

**National Report to the Third Session of the
United Nations Forum on Forests**

Norway

January 2003

I. Key Contacts

Head of Forestry in Norway:

Name: Mr. Oluf Aalde

Title: Director General, Ministry of Agriculture

Contact information:

Address: P.O Box 8003 Dep, N-0030 Oslo, Norway

Phone: + 47 22249360

Fax: + 47 22242753

E-mail: oluf.aalde@ld.dep.no

UNFF national focal point for Norway :

Name: Mr. Knut Øistad

Title: Deputy Director General

Contact information:

Address: P.O Box 8003 Dep, N-0030 Oslo, Norway

Phone: + 47 22249362

Fax: + 47 22242753

E-mail: knut.oistad@ld.dep.no

Person to contact concerning the national report, if other than the UNFF national focal point:

Name: [insert name of the contact person]

Title: [insert title of the contact person]

Contact information:

Address: [insert information]

Phone: [insert information]

Fax: [insert information]

E-mail: [insert information]

II. Progress and issues related to implementation of IPF/IFF proposals for action

General

Forest sector characteristics

Norway has long traditions in forestry and forest management. Forest and other wooded land cover 39 per cent of the land area in Norway. Over the last 50 years, the annual volume of timber harvested has varied between 7 and 11 million m³, with a downward trend the last ten years. The forest sector represents about 1.1% of GDP, 1.6% of employment and 8.6% of export value, not including oil and gas. Approximately 88 per cent of the forest area is in private ownership, divided among about 120 000 properties. Family forestry is dominant in the forestry sector. Forest owners associations play an active role in roundwood trade, and thus partly counteract negative effects of a dispersed ownership structure. A wide range of measures, including legislation, taxation, economic support schemes, extension services and administrative procedures are employed in implementing the forest policy. The Forest and Forest Protection Act from 1965, including amendments – most recently in 1997 - is the main legal framework for forest management. The forest act is currently under revision.

Table 1. GDP and employment in the forest sector year 2000. Source: Statistics Norway 2000 (www.ssb.no)

<i>Sub-sector</i>	<i>Share of total GDP</i>	<i>Share of export value (not including oil and gas)</i>	<i>Share of employment</i>
Forestry (wood)	0.20%	0.20%	0.25%
Pulp and paper	0.50%	6.85%	0.50%
Sawn-wood and wood-based industries	0.40%	1.5%	0.80%
Total	1.10%	8.55%	1.55%

Assessment of the IPF/IFF proposals for action in the national context

The Ministry of Agriculture has as a part of the national forest programme (nfp) process defined a need for systematic assessment of international obligations related to sustainable forest management. The Ministry is currently preparing an assessment on how IPF proposals for action related to nfps are reflected in Norway's forest policy processes. This assessment will be centred on the principles and elements of nfps as defined by IPF, such as partnership and participation, holistic, inter-sectoral and iterative approach, use of criteria and indicators and use of multidisciplinary research in all stages of the planning cycle.

The Ministry has also scheduled a broader assessment of national implementation of international commitments including the IPF/IFF proposals for action and forest related obligations of the Convention on Biological Diversity with its recently adopted Expanded Work Programme on Forest Biological Diversity. The overall assessment of international obligations is planned to take place in 2003, and the results will serve as a basis for future priorities and actions. Stakeholders will be invited to participate in the process.

Development and implementation of national forest programme or similar national policy framework for forests in Norway

The sum of policy activities including a white paper on forest policy, endorsed by the Storting (parliament) in 1999, county forest strategies, the government supported Living Forest Project in

1995-1998 and other policy and stakeholder activities is described as the national forest programme (nfp) in Norway.

The Ministry of Agriculture is currently initiating a new nfp process in order to meet future challenges for forest sector development. The assessment of forest related international obligations will be an important element of the process. An overall strategy for other activities in the process such as sector analysis, development of new sector strategies and monitoring and evaluation systems will be developed in collaboration with stakeholders in the forest sector. This stepwise process will develop understanding of how existing processes can be improved to accommodate efficient participation and enhance sustainable forest management.

Mechanisms or initiatives to facilitate stakeholder participation in forest sector planning, decision-making and/or forest management.

A broad range of stakeholders participate in developing and implementing forest policy, as well as in forest sector development processes in general. The form of participation varies from hearings and consultations to joint decision making. When revising the forest policy in 1998 – 1999, several research institutes contributed by providing background information and analysis. Ministries with interests in and/or influence on forest policy, regional authorities and the private sector as well as non-governmental organisations were actively involved and contributed to the result.

In the process of developing a new forest act, the forest authorities at county level were invited to give their general views and asked to make recommendations on specific issues. A committee with members from the private sector and non-governmental organisations has provided guidance to the Ministry of Agriculture during the process. The draft act will also be subject to a formal hearing where a wide range of public and private institutions, organisations and interest groups will be invited to submit written statements, which will be brought forward to the Parliament. Stakeholder organisations are active members of boards and committees established to implement forest policy measures. Examples are programme committees for allocation of research and development funds and a development programme aimed at increasing the domestic processing and use of wood.

The Forest Authorities at county level have been responsible for developing county level strategies. The processes behind these strategies vary between counties, but different stakeholder organisations have been involved in defining objectives and strategies for the forest sector at county level.

The Living Forest Project¹ was a broadly based project working for sustainable forest management in Norway. The project was established in 1995 and ran for three years. The forest owners and the forest industries initiated the project, and stakeholders representing economic, environmental, social and cultural interests participated in the process and contributed to the final results. Representatives from both the Ministry of Environment and the Ministry of Agriculture participated actively, and the Government supported the project financially. Information and competence building were important aspects of the project. The main result of the project was the development of a set of criteria and indicators for sustainable forest management and a set of forestry performance level standards (the Living Forest Standards).

The assessment of IPF proposals for action related to nfps will give a more in-depth analysis of the participation in forest policy processes in Norway.

¹ See www.levendeskog.no for more details.

Economic aspects of forests, including trade

Valuation of forest goods and services

New methods for monetary valuation of non-market goods and services related to forest resources such as biodiversity, recreational and aesthetic values have been developed during the last decades. In practice however, political decisions related to forest conservation, legal framework and financial instruments are mainly taken based on more qualitative consideration of economic, social and environmental values.

Whether the right balance between these values and interests are found can be viewed as a political question. A technical evaluation of the current situation on forest protected areas in Norway, carried out by the Norwegian Nature Research Institute (NINA) and the Norwegian Forest Research Institute (SKOGFORSK) in 2002 suggested that the level of protected forest areas should be considerably increased. Forest protection is high on the political agenda. In the 2003 government budget, funding is provided for an expansion of the area of protected forests.

As a result of environmental concerns, new knowledge, the Living Forest Project and forest certification, more environmental considerations are being made in forest management. The national forestry performance level standards, developed by the Living Forest Project, will be revised and the revision will start in 2003.

Lower timber prices and continuous high demand for hunting, recreation and tourism activities have also contributed to changes in forest management. More consideration is for instance given to how forest management can maintain game production as well as aesthetic qualities in areas of high value for tourism and recreation.

Market data and information for wood and non-wood forest products and their substitutes

There is a long tradition for collection of official statistics for forest products such as roundwood, solid wood and paper products in Norway. Statistics Norway is responsible for collection of these data and the main figures are published on Internet (www.ssb.no). Time-series for production and prices at national and local level, as well as for imports and exports, can be traced back to about 1920. The quality of these data is assumed to be generally good. Data provided by industrial customers on harvested roundwood are processed in a central database where different roundwood assortments can be tracked back to individual forest owners for aggregation and research purposes.

In 1999, the Ministry of Agriculture initiated a study of the availability of market information in the forest sector². The study found that the market information targeted at the forest owners were mainly limited to current roundwood prices distributed by the forest owners associations. A telephone survey to 500 forest owners found that 40% of the forest owners had limited or no knowledge about the current roundwood prices. This kind of knowledge is, however, increasing with increasing property sizes and, weighted with the annual harvest, 75% of the forest owners have some or good knowledge about the roundwood prices. The knowledge about availability of harvesting services is better than for roundwood prices. 70% expressed a desire for more information about the roundwood market. Information about price developments for roundwood was most sought after. The study recommended an improvement of information about existing roundwood prices with respect to distribution and also better information about harvesting costs and availability of harvesting services. The study also recommended that more efforts should be undertaken to improve market forecasts in order to contribute to more stable roundwood prices and better decisions.

² Markedsinformasjon i tømmermarkedet (Market information in the roundwood market). Rapport 1999. Statiskog Ressursdata.

Information concerning other forest products varies in quality. A substantial part of the wood used for energy has traditionally been traded in an informal market where estimates about consumption are difficult. Felling data for big game like elk and red deer are of good quality because of allocation of felling licences and reports for individual animals, whereas data for other game are more uncertain.

Free access to non-wood forest products such as forest berries and mushrooms implies complicated data collection. Estimation of collection and consumption of such products must hence be done through household surveys.

A challenge for the forest sector is to improve market communication of wood qualities and advantages of using wood products. The forest sector consists of relatively small entities and meet strong competition from substitutes for wood. The government is putting efforts into wood promotion through a specific development program aimed at increasing the domestic processing and use of wood products.

Use of economic and policy instruments to facilitate progress toward sustainable forest management

A wide range of measures, including legislation, taxation, economic support schemes, extension services and administrative procedures are employed in implementing forest policy in Norway. An important forest policy instrument is the Forest Trust Fund with a legal base in the Forest and Forest Protection Act. The forest owner is bound to divert a minimum of 8 % of the gross sales value of harvested roundwood into the Forest Trust Fund, which has to be used for long-term investments for sustainable forest management. A tax deduction system is attached to the Forest Trust Fund.

Sales of forest and agricultural properties in Norway are subject to public regulations. A buyer of an agricultural property bought in the free market needs a concession from the forest and agricultural authorities, and the price is subject to regulation. About 80% of the property transactions for agricultural properties take place within families where no concession is needed. The price regulations for forest and agricultural properties are currently under revision. The existing political trend is towards less regulation on price setting, especially for properties where forests are the main economic interest. The regulation determining that the buyer must live on the farm for at least 5 years on agricultural properties above 2 hectares is, however, still valid.

The use of political instruments for forestry is changing. A new Forest Act is under development. In the government budget for 2003, all direct subsidies for silviculture are removed, whereas the regulations related to the Forest Trust Fund are improved. The removal of subsidies for silviculture implies that afforestation is no longer a political goal. The scope of economic incentives is also widened. Priority areas are development of the market for bio-energy and support for activities that stimulate demand for wood products. In 2000 the Government launched a 5-year development programme aimed to increase the degree of domestic processing and use of wood products. The programme seeks to create conditions that promote wood as an environmentally friendly material with a wide range of applications and tap into the positive consumer attitude towards wood. Focus is also on the necessity to improve communication along the value chain from forest to market. The programme is established as a partnership between the public and the private sector. Forest owners and forest industry are practically and financially involved in the program in order to ensure successful implementation. Concrete activities and projects are developed and several of these are now in the course of implementation.

One important non-governmental instrument is the co-operative forest owner organisation that organise more than 70 per cent of the roundwood sales in Norway.

Efforts to reduce negative impacts of trade and reduce illegal trade

International trade has been a major element in the Norwegian forest sector since the first sawmills were established more than 400 years ago. Norway has been a significant exporter of sawnwood and later newsprint and magazine paper to the European and global markets. Since about 1970 between 10 and 50% of the pulpwood consumption in the forest industries has been imported. There is also an extensive trade with Sweden, as Norwegian and Swedish regions are part of the same regional wood market.

Unsustainable harvest caused by export of roundwood and sawnwood resulted in substantial changes in the Norwegian forest policy about 100 years ago. The amount of timber harvested in Norway is now at a sustainable level and less than half of the total annual growth. Norway exports newsprint due to its comparative advantage in long fibres from spruce, hydro electric power and technical skills, and imports spruce pulpwood to utilise the industrial capacity.

Negative impacts of imports are related to a potential danger of biological pollution due to unintended imports of alien invasive species. One significant example of such negative impact is the Dutch elm disease that probably has been spread through illegal importation of elm (importation of elm has been prohibited since 1952). The danger of introduction of foreign insects and fungus as a side effect of imports of roundwood is considered to be a major threat.

Norway regards unsustainable harvesting and illegal activities as a major concern. Focus has during the last years been on the sustainability of furniture made of tropical timber. There is an ongoing debate on how to avoid import of timber that is illegally or unsustainably harvested in the country of origin. Barriers to trade, international trade agreements and the capacity for forest certification in developing countries are issues in this debate. In November last year, the Minister of Foreign Affairs responded to a question from members of parliament concerning measures against imports of illegally harvested tropical timber that the Government would pursue multilateral intergovernmental solutions, i.a. through initiatives in the UNFF as well as CBD, FAO, ITTO, UNEP and WTO. Norway is also giving assistance to developing countries in order to strengthen their capacity to ensure effective law enforcement and combat illegal harvesting and associated trade. Illegal trade is considered to be a minor problem domestically.

The sustainability of imported roundwood from Europe is discussed to some extent, especially following introduction of certification for roundwood harvested in Norway. It seems, however, that the forest industries are mainly challenged about the sustainability of their domestic roundwood procurement.

Participation in forest certification and labeling schemes and work toward mutual recognition and comparability of such schemes

The national forestry performance level standards, developed through the Living Forests Project, form the basis of forest certification in Norway. The Living Forest standards were a result of a consensus by a broad range of stakeholders; forest owners, industry, government, trade unions, social groups and environmental organisations. The consensus on the standards stands firm, but the environmental NGOs WWF Norway and Naturvernforbundet (Friends of the Earth Norway) and SABIMA have however later disputed and criticised the practical implementation of the standards.

The ISO 14001 certification system in combination with the Living Forest Standards is applied to practically all commercial forestry in Norway. The system is accepted under the Pan European Forest Certification umbrella system and endorsed by the Pan European Forest Certification Council.

There is no FSC standard for Norway and only one forest property is certified on the basis of the general FSC principles. As long as the ISO 14001 system is accepted by the forest industries, there has been low interest among forest owners for developing or adapting to other certification systems³.

Preferences concerning certification system as well as views and interests regarding mutual recognition between different systems vary among stakeholders in Norway, as in many other countries.

Forest health and productivity

The Norwegian Monitoring Programme for Forest Damage has run since 1985. Its main objective has been to monitor forest condition in relation to air pollution. Surveys of forests are performed on plots in a nation-wide representative grid network (Level 1 in the UN/ECE ICP Forests system), in a network of local county-wise plots, and in a network of intensively monitored plots (Level 2 in the UN/ECE ICP Forests system).

Vitality indicators did show a declining trend from 1988 to 1997, expressed as reduced crown density and more discoloured trees, particularly in spruce forests. However, results from the last years have shown a slight improvement in tree crown condition. Tree mortality in excess of normal is not recorded.

Forest condition generally depends upon soil, tree age, climate, pests and diseases, and other natural impacts. The observed decreased crown density in the period after 1988 is likely caused by a harsh climate, poor soil conditions and forest diseases. Air pollution loads add to, and interact with these factors. Most likely initiating factors are needed to produce visual symptoms. Summer drought is possibly such a factor of relevance to Norway. The actual effect of the air pollution component is therefore difficult to estimate; however, its importance is not ignored. In future, possible effects of a changing global climate will be considered included in the monitoring programme.

Considering these results it is reasonable to presume that most Norwegian forest ecosystems generally are in a satisfactory condition.

Maintaining forest cover to meet present and future needs

Policy frameworks that collectively address the full range of forest values

The forest policy developed in 1998/99 and presented in a white paper addresses a wide range of forest values. The white paper reflects values related to biodiversity, cultural heritage, out-door recreation etc that are influenced by forest activities. Also the positive environmental and social impacts of sustainable production and use of forest products are highlighted. These factors are only to a limited extent reflected in the market price of forest goods and services, but nevertheless influence the extent to which individual behaviour in the forest sector is consistent with the objectives of society. Use of policy measures can contribute to better consistency between individual behaviour and collective objectives as expressed in the forest policy.

As a follow-up of the Convention on Biological Diversity (CBD) commitment to develop a national action plan for biodiversity, the Ministry of Environment, with contributions by all other ministries, has developed a white paper; Norwegian biodiversity policy and action plan - cross-sectoral

³ More about forest certification in Norway can be found on www.skog.no.

responsibilities and coordination (St.meld. nr. 42 (2000-2001)). The action plan was endorsed by the Parliament in spring 2002. The action plan forms the basis for cooperation within the public administration on principles for and national priorities in following up the CBD.

The white paper deals mainly with the conservation and sustainable use of biological diversity. However, a number of measures in other priority areas, closely related to biodiversity, are included. Thus, the white paper also provides support for environmental policy efforts in areas such as outdoor recreation, the cultural heritage, climate change, and environmental considerations in connection with the Local Agenda 21 (LA 21). Challenges and actions related to forest biodiversity constitute major parts of the white paper.

The Government has specified national outputs for conservation and sustainable use of biodiversity in the annual government budget for 2003. For the coming years Norway will put efforts into establishing a national programme for registration and monitoring of biodiversity, coordination of juridical and economic instruments, information, research and competence. The Ministry of Environment coordinates the national programme that will start in 2003. A committee has been appointed to evaluate the legislation on biological diversity and relevant sectorial legislation. Another committee is considering amendments to the Planning and Building Act to ensure that it takes biodiversity concerns more fully into account. A review of all economic instruments that may have an impact on biological diversity will also be initiated. The review will consider changes in existing policy instruments and the need for new ones that clearly target areas of great value for biological diversity.

In spring 2002 the Parliament endorsed a white paper on outdoor recreation (St. meld.nr. 39 (2000-2001)). Forests are an important basis for outdoor recreation, and the white paper includes suggestions for the new forest act to cater for increased use of regulations for specific areas as well as consideration of changes in regulations that affect timber harvesting.

As presented, a variety of forest values are reflected in different processes. These processes are initiated as results of international processes and commitments, cross-sectoral issues or as sector specific initiatives. For a sector with so many complex and interwoven social, economic and environmental aspects, on the one hand, and a relatively small direct economic and political importance on the other, the possibility to initiate one single process that “collectively address the full range of forest values” is limited. There will rather be a hierarchy of processes, and the challenge is to ensure consistency in the planning hierarchy and at the same time allow for needed flexibility as a result of political developments in the overall strategies and sector specific characteristics.

Assessments and policy processes related to long-term trends in national supply and demand for forest products and services

Norway has a long history in forest inventory. Forest resources have been systematically assessed by the National Forest Survey, carried out by The Norwegian Institute for Land Inventory (NIJOS) since 1919⁴. The 8th countrywide survey started in 2000 and will be accomplished in 2004. An extensive number of attributes concerning forest conditions are being recorded, to provide information of importance for national forest policy development and forest management. At present, there is about twice as much standing volume in Norwegian forests as there was 80 years ago. The annual harvest is less than 50 per cent of the total annual growth. Environmental registrations have become an important part of the National Forest Survey as well as of forest management planning at property level.

⁴ See www.nijos.no

Statistics and monitoring of the elk, roe deer and red deer populations have also longstanding traditions. Statistics for other non-wood products are in general limited, but the general impression is that consumption of non-wood forest products is very modest compared to the supply or availability.

National forest policy processes are focusing on the future supply and demand for forest products. The expected future challenges are mainly related to economic development of the forest sector and the balance between wood production and environmental and social services such as biodiversity, recreation and aesthetic values.

The political environment as well as other forest sector characteristics vary significantly between regions and countries. Still, exchange of knowledge and experience related to development and implementation of forest policy between countries can improve the contribution of forest policy processes such as nfps to sustainable forest management. Norway will hence continue to be an active participant in international and regional processes such as the UNFF and the Ministerial Conference on the Protection of Forests in Europe (MCPFE).

Other information and emerging issues

Emerging issues related to implementation of IPF's proposals for action

The direct economic importance of the forest sector in Norway is declining, while non-marketable goods and services at the same time attract increased attention. The contribution of the forest sector to total GDP has been reduced from 3.0% in 1970 to 1.1% in 2000, due to high growth in total GDP and low economic growth in the forest sector. The gross value of roundwood alone has been reduced by 37% in the last decade, due to reduced prices and harvesting levels. The implication of this situation is that although the absolute economic size of the sector is approximately stable, its relative economic importance has been significantly reduced. The relative size of the sector is important for political attention and support and the possibility for the forest sector to initiate political processes where participation from other sectors are needed, such as in the national forest programme. The reduction of the profitability of the forest sector may also lead to reduced capacity for meeting increased environmental considerations in forest operations. To meet these challenges, the forest sector, including the forest authorities, put efforts in generating new perspectives and approaches to enhance the economic viability of sustainable forest management.

There is also a political trend towards reduced availability of sector specific economic instruments and increased reliance on more sector neutral and juridical instruments. The reduced use of specific forest instruments also implies a stronger focus on environmental aspects of forest management.

III. Preparation of the Report

A draft of this report was prepared by the Ministry of Agriculture and sent for comments to a selection of government agencies and stakeholder groups.

Comments by the involved agencies and stakeholders have been included in the final report.