

Shared Responsibility

Sweden's Policy for Forest Sector Development

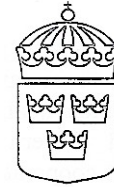


Government Bill 2004:1500

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Shared Responsibility: Sweden's Policy for Forest Sector Development



Gov. Bill
2004:1500

The Government presents this Bill to Parliament.

Vienna, June 2004

Sten Nilsson

Brief summary of the Bill

In this Bill, the Swedish Government presents a policy for forest sector development, the proposed goal of which is to contribute to equitable and sustainable development. Forestry, environment, economy, investment, trade, agriculture, energy, transport, international policies and knowledge generation are examples of areas in which measures shall be devised in such a way as to promote development of the forest sector. The focus of the Bill is on economic growth of the sector and social development.

The proposal lays a foundation for a coherent and consistent policy in order to contribute to equitable and sustainable development of the sector. The content of the policy is formulated with respect to a number of thematic areas and ten concrete policy elements.

The Bill emphasizes the importance of closer cooperation between the actors of the forest sector. In addition, the Bill also deals with issues of management, administration and learning within the framework of the policy for forest sector development.

The Government will present an Annual Report to Parliament on the outcomes and progress with regard to implementation of the policy.

The Bill is a plagiarism of Governmental Bill 2002/03:122: Shared Responsibility: Sweden's Policy for Global Development published by the Ministry of Foreign Affairs, Stockholm, Sweden.

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1 Proposals for parliamentary decisions

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The Government proposes that Parliament:

1. approve the Government's proposal concerning goals and perspectives with respect to the policy for forest sector development;
2. approve the Government's proposals concerning concrete elements of the new policy for forest sector development.

The Government authorized Professor Sten Nilsson, Deputy Director of the International Institute for Applied Systems Analysis (IIASA), Laxenburg, Austria to present a Governmental Bill on a new policy for forest sector development. The term of reference for the commissioned work was to follow the spirit, style and design of the Governmental Bill 2002/03:122, Shared Responsibility: Sweden's Policy for Global Development.

Pursuant to the authorization of Professor Nilsson for this task, a large number of national and international experts were appointed to support the work. In preparations of the Bill, numerous seminars and meetings were held.

Due to the strained financial conditions of the State, e-publishing of this Bill is employed (<http://www.iiasa.ac.at/Research/FOR/govbill.html>). Printed versions can be ordered from Sten Nilsson (nilsson@iiasa.ac.at) or IIASA, A-2361 Laxenburg, Austria.

3 Shared responsibility: Sweden's policy for forest sector development

The world is shrinking. National boundaries are blurring and interdependence is increasing. No country can ignore what is going on in the rest of the world. The effects of economic successes and setbacks have spread like ripples on the water. The end of the cold war and increasing globalization now make progress a real possibility.

The Swedish forest sector contributes about 4% to GDP, to some 15% of the total export value and the value added production, and constitutes about 25% of the Swedish total industrial production (based on value). The forest sector is the prime contributor to the Swedish balance of payments with a net contribution of some 80 billion SEK (in 2002) by exporting some 80% of produced pulp and paper and some 70% of produced lumber.

The annual growth of the forests in Sweden is some 100 million m³ and the annual harvest is currently about 85 million m³. Some 45% of the harvested wood is used for some form of energy production. Biofuels contribute with (dominated by forest raw material) about 100 TWh to the Swedish energy balance, which corresponds to about 16%, and is the third most important energy source in the country. The sector has direct employment of some 95,000 persons and is crucial for the regional development in many regions of the country and is one of the major managers of the environmental values of the country.

Given the global development and the demographic development in Sweden there will be a need for increased macroeconomic contribution, increased energy supply, increased regional development and increased protection of environmental values by all economic sectors in the future,

and the forest sector is no exception. The Swedish population will stop growing unless we have a yearly net immigration of some 25,000 persons in the future. In the developed world the population is getting older and Sweden is no exception. Even under the assumption that net immigration will be about 25,000 persons per year, already in 2030 we will have 4–5% less persons in the workable age group of 20–64 and 5–6% more people in the age group 65+ in comparison with today's situation. Currently, we have about 3.4 persons supporting every person aged 65+ but already in 2030 this number will decrease to 2.4 persons. This development will strain the economic growth and threaten the economic sustainability of the society. Without increased contributions from the economic sectors including the forest sector there will be difficulties for the Swedish society to continue to prosper.

This Bill presents proposals for a Swedish policy for the development of and increased economic contribution by the forest sector. The primary goal of the new policy is to contribute to equitable and sustainable development of the forest sector and the society.

Development can never be externally created or imposed on people. Development is created by people working in the sector. We must therefore become better at listening, in having frank dialogues, in analyzing the global development trends but also in making demands on policy makers. In order to contribute to the achievement of the goal of equitable and sustainable development of the forest sector, all of the components of our policy must be consistent with one another. We must make every effort to establish fair and transparent trade rules that increase opportunities for participating in world trade on equal terms. We must improve the climate and conditions for investments in the sector and promote the development of domestic business and industry. This is crucial for the generation of economic growth. We must meet new threats to the sector by strengthening our efforts in dealing with these threats. Our prosperity is based on an open economy and free trade.

Sweden is a small country. This should not prevent us from playing a significant role in the development of the global forest sector. Our strong support for the UN, commitment to international organizations and lack of colonial ties lend us credibility. Sweden played a leading role in global forest sector development during the 1970s and 1980s. Sweden should re-establish this position and pioneer the shift to sustainable development of the global forest sector. International cooperation is becoming increasingly important. We should continue to play an active role in international organizations in the future. Sweden should strengthen its international commitments with respect to the forest sector. Sweden will gain from a solid development of the global forest sector.

The proposals in this Bill would make Sweden one of the first countries in the world to have a coherent aggressive policy for forest sector development and contribution to the development of the Swedish society.

The Bill reflects a high level of ambition. Its implementation will require better coordination between all the ministries. The Bill does not regulate future policy in detail, however. The Government will be

responsible for implementation, monitoring and evaluation of the policy. Evaluation and continual analysis of all our measures will be essential in the work of creating policy coherence. The Government will therefore report to Parliament on a regular basis on the measures being implemented to achieve the goal of equitable and sustainable development of the forest sector.

4 New prerequisites and challenges for forest sector development

The forest sector has gone through a phase of dramatic change with increased internationalization and globalization. This has resulted in fewer and larger forest companies in Sweden. New actors, with substantial cost and production advantages in comparison with Sweden, have entered our traditional markets. In this process, some companies have been bought by foreign companies and are not really Swedish companies any longer. The remaining companies are operating on an international basis and have expanded by buying production capacity and markets abroad and fewer investments have been made at the domestic scene. This has resulted in less concern about the Swedish forest sector by the companies. Sweden is currently just regarded as a production site as long as this site can be competitive.

A prerequisite for development of the forest sector is access to forest raw material. During the last 5–10 years the yearly harvest has not been sufficient to fulfill the demand by the domestic forest industry and the energy sector. During the last five years an import of forest raw materials of over 10 million m³ has been necessary to satisfy the domestic demands of some 95 million m³. The National Board of Forestry assesses that the sustainable harvest level is 85 million m³ per year until 2015 and after that 95 million m³ per year until 2100. But there are huge regional imbalances between the potential supply and the existing industrial capacities. However, this means that there are limited possibilities for industrial expansion, which is a driving force for development of the sector and regional development and keeps the rural areas alive. There are about 355,000 forest owners distributed over the country and the forests constitute a substantial wealth with a ratable value of around 235 billion SEK.

The internationalization and globalization have resulted in increased competition for forest products on the international markets. In addition, increased areas of fast growing forest plantations have or will become mature for harvest. Assessments point in the direction that fast growing forest plantations will be able to supply the world with some 1500 million m³ of industrial wood by 2030, which roughly corresponds to the world consumption of industrial wood today. The above has, among other things, resulted in a price pressure on forest raw material that, e.g., corresponds to a decline in the real price of pulp logs of 15–20 €/m³ during the last 20 years. Some analyses assess that all forest products

have lost some 30% in real value during the last 50 years. There are no signs that this trend will not continue in the future. For some time we were able to meet the decreased real prices development by increased productivity. Thus, we had strong development in the production in forestry (m³/man/day) during the 1960s and 1970s, but the productivity has declined substantially during the 1980s and 1990s in comparison to the development of the consumer index. Over the last few decades, there has been a substantial substitution of lumber by less expensive products and by what is valued as more efficient products by the markets. During the 1990s, the number of substitute building materials to lumber more than doubled. Also, during the 1990s, e.g., the coniferous lumber consumption in Western Europe was flat by some 80 million m³ and, at the same time, the consumption of Medium Densed Fiberboard (a low value added product) more than trebled.

The outlook for forest products markets shows a stagnating or declining picture for Sweden's traditional markets. The market growth and development are assessed to take place in the former developing world, which are far away from Swedish forest resources and the Swedish forest industry. At the same time, additional threats tower aloft in the form of increased production in former Eastern Europe and Russia with big potentials to influence our traditional markets.

It can be concluded that the same products we are producing in Sweden can be produced by many companies in Europe and Russia and in the first case much closer to the market. Our current export is dominated by low value added paper grades and low value added lumber. For example, German paper and paperboard export has on average some 35% higher value per ton than the Swedish paper and paperboard export.

The Swedish forest sector export (and profit margins) is still very sensitive to the exchange rates of foreign currencies. The exchange rates define a life in heaven or hell. Therefore, the sector is very dependent on currency policy.

Over the years, the Swedish forest sector has lost important components of the Swedish forest cluster. The most serious is that there is hardly any deep and broad industry left that is producing machinery for the forest industry. A prerequisite for development is closer interactions between the forest industry and the equipment producer (the forest sector cluster). The same is the case with the consultant industry. There is no major consultant covering the total forest industry operating in the country any longer.

As pointed out earlier, the contribution by the Swedish forest sector to the balance of payments is crucial. The net contribution from the sector makes it possible for the country to import substantially with still a controlled balance of payments.

At the same time, the intensity in forest management has decreased during the last decade resulting in less successful regenerations (regrowth), an increased backlog of pre-commercial thinnings, and thinnings. Currently, about 25% of the regenerations (area) do not meet the criteria on successful regeneration set by the forest legislation. We have a backlog of pre-commercial thinnings of 1.1–1.2 million ha and

there is a thinning demand of 375,000 ha per year, which will increase to 525,000 ha per year within a 10–15 year period of time. An opportunity for further development of the sector is intensified use of wood for energy production. Within a decade the use of biofuels in the Swedish energy balance has increased from 11% to 16%. During the same time frame, the real price development for refined wood fuels shows an increase of some 15% and the outlook is pointing in a further increase in real price development. This is causing a conflict with the traditional forest industry having declining real prices and in a situation with limited possibilities to increase the harvest.

The development trends discussed above will lead to the result that the sector will lose its competitive position and attractiveness for investments for development. Under these conditions, an intensive debate on visions for the sector, intensified analysis of global developments of the sector, and a strong international engagement were to be expected. But this is not the case. There is no simple answer with respect to lack of visions, long-term strategies and responsibility-taking in the Swedish forest sector and there are probably many complex and interacting forces in place. But most of these factors can probably be explained by the term, according to the literature, inefficient institutions, which cover the formal and informal rules an economic sector is operating under.

Internationalization and the global development towards fewer and bigger companies has resulted in the situation that “Swedish” companies are no longer Swedish, or they have turned into multinational companies operating on a broad international basis. These companies are not specifically interested in any “Swedish vision or long-term strategy”. The increased international competition has resulted in more short-term and more stock market oriented companies, more cost-oriented companies with less staffed headquarters. Therefore, there are fewer resources available to carry out intelligence work. With the development resulting in fewer and bigger companies, the lobby organizations have less degree of freedom to act on overarching issues related to the Swedish forest sector.

It is also difficult to detect a solid interest in the existing political parties for a strong development of the Swedish forest sector.

Over the years science and education have failed to develop research and educational programs of any critical size to deal with the existential issues of the forest sector.

All of the above has also resulted in recruitment problems at all levels to the sector. The sector is not attractive enough to recruit the best capacities any longer. This is a serious long-term problem.

The Swedish society can not afford and accept a stagnating forest sector as described above and because the sector itself does not seem able to address the existential and development issues of the sector the Government feels forced to present this Bill.

Sustainable economic growth is a requirement for all societies and sectors. Development is not possible without growth and equitable distribution policies between the major stakeholders of the Swedish forest sector. Therefore, the sector needs a stable institutional framework,

transparent and efficient management and administrative systems and policies that promote investments in the sector. Economic policies and political structures are thus crucial for forest sector development. The forest sector must be receptive to the outside world with respect to markets, trade and investments. Sectors that lack capacity or that try to shut out the outside world will be the losers in the globalization process. Sweden will face labor shortage in the future and this will affect the prospects for growth and development of the forest sector. One important challenge is to find new arrangements for organized migration.

The sector is lagging behind due to misdirected policies, unsuccessful economic management and weak governance by the sector's stakeholders.

A shared foundation of values and policies that invite stakeholders in the sector is needed more than ever in an age of global economics, information society and increased mobility. Measures must be taken in many areas of the forest sector and the key issues and challenges of the sector must accordingly be addressed at all levels, i.e., at sub-national, national, regional and global levels. Experience shows that substantial progress can be made if we take long-term and holistic views and work together purposefully in the sector with a united view.

5 Global cooperation by the forest sector must be strengthened

Several challenges we now face must be met by actions primarily at the national level. National policies and political decision largely determine the extent to which the forest sector can benefit from the advantages of globalization. But events in one part of the world often affect other places too. The future must increasingly be shaped by concerted international efforts and decisions. Therefore, transboundary issues must be dealt with more effectively and forcefully. International development cooperation offers great scope for learning and it provides opportunities for the development of the global and national forest sectors. Regional cooperation is becoming increasingly important. Regional trade is expanding and nowadays most direct investments take place regionally.

Sweden is an active partner in many international bilateral fora. In the future, Sweden will take a leading role on global public goods including global forest sector issues in these fora.

6 Sweden's policy for forest sector development

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6.1 The need for a coherent policy

The Government's assessment: Sweden should pursue a coherent policy for forest sector development.

The development of the sector is lagging behind. Due to future demographic changes every economic sector has to increase its contribution to the economic development so the Swedish society can continue to prosper. The forest sector has an important role to play in this economic sustainability issue. The sector itself does not seem to be able to break the current stagnation of its economic development. Therefore, the Government has taken the initiative with this governmental Bill.

The policy for forest sector development should be based on holistic and systems views of what drives development and of the measures that are required to achieve sustainable development of the sector. It should embrace all areas of policy and of political decision-making.

Reasons for the Government's assessment: A coherent Swedish policy for forest sector development should be based on an integrated approach to the various roles and contributions of different political and policy areas to the promotion of equitable and sustainable development of the forest sector. It should be adapted to the new context and conditions that globalization comprise. The current concept of development must be improved and a new framework must be created for a more coherent policy. Development does not depend on one or two factors alone but results from the positive interaction of a wide range of factors.

The policy will involve all ministries and activities in a number of areas of state and government affairs and policy. These areas must be coordinated in order to put a coherent policy for the forest sector in place. This applies both to national and international actions. Enhanced collaboration and coordination are also required between various actors of the sector so a coherent policy can be pursued.

6.2 Motives: shared responsibility

The Government's assessment: The policy should be based on the recognition of our shared responsibility for the future of the forest sector.

Responsibility must be shared. Each country and every sector is responsible for creating favorable conditions for development within its

boundaries. No progress is possible without development-friendly policies. Gov. Bill 2004:1500

6.3 Goal: equitable and sustainable development of the forest sector

The Government's proposal: The goal is to establish a coherent policy for equitable and sustainable development of the forest sector.

Reasons for the Government's proposal: The Government proposes achieving the goal of equitable and sustainable development of the forest sector by means of a more coherent policy and increased collaboration and coordination by the actors of the sector. To achieve sustainable development of the sector economic growth of the sector is a key component.

The goal is formulated in such a way as to be applicable to different policy areas and activities. It can be broken down into concrete objectives and targets in various areas. Sweden should also have strong participation in international cooperation with respect to the forest sector.

6.4 Elements of the policy

The Government's proposal: The policy will promote and be characterized by good governance, economic growth, strong competitiveness, social development and sustainable use of natural resources.

Reasons for the Government's proposal: Experience shows that there are no simple solutions when it comes to development. Each society and sector must take control of their own future, of their own decisions, and utilizing their own capabilities. On the basis of experiences, a number of central elements of equitable and sustainable development of the forest sector have been identified: good governance, economic growth, strong competitiveness, social development and sustainable use of natural resources. These elements describe what the policy consistently shall promote and be directed toward in terms of measures.

7.1 Social development

The Government's assessment: In order to secure future social development and a continued prospering Swedish society, the Swedish forest sector shall:

- by 2030 have increased its contribution, in real terms, by 50% (compared to today's situation) with respect to contributions to GDP, export value, net balance of payments, and be the backbone for rural stability in forested regions.

The promotion of social development is based on the view that people are actors with motives and resources of their own, as well as the knowledge, capacity and determination to embrace change.

7.2 Economic growth and a strong competitive position

The Government's assessment: Economic growth is a necessary condition for equitable and sustainable development of the forest sector. Economic growth must be sustainable and must be combined with measures to promote equity and social welfare if it is to lead to development. Trade with other countries is necessary for growth.

Growth should be promoted in the sector by measures to establish a stable macroeconomic framework and a strong international competitive position in order to achieve social development. The promotion of economic growth and international competitiveness is also dependent on investments, good governance and efficient institutions.

Apart from providing an efficient institutional framework (including ceasing of formal and informal rules hampering economic growth and competitiveness), the Government can also contribute to growth by strengthening the domestic resource base by means of investments, either alone or in cooperation with the forest sector. Good infrastructure is of key importance for sector development and competitiveness. Rural development is necessary for the development of the forest sector.

Economic growth should take place with respect to the productive capacity of ecosystems and without over-exploiting natural resources. Over the last 10–15 years most of the efforts in the sector have been allocated to environmental values and sustainability of natural resources. This work was very much needed. But based on the economic outlook for the Swedish society and the economic stagnation of the forest sector, the policy focus now has to turn to economic growth and international competitiveness of the sector—the economic sustainability. Also, to be able to finance the environmental sustainability of the forest sector, the economic growth of the sector has to increase.

The Government's assessment: The development of the sector is hampered by the fact that Sweden has reached a harvesting ceiling and the industry is forced to a large import. An important component for economic growth is sufficient access to raw material. The production potential of the Swedish forests on a sustainable basis is far from utilized. By more intensive forest management the harvest level can be substantially increased. Therefore, the Government's view is that it is possible to increase the sustainable harvest annually to 125 million m³ by 2030.

7.4 Forest energy production

The Government's assessment: The costs for traditional energy sources will continue to increase substantially due to rapid economic growth in developed countries and in large developing countries (e.g., China). The fossil fuel emissions are causing increasing environmental threats to the societies of the world (like climate change). Therefore, the fossil fuels have to be substituted over time. Access to environmental friendly and inexpensive energy is a must for economic growth. The use of biofuels has increased substantially during the last decade but the potentials are far from utilized. The economic potential for using forest residues today is some 20 TWh but less than 10 TWh is used in reality. This is the result of infrastructural and institutional bottlenecks. But the major part of the forest sector contribution to the gross energy balance in the form of biofuels is from by-products of the forest industry, e.g., black liquor. With increased harvest and increased industrial production this energy supply will also increase.

It is the Government's assessment that the gross contribution from the forest sector to Sweden's energy balance should be 150 TWh by 2030. This is judged to be possible by the increased harvesting goal, full utilization of the economic potential of wood residues, elimination of current bottlenecks in infrastructure, integrated approaches for production of forest industrial products and energy, and removal of the current existing institutional hindrances for solid development of forest energy production.

7.5 Value added production

The Government's assessment: The value added on exported forest industrial products has to increase. The Government's view is that there are no reasons why the Swedish forest sector should not be able to have at least the same or even higher value at production of forest products as some of our competitors in Continental Europe. Therefore, the Government's assessment is that the value of exported forest industrial products should, in real terms, on average be 40% higher by 2030 in comparison with today's values.

With the increased resource base and a higher value added on expected forest industrial products there is a basis for reaching the economic targets for social development discussed above.

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7.6 International forest sector involvement

The Government's assessment: The development of the Swedish forest sector is completely dependent on the development of the global forest sector. During the last decade Sweden has disappeared from the international arena and not taking actions on the development of the global forest sector. The Government's view is that this fact is devastating for the development of the Swedish forest sector. The Government's assessment is that Sweden and the Swedish forest sector should play a leading role and maintain a high profile in international efforts on development of the global sector. This is a prerequisite for economic growth of the Swedish forest sector.

Special emphases in the future will be made by the Swedish development cooperation on sustainable development of the global forest sector. The Swedish involvement in the international forest sector involvement will be coordinated by the Commission for Forest Sector Development (see 7.9).

7.7 Rural development

The Government's assessment: The forest sector is area based in rural areas. Rural development is vital to development of the forest sector. Experience shows that the forest sector alone can not drive the development of rural areas. It must be an interwoven development of a number of different sectors in order to achieve rural development. Without rural development the economic performance of the forest sector will be hampered. The Government's view is that earlier rural development policies have failed and deliberate efforts have to be made in the form of integrated approaches for rural development in forest based regions. The point of departure for this development should be economically, environmentally, and socially sustainable development in rural views. The Government's view is that by 2030 the population should have increased by 15% in forest based rural areas compared with today's population.

7.8 Coherence of Swedish policies

The Government's assessment: Coordination and coherence between different policy areas should be improved in order to make policies better able to promote development of the forest sector. Conflicting objectives should be identified, and should be the focus of well-informed and well-considered strategic choices. This is necessary because sub-national, national, regional and global perspectives of the forest sector are

interwoven. Thus, what Sweden does with one policy or in one forum must be consistent with Swedish actions in others. Better coherence also improves effectiveness because knowledge and experience from different areas are put to use and because measures can reinforce one another instead of contradicting one another. Linkages must be established, for example, between forestry, environment, industrial, economy, investments, trade, agriculture, energy, transport, international policies, etc. Thus, the Bill proposes more active and deliberate efforts to strike a balance and coherence between different policy areas affecting the forest sector. A coherent policy for the forest sector is a must for achieving economic growth and the social development discussed above. The duty to achieve a coherent policy for the forest sector rests with the Government and the coordination of the policy work will be executed through the Commission for Forest Sector Development (see 7.9).

7.9 Institutions and role of actors

The Government's assessment: The development of an efficient policy for the Swedish forest sector requires the broad participation of different Swedish actors in the sector. The Government is a strong advocate for the Participatory Principle but is also fully aware that the principle will only function if the participants are committed to take responsibilities and actions. The actors should be closely involved in developing concrete ideas and to the practical implementation of the policy for the forest sector. Many sectors outside the forest sector can play an important part by contributing knowledge and experience. Public sector actors at national, sub-national and local levels should be involved in the development and implementation of the policy for the forest sector.

It is the Government's view that the governmental responsibilities for the forest sector today are split between too many Ministries and agencies. This is causing lack of coherence in the policy work and policy conflicts. Therefore, in order to achieve coherence in the forest sector policy development the major governmental responsibilities for the forest sector will be concentrated to one Ministry of the Government. The identification of this Ministry will be considered in the near future. In a similar way, functions of different agencies targeting the forest sector will also be concentrated to one agency in order to achieve coherence in the development and implementation of the forest sector policy. In addition, an independent structure is needed for the development and implementation of the forest sector policy. Therefore, the Government will establish a Commission for Forest Sector Development. The Commission will be composed by the major actors of the forest sector. The Commission will be chaired by the Prime Minister and administered by the Ministry becoming the overarching responsibility for the forest sector. The Commission will produce an Annual Report to the Parliament on the implementation of the policy for forest sector development.

The Government's assessment: A prerequisite for the development of the forest sector is solid and holistic knowledge about forest sector developments, both internationally and domestically. It is the Government's view that the current structure of research institutions and academic community has failed in generating the knowledge required for development of the forest sector. The Government's view is also that the traditional academic institutions (like ministries) are not suited to handle the development issue of the sector. This is one of the contributing factors for the stagnation of the Swedish forest sector. To change this unfruitful development, the Government proposes to establish a new independent Institute for Strategic Studies of the Forest Sector (ISSFS). The institute should carry out strategic analyses in a holistic way with respect to forest sector development. There will be a need, in cooperation with international expertise, to carry out long-term analyses of global forest sector development issues. The globalization and ongoing changes in the forest sectors in other countries are making increasing demands on knowledge and analysis. This is important for the policy and political decision-making with respect to the forest sector. Exchanges of experiences and skills with other countries and organizations should also be developed in various forms. The institute should, in parallel, carry out analyses of the Swedish forest sector within the framework of the development of the global forest sector.

In addition, evaluation is a central element of goal-based and result-based management. All aspects of the forest sector development policy should be evaluated on a continuous basis. These evaluations should be performed by an independent body and should be carried out by ISSFS. The monitoring and evaluation of the policy development and the measures taken for implementation should be kept separate from the activities that are to be evaluated and analyzed.

The ISSFS will report to the Commission for Forest Sector Policy Development. The ISSFS will have a governmental budget of 100 million SEK, which will require reorganization of current forest sector oriented research organizations. It is expected that the other forest sector stakeholders will supplement the governmental financial contribution to the operation of ISSFS.