen several options



Source: Metsätutka-enquiries