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# Finnish Forests – International Debate

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dealing with international stakeholder  
pressure on the protection of Finnish forests



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## Introductory Note

### Background

As a consultant, I have been working on paper and forestry issues for many years now. It all started in 1996 with the so-called OPTI project with Norske Skog, Norwegian forest owners, Otto Versand and Axel Springer and it continued for different paper related projects with Axel Springer, UPM, Stora Enso, Volga, VDZ and FFIF. Recently I started work on forestry-related agricultural commodity issues such as palm oil in relation with deforestation in South East Asia.

There are two distinct aspects to these projects. On the one hand, they deal with the optimisation of the supply chain technically and transparency-wise. On the other hand, they have to do with improved stakeholder participation.

The latter aspect – stakeholder participation – was the central element for my recent work on Finland and Russia, which I carried out for the Finnish Forest Industries Federation (FFIF) and for the German Magazine Publishers Association (VDZ). I was involved in the analysis of the conflicts and communication problems between German paper customers and the Finnish forest sector and I was asked to play a role as a facilitator at some occasions.

Although most reports I wrote in that context are not public, I have gathered a great deal of knowledge from public sources that I can make available in the interest of different players in Finland, Germany and other relevant countries. I have tried to summarise the most important aspects in this concise report. It is based on the information that is available to me at this moment and on my personal interpretation as well. Some of my conclusions may be criticised and are open to further debate. Transparency is today's buzzword. I prefer not only to talk about it but to practise it in my work.

### The Subject

This report describes the history of the ongoing conflicts, not only between Finnish forestry and environmental NGOs, but also the conflicts between the Finnish forestry and paper customers, especially German paper customers. It will be shown that the conflicts with the German paper customers are not about ecology in the first place but on the way Finland deals with stakeholder participation in its forest policies. The conflicts are the result of a complex interplay between internal Finnish dynamics in interaction with international pressures.

Some ideas for better dealing with these conflicts are developed at the end of this report. The draft proposals at the end of the report should be seen as an invitation to discuss the issues only, not as final proposals.

## Finnish Forests

### Ownership

More than 75% of Finland is covered by forests (total 23 million ha). Although the forest industry is not as dominant as it used to be, forest products still account for 25% of Finland's exports.

Small-scale private forest ownership dominates: 400.000 forest owners own 13,3 million ha (58%), with an average size of 35 ha. The Finnish State is the second important owner with 6,6 million ha (29%). Company ownership is relatively unimportant (8%).

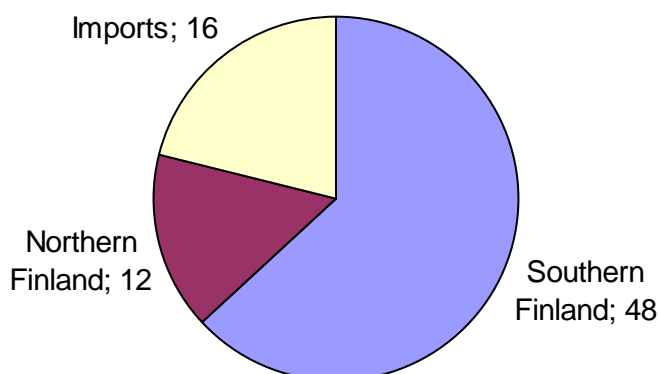
The Finnish situation is different from its Scandinavian neighbours. In Sweden, with 23 million ha of productive forest land, there is a substantial higher level of company ownership (24% in 2002, excluding the State owned company Sveaskog). Private individuals own 52% of the Swedish forests. In Norway, the forest area is much more modest: 12 million ha, which is only 37% of the country. Only 7 million ha is productive forest land. Private ownership in Norway is even higher than in Finland: more than 80% with an average area of about 50 ha per owner.

In Russia, the situation is entirely different, as all forests are owned by the state. Under the new forest code, there will most probably some possibility for private forest ownership in the future.

### Wood Production and Imports

Yearly stock increment of Finnish forests is about 80 mio m<sup>3</sup>, yearly drain is about 70 mio m<sup>3</sup>. It was 50 mio m<sup>3</sup> only 20 years ago. 60 mio m<sup>3</sup> is used by the forest industry, which has to import 16 mio m<sup>3</sup> to cover total demand of 76 mio m<sup>3</sup>. 48 mio m<sup>3</sup> are from Southern Finland, whereas Northern Finland (Kainuu, Pohjois-Pohjanmaa, Lappi) is responsible for 12 mio m<sup>3</sup> only. The majority of imports are from Russia.

Because of its low productivity, Northern Finland's importance for total timber production is limited. However, for the Northern Finnish communities, the forest industry is important as a source of employment and income.



• Figure 1: the resource base of the Finnish forest industry (mio t of timber)

The availability of timber is a limiting factor for the Finnish forest industry. In August 2004, the chairman of FFIF expressed the need for increasing the annual stock increment from 80 to 100 million cubic metres. For the Finnish forest companies, this could be an option, but another option is to become less dependent on Finnish wood. FFIF's chairman Jouko M. Jaakola: "Finland needs its forest industry and forestry. The forest industry does not necessarily need Finland". Present developments do not point at a dramatic increase in productivity of Finnish forests. On the contrary, trends towards increased nature conservation and exclusion of high conservation value areas from production will make it difficult enough to maintain present levels during the decades to come.

This is the background against which the conflicts between the forest industry, NGOs and paper customers have to be placed. Especially for Northern Finland, scenarios of decreasing production and the disappearance of the forest industry is a potential scenario. If, for example, the pulp mill of Kemijärvi, with a wood demand of 6 million m<sup>3</sup> would be closed down, it could lead to a collapse of the entire forest industry in that area.

## Forest Industry

Finland has a strong internationally competitive forest industry, based on a high level of forestry methods, industrial technology and organisation. Finland is the home of international renowned universities, forestry institutes and forest-related companies, such as:

- machine builder Metso (Metso paper's former name was Valmet);
- consulting and engineering group Jaakko Pöyry, which sets the international benchmark for forestry industry related knowledge;
- increasingly international large paper companies: UPM, Stora Enso, Metsäliitto;
- the Finnish forest research institute in Joensuu.

The Finnish forest industry has a leading position in the world and is a part of Finnish national pride, as it is linked to widespread family forest ownership. Players in this industry behave accordingly: self-consciously and aware of their leading position.

In the international discussion about protection of forests, including Finnish forests, the Fins appear not to accept criticism too readily, as they see themselves in a leading position, not only with respect to technology and business but also with respect to ecological issues.

## Forest Protection in Finland

### The Issue

On a global level, forests are disappearing at an unprecedented rate. Half of the original forest cover has already disappeared and the remaining forests are rapidly losing their ecological values. Not only are tropical rainforests in Asia and South America under severe threat, also the future of many ecologically important moderate and boreal forests looks bleak. The primary cause of the loss of ecologically valuable forests is the use of firewood and the conversion to agricultural land. To a lesser extent, non-sustainable forestry is a cause of forest degradation.

Forest protection is one of the global ecological priorities of non-governmental organisations and governments. Forest protection requires a mix of two different measures:

- Making highly valuable forest no-go-areas that may not be converted into land for other purposes (agriculture, industry, housing, etc.). In this areas, commercial forestry is not allowed or only under very strict conditions;
- Managing production forests sustainably, according to well-established principles as defined by FSC, PEFC or comparable standards and certification systems. These forests are no longer natural but are managed in a way that crucial ecological values are protected.

Saving primary tropical forests is high on the agenda of NGOs such as Greenpeace and WWF, but these organisations also address moderate and boreal forests, for two reasons. The first reason is that important ecological values in these forests are under threat, even in forest-rich countries such as Russia. The second reason is that it would not be credible if NGOs, who are based in rich countries in the Northern hemisphere, would only fight for the protection of forests in the Southern hemisphere without taking care of the forests in their own regions.

## Finland

## Protected Areas

**Table 1: Forest protection in European countries**

	Austria <sup>2</sup>	Finland <sup>1</sup>	France	Germany	Netherl.	U.K.
Total land area (mill. ha)	8.3	30.5	54.3	34.9	3.4	24.1
Area of forests (1000 ha)	3.9	23.0	15.1	10.7	0.33	2.3
Forest cover as % of total land area	47	76	28	30	10	10
Total area of protected forest (1000 ha)	49	2,440	180	400	18.5	128.7
Area of strict forest reserves (1000 ha)	8	1,530	14	24.9	3	10
Strict forest reserves and comparable categories as % of total forest cover	0.2	6.6	0.09	0.2	0.9	0.4

1: In the Nordic countries a narrower concept of forest than that used by the FAO has also been used. In this case, the proportion of strictly protected forests in Finland is 3.6 %, in Sweden 3.6 %, in Norway 1.2 % and in Denmark 1.4 %. Elsewhere in Europe the FAO's forest concept has been adopted.

2: Austria: The total area of nature protection areas is known, but not the detailed proportion of different categories. Therefore, only the natural parks and strict forest reserves, not other categories of protected forests, are included in this table.

Sources: Parviainen etc. (2000) COST Action E4 Final Report; Diaci (1999); Ministerial Conference on the Protection of forests in Europe (1998).

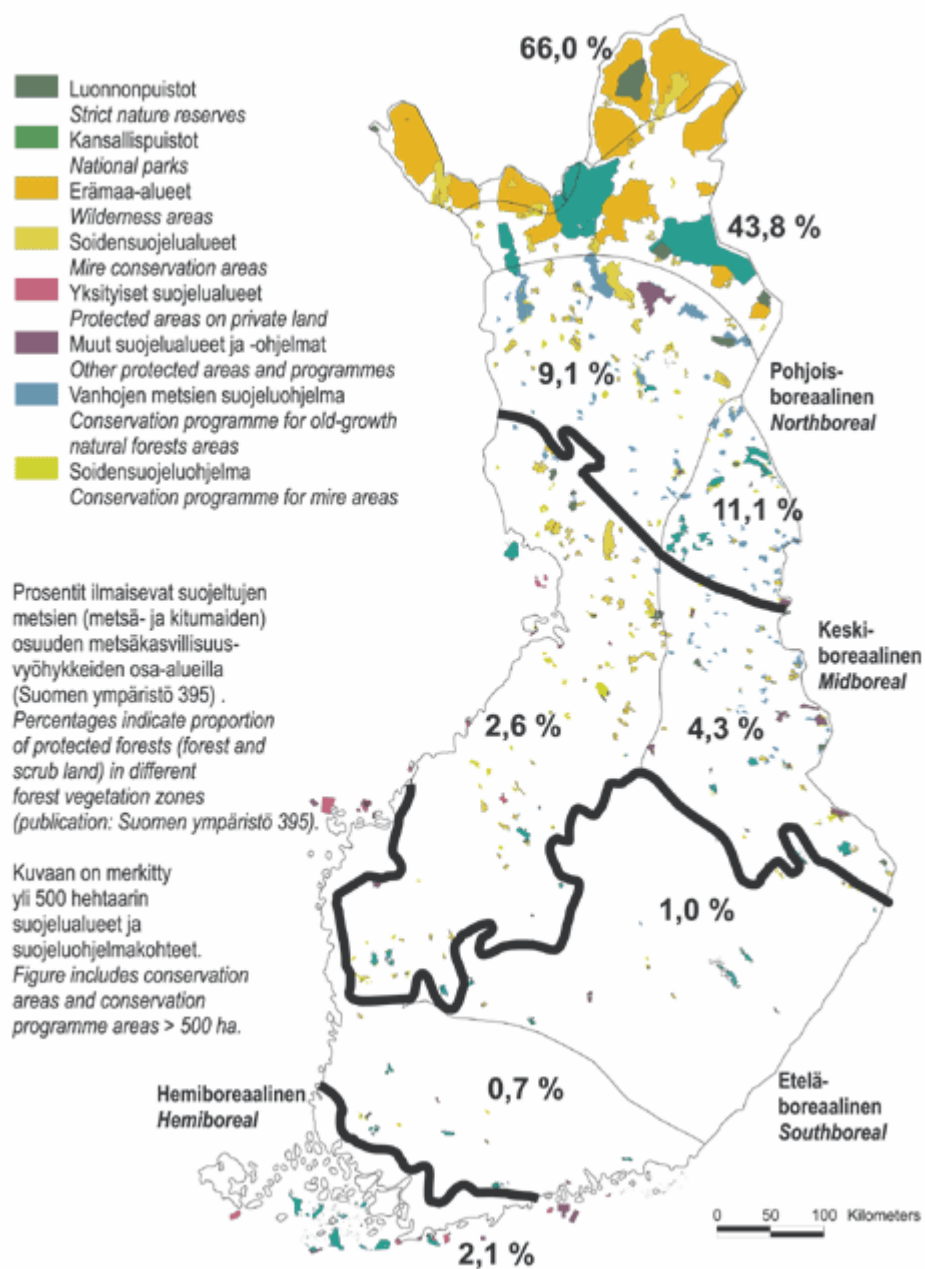
Finland not only claims to be the leader in global forestry and in the global forest industry, it also claims to be the leader in ecological forest protection. According to a recent comparison made by the Finnish Forestry Industry Federation (FFIF), Finland is protecting 1,5 million ha of forest, which is almost 7% of the forest land area, see table above. Countries such as Sweden, European Russia, Norway and Germany are allegedly doing far worse with 2,5%, 2,1%, 1,2% and 0,2% respectively.

## Resistance

Despite Finland's claim to be at the top of the forest protection percentage list, recent ecological discussions and conflicts focus on Finnish forests and Finnish players. NGOs convey the message that Finnish forests should be better protected: more forest areas should be excepted from logging since they contain old growth forest or other 'high conservation value forests' (HCVF).

The claim for more forest protection is not welcomed by most Finnish players, who point at the fact that Finland has already the highest protection percentage in Europe. More protection would create many problems.

- Excluding more forests from production would reduce the resource base of the Finnish forest industry. The Finnish paper industry, for example, is already today importing considerable quantities of wood. UPM, according to a 2001 publication, imported 15% of its wood resources, of which 90% from Russia.
- More forest protection is felt as an undue intrusion into the ownership rights of many private forest owners, who claim to have sustainably managed the forests for many centuries.



• Figure 2: Forest Protection in Finland

- Forest protection of state forest will lead to reduced state income from forests.
- Protection of private land is even more costly, as the private forest owner will ask for compensation either through alternative land or through financial remuneration.

As a result, forest protection claims in Finland generally lead to fierce resistance, from the side of the forest owners (who lose their land), from the side of the government (who does not have the budgets) and from the side of the forestry industry (who fears to lose forestry resources).

### Focus on Finland

Finland was recently in the focus of the NGO driven discussion on forest protection, especially on protection of old growth forests. The question is: how can the apparent contradiction between Finland's protection figures (almost 7% already protected) and the focus of international environmental organisations on protecting Finnish forests be explained? There is no simple answer, but the following factors appear to play a role:

- Finnish forests indeed contain a number of ecologically valuable (e.g. old growth) forest sites. Maybe there are more such sites in Finland than, for example, in Sweden, although unambiguous studies that confirm this hypothesis are not known to us;
- Finland as the home of the world's leading forest industry is the natural target for NGO criticism. NGOs have a positive interest in attacking leading countries and leading companies;
- Finland has a particular style in dealing with criticism and conflict, notoriously different from, for example, the way Norway and Sweden and not well-understood in countries such as Germany. I will go into more detail below.
- Finnish forest organisations were and still are massively against FSC certification and they brought their national system under the umbrella of PEFC. FSC could have provided conflict resolution mechanisms that are basically lacking today (see also below).

## Finnish Forests, NGOs and the Market

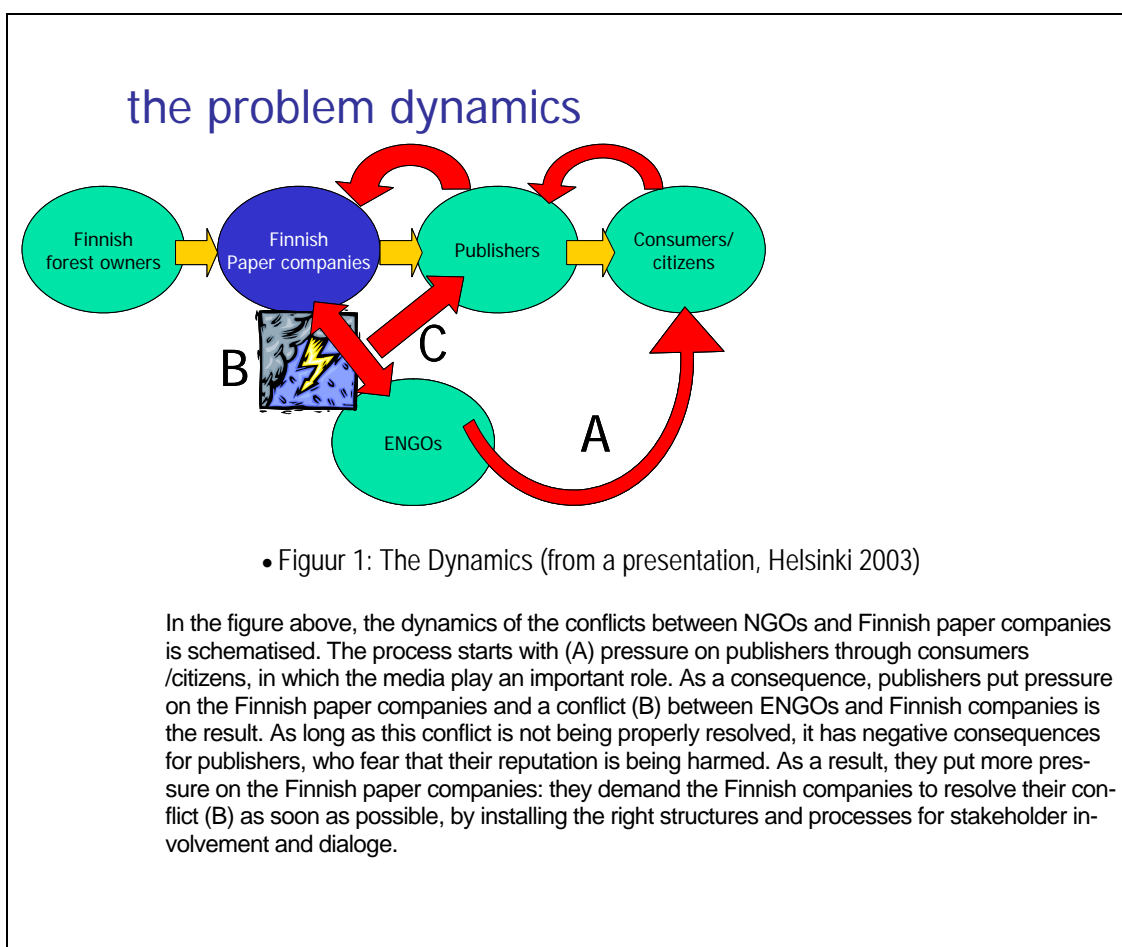
### The Dynamic

#### *NGOs Use Markets as Lever*

In their efforts to protect Northern Europe's forests, international NGOs, such as WWF and Greenpeace, try to influence the forestry policies of countries such as Norway, Sweden and Finland both directly, through the governments and the population of those countries and indirectly by putting pressure on the Nordic forest industry's timber and paper customers. The latter method has proven to be quite effective, more effective than directly influencing the production countries. The Greenpeace campaigns against old growth logging directed at German publishers, for example, has created the strong pressure on Finnish companies that Greenpeace had hoped for.

By following this strategy, the environmental organisations have much more influence than if they would direct their efforts directly on countries such as

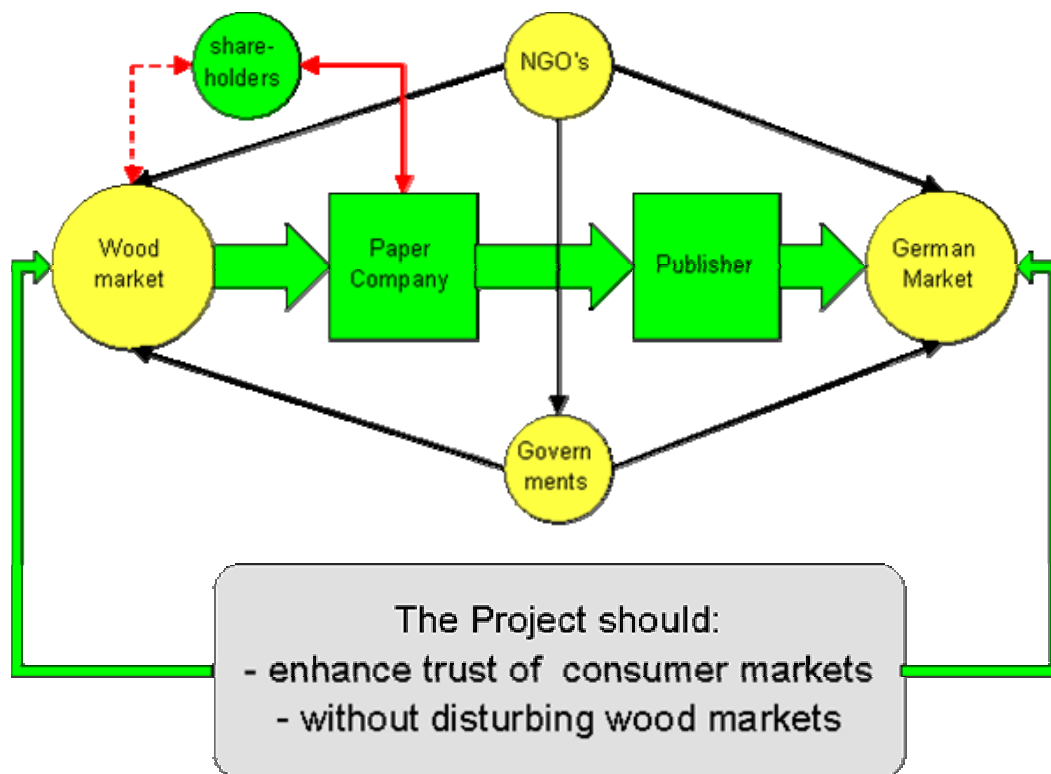
Finland. Greenpeace, for example, does not have any substantial support in Finland and is generally not regarded as an acceptable discussion partner of government and organisations of the forest sector. In the paper and timber using countries, such as Germany and the UK, Greenpeace has a much higher standing and is supported by a larger part of the population. The campaigns of Greenpeace, WWF and Friends of the Earth create issues in Western European markets that are relevant to the large Scandinavian and Finnish paper companies.



### *Paper Companies Between Two Fires*

The international NGO campaigns bring the paper companies in a difficult position. A paper company such as Stora Enso or UPM finds itself in two different worlds: the world of wood supply and the world of paper demand. The company should of course try to maintain good relations with both: without a secure source of wood, it is not possible to produce paper economically and without satisfied customers paper demand is under threat. It is not easy at all

to satisfy them both with respect to a reaction to current ecological demands from Western European citizens, who basically demand more quantitative and qualitative protection. They ask for more hectares excluded from logging and they ask for more protection measures in production forests.



• Figure 3: A diagram used during a presentation at UPM-Kymmene in 1997 (Reinier de Man, 1997)

Both measures ultimately lead to a reduction of timber outputs and potentially to higher timber prices. Both measures meet fierce resistance from local forest interests and their national representatives in parliament and associations, whereas NGOs lack strong national or local support for their cause. Put simply: giving in to citizen pressure on the market side can produce serious conflicts on the wood supply side of the company. The reverse is also true: giving in too readily to pressure from forest owners can create serious problems at the market end. See also the diagram above.

Finland and FSC

*Finland Not in Favour of FSC*

Finland developed its own forest certification system, which associated itself with the Pan-European Forest Certification PEFC. There were several reasons for the Finnish players not to join FSC, such as:

- the strong national character of Finnish forestry: Finnish forest owners and their organisations preferred a Finnish system, certainly not a system that was seen as defined by outsiders;
- the lack of end-market awareness of Finnish forest owners, which is a direct consequence of the dominance of private small scale forest ownership;
- the low status in Finland of the international NGOs who promoted the FSC system.

FSC's position in Finland is different from Sweden and Norway. In Sweden, the private family forest owners resisted FSC as much as their Finnish colleagues, but large industrial forest owners joined FSC. As a result, two systems coexist in Sweden. In Norway, which is even more dominated by family forestry than Finland, the 'levende skog' (Living Forest) system was developed in an exemplary stakeholder process, with participation of many groups including environmental NGOs, although the Norwegians preferred not to join FSC but associated themselves with PEFC.

#### *NGOs, Finland, FSC and PEFC*

Finland's unified resistance against FSC only adds to the environmental NGOs' criticism of Finland and to the pressure they exert on Western European paper and timber customers. In a way, the FSC conflict is an instrument in the NGO strategy to discredit Finnish forestry and to draw attention to issues such as logging in old growth forests. But it is also true that the ecological conflicts on old growth forests are being used to discredit PEFC and the Finnish system and to gain support for FSC.

Whereas the private Finnish forest owners collectively dismiss FSC as an option, the Finnish paper industry, which is more international than Finnish today, is not in a position to have a strong preference for either system. Stora Enso, which is the result of the Finnish-Swedish merger between Enso and Stora, has an interest to support PEFC in the Finnish forests and FSC in Sweden. Generally spoken, the large paper companies support a variety of systems and would like to see some form of 'mutual recognition' to make their lives easier.

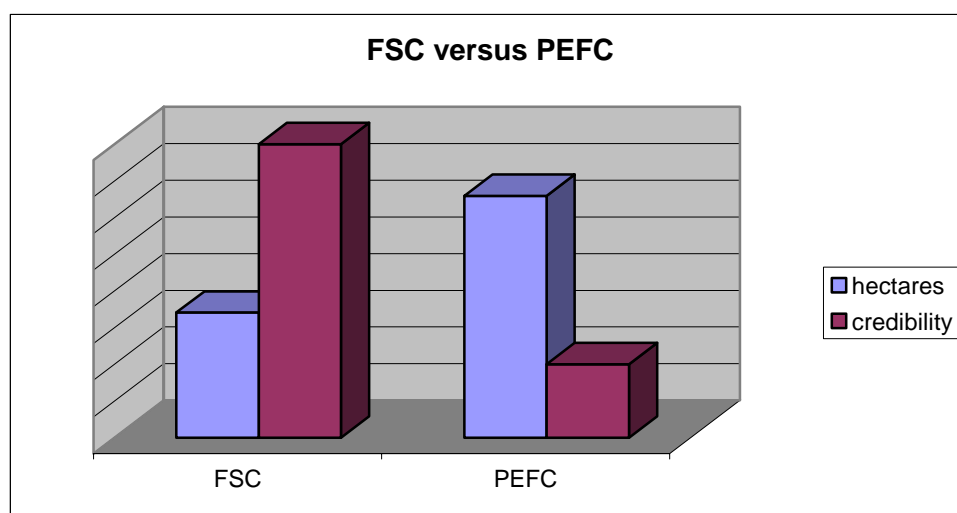
#### *Mutual Recognition is not in FSC's Interest*

Mutual recognition, however, is under present conditions not a real option, as FSC has a much stronger position as a brand in consumer markets. FSC conveys a positive emotional message. FSC's image is linked to saving global forests, including the world's last primary rainforests. Whether FSC is successful in saving forests – there are many signs that this success is limited indeed – is not relevant here. FSC is a stronger consumer brand and the brand owners would be highly irrational if they would merge with PEFC, which is hardly a consumer market brand at all. In the consumer market, PEFC is even seen as negative and there are reports that PEFC certificates have been removed from timber as they were believed to have a negative market value. From my own research in Finland, I know that not all companies are happy with the absence of FSC in Finland. Finnish sawmills missed important con-

tracts from UK DIY retailers, for example, as they could not supply FSC certified timber.

### *Cautious Attempts at Promoting Double Certification*

At present, there are cautious attempts at opening Finland for FSC certification, for example by experiments with double certification (FSC and PEFC). Stora Enso appears to play an important role here. It is not probable, however, that Finnish paper companies would risk major conflicts with their Finnish wood suppliers. The process of opening Finland for FSC, if it will succeed at all, will therefore be slow. No quick results can be expected. External events, however, can have a deciding influence. If, for example, Norwegian forest owners would give up their resistance against FSC and would place Living Forest under FSC, the pressure on Finland would strongly increase. Maybe the key to change in Finnish forest certification lies in Norway.



Figur 2: FSC versus PEFC (2003 data)

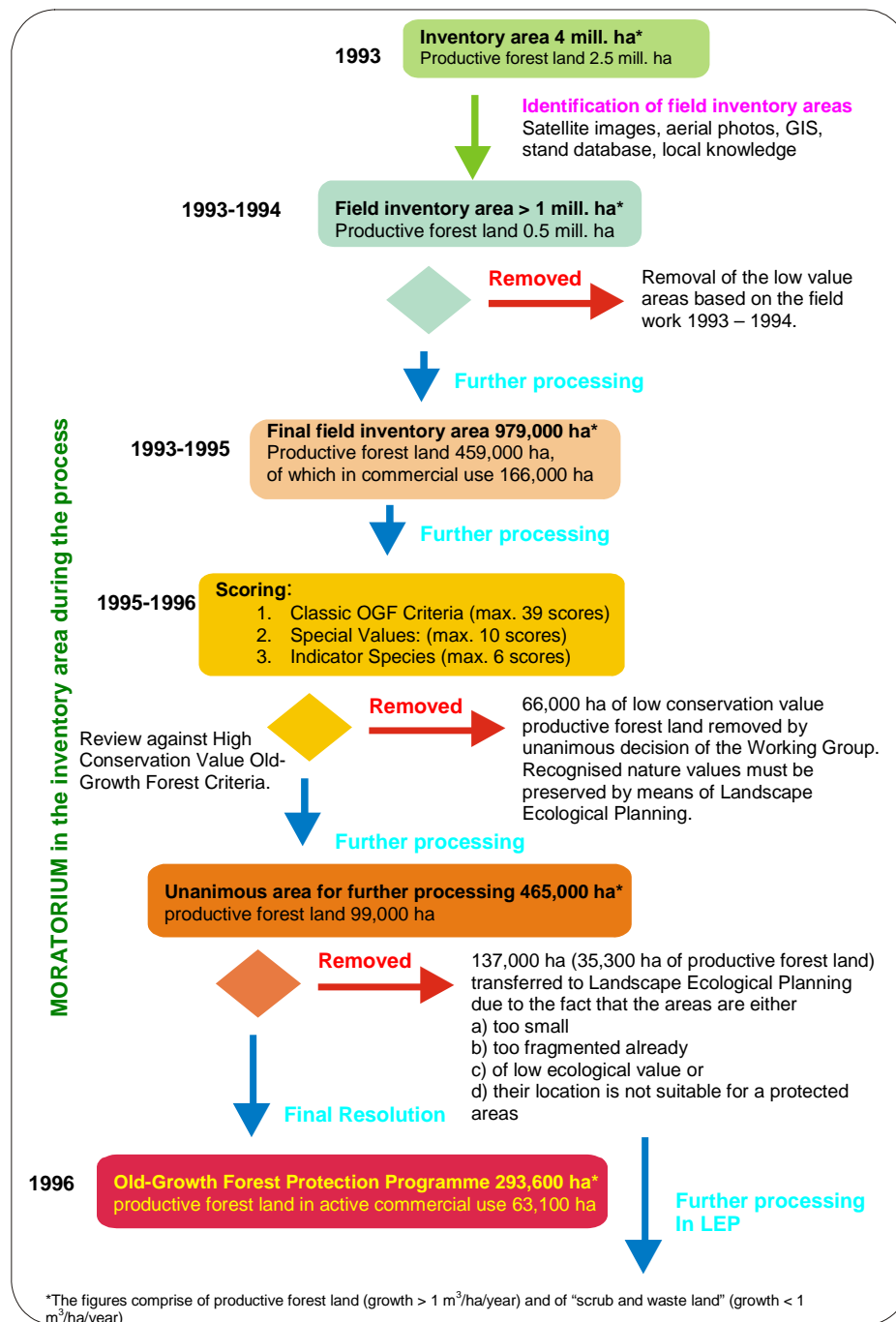
## The Northern Finland OGF Process

### The Working Group

In the 1990s, the protection of 'old growth forests' (OGF) became an international issue, also under different names such as 'ancient forests' and 'Urwald' (German). The reaction of the Finnish government was to set up a working group in 1991, which started to work on Southern Finland. In 1993, its tasks were extended to look into Northern Finland.

The work on Northern Finland started with an inventory covering 4 million ha, of which 979.000 ha were selected for closer inspection. Of these 979.000 ha there was 459.000 productive forest land, of which 166.000 ha in commercial use. A further selection was made on the basis of a scoring system. There was a maximum of 39 points on the basis of 'classic old growth forest criteria',

10 points for ‘special values’ and 6 points for so-called ‘indicator species’. The working group unanimously removed 66.000 ha of productive forest from the inventory. 465.000 ha, of which 99.000 ha productive forest land, were processed further.



• Figure 4: The Northern Finland Process until 1996

An important decision, which was at the basis of subsequent conflicts, was to remove 137.000 ha (of which 35.300 ha productive forest land) from the inventory and to transfer them to Landscape Ecological Planning (LEP), with the

argument that they were too small, already too fragmented for OGF protection, of low ecological value, or for which the 'location is not suitable for protected areas'.

#### The 1996 Recommendation

Finally the working group recommended to protect 293.600 ha of old growth forest, of which 63.100 ha productive commercial forest land. It recommended to take care of another 137.000 ha by Landscape Ecological Planning. The recommendation was taken over by the government on June 27, 1996.

It is important to note that the majority of the forests that were recommended to be protected are owned by the Finnish state and managed by Metsähallitus. In principle, protection of state owned forests is relatively simple as compared to the protection of private forests, see my remarks on Southern Finland.

Environmental NGOs supported the work of the Working Group, in which they participated. They did not support the final recommendation, however. The main conflicting issue was the 'removal' of the 137.000 ha, which were supposed to be taken care of by Landscape Ecological Planning. The NGOs felt that LEP was an instrument for managing forest but not for protecting old growth forests. Moreover, there was not enough experience with LEP at the time to guarantee positive results.

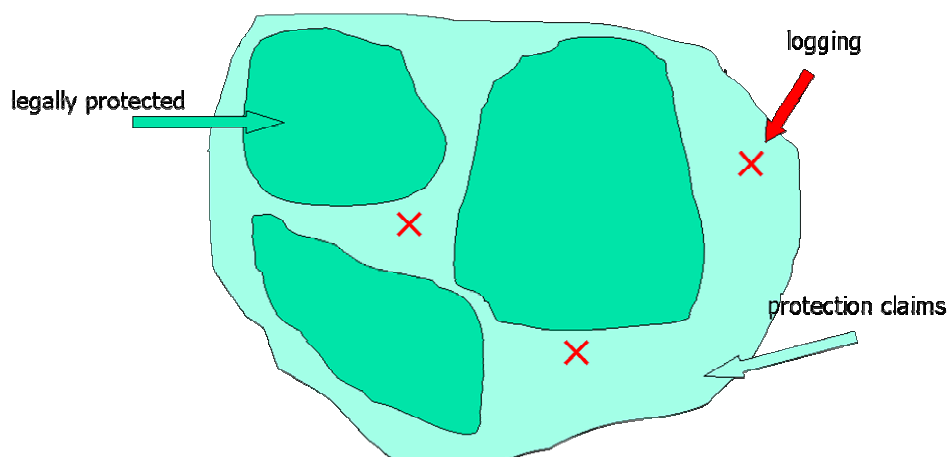
#### The Conflict after 1996

##### *Fragmentation and Protection Claims*

In 1996, the central conflict between the environmental NGOs (ENGOS) arguing for more protection and the Finnish forest industry and forest owners came above the surface. Transferring the 137.000 ha to LEP was motivated by the criteria mentioned above. One of them is of particular interest here: 'too fragmented already'. For the NGOs, a number of highly fragmented areas could only be saved by protecting more forest, not only the fragmented little islands of high ecological value but also the forest areas in between them. In such cases, the NGOs argued for more protection rather than to leave these islands to the uncertain fate of Landscape Ecological Planning.

In the discussion between the NGOs, forest owners, the paper industry and (German) customers, a confusing discussion about the issue developed. The NGOs argued that there was logging in valuable old growth forest, whereas the forest owners and paper companies continuously emphasised that there was no logging in officially protected areas (on the basis of the 1996 decision). The NGOs and the paper customers discussed protection claims, whereas the others talked about legality, see the presentation slide below.

## OGF logging? (1)



• Figure 5: A diagram from a presentation (Reinier de Man, 2004)

In the 1990s, international NGO pressure on the protection of Finnish forests was increasing. Although the Finnish ENGOs were relatively cooperative in the Northern Finnish process, there was increasing international pressure on them not to accept the 1996 outcome. For the Finnish forest sector, however, the 1996 recommendation was already more restrictive than it had wished and it fiercely resisted more forest protection in Finland: “enough is enough”.

### *1996 as the Starting Point of the Conflict*

The Finnish forest sector had hoped to end the discussion on the protection of Northern Finnish forests by the 1996 government decision. In reality, 1996 was rather the starting point of intensified discussion and outright conflict, which were no longer Finnish but international. Greenpeace played an important role in putting Finnish old growth forests on the international NGO agenda and worked together with the Finnish NGOs Luontoliitto and Luononsuojeliitto. Greenpeace organised actions against ships unloading Finnish wood in Lübeck and different protests against Finnish paper companies and major paper users such as German publishers. The persistent criticism of Finnish forestry by Greenpeace and others made the German paper customers suspicious. They wanted to find out whether the claims made by the NGOs were justified.

### *The German Visit*

In July 2002, a German delegation was invited to Finland by Greenpeace. This German trip caused a lot of irritation on the part of the Finnish forest owners and was the trigger for an intensified dialogue process between the Finnish forest industry and German customers. More details can be found in the next chapter.

## The Northern Finnish Stakeholder Process (2003-2004)

### *Developments in 2002*

The German visit to Finland (see next chapter) caused a pressure on the Fins to review the 1996 OGF protection decisions in cooperation with Finnish NGOs. As a direct result of the German trip to Finland, a Round Table was held in Vantaa shortly before Christmas 2002. Participants were among others German publishers, Ikea, Greenpeace, WWF, Finnish government, Metsähallitus, Finnish paper companies, Luonnonsuojeluliitto. At that time the idea was born to start a process to review some of the 1996 decisions in a dialogue between Metsähallitus, WWF and Luonnonsuojeluliitto.

### *Northern Finnish Dialogue: the inner circle*

After some negotiations at the top level of Finnish government, it was decided to continue the dialogue between Metsähallitus, WWF and Luonnonsuojeluliitto. The objective of this new 'Northern Finnish Stakeholder Process' was to scrutinise some 100.000 ha of Northern Finnish forest land, taking into account the rights and opinions of all relevant stakeholders. The first meeting took place on April 3, 2003. The new stakeholder process certainly improved communication between the Finnish forest sector and the NGO substantially. The opinion differences between the two sides are now being managed better, but there is still some chance that they will develop into open conflict.

According to one of my sources, the Northern Finnish process appears to have started with relatively easy issues and areas with a limited acreage. During 2004 and 2005, apparently more difficult and larger areas are being discussed, which results in more difficult discussions and considerable efforts needed to reach agreement. There is a continuous threat that one of the ENGOs, notably Luonnonsuojeluliitto, will leave the process. At present, it is becoming increasingly clear that the Northern Finnish process lacks balanced and fair governance rules, which define unambiguous rights and obligations. The Northern Finnish process is basically a negotiation process between the ENGOs and Metsähallitus. The meetings are chaired by Metsähallitus.

### *Northern Finnish Dialogue: the wider circle*

The discussion between Metsähallitus, Luonnonsuojeluliitto and FANC is embedded in a wider stakeholder process. On a higher level there is a stakeholder process in which a broader spectrum of interests is taking part. Formally, the broader stakeholder process is linked to the Natural Resources Planning System of Metsähallitus, a system of participative planning with a 5 – 7 years rhythm, in which regional working groups with broad stakeholder participation play an important role. Stakeholder meetings have been organised in February, April, September and December 2004.<sup>1</sup>

The connection between the inner circle negotiations and the wider circle dialogue is important and can become a critical factor in the near future. The inner circle negotiations are merely focusing on ecology, whereas the local and

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<sup>1</sup> Data for 2005 have not yet been included in this report.

regional economic interests are represented much more strongly in the outer circle dialogue. In the end, many stakeholders, especially those linked to concrete local economic interests such as saw-milling operations, may not be willing to accept the results of the negotiations in the inner circle. In that case Metsähallitus will most probably be forced to make some concessions to important economic interests, which then can refuel the conflict with the NGOs.

#### Upper Lapland: the Saarela process

The ongoing conflicts between reindeer herding and forestry should be mentioned here. Greenpeace plays an important role in creating this issue. The NGOs have chosen the side of (Sami) reindeer herders who claim forests that are being or will be logged by timber companies. At the moment, there is a separate discussion with NGOs and the implementation of an action plan, based on the so-called Saarela report. Saarela's proposals would imply a reduction of 10-13% of wood production in the area. 13 major areas would then be excluded from production. At the moment, I do not have concrete information on how this so-called Saarela process is proceeding.

### Forest Protection in Southern Finland

#### The Issue

Forest protection in Southern Finland is an even more difficult issue than forest protection in the North, but, from an ecological perspective, there may be an even a higher need. According to different authors, the most important ecological values are predominantly found in Southern Finland rather than in Northern Finland. Moreover, as the forests are closer to towns, roads and industry, there are more and stronger factors that threaten these values. However, protecting these forests is more difficult. Forest ownership in Southern Finland is mainly private and forest protection is seen as an intrusion into long established ownership rights. Protection of private forests, as a rule, produces a high level of conflict and a high level of costs. Forest owners will oppose to protection plans and mobilise their associations (such as MTK) and their politicians (such as the Centre party) to prevent the loss of forest, or, if that is not feasible, to aim at maximum financial compensation.

Forest protection comes with a price tag. In the case of protecting state-owned land, the main price to be paid is the opportunity cost of transforming productive Metsähallitus forest into protected forests: reduced income because of taking forest land out of production. In the case of protecting private land, the costs can be substantially higher in terms of payments to forest owners.

This is the background of the current Metso process (Metso – forest biodiversity program for Southern Finland 2003-2007) in Southern Finland, in which a voluntary scheme is used to allocate a limited budget for maximum protection of biodiversity.

## Metso

The Metso program is designed to test new instruments for voluntary forest protection:

- *Trading in natural values*  
The forest owners receives a financial compensation for the maintenance of restoration of specific natural values.
- *Competitive bidding*  
Forest owners offer their forest locations for protection. Only the best locations are chosen and receive financial compensation.
- *A forest biodiversity network*  
The formation of networks of land-owners for biodiversity protection.

## Unclear Protection Target

Metso is a program for testing innovative instruments. It is not clear in how many hectares of protected forest it will result. One thing is clear: the more forest the state wants to protect, the more financial resources it will take. It is also clear that the Finnish state does not have endless financial resources. As a result the level of forest protection in Southern Finland will be limited.

Finnish and international NGOs argue for a short term protection goal of 5% of the total forest area and for 10% in the long term. Although Luonnonsuojeluliitto and WWF are supporting the Metso process, NGO support may gradually disappear if it will not result in substantial protection. Luonnonsuojeluliitto is already criticising the Metso process for its lack of a clear protection target. They called Metso “a smokescreen to cover a biodiversity crisis”. Their criticism appears to be shared by independent experts and university institutes.

A likely scenario for the near future is that Luonnonsuojeluliitto will follow the Greenpeace strategy and no longer support the Metso process, whereas WWF will most probably continue its support.

There is some external stakeholder participation in Metso, including environmental NGOs. Metso is certainly an interesting test of innovative instruments. However, Metso is not designed to serve as a multi-stakeholder platform for discussion forest protection issues in Southern Finland. As a consequence, it will not be the future platform for solving upcoming conflicts between NGOs, the Finnish State, the Finnish forest industry and customers for Finnish forestry products.

## The German – Finnish Dialogue

### NGOs, Finnish Forests and Pressure on Paper Customers

From Rio to Johannesburg

*It started in Rio 1992*

The NGO agenda was set at the 1992 Rio Summit, where the NGOs asked for increased forest protection. Although the attack by Greenpeace on the Finnish Forest Industry at the 1993 Helsinki Ministerial Conference initially weakened the position of Greenpeace in Finland (the Helsinki office was closed between 1997 and 1999), it can be seen as the starting point of a systematic Greenpeace campaign in cooperation with Finnish NGOs (notably Luontoliitto and Luonnonsuojeluliitto). The 'Kuusamo forest battle' of 1994 was about protecting old growth forests in Northern Finland. Many NGO activities directed against Enso, UPM-Kymmene and others followed in 1995 and the subsequent years. When in 1996 the government finalised the process in which a plan for protecting old growth forest in Northern Finland was developed, the NGOs did not support the government decision and cast a dissenting vote, as I have discussed above.

*The Conflicts about Finnish Forests developed after 1996*

From 1996 onwards, international NGO pressure on Finland continuously increased. In 2000, the Taiga Rescue Network published an alternative forest map of Finland to indicate what old growth forests should be protected according to the criteria of the NGOs. At the same time, the NGO offensive against PEFC became more intense. Old growth forest issues were used as ammunition in the certification fights and certification issues were used in the old growth forest debate. The NGOs documented their criticism in several reports 'Anything Goes' (Greenpeace and Luontoliitto 2001), 'PEFC, an analysis' (WWF 2001) and 'Behind the Logo' (FERN 2001). Greenpeace continued its campaigns against Stora Enso, Metsähallitus, German paper customers and others.

2002 was an interesting year in the relationship between NGOs and the Finnish forest industry. At the World Summit in Johannesburg, there was a Greenpeace demonstration against Stora Enso. Greenpeace published its so-called 'forest crime file': Corporate Crimes: Stora Enso. At the same time, UPM-Kymmene, together with Norske Skog, Axel Springer and other partners received a prestigious ICC award for their joint projects under the title 'Newspapers that Know their Trees'<sup>2</sup>. In Johannesburg, it became apparent how the way two large paper companies communicated with their customers and other stakeholders strongly influenced their ecological reputation. There were no reasons whatsoever to believe that UPM-Kymmene really performed much better than Stora Enso. It was certainly a lesson for Stora Enso.

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<sup>2</sup> Reinier de Man (the author of this report) was actively involved in these projects as a consultant.

### The VDZ-VDP Position Paper

In 1996, two German associations, VDZ who represented the publishers and VDP who represented the paper industry, agreed on the first version of their Position Paper on Printing Products and Ecology. It was the result of an increasing cooperation between paper producers and paper customers. The Position Paper contains an important clause about the protection of 'ancient' forests. VDZ and VDP recognise the ecological importance of 'ancient forests and forests resembling primeval forests' and support their identification and protection.

The VDZ-VDP paper became an important instrument in the hands of international NGOs, particularly Greenpeace. NGOs regularly asked German publishers to convince their friends in the paper industry to conform to the agreement. The existence of the VDZ-VDP agreement made it easier for Greenpeace to use paper customers as a lever for influencing the Finnish forest industry.

### The German Visit

After Johannesburg, the irritations between the Finnish forest industry and German paper customers reached their culmination point when German paper customers were invited by Greenpeace to have a look into the real Finnish situation. Greenpeace had contacted the German publishers about old growth issues in July 2002 and, after some correspondence between the German association VDZ, Stora Enso and others, the German publishers accepted the invitation by Greenpeace to come to Finland.

The Germans accepted the invitation by Greenpeace because they felt they could no longer rely on the information provided by the paper companies. The trip took place on October 23 – 25, 2002. Greenpeace tried to show to the German participants that the 1996 old growth protection program was less effective than many thought. Actually Greenpeace did not show any major violations of protection programs or regulation, but they asked attention for the need of additional protection and the adverse effects of fragmentation.

Greenpeace did not inform Metsähallitus on the areas that would be visited. Metsähallitus and other Finnish players were irritated about the way the trip was organised. The real irritation, however, developed well after the Finland trip.

The discussion became very emotional when the Finnish newspapers started to write about the issue and when 'letters to the editors' appeared in the Finnish press. Most important were two articles in the leading 'Helsingin Sanomat' on November 21 and November 22, 2002, which stated that Greenpeace wished to protect some 300.000 – 500.000 of old growth forest in the North of Finland and in which a cartoon by Karlsson compared the German interference with Finnish forestry with German air strikes in Lapland during the second world war. Especially the cartoon created many negative emotions, this time in Germany. A stream of articles in Finnish newspaper followed.

KARLSSON HELSINGIN SANOMAT 22.11.2002



Rovaniemi fire brigade: "Red alert, units B1 and B2!! Lufthansa landing! Germans coming over to protect the forests of Lapland."

Rovaniemi Feuerwehr: "Achtung Einheiten B1 und B2!! Lufthansa landet! Die Deutschen kommen um die Wälder Laplands zu schützen."

• Figure 6: The Karlsson Cartoon

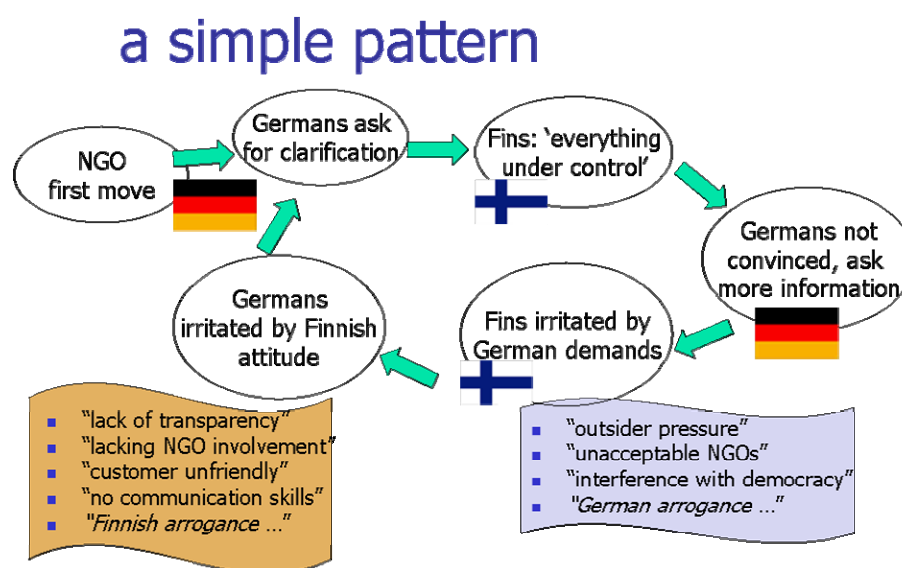
The Germans, in this case the German publishers and their association VDZ, were extremely upset about the discussion in the Finnish press and they felt that the Finnish paper companies and other organisations responsible in Finland were co-responsible as they failed to manage the situation well. The German publishers were particularly unhappy about the way the Fins dealt with conflict and about their alleged lack of stakeholder dialogue. The irritations in late 2002 created the basis for a more constructive dialogue in 2003, see below (VDZ – FFIF dialogue).

### The Irritation Loop

The conflicts before, during and after the German visit to Finland were not new. They were part of a longer existing process.

For more than 15 years, a simple process was systematically creating misunderstanding, irritation and conflict between the Finnish forest sector, German paper customers and international NGOs with a strong basis in Germany. The starting point is criticism of NGOs, directly on the Finnish forest sector and indirectly on German paper customers. The following steps may be distinguished:

- 1) As a rule, environmental NGOs start their criticism on (Finnish) forestry by discovering irregularities of some kind, e.g. logging in old-growth forests, illegal logging, actions in contradiction with certification, etc. Greenpeace has been playing the most prominent role here. In their criticism of the German publishers, they can refer to the VDP-VDZ position paper, a joint position of paper producers and paper customers, which for example contains a paragraph on ancient forests. NGOs repeatedly informed the paper customers (publishers) that the paper suppliers were violating the agreements of the position paper.
- 2) The publishers' reaction (as a rule voiced by VDZ) is usually to ask the paper companies for clarification on two issues. First they ask for facts about the alleged irregularities such as old growth logging. Secondly they ask for sufficient NGO involvement in resolving Finnish forestry conflicts. The strategy of the German publishers is to ask for local conflict resolution so that conflicts between NGOs and paper customers in Germany can be avoided.



• Figure 7: The Irritation Loop (from a presentation by Reinier de Man, 2004)

- 3) The Finnish paper companies, their association FFIF and sometimes other relevant organisations in Finland (such as the state forest organisation Metsähallitus and the farmer association MTK) usually then try to reassure the German paper customers by emphasising that Finnish forestry is highly sustainable, its institutions can be trusted, decision making is democratic and that there are no violations of the law.

- 4) The Fins, in many cases, do not manage to reassure the German paper customers. On the contrary, the Finnish reaction tends to provoke more irritation and suspicion. The Germans (VDZ) ask for more information, and if they are not satisfied with the information given, they start their own inquiries, not always in harmonious cooperation with the Fins.
- 5) This results in an even higher irritation level on the Finnish side. The Fins interpret the German reaction as interfering with Finnish internal affairs, supporting NGOs that have no real basis in Finnish society and not recognising the high standards of Finnish forestry. The Fins complain about German arrogance.
- 6) Here the irritation loop closes itself. The Germans are dissatisfied with what they see as a lack of transparency, a lack of ENGO involvement and a lack of customer-friendliness. Occasionally, not unlike their Finnish colleagues, the Germans complain about a certain Finnish arrogance.

The six steps form a closed and self-amplifying loop (see diagram above). As a result, irritation may continuously increase. This creates a psychological atmosphere, in which stereotypes about each other often replace factual observation and pragmatic negotiation.

## The VDZ – FFIF Process (2003-2004)

### Initiative and Idea

After the irritations about the German trip to Finland, there were regular contacts between the players involved, especially between the German publishers and the paper companies. Stora Enso, as the main target of environmental NGO criticism, played a central role.

The idea for organising a well-managed discussion was initiated by Stora Enso, in cooperation with a German paper customer and myself. The idea was largely taken over by the Finnish Forest Industries Federation (FFIF). Eventually, as a result of internal Finnish discussions, FFIF committed three different projects: one project on the basis of my original proposal<sup>3</sup>, a market survey in the UK to be carried out by a UK consultancy and a media study by a Helsinki based group. I cannot refer to any details of these confidential studies here.

### The Stakeholder Study

In May and June 2003, I interviewed a great number of key people, both in Finland and in Germany. The idea of the study was to understand the interaction between processes in Finland, processes in Germany and their mutual interaction. Interviews in Finland were held in Helsinki (representatives of cen-

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<sup>3</sup> *Towards Better Stakeholder Communication on Finnish Forest Issues - Proposal for the organisation and facilitation of an effective stakeholder process* (Leiden, April 2003).

tral organisations and paper companies) and in Northern Finland (Rovaniemi, Kuusamo). The objective of the Northern Finnish case study was to understand the role of local and regional forest interests.

FFIF wanted the study to be performed within very limited time. The last interviews took place in the first week of July 2003 and the study was finalised on July 15, 2003. The 137 page study was used as a basis for producing a short Executive Summary, which could be used in the discussion with the Finnish and German partners.

The executive summary focused on one issue: the need for better ENGO participation in Finnish forestry issues and it defined tasks for different players in Finland, some in cooperation with German customers. It recommended to start a Roundtable on Finnish forestry, in which paper customers and customers for other Finnish forestry products from Germany and other Western European countries would participate.

#### The Helsinki Meeting (2004): Northern Finland

On February 12, 2004, a meeting in Helsinki was organised, in which FFIF, the FFIF members, MTK, Metsähallitus, Finnish government representatives and German publishers participated. The meeting had the title: "Finnish Forestry Sectors Communication Feed-Back Meeting for German Customers". I was asked to facilitate the final discussion.

As FFIF and VDZ have decided not to make the minutes of the Helsinki meeting public, I can only give a general description of the topics discussed at the meeting. The meeting focused on the German market. No representatives of other countries had been invited. The first objective of the meeting was to give feed-back on the studies that were performed and feed-back on the Finnish forest sector's policies.

In the facilitated discussion, agreements were reached about a great number of issues, such as the role of the German customers in dealing with Finnish forestry issues, the position of Metsähallitus and the paper companies. The participants felt that the stakeholder process on Northern Finnish forests was a step in the right direction. A shared FFIF-VDZ document, containing the agreements reached at the February meeting was finalised in June 2003, one year after the completion of my interview study.

The Helsinki meeting has certainly taken some pressure from the Finnish-German relationship and has contributed to a better common understanding of the different roles, responsibilities and tasks in the ongoing forestry related debate.

#### The Hamburg Meeting: Southern Finland

At the February 2004 meeting, the German customers were relatively happy with the Northern Finnish stakeholder process as they observed that a dialogue between the forest sector and relevant environmental NGOs could take place there. This, in the German argumentation, would reduce the risks of the German publishing sector related to forestry conflicts in Finland. The German customers, however, were aware that Southern Finland, from a wood sourc-

ing perspective, is more important than the North. Interruptions of wood supply from Southern Finland as a result of environmental conflicts would harm the Finnish paper industry and their customers even more than comparable problems in Northern Finland.

This is the reason why the German (paper) customers, as represented by VDZ, developed a clear interest in Southern Finnish forests and in stakeholder processes that could limit the risk of uncontrolled conflicts with environmental NGOs. The German customers had therefore high expectations of the Metso process (see above). The Germans expected that the Metso process could provide the processes of negotiated agreement that the German would like to see in Southern Finland.

On June 9, 2004, a meeting organised by FFIF and chaired by Rauno Väisänen (Metsähallitus) took place in Hamburg. The subject was “Future Methods in Biodiversity Protection”. Participants were basically the same players who participated in the Helsinki meeting.

## METSO programme

- State Council has decided to postpone the decision on a forest protection programme until 2007 and test a number of tools for forest programme -> METSO
- METSO does not have immediate effects on forest biodiversity as the trials protect only marginal areas -> METSO is a test only, not a protection programme

- Figure 8: PowerPoint Slide from the Luonnonsuojeluliitto presentation

The Finnish representatives presented the ongoing Metso program and explained how the new innovative methods were tested in practice. The German representatives again stressed their wish for sufficient ENGO participation in Finnish stakeholder processes, including Metso. The speaker of Luonnonsuojeluliitto discussed his organisation's protection goals (10% long term, 5% short term) and argued that Metso is a test only and not a protection program. The Hamburg meeting created some doubts about Finnish ENGO commitment and raised the question whether Metso would provide the multi-stakeholder platform for the containment of future forest protection conflicts in Southern Finland. After the June 9 meeting, the German representatives were less convinced about the value of Metso than they were before.

## The Agenda for 2005

### The Issues

#### Forest Debates

The debate about Finnish forest protection will continue. There will be continued pressure from environmental NGOs, directly on policy makers and forest owners in Finland and indirectly on markets for Finnish forestry products. Customers will continue to ask questions about Finnish forestry and will continue to require appropriate stakeholder involvement in order to avoid problems in their consumer markets. The following forest related issues will be important in the months to come:

1. The debate about the protection of Northern Finnish forests will continue. As the process will continue, more difficult choices will have to be made. Larger forest areas will be discussed at the negotiation table between Metsähallitus and the ENGOS. There is a chance that the conflict level will go up in the near future.
2. The debate about the protection of Southern Finnish forest will really start. It will become clear to all parties that the Metso process will not guarantee any predefined level of protection (and development) of biodiversity values in Southern Finland and that it is, at best, an innovative instrument for forest protection. The need for complementary processes for stakeholder involvement will become increasingly apparent.
3. The certification debate in Finland, in close connection with the issues mentioned before, will become relevant again.
4. The sustainability of imported wood, especially wood from Russia, will stay on the agenda and most probably become an even more prominent issue.

#### ENGO Involvement

Nobody can exactly forecast how the above mentioned debates will exactly develop. One thing is clear, however. The intensity of the debates, the degree of conflict and the degree of risk they present to the different players will highly depend on external stakeholder involvement in Finnish forestry issues. Although one may observe rapid learning in major Finnish companies, such as Stora Enso and UPM, the overall situation in Finland still presents a considerable risk. Stakeholder improvement has certainly improved, but there are clear signs that the existing processes (Northern Finland, Metso) are inherently unstable, for several reasons:

- The rights and obligations of the participants in the present processes appear to be rather unclear.
- There is a general lack of independent and impartial facilitation of such processes. In the present Northern Finnish process, Metsähallitus is one of the conflicting parties. At the same time, Metsähallitus is providing the chairman for the negotiation process. This may be acceptable under normal circumstances. In case of conflict, it may undermine the credibility of the process.
- There is still no tradition of transparency. Minutes of the meetings in the framework of the Northern Finnish process are not easily accessible via the internet, for example. For the up-coming forest protection issues in Southern Finland, there is no appropriate stakeholder platform whatsoever. It would be a dangerous illusion to suppose that Metso would provide the platform.

#### Customer Involvement

The way Finland organises its debate with critical customers of the Finnish forest industry is crucial, as customers play a deciding role in the generation of issue careers. In a way, the conflict about the German visit to Finland helped to improve the situation. The stakeholder study, the meetings in Helsinki and Hamburg and the continuous exchange of information between German customers and the Finnish paper companies contributed to a strong improvement in the relationship between the Finnish forest industry and its German market. Still there are some deficits and risks:

- The FFIF – VDZ dialogue in 2003 showed a low level of transparency. None of the reports or minutes has been made public yet.
- The process so far hardly includes the ENGOs as dialogue partners. There is a lot of talking about NGOs but not with NGOs.
- The process is too German centred. There is a risk to focus too much on typically German problem definitions and solution proposals.<sup>4</sup>

#### Criteria for Future Stakeholder Involvement

As I have indicated above, present involvement of external stakeholders, such as NGOs, in Finland is rather ad-hoc and not based on state-of-the-art governance rules.

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<sup>4</sup> As the German style of dealing with conflict and consensus can be seen as one of the causes of the communication problem between Finnish forestry and its paper customers, it would be in the interest of the Finnish forestry sector to broaden the discussion to a European level and involve the UK and the Netherlands, for example.

There is no single optimum for governance rules on external stakeholder participation. They always reflect a compromise between effectiveness, efficiency and participation requirements that may be mutually conflicting. Some governance structures may have high scores on 'participation' (all major and minor interests are represented), but may be a disaster from a point of view of effectiveness of efficiency. Everybody sits around the table, but no effective decisions are being made. Other structures may be more effective, but not be seen as just or fair. The following list should be seen as a check list for designing and re-designing the governance structures for the Finnish stakeholder processes on forestry issues.

- 1) Clarity and transparency of goals and objectives, also about goals that are explicitly not being pursued;
- 2) Clear time-frame for the stakeholder process and its outcomes;
- 3) Participation opportunities for all relevant stakeholders;
- 4) Availability of time and (financial) resources for participation, also for the financially weaker parties;
- 5) Clear definition of the role of the stakeholder process in decision making: advisory or decision making role;
- 6) Relationship between stakeholder process and responsibilities of parliament and state institutions;
- 7) Rights and obligations of all participants, preferably on the basis of a written contract.
- 8) Clear definition of processes for group decision making through consensus, negotiation or voting. How to deal with minority votes and conflicts?
- 9) Facilitation of the process. Role of neutral moderator, if applicable.
- 10) Full transparency of process and outcome.

A quick scan of present Finnish stakeholder processes on forestry issues reveals that most of those criteria have not been sufficiently met.

## Topics and Tasks

### Northern and Southern Finland

The main tasks for the coming years will be related to organising and re-organising adequate decision processes for forest protection in Northern and Southern Finland, based on adequate participation of stakeholders and in the mutual interest of all stakeholders.

### *Northern Finland*

The current Northern Finnish process is a good start but needs refinement. The most important issue is the intelligent re-design of its governance structure and governance rules.

The Northern Finnish process is basically a process between Finnish government (as represented by Metsähallitus) and NGOs (international and Finnish). Not directly participating, but strongly interested in the character and the outcomes of the process are players in the Finnish forest industry and their (international) customers.

### *Southern Finland*

For Southern Finland, a process for dealing with conflicts about forest protection issues is basically missing. The Metso project provides some elements but does not constitute an appropriate platform. As the forest owner structure in Southern Finland is completely different from Northern Finland, there is a need for a different approach. There is a need for at least two separate arenas in which the forest protection issues can be properly addressed: an arena for shaping public policy and an arena for creating private agreements on a voluntary basis.

- The public arena will be a communication and negotiation setting in which the Finnish government (Ministry of Environment, Ministry of Agriculture, possibly Metsähallitus) systematically discusses Southern Finnish forestry protection issues. Apart from defining something like a quantitative protection goal (in terms of a percentage of forest land, for example), the main issue in this arena will be to carefully identify protection needs and to scrutinise existing and upcoming protection claims. The discussions in this arena will prevent a situation in which different parties justify their different claims on the basis of different forest maps (or other forest data), as recently happened in Northern Finland with the 'Turunen' maps before the new stakeholder process. The stakeholder process in the public arena will be open and transparent. Its results will be an advice to Finnish government, which will be difficult not to take seriously. Finnish government, however, has the final decision power.
- The private arena will be a communication and negotiation setting in which private forest owners and their organisations negotiate with NGOs and players in the markets for timber and timber products (including paper producers and paper customers) about voluntary criteria and standards for forest protection. It would be most obvious to use the existing platforms for forest certification for this purpose. The problem, however, is the low acceptance of the Finnish certification system with the ENGOs and the low acceptance of FSC with the dominant Finnish players. Whatever existing or new platform will be chosen, the issue will be the inclusion of forest protection criteria in certification standards for Finnish timber. The criteria may be based on the HCVF criteria in FSC or on some plausible alternative that has sufficient support amongst the stakeholders.

Below I give a first idea about two projects that relate to these two arenas.

### Dialogue between the Finnish Paper Industry and its Customers

The FFIF – VDZ Dialogue on the basis of the Stakeholder Study in 2003 and 2004 was a good start and has created an advantage for both the Finnish Forest Industry and the German Customers. There is a need, however, to develop the process further and to make it more effective. The most important issues here are:

- Transparency of the dialogue: the dialogue should be communicated more openly.
- Involvement of external stakeholders: NGOs should be invited to give their inputs and to participate in (parts of) the dialogue.
- Away from the focus on Germany: the dialogue would profit from additional perspectives by involving at least the UK and the Netherlands.
- Away from the focus on paper only: players from the DIY market and Ikea should become full partners in the dialogue.

Proposal 3 below gives a first idea of a project that goes in this direction.

## Proposal 1: Improving the NGO – Government Dialogue on Forest Protection in Northern and Southern Finland

### Objectives

- to build a common knowledge base about forests and their ecological value, preferably on the basis of unambiguous maps;
- to create an appropriate platform for publicly discussing forest protection goals, particularly for Southern Finland, taking different stakeholder positions into account;
- to decide on an appropriate governance structure and on appropriate governance rules for the existing and coming negotiation processes between the Finnish state (including Metsähallitus) and ENGOs;
- to evaluate the Northern Finnish process and derive recommendations for improving the Northern Finnish process and for setting up a process for the South (next point);
- to create a platform for Southern Finland that can appropriately deal with conflicts about the ecological value of particular forest areas and that can provide proposals for solutions that have maximum stakeholder support

### Partners

Responsible for the project should be the Finnish Ministries for Environment and Agriculture. Primary project partners are Finnish government agencies and ENGOs. Additional stakeholders to be involved and/or informed: the Finnish forest industry and its (international) customers.

## Proposal 2: Improving the Private Sector Dialogue about Forest Protection, particularly in Southern Finland

### Objectives

- to create an appropriate platform for discussing forest protection issues among private forest owners, their timber customers and NGOs;
- to involve existing certification schemes, notably the Finnish FFCS/PEFC system and FSC;
- to create a basis for setting and implementing forest protection standards for certified wood from Finland, based on FSC's HC VF or similar standards;

### Partners

Project partners will be:

- Finnish forest owner organisations
- NGOs: Finnish and international
- representatives of certification systems
- Major timber customers, notably Finnish paper companies
- International customers for Finnish timber (e.g. DIY) and Finnish paper (publishers)

The initiative should be taken from the market side by a player without a strong preference for one or the other certification system. It would be natural that one of the major paper companies takes the initiative.

### Proposal 3: Setting Up an Improved Dialogue between the Finnish Forest Industry and European Customers

#### Objectives

- Develop the VDZ – FFIF dialogue of 2003 – 2004 further
- Create better transparency to enhance credibility.
- Involve ENGOs as critical partners.
- Involve customers from the UK, the Netherlands and possibly other countries.
- Involve players from the DIY market and Ikea

#### Partners

Primary project partners will be:

- Finnish paper companies, FFIF
- European paper customers
- DIY companies and Ikea

In addition, European NGOs will be involved as critical stakeholders.

VDZ and Finnish paper companies should take the initiative.

The project will consist of two international stakeholder dialogues, one held in Finland and one in Western Europe.

## Dr. Reinier de Man, sustainable business development

### *My beliefs and values*

I do this work because I believe that I can make a modest contribution to sustainable development, optimally using my intellectual and communication skills and my excellent international contact network.

Today's developments in many parts of the world are far from sustainable. Although rich countries, such as Germany and the Netherlands, have managed to reduce their emissions and waste problems considerably, global problems of overexploitation of natural resources, destruction of biodiversity and poverty are becoming increasingly serious.

There is a need for practical and innovative solutions on a global level. Old solutions, based on outdated models of national politics and policies, do not work. There is a need for new institutional arrangements and new responsibilities of private and public players, including NGOs. I have chosen to work for private companies and NGOs as they have an important role to play in areas where the state lacks power, legitimacy and competence. There is a risk, however, that these new arrangements result in beautiful words and ineffective action only. Already today too many multi-stakeholder processes and public-private partnerships do not perform. A major reason is that they are not based on a sound analysis of available facts.

The basis of all my projects is an open and fair analysis of underlying problems and interests. I do not accept stakeholder consultation or negotiation projects, unless the partners accept the need for systematic and fair fact finding. The majority of my clients do appreciate that I bring up difficult questions about the truth behind their strategies. A minority do not like my style at all, as they fear that I undermine the basis of their tactics.

### *Principles*

Reinier de Man, sustainable business development, is an independent, science-based consultancy that assists its client in building up or creating conditions for sustainable business.

- I base my work on facts and analysis, not on wishful thinking.
- I deliver top quality.
- I tell the truth, even if my client has problems to accept it.
- I do not represent any specific business, political or societal interest.
- I work for all parties who adhere to basic ethical principles and who respect my professional responsibility.
- I have high standards for dealing with confidentiality and conflicts of interests.

### *Services*

Most services I offer can be found in the following three categories or are combinations of them:

1. creation of partnerships for sustainability  
Sustainable development requires partnerships of many kinds: partnerships between business players along the value chain, partnerships between business, NGOs and government, partnerships between multidisciplinary experts.  
Building partnerships for sustainability is not easy. It requires clear goals, clear processes and good communication.
2. sustainable supply chain management  
Sustainable processes and products require optimisation of processes and management along all relevant parts of the supply chain: sustainable supply chain management. I assist companies and their stakeholder in building up sustainable supply chain management, using a variety of tools, such as value chain analyses and supply chain management workshops.
3. project coaching  
Most project teams do not need continuous external support, but they may profit from project coaching. During project coaching, I help a project team or a project manager
  - discover common interests
  - get project objectives clear
  - define the operational project planning
  - organise external support if necessary
  - write and publish project reports
  - organise external communication

*Major projects*

	Year	on behalf of
<i>Partnerships for sustainability/supply chain management for companies/NGOs</i>		
Roundtable on Sustainable Soy	2005	Cordaid / IUCN
Roundtable on Sustainable PGM production (ongoing)	2005	Milieukontakt Oost Europa
Cotton Made in Africa (ongoing)	2005	Michael Otto Stiftung Hamburg
Roundtable on Sustainable Palm Oil	2002-2004	WWF, Unilever e.a.
Stakeholder Involvement in Finnish Forestry Issues	2003-2005	FFIF Helsinki, VDZ Berlin, Stora Enso Helsinki
Transparency of Russian Wood Imports	2004-2005	Stora Enso Helsinki, Axel Springer Hamburg/Berlin
Sustainable supply chain management / value chain analysis	2003	IMD / Unilever
Freshwater & Cotton	2000-2001	WWF Zürich Michael Otto Stiftung Hamburg
FSC strategy	2000	WWF Zürich
Optimising the Paper Chain (OPTI)	1997 – 1999	Norske Skog Oslo, Axel Springer Hamburg, Otto versand Hamburg
<i>Partnerships for sustainability /supply chain management for government organisations</i>		
Sustainable use of wood	2000-2001	Umweltbundesamt Berlin
Substance chain management on the level of companies and partnerships between companies	1996-1997	Umweltbundesamt Berlin
Substance chain management	1992-1993	Bundestag Bonn
Environmental substance chain management (in cooperation with KPMG)	1992 – 1994	Ministry of Economic Affairs, The Hague

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