

## INSIGHTS TO SWEDISH FORESTRY

Sten Nilsson – March 1, 2023

Martin Luther King 'had a dream'. My experiences of the forest sector lead me to 'have a conviction', a conviction that without a holistic view we will not get a sector that is either sustainable or competitive.

The actors of the Swedish forest sector have started to talk about holistic views. The problem is that each of them has her/his own definition of holistic. We therefore don't have a holistic view of the Swedish forest sector to use in debates or policymaking.

This speech is an attempt to change that.

### ***The changing world***

We are experiencing rapid changes in geopolitics, economics, societies, values, and environments. We have rapid developments in Artificial Intelligence, energy, bioecology, and more. All of these are impacting the forest sector dramatically. I have worked abroad for more than 30 years and have found that actors in the forestry sector were more curious and knowledgeable when I left than when I returned. They believe that the global forest sector is defined by the Swedish and Finnish forest model, but the truth is the opposite, and so we need better analysis of the 'changing world'.

### ***EU laws, regulations and other international agreements***

Sweden is at the centre of the politics around forestry. The starting point for Swedish policymaking must be EU regulations and other international agreements, but in the 2019 Forest Commission report – the basis for Swedish Legislation – the EU was hardly mentioned. Instead of cooperating, some politicians and forest businesses fight every Commission proposal concerning the forest sector. They produce macro-economic analyses of the consequences of EU-proposals, which only mention the costs and neglect the benefits.

The European Green Deal is the sort of holistic concept we need in the forest sector, not just a "green agenda" as claimed by many in the Swedish forest sector. Looking in the rear mirror, we should accept it was probably a mistake not to support the development of the EU Forest Policy as in practice it has meant that the EU has taken over substantial parts of national forest policy making – like in climate policies.

### ***Ecosystem services***

Forests provide many different ecosystem services, but Swedish actors mainly focus on climate change, claiming the benefits of current management. But there are several other ecosystem services that need to be taken care of.

### ***Industrial production***

There is a strange perception among some that the industrial structure will be the same in 50 years as it is today. They seem to have forgotten that we have lost around 2.5 million tons of paper production since the financial crisis of 2008 - the majority of our paper production. We see that new ecosystems are being established in the forest industry, together with new sectors.

Artificial Intelligence will dramatically change the forest industry – to respond we must have a much more dynamic view of industrial development. What’s happening in the industry defines much of what happens in the forest. Industrial added value based on cubic metres of wood used, has declined during the last 30 years.

### ***Land Use***

Forest land-use is defined by Ecosystem Services developments and Industrial Production, so we need to understand them.

### ***Benefits***

Forest land-use will generate benefits, which we must be able to evaluate according to measures that consider quality, not just area and volume.

### ***Other societal and community benefits***

Cultural and ethical issues are some of the benefits that are not integrated into debates policy making.

### ***Bottlenecks***

The major bottleneck is the way we interpretate sustainability, particularly considering the Biosphere, Society and Economy as independent entities despite the fact that they overlap and that sustainability is complex. Forests cannot be sustainable if the protective functions and functionality of the forest ecosystems aren’t intact. These basic functions must be the base of the sustainability pyramid, with the economic dimension as a means to reach social sustainability.

Some in the sector argue that sustainability is a ‘process’, meaning it is wrong to work with benchmarks. I have been against this view since the 1980s. One can ‘hide’ behind the process and most things can be regarded as sustainable.

We need benchmarking for sustainability.

Last weekend, the Chief Ecologist at the Forest Agency publicly questioned the Agency’s view that Swedish forestry is sustainable. The debate is too much about protection of areas and production of volumes instead of protection and production of quality. It is important to understand that demand for protected areas is a function of the quality of the forest management.

I think we have ended up in a crooked view with respect to property and ownership rights. Property rights also require responsibilities but these are often left out of the picture. Property rights are also not carved in stone, but develop with society.

Swedish forestry has the motto, “freedom with responsibility,” but I have never managed to get a clear answer about what this means.

We missed a chance with the Sustainable Development Goals (SDGs) and Agenda 2030. Forest companies were quick to implement the SDGs into their strategies, but soon detected that politics didn’t keep pace and lost interest. As a result, the SDG process in forestry is a political failure.

In general, I don't think the Swedish politicians can deliver what's needed as politics is too short-term and too polarised to deal with such complicated problems. We need help from outside the national political system.

### ***Why does Sweden dig its heels in with the Commission on forestry?***

Swedish (and Finnish) forestry was regarded as the World Champion for a long time. We are still a World Champion in producing wood, but times have changed and values other than wood are now at the forefront and we are not the World Champion in respecting those. We have developed from best to worst in class and this is a difficult mental journey as one holds on to previous successful formulas.

For over 100 years we have had the unique advantage of streamlined forestry institutions all of whom aimed to produce more wood and get it to industry and markets as efficiently as possible. But now that this industry needs to change, this advantage may have turned into a drawback.

### ***When is Sweden going to join the EU?***

For a long time we have not taken the 'European' perspective to heart – the concept of a sustainable Europe in peace. Back in 1961 our long-time Prime Minister Tage Erlander presented Sweden's view on cooperation with Europe, claiming that it would work against our neutrality position, Swedish economic policies and free trade. This view remains today – that the primary reason for cooperation is economic gains.

Today's EU is quite different from the one we joined and we are still somewhat stuck in old days. We believe that to achieve strong sustainability we need techno-economic solutions - a very complex process.

I am convinced that we can't deliver what we need only through techno-economic solutions. There must also be an inner maturity among actors and politicians to accept that sustainability is an existential issue.

We are missing that dimension. And meanwhile neoliberalism has grown strong in politics, damaging the economy and the environment.

### ***Anomalies***

It should also be pointed out that there are a couple of leading forest companies working hard on a transformation in line with the EU proposals. But they are not talking about this in public or to the politicians because they know the transformation will give them a competitive advantage and they don't want the competitors to know what they are doing.

This is ironic as some representatives from the same companies are heavily criticising the Commission for its meddling with Swedish forest policies!

Another anomaly is that the President of the Swedish Forest Industries and the General Director of the Forest Agency publicly declared last summer that "our confrontation with the Commission is the wrong strategy and we need to change to a strategy building on cooperation".

We have yet to see this happen.

THE ENTIRETY OF FOREST POLICY - Sten B. Nilsson

