

Development of the forest sector in the Northern Europe - focus in Northwest Russia

Timo Karjalainen

Finnish Forest Research Institute

Barents Forest Sector Task Force

METLA

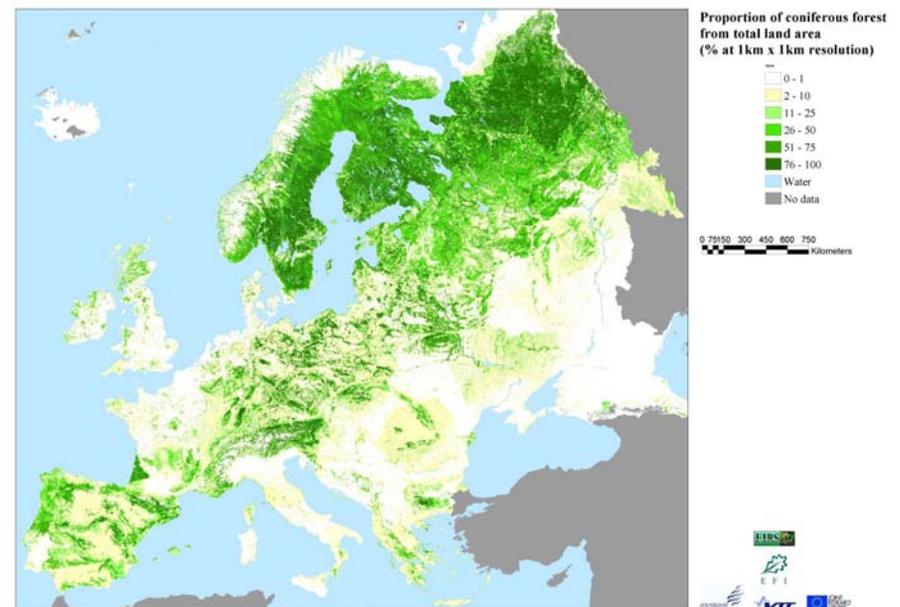
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Forest resources and their use

	Norway	Sweden	Finland	Russia
Forest, mill. Ha	9,4	27,5	22,5	808,8
Growing stock, mill. m ³	863	3155	2158	80479
Removals, mill. m ³ /yr	9,2	76,8	64,3	180
Value of removal, mill. USD	357	2973	2765	1978
Value of non-wood forest product removal, mill. USD	144	203	154	5
Employment in forestry, 1000 person years in 2000	5	17	24	196
Source: Global Forest Resources Assessment 2005, FAO		whole Russian Federation		

Recent changes / development

- in forest area no major change
- growing stock increasing: 4-7% since 2000, in Russia <1%
- removals increasing: 6-18% since 2000, Norway decreased 10%)
- value of wood removal increasing (15-44% since 2000)
- value of non-wood forest product removal increasing (13-60% since 2000)
- employment decreasing (since 1990 30-50%, in Russia +5%)



Forest industry production

Production 2005	Russia	Finland	Sweden	Norway	prediction 2007
sawn softwood, mill. m3	19,39	12,2	17,6	2,3	++++
plywood, mill. m3	2,56	1,3	0,09		+++
particle board, mill. m3	3,93	0,45	0,49	0,37	+000
pulp, mill.t	7,05	11,1	12,1	2,5	+++ -
paper and paperboard, mill.t	7,13	12,4	11,8	2,2	+++ -
Source: Timber committee, UN 2006			whole Russian Federation		

Large producers globally

Share of domestic consumption small of the production, except in Russia, where domestic consumption increasing

In Finland, Sweden and Norway investments in existing capacity, in Russia also in new capacity

In Russia raw material base would allow to increase capacity; need for large investments



Status and Challenges

- share of forest sector in gross domestic product decreasing, being still important
- annual turnover of forest industries growing, profitable
- in the long run gross stumpage earnings stable or increasing, real return of private forest owning positive
- forest sector important employer and income provider in particular in rural areas → socio-economic sustainability
- use of bio/wood energy increasing

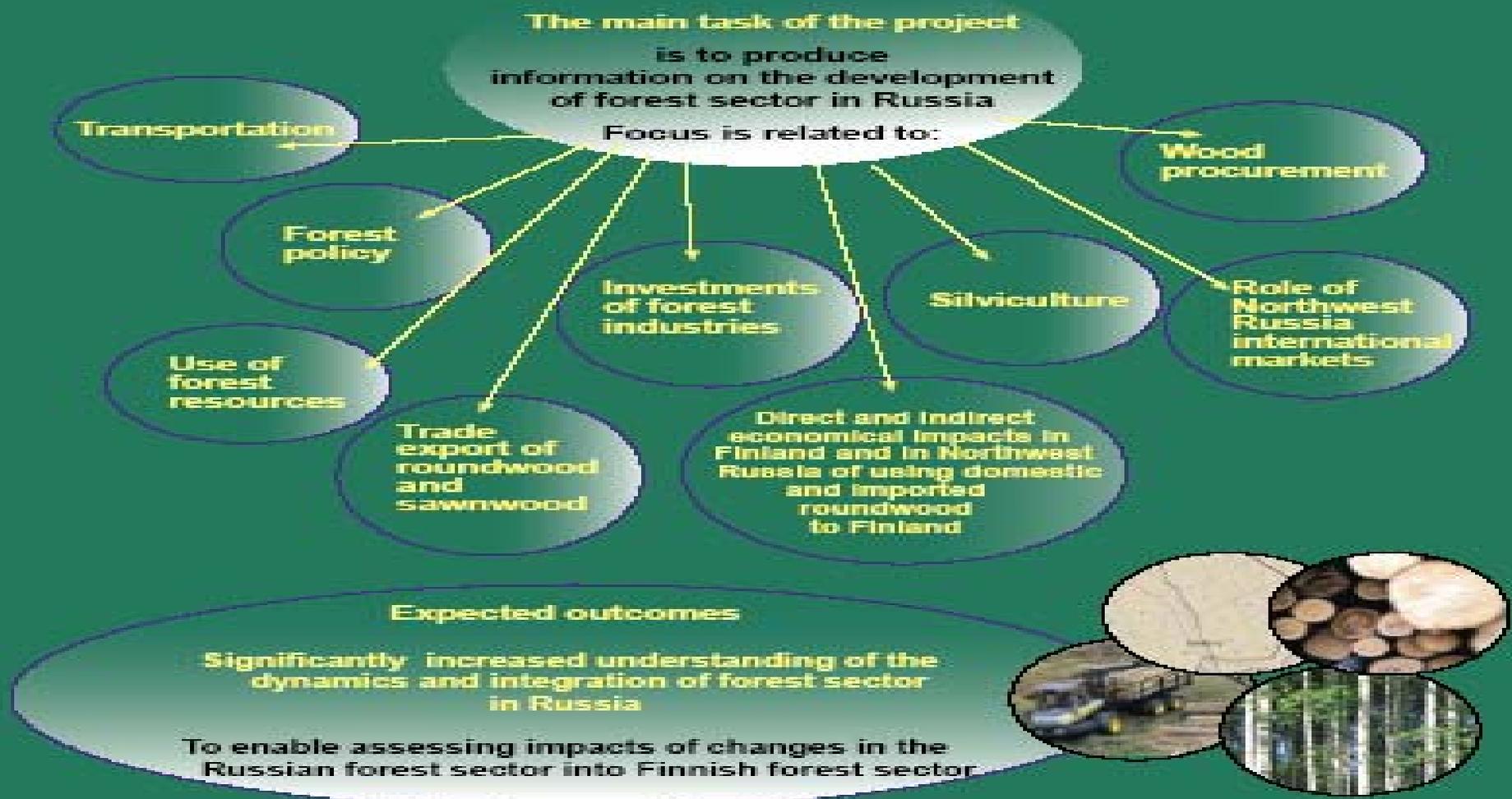
- Utilisation of new technology
- Taking care of competitiveness, renewability and sustainability
- Acceptability of forestry
- Security / predictability of round wood trade
- Border crossing
- Infrastructure (building and maintenance)
- Challenges and priorities vary between countries

Situation / Challenges in Northwest Russia

- possibilities to increase use of wood, necessity to move from extensive to intensive forestry; securing wood availability
- forest cluster could become competitive, if development and improvement in e.g.
 - Implementation of new forest code efficient (e.g. clear roles and rules)
 - Development of forest policy and forest sector development programme with clear objectives, role of public and private sector clarified, request for positive signals, improvement of business climate
- requires substantial investments and cooperation (infrastructure and processing capacity); education, research and training
- investments already into mechanical wood processing, lacking in pulp & paper industry, in road building crucial, also in wood harvesting technology
- further development of the forest cluster: increasing the share of higher value added products aimed at exports, development of domestic manufacturing through import substitution

TOWARDS PROGRESSIVE FOREST SECTOR IN NORTHWEST RUSSIA

Research Consortium



Partners and funding

Partners

Finnish Forest Research Institute
University of Joensuu
Pellervo Economic Research Institute
European Forest Institute
Petrozavodsk State University, Forest Engineering Faculty
St. Petersburg State Forest Technical Academy
All-Russian Research Institute for Silviculture and Mechanisation of Forestry
All-Russian Institute of Continuous Education in Forestry
Moscow State Forest University, Department for International Co-operation

Funding

Academy of Finland (Russia in Flux research programme)
Finnish Ministry of Agriculture and Forestry
Partners

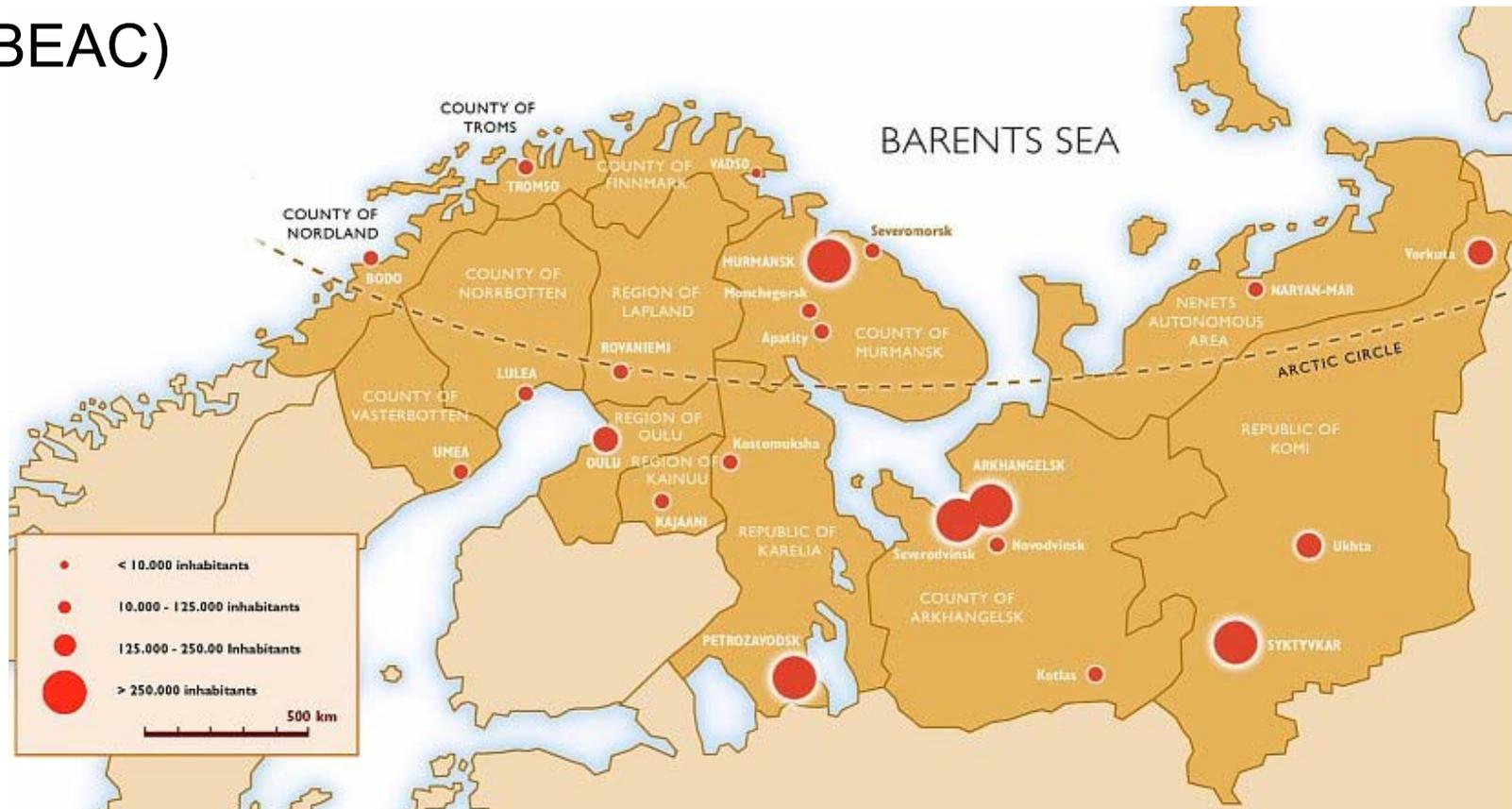


Barents Forest Sector

Cooperation under the auspices of the Barents Euro-Arctic Council (BEAC)

Region

- population < 5.9 mill.
- area 1 755 800 km²
- 3.5 inhabitants per km²
- >15 different languages



Barents Forest Sector Task Force - BFSTF

- BEAC expert seminar in Petrozavodsk, October 1999
- establishment of BFSTF in March 2000
- goal to prepare a Northern Dimension Forest Sector Programme
- challenge to integrate the national and international development work related to forest management, environmental conservation and forest industries
- intensified efforts needed to strengthen existing bilateral and multilateral cooperation between the stakeholders
- forests of the region have immense global importance
- utilisation of forest resource cornerstone of many livelihoods and social systems in the region

BARENTS REGION FOREST SECTOR INITIATIVE

Forest Sector Programme for the Northern Dimension

Framework document

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March 2001



Forest Sector Task Force
Barents Euro-Arctic Council /
Working Group on Economic Cooperation

Future prospects for the forest sector in Barents Region

- Development crucial to counter balance potential shift of activities to Central and Eastern Europe, South America and China
 - Focus on competitiveness: high tech forest cluster, focus on strengths, opportunities e.g. in bioenergy
- Good opportunities to combine cultural, economic, social and ecological strategies in the forest sector
- Good possibilities to develop also ecologically sound nature and cultural tourism and the use of non-wood forest products, which both create new employment possibilities for the local people

General objective for the BFSTF

- to create necessary conditions for development in forestry, environmental care and wood based industries through co-operation, mutual concrete actions, projects and programs within the forestry sector



To promote development of the forest sector in the region, BFSTF has two major themes, network activities, for 2006-2007

Business environment in forestry sector in the Barents region

- overall acceptability of the business
- trade and investment barriers,
- role of small and medium sized industries/enterprises
- delivering industries
- entrepreneurship
- logistic chain
- transparency
- certification
- etc.



To promote development of the forest sector in the region, BFSTF has two major themes, network activities, for 2006-2007, continued

Cost-effective forest land use in the Barents region

- intensification of forest production to fulfill various needs of the society
- expansion of forestry know-how
- development of forest management planning
- model forests
- value adding in the wood chain
- bioenergy needs





Thank you!