

Scandinavian Society of Forest Economics
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State Forest Enterprises in Europe: state-of-the-art with a focus on the Northern countries

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Dipartimento Territorio
e Sistemi Agro-Forestali



LERH
Land Environment Resources and Health
PhD Program



The content

- Introduction
- Some definitions
- Theoretical framework
- The research objectives
- Methodology
- Northern European examples
- Conclusions



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Old vs. New



Introduction – SFI

State forests cover 80% of the total forest fund in the world



Governments transfer management rights to one or more State forest institutions (Krott, 2005; Stevanov, 2005)

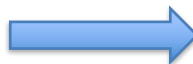
+ institutions usually **exercise authority tasks** over the whole forest area, independent of ownership (ibid.).

State forest institutions - **key players**

BUT!



Due to the budgetary shortage
and other constraints



**High reforming
pressure!!!**

Definitions – SFI

- **State forest institution** - institution accomplishing tasks of managing State forests and/or tasks of forest authority over the whole forest area of a country. These tasks can be accomplished within one or by separate institutions.

State Forest Institutions

with forest management
tasks – **enterprise**

with forest authority
tasks - **authority**

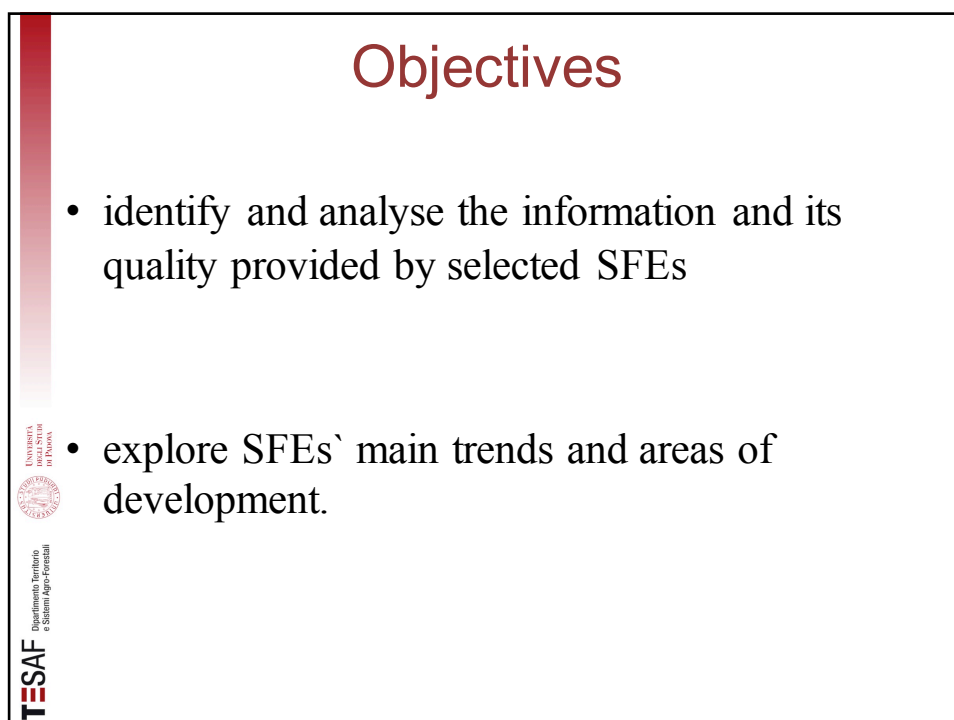
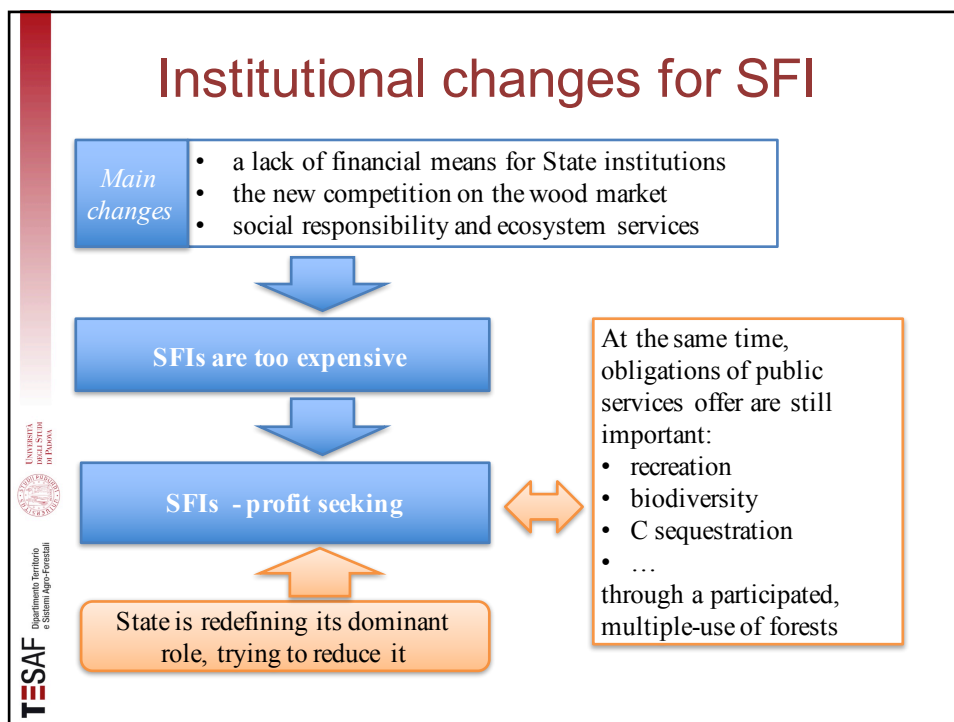
Krott, M., Bemann, M., & Seitz B. (2008)

Theoretical framework



Source:

North, D. C. (1990). *Institutions, Institutional Change and Economic Performance*. Cambridge University Press.
 Ostrom, E. (2011). Background on the Institutional Analysis and. *Policy Studies Journal*, 39(1), 7–27.
 Arts, B., & Buijzer, M. (2009). Forests, discourses, institutions. A discursive-institutional analysis of global forest governance. *Forest Policy and Economics*, 11(5-6), 340–347.
 Schlüter, A. (2007). Institutional change in the forestry sector—The explanatory potential of New Institutional Economics. *Forest Policy and Economics*, 9(8), 1090–1099.
 Schmidt, V. A. (2010). Taking ideas and discourse seriously: explaining change through discursive institutionalism as the fourth “new institutionalism.” *European Political Science Review*, 2(01), 1.



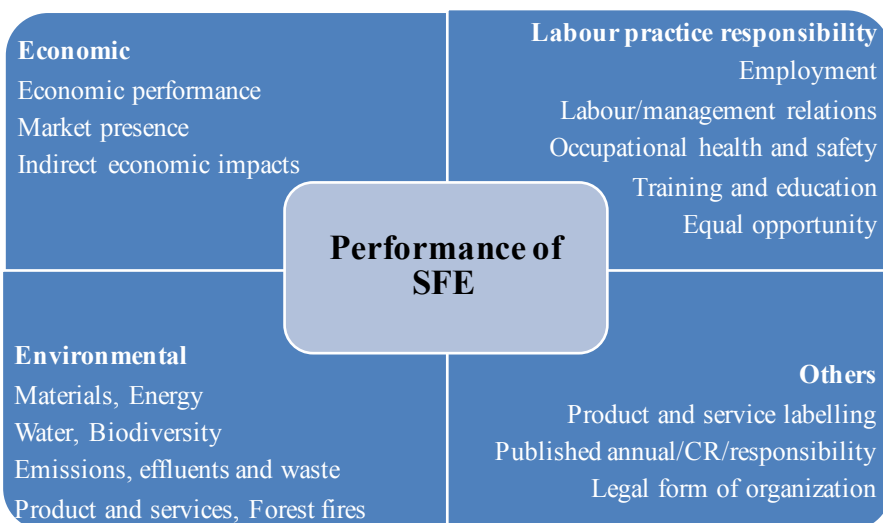
Methodology - 1

- A descriptive based research
- Based on the membership of EUSTAFOR
- Time: September 2015-February 2016
- Search: published reports and contents of web pages, local experts (n= 11) interviews
- Content analysis
- Limitations for SFE selection:
 - (i) to be actually an enterprise
 - (ii) to have sufficient amount of information on-line
 - (iii) to present information in English.

Methodology - 2

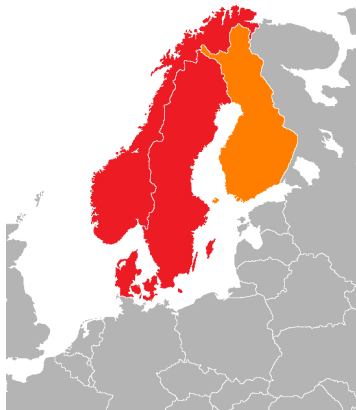
Indicators for analyzing State forest enterprises

(adapted from (Toppinen et al. 2012))



Our focus

Scandinavian countries



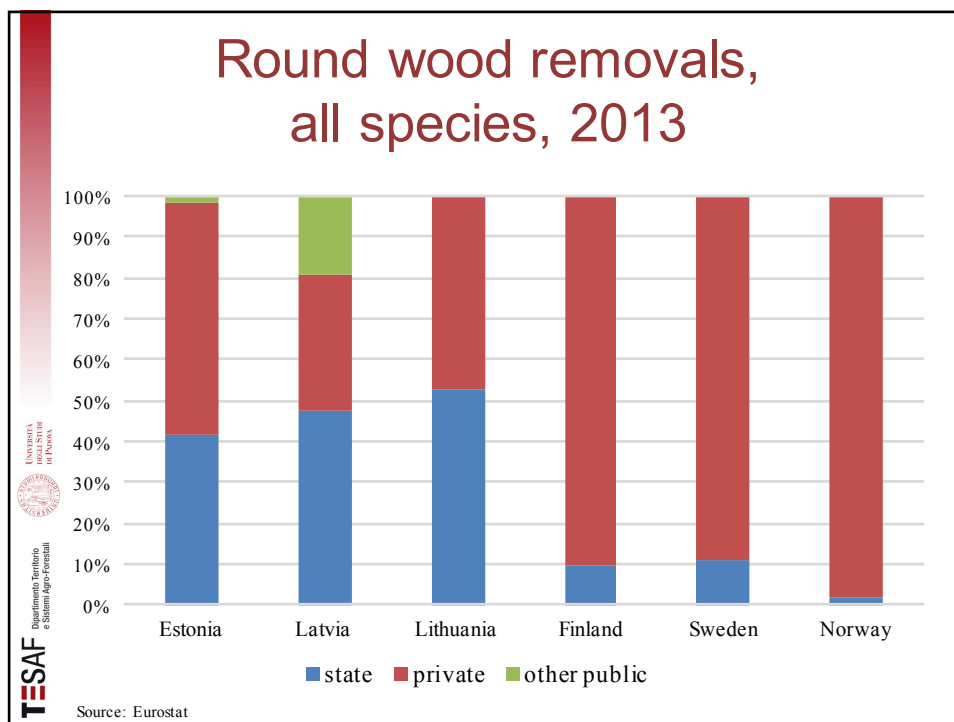
Baltic countries



Ownership categories

Country	Forest (1000 hectares)	Public (%)	Private (%)	Forest Cover (%)
Estonia	2,217	39	61	53
Latvia	3,354	50	50	54
Lithuania	2,160	64	36	35
Finland	22,157	30	68	73
Norway	10,250	14	86	33
Sweden	28,203	27	73	69

Source: Eurostat and World bank data bases



General information about SFEs Scandinavian region - 1

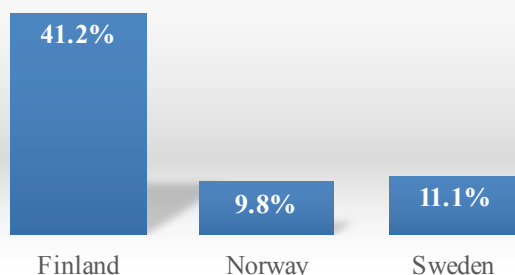
Country	Name of the SFE	Area of enterprise, ha	Forest area of enterprise, ha	Forest area of enterprise, %	Legal form of organization
Finland	Metsähallitus	12,546,000	9,131,000	72.8%	State enterprise
Norway	Statskog	5,919,984	1,006,995	17.0%	State-owned enterprise
Sweden	Sveaskog	4,040,000	3,118,000	77.2%	Joint Stock company

Source: own elaboration

General information about SFEs Scandinavian region - 2

Country	Name of the SFE	Area of enterprise, ha	Forest area of enterprise, ha	Forest area of enterprise, %	Legal form of organization
Finland	Metsähallitus				
Norway	Statskog				
Sweden	Sveaskog				

% of SFE forest to total forest area of the country



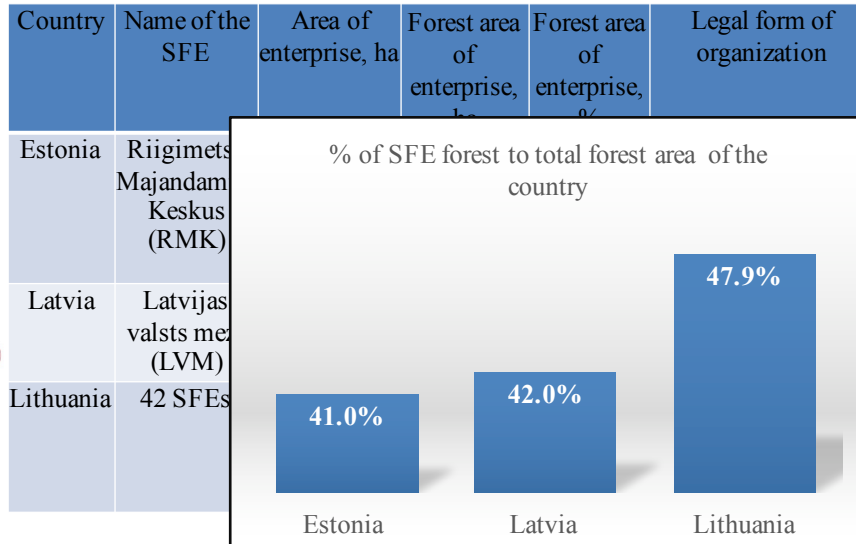
Source: own elaboration

General information about SFEs Baltic region - 1

Country	Name of the SFE	Area of enterprise, ha	Forest area of enterprise, ha	Forest area of enterprise, %	Legal form of organization
Estonia	Riigimetsa Majandamise Keskus (RMK)	1,226,226	907,969	74.0%	Profit-making State agency governed by the Ministry of Environment
Latvia	Latvijas valsts meži (LVM)	1,630,000	1,410,000	86.5%	Joint stock company
Lithuania	42 SFEs	1,072,825	1,034,272	96.4%	State forest enterprises under Directorate General of State Forests

Source: own elaboration

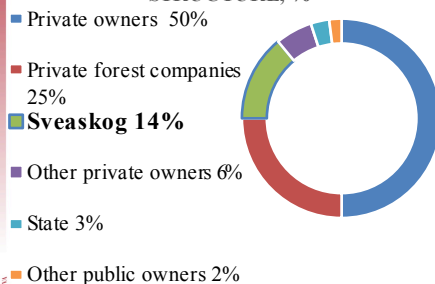
General information about SFEs Baltic region - 2



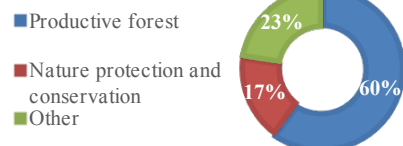
Source: own elaboration

Example: Sveaskog - Sweden

SWEDISH FOREST OWNER STRUCTURE, %



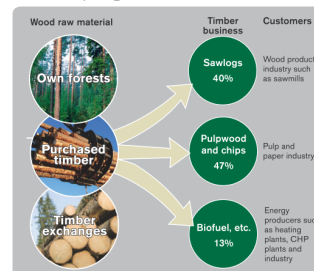
SVEASKOG LAND AREA



Sveaskog is owned by the Swedish state.
The main geographic market is Sweden.

Sveaskog Group:

- forestry operations



- subsidiaries Svenska Skogsplanter AB and Sveaskog Baltfor SIA.
- the sawmill group Setra Group AB (owned to 50% by Sveaskog AB).

<http://www.sveaskog.se/>

<http://www.sveaskog.se/>

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SVEASKOG

Sök

SKOGSÄGARE VIRKESKUND FASTIGHETER TILL SALU JAKT, FISKE OCH FRILUFTSLIV JOBB MER...

Skogar från Sveaskog blir 41 nya naturreservat

Example: State Forest Management Centre (RMK) - Estonia

- A profit-making State agency.
- There are 17 forest districts
- RMK consists of
 - ✓ Sagadi Forest Centre Elistvere Animal Park
 - ✓ Tartu Arboretum
 - ✓ 70% of Estonian-Finnish joint company Eesti Metsataim
 - ✓ the Põlula Fish Farm.

RMK - 40% of Estonian forest
State land - 1,226,226 ha
... of which forest land - 907,969 ha


DIVISION OF STATE FOREST


Year	Managed forests	Forest with economic limitations	Strictly protected forests
2010	63%	20%	17%
2011	64%	19%	17%
2012	63%	20%	17%
2012	63%	20%	17%
2014	61%	21%	18%

Legend:
 ■ Managed forests
 ■ Forest with economic limitations
 ■ Strictly protected forests

<http://www.rmk.ee/>

http://www.rmk.ee/

 Contact Information Pressroom EST ENG RUS



SPRING IS HERE





Every day more signs of spring appear. Go to the forest and find out for yourself!

[FIND YOUR WAY HERE >](#)

[Organisation >](#) [Forest management >](#) [Sale of timber >](#) [For hikers >](#)

STATE FOREST MANAGEMENT CENTRE

Toompuiestee 24,
10149 Tallinn. rmk@rmk.ee
Tel +372 676 7500

OTHER RMK SITES

RMK Sagadi Forest centre
RMK Tartu puukool
Eistvere Animal park

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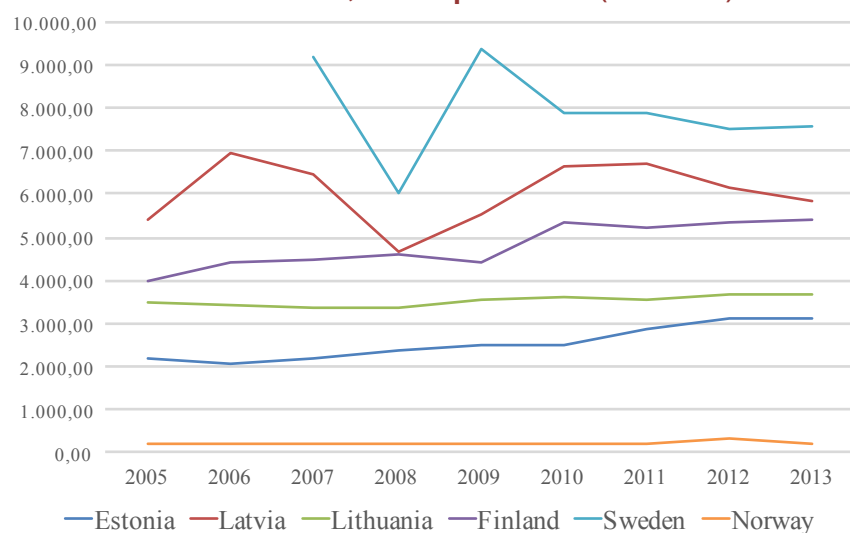
Some economic indicators

Country	Name of the SFE	Turnover, mil euro	Revenue, Mil euro	Profit, mil	Operating profit ^A , mil or Profit before tax ^B , mil	Net sales, mil	Timber harvested, 1,000 m ³
Estonia 2014	RMK	163.5	N/A	40.8	44.4 ^A 44.64 ^B	150 (return on sales)	3,300
Finland 2014	Metsähallitus Enterprise	348.9	N/A	114.2	77.9 ^A	343.9	6,000
Latvia 2014	LVM	275.7	259.7	76.7	91.6 ^B	258	5,000-7,000
Lithuania 2014	Directorate General of State Forests	N/A	167.4	N/A	N/A	N/A	3,861
Norway 2013	Statskog SF	27.1	N/A	2.7	2.2	N/A	380
Sweden 2015	Sveaskog	N/A	N/A	218.7	303.4 ^A 280.2 ^B	658.7	6,560

Source: own elaboration

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Example: annual round wood removals in State forest, all species (1000 m³)



By Eurostat, 2013

Other business activities

Country	Name of SFE	Fishing	Hunting	Renewable energy	Real estate	Consulting	Nursery	Extraction of natural resources
Estonia	RMK	X	X	X	X		X	
Latvia	LVM	X	X	X			X	X
Finland	Metsähallitus	X	X	X	X		X	X
Norway	Statskog	X	X	X	X			
Sweden	Sveaskog	X	X	X				
Austria	ÖBf	X	X	X	X	X		X
Croatia	Hrvatske šume		X	X		X	X	X
Ireland	Coillte	X	X	X	X	X	X	X

Source: own elaboration

Renewable energy

Norway	Statskog Energi AS (subsidiary)	small-scale hydro, wind power and bio energy
Sweden	Sveaskog	biofuel
	SunPine (Sveaskog owns 25.1%)	extracts raw tall diesel and bio oil from tall oil which is a residual product from pulp mills
Latvia	LVM	fuel chips

Real estate

Estonia	RMK	Arrangement for the optimal use the real estate properties (sale, rental, construction of telecommunications, roads, utilities lines)
Norway	Statskog	Rental cabins

Nursery

Estonia	RMK - owns 70% of the Estonian-Finnish joint company AS Eesti Metsataim	<ul style="list-style-type: none"> produces plants at Kilingi-Nõmme for Estonian and Finnish State forests
Finland	Metsähallitus Group- Fin Forelia Oy	<ul style="list-style-type: none"> production and sales of cultivated forest tree seeds services related to the harvesting and processing of seeds

Extraction of natural recourses

Finland	Metsähallitus Group - MH-Kivi Oy (subsidiary)	<ul style="list-style-type: none"> Rock extraction sites sells and leases soil and rock extraction sites for construction purposes
Latvia	LVM	<ul style="list-style-type: none"> 100 quarries (sand, gravel, dolomite, limestone, gypsum, sapropel)

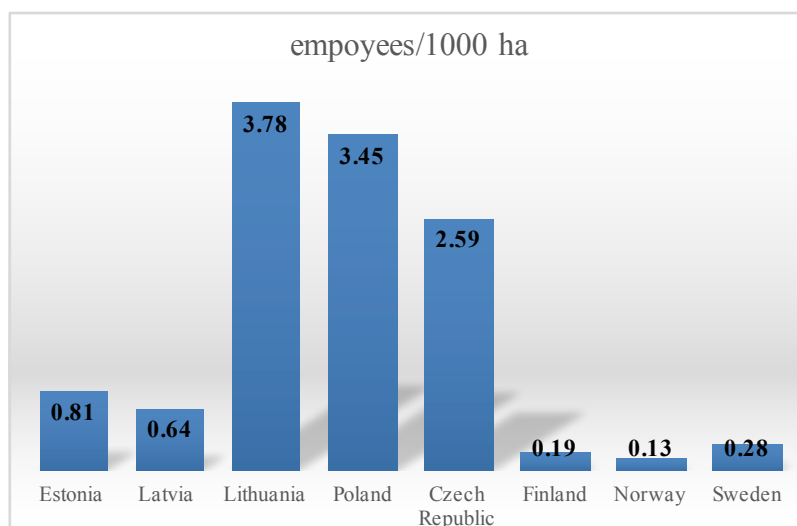
Some labour practice indicators-1

Country	Name of the SFE	Number of employees	Women, %
Estonia 2014	RMK	731	N/A
Latvia 2014	LVM	897	34
Lithuania	Directorate General of State Forests	4052	N/A
Finland 2014	Metsähallitus	1752	23.8
Norway 2011-2013	Statskog	130	N/A
Sweden 2015	Sveaskog	877	19.7



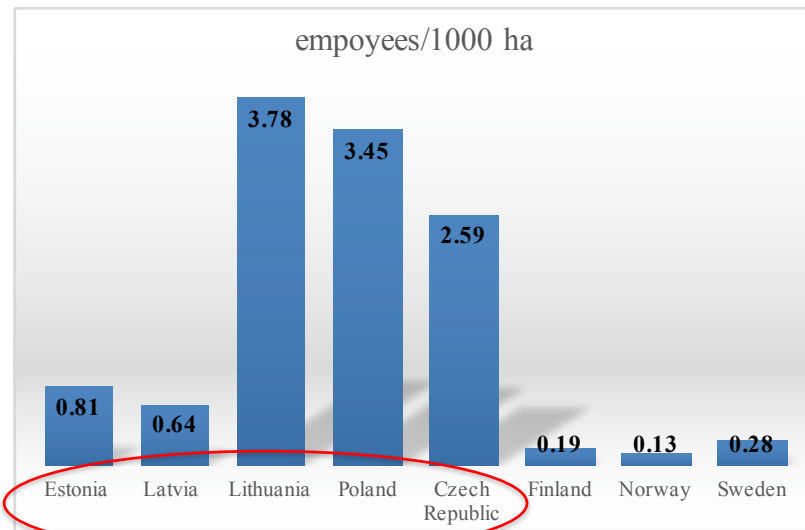
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Some labour practice indicators - 2



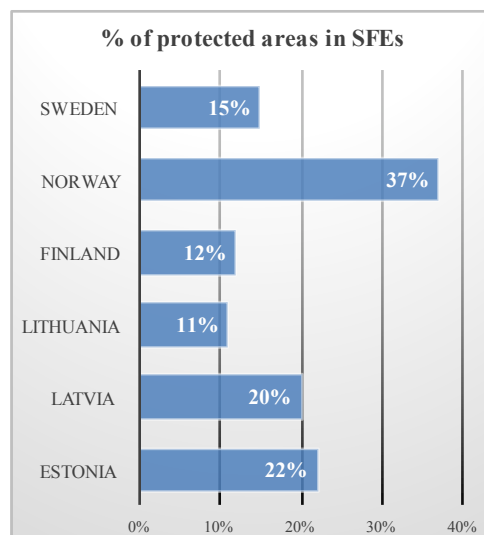
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Some labour practice indicators - 2



Some environmental indicators

Country	Name of the SFE	Protected area, ha
Estonia 2014	RMK	268,344
Latvia 2014	LVM	320,000
Lithuania	Directorate General of State Forests	116,658
Finland 2014	Metsähallitus	1,514,000
Norway 2011-2013	Statskog	2,190,394
Sweden 2015	Sveaskog	624,000



Conclusions - 1

- One of the most common ways to manage State forest: direct management through a SFE.
- A lot of SFEs function as profit optimization companies under some constraints of public services provision:

traditional financial products (timber production, fishing and game management)



new business products (real estate, consulting etc.)

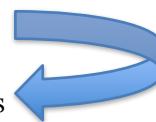


services paid directly (1) by users, (2) by the State or (c) no-paid but financially supported by the income from other activities

- Many SFEs are key actors in the market: which role in market is stabilization (a key public function)

Conclusions - 2

- A weak point of SFEs is reporting system.
- It makes practically impossible comparison of SFEs
- The main problems are:
 - (i) reports are usually in local languages;
 - (ii) different sets of indicators used in different countries;
 - (iii) reports are not regularly updated.



Recommendation: create set of indicators, which allows to understand the behaviour of SFEs in the market

Thank you for attention!



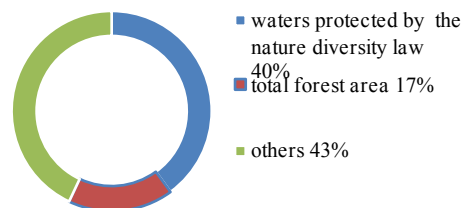
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Statskog SF - Norway

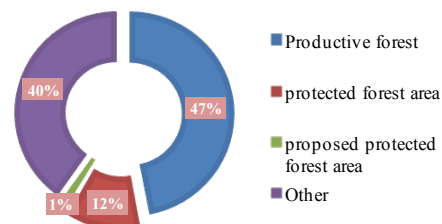


- A state-owned enterprise.
- 20 % of the Norwegian mainland surface.
- In 2010 Statskog purchased Orkla's forestry properties of 75,000 hectares of productive forests.
- Statskog konsern includes companies owned by minimum 50% of Statskog SF
- Four core areas:
 - ✓ property,
 - ✓ energy-subsidary Statskog Energi AS
 - ✓ forestry
 - ✓ outdoor life

Statskogs total area - 5.919.984 ha



TOTAL FOREST AREA - 1.006.995 HA



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