

3/2003

Seminar outcomes

Entrepreneurship, know-how and young people

Scenarios in futures studies

Global change, availability of labor and competition on know-how

The future of forest sector is affected largely by factors and trends external to the sector. Therefore access to the necessary, and often interdisciplinary, know-how has to be assured. It is essential to develop entrepreneurship, competitiveness of forest industries, knowledge-based human resources, and raise the profile of the forest sector among young people.

Factors and trends external to the sector

Almost 140 people participated in the first seminar of the Future Forum on Forests – “Livelihoods in the maelstrom of globalization” – on the 13 November 2003. One of the main conclusions of the seminar was that since the future development of forest sector is affected largely by factors and trends external to the sector, it is essential to secure the availability of interdisciplinary know-how to the sector. It is, therefore, necessary to identify the best ways to incorporate ecological, economical, technological and societal knowledge for the sector’s decision making.

The first speaker of the seminar, the Permanent Secretary of the State *Raimo Sailas*, emphasized that despite the recent signs of the global economic development there are still some factors causing uncertainty for the global economic growth. For example, the economy of the USA may not enjoy long-term economic growth because of the deepening deficit in the federal government budget. One of the biggest problems in the Finnish economy – according to Mr Sailas – is the ageing of the population and the imminent retirement of a large number of people born after the Second World War. Already in the next decade, the availability of labour may become the main limiting factor for the forest sector.

Research Director *Juha-Antti Lamberg* (Helsinki University of Technology) pointed out that one of the challenges for the forest industries in the future is to operate in stagnating markets in Europe and North America and at the same time in fast-growing markets in Asia. Especially in new markets such as China, it is

necessary to adapt to regulations and institutional settings that may favour domestic enterprises over foreign companies. If Finnish forest industries are successful in international and global markets, their ability to succeed in Finland will also increase.

The economist *Jouko Rautava* (Bank of Finland, Institute for Economies in Transition) discussed the social and economic development of Russia in the future. The recent arguments and legal procedures regarding the ownership of the Jukos oil company raise the question of whether Russia really has the political will to allow foreign companies to enter the Russian markets.

Professor *Matti Kärkkäinen* (Centre of Expertise on Wood Technology and Forestry) emphasized that sawmilling will remain the most important branch of business in mechanical wood processing in Finland in the coming decades. In construction industries using sawmill products, wood will have to compete with concrete, bricks and glass. In window frame industries wood has to compete mainly with PVC plastics. To succeed wood will have to bring some extra value for the consumers over the other materials. One example of the new innovative development work for building the competitive advantage of wood is the so-called thermoplastic wood that obtained an INNO-SUOMI 2003 award from the President of Finland in the week after the seminar (www.puugia.fi).

Dr (Tech.) *Heli Anttila* (Elektrowatt-Ekono Ltd) presented views on how tradable carbon credits could affect the forest sector. She pointed out that forest sector and wood material could benefit from

the carbon credits in construction industries and in energy production. On the other hand, the production costs in pulp-, paper- and paperboard production could rise if the emission neutrality principle in production is applied for these industries.

At the end of the seminar day, three think tanks were organized to identify trends affecting the forest sector and the possible consequences for the future development of the sector. Summaries of the think tanks are published in Finnish at www.metsafoorumi.fi/seminaari1.

Entrepreneurship, know-how and young people

The Future Forum on Forests co-organized a future oriented workshop during the sixteenth course of the Forest Forum for Decision-Makers (www.smy.fi/pma/eng). The aim of the workshop was to assess factors relevant for the future of the forest sector in Finland and their possible effects and consequences. The concluding discussion of the workshop considered what strategies could be developed to be prepared for these effects and consequences.

The strategies discussed emphasized the role of entrepreneurship, development of the forest sector's competitiveness and know-how, as well as the importance to raise the profile of the sector among young people. These strategies can be implemented by:

- strengthening entrepreneurship by incorporating entrepreneurial studies into forestry study programs at all levels of education;
- investing in new innovations and product development;
- developing the chain 'research – consumption – consumer value added' in the forest sector; and

- improving the image of the sector by marketing the strengths of the sector in IT and other high-tech applications, as well as by emphasizing the internationality of the sector.

Scenario is not a forecast

The methods in futures studies include trend extrapolation, delphi analysis, simulation, scenario analysis, applications of system analysis, and several other techniques. In scenario analysis, alternative futures are constructed from the point of view of whose future is under investigation. The strategic decisions of the organizations that the analyses are made for can then be compared with the alternative futures. The idea is to evaluate how well the existing or planned strategies of the organization perform in these alternative futures. Since the constructed scenarios are descriptions of the possible and alternative futures, they should not be considered as forecasts.

The constructed scenarios can also be used in assessing what would be the critical factors determining whether the desirable future could come true, or that an undesirable future could be avoided. The development of the scenarios can be followed by setting milestones along the paths from the present to the future. If some particular milestone is reached, it can be assumed that the development follows the path along which that milestone was placed.

Futures studies are more than natural sciences assimilated to values that are observable from what is considered as desirable for the future. What is considered as desirable should be explicitly stated in futures studies so that the results of studies are easier to assess.

Futures studies and foresight in forest sector:

Meristö, et al. 2000. Future scenarios of the Finnish forest cluster. (In Finnish) www.tekes.fi/julkaisut/Metsaklusteri.pdf

Seppälä (ed.), 2000. The Finnish forest cluster at a cross road. (In Finnish) www.woodwisdom.fi/pics/metsaklusterinskenaariot.pdf

European Forest Sector Outlook Study (EFSOS) www.unece.org/trade/timber/efsos/welcome.htm

Nabuurs, et al. 2003. Development of European Forests until 2050. EFI Research Report 15.

FAO plantation forestry <ftp://ftp.fao.org/docrep/fao/006/AC133E/AC133E00.pdf>

Sedjo, 2001. The economic contribution of biotechnology and forest plantations in global wood supply and forest conservation. www.fsl.orst.edu/tgerc/iufro2001/eprocd.pdf

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