

Towards Better Stakeholder Communication on Finnish Forest Issues

A Study on the Finnish Forest Industry's Stakeholder
Communication on Environmental Issues, its Relevance for
the German Market and Options for Improvement

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Summary

The study strongly confirmed that Finnish Forestry has serious communication problems related to the German market. The German market is highly sensitive to forest issues. The end-consumer has more trust in Greenpeace and WWF than in paper companies or publishers. Publishers and DIY markets are easily sensitised by the German public and ENGOS. Magazine publishers are the gate-keepers in the German market. Magazine publishers play the central role as they strongly react to the risk of losing their readers. The German publishers make communication of environmental performance of Finnish paper dependent on the Finnish paper industry's willingness and ability to organise a fruitful stakeholder dialogue with ENGOS.

The problems in the German market require good communication between Finnish paper companies and German customers. In the recent past, this communication was not optimal, as German customers did not feel that their message was understood and taken seriously by Finnish paper companies. Neither did Finnish paper companies feel that their position in the debate was understood by the German publishers.

In this research, we have focussed on a case-study on the Old Growth Forest (OGF) debate in Finland and the interaction between the German market and this debate. We have studied Finnish decision making until 1996 and the resulting Finnish government decision, the lack of NGO support for implementing these decisions, the growing conflicts on OGF between 1996 and 2003 and the role of international stakeholders, including paper customers and NGOs. The conflicts and communication problems between Finnish forestry and the German market can only be understood on the basis of an analysis of the continuous interaction between three levels: the internal Finnish national processes, the local Finnish realities and the processes in international markets. These levels are directly linked: international events have direct consequences for local economies. Local Finnish events become relevant in German markets, for example.

Despite all complexity of the processes studied, we see one basic pattern in the communication problems studied. High levels of irritation and conflict caused all parties, including the paper industry and its German customers, to make their judgments on the basis of prejudice rather than information. This caused a vicious circle: prejudice reinforced conflicts and conflicts reinforced prejudice. This can be shown on a very concrete level in our case studies. One example is the German perception of the 1996 Northern Finland OGF decisions. As the official Finnish position was and is that the decision making process was an open democratic process with all stakeholders involved, German paper customers did not see an effective NGO participation, as the NGOs eventually left the process and did not support the decision's implementation. Whereas the Finnish side stresses the fair application of mutually agreed criteria, the other side in the debate believed that

there were not only explicit limits on the maximum area to be protected, but even suspected that there were detailed agreements on the local level on the areas to be logged that should be excluded from the 1996 decision. It was not the purpose of this study to prove who was right or who was wrong. However, this example, among many other examples, shows the communication difficulties between German paper companies and those who represented the Finnish side of the debate.

We asked ourselves three questions:

- what makes these communication problems so persistent?
- what are the results of this bad communication?
- what can be done to improve communication in this area?

What makes these communication problems so persistent? We identified several structural and cultural factors, both on the German side and on the Finnish side that tend to stabilise the current situation. On the German side, we see the romantic emotions about forests, the lack of understanding of Finnish behaviour, the German thinking about conflict and consensus, German decision making styles, the high credibility of NGOs and the German style of journalism as factors that are not promoting an easy solution of the communication problems. We feel however that they can easily be overcome once the Germans are able to reflect on them. For example, almost none of the German interview partners realised that the German way of dealing with social and political conflict is not a universal model and that proposing this model to the Finnish partners could create some legitimate irritation.

The same is true for the Finnish side of the debate. Also here we identified main cultural and structural factors that make the communication problems so persistent. The most important factor, which is not so easily understood by all, is the technical and economic superiority of Finnish forestry and forest industry. As Finland is setting world standards for forestry planning, harvesting techniques, paper technology, logistics and planning, Finland is the natural target for any criticism. Other factors we identified are cultural stereotypes, especially the stereotypes Fins use to explain their own behaviour (“we are not Swedes!”), the history of Finnish forestry and its institutions, the ‘supply-based’ culture of Finnish forestry mentality, the relative timber shortage, the communication barriers within paper companies and, last but not least, the outsider status of (international) NGOs. Somewhat more reflection on the Finnish side on the practical implication of some of the cultural and structural factors could be enough to solve most of the problems. We do not have to change Finnish culture to solve the problems. It is enough to have a better understanding on its potential negative and positive effects.

What are the results of the bad communication?

The most negative result of the present communication problem consists in the extreme simplification of the problems and, closely related to this, the simple nature of the conflicts. Simplifications for example refer to a discussion of economy versus ecology (“protecting more forests will destroy Northern Finland’s economy”), ENGOS versus forest owners (instead of looking for common interests), focus on simple words such as OGF instead of a more detailed consideration of biodiversity. Discussions become dominated by stereotypes and are taking place far away from local reality. Discussion become ideological instead of pragmatic. The discussion is no longer on facts, but on rights (“the right to interfere with forest owner rights”) and principles (“the principle of democratic decision making in Finland”) instead. This then diminishes the chance for real problem solutions, as the problems can never be solved at this abstraction and organisation level anymore.

What can be done to improve communication?

For solving Finnish forest industry’s communication in the German market, stakeholder communication on Finnish forestry should be improved, both in Finland and internationally. This requires a different way of dealing with ENGOS.

Many solutions are being discussed at this very moment. Our analysis shows that many superficially attractive solutions will not be effective, as they tend to reinforce the processes that caused the problem. Three solution ideas require our special attention:

- “We should give the market more information about Finnish forestry to the German market”
This will not work. The problem is certainly not a lack of information, but a lack of trust in the information source. Giving more information will, at best, be ineffective.
- “We should start a powerful offensive against Greenpeace”
This will be the best method to increase conflict and to harm the reputation of Finnish forestry sustainably.
- “Let us concentrate on facts now, not on emotions”
This is a naïve position. In the end, one should concentrate on facts, of course. However, facts will not create trust. One needs to create trust before the fact based discussion can be started.

Based on our preliminary findings, we see three levels, at which activities are needed: the paper company level, the international stakeholder level and the Finnish level.

- “Improve the skills and procedures in paper companies”
The main tasks here are related to coordination (coordination of the market response, coordination of the forestry related work and coordination between market and forestry) and to skills and mindset. The main task is to train forestry people to better understand the market relevance of forestry issues and to train marketing/sales people on how to deal with forestry issues. Much has to do with the mindset that should enable the relevant people to have a thorough understanding of the interests, goals and emotions of the market side, even if they may seem irrational from a traditional perspective.
- “Organise an international stakeholder dialogue with major international customers and NGOs”
It is very important to avoid the German-Finnish conflict at the outset. Players from UK, the Netherlands and other countries should be actively involved. The dialogue should be well-prepared, externally facilitated with clear pragmatic goals and based on joint fact finding. The most important subject for immediate discussion is the model for inclusion of (international) NGOs in future stakeholder processes in a way that is consistent with Finnish decision making and requirements from the market, in order to make explicit and to resolve the hidden conflicts in the current VDP-VDZ agreement (the position paper on environment).
- “Help develop the Finnish process on forest protection further”
The basis should be the continuation of the current route (the Metsähallitus/WWF/Suomen Luonnonsuojeluliitto process). NGOs should be encouraged and supported to develop their forests maps and to discuss their criteria in a fair stakeholder process. More than today, the economic aspects of forest protection (at the local level and at the level of the paper industry) should be discussed openly on the basis of quantified parameters. This then will move the discussion into a real discussion on sustainability, in which no party can close his or her eyes for ecological, social and economic aspects of the decisions on increased forest protection.

1. Introduction

1.1 Background¹

Finnish Forestry appears to have problems to manage its international stakeholder relations. During the last months, a number of conflicts developed. Central issues were the alleged logging of old growth, the need for extended nature conservation areas in Northern Finland and related proposals for a moratorium on logging until the dispute will have been settled. Players in the present discussions are not only Metsähallitus, the private Finnish Forest owners (as represented by MTK), the Finnish paper industry (Stora Enso, UPM-Kymmene, M-Real and others) and the Finnish NGOs. An equally important role is played by international companies and organisations, such as German magazine publishers (companies and their association VDZ), Ikea and internationally operating NGOs Greenpeace and WWF. If the stakeholder process is not managed properly, the number of players involved may potentially grow. In the near future, paper customers from other countries may be sensitised by NGOs and the media.

It is not new that environmental organisations ask for more nature conservation than the Finnish forestry sector is willing to accept. New are the tone, the intensity and the international character of the discussion. New are also the economic risks that such a discussion can pose to the Finnish stakeholders. Whereas Finnish forestry regards itself as a positive example of a highly sustainable economic sector, it is strongly criticised from the outside by (international) NGOs and international paper customers take the criticisms of the NGOs seriously. This became apparent when in October 2002 representatives of VDZ travelled to Northern Finland with Greenpeace and Suomen Luonnonsuojeluliitto (Finnish Nature Conservation Association), to have a look at the Finnish situation. The German trip to Northern Finland caused a wave of critical comments from the Finnish forestry organisations and the Finnish media, who unanimously condemned the role of Greenpeace in using the German publishers as a lever to reach their goals.

Since then, there have been attempts at controlling the conflicts and irritations, but they have not yet resulted in a clear agenda for effective action yet. Metsähallitus invited many stakeholders to a 'round table meeting' in Helsinki on December 20, 2002. The result was a first exchange of ideas but it did not bring a final solution to the problems. During a period of ten years, frustration has been building up

¹ Taken from our original project proposal to StoraEnso from which the later proposal to FFIF was derived.

with different stakeholders in the Finnish forestry debate². Finnish forestry organisations are fed-up with the behaviour of Greenpeace and other NGOs. German publishers would like to see a different approach to the stakeholder debate and so do NGOs. Finnish paper producers need good relationships with both their wood suppliers and their international customers and are in a natural position to mediate between the two worlds, but in reality it is not easy to improve trust and communication in the present situation.

A situation has been reached in which all stakeholders feel frustrated: Finnish forestry organisations, Finnish paper industry, international paper customers and both national and international NGOs. Nobody seems to be in a position to reach his goals. It does not make sense to endlessly repeat present positions and arguments. It does make sense to look for an effective and efficient stakeholder communication process that is regarded as being fair and legitimate by all parties involved. An appropriate solution for Finland, geared to the specific Finnish situation in its international context, has to be developed.

1.2 Goal and Scope of this Study

1.2.1 Goal and Scope

Originally we proposed³ to organise an international stakeholder process with the Finnish forest industry, international paper and timber customers and (international) NGOs as the main participants. We proposed a process with two parts. Part I would be the preparation work for a Round Table process in Part II.

“Part I will start with a fair analysis of the present stakeholder discussion, the arguments and data used, the existing conflicts and the underlying interests. The stakeholder analysis will focus on the processes that finally led to the problems in Northern Finland. It will show in detail how the conflicts and problems developed over time, what mechanisms on the local, national and international level were responsible and how a similar development can be avoided in future cases. This analysis should be broadly supported by all stakeholders. Therefore they will be extensively consulted in the analysis and during drafting the report. After this, the process will focus on reaching an agreement on realistic objectives for the stakeholder dialogue. On the basis of this agreement a round table can be set up among all stakeholders.” (From the April 2003 proposal)

² In 1993, the German Magazine ‘Der Spiegel’ published an article ‘Plünderer im Norden’. This can be regarded as the starting shot of the present stakeholder conflict which has not yet been resolved.

³ Reinier de Man, *Towards better Stakeholder Communication on Finnish Forest Issues - Proposal for the Organisation and Facilitation of an Effective Stakeholder Dialogue*, Proposal to Pekka Laaksonen / Stora Enso, Environmental Policy Consult, Leiden, April 2003.

The Finnish Forest industry Federation (FFIF) wanted to limit the project to the interview study, before decisions on further steps could be taken. Understandably, FFIF did not want to make any reference to a Round Table yet. This study is therefore limited to the stakeholder analysis only. Unfortunately, time pressure did not make it possible to have the kind of broad stakeholder consultation, which we offered to carry out in the original proposal. This should be carried out in a later stage, as the results of this study will not have much value unless they are broadly supported by those who have been interviewed.

1.2.2 *What this study is not about*

In this study, we look at some detail into the problem of old growth protection in Northern Finland. We look at the different criteria and definitions for old growth forest, the methods of ecological landscape planning and we analyse the controversies between the different parties, notably between the representatives of Finnish forestry, German publishers and NGOs. We are interested in the processes of co-operation and conflict, of communication and non-communication. This study is not a study about forestry methods. Therefore this study will not give answers on

- what good and bad methods of forestry are;
- what systems of certification should be preferred;
- what the best definition of old growth forests are;
- how many hectares of old growth forests there are in Finland and how many hectares should be protected;
- who was right and who was wrong in the various scientific and political debates;
- what behaviour is acceptable and what is not.

These issues are not the subject of this study. This is not where we have our competence.

1.2.3 *Target Audience of this Study*

This study is meant to play a role in the coming discussion between the different stakeholder groups. It tries to make the interaction processes between the different players transparent in a way that the players themselves can use this study for developing alternative approaches. To this purpose, we have given rather detailed descriptions of processes that are well known by some readers. For example, the description of the old growth forest protection process in Northern Finland will not contain many new elements for people in the paper industry or Metsähallitus and the description of the discussions in publisher circles in Germany will be well known to most of our German readers. On the other hand, German readers may not be too well informed about the processes in Finland. They may profit from

some descriptions that can easily be skipped by our Finnish readers. We hope, of course, that all readers will profit from the way we structured the information. The information may be familiar, but the structure may lead to new perspectives on known issues.

1.3 Responsibilities

This study was carried out on behalf of the Finnish Forest Industry Federation (FFIF). The selection of information, its interpretation and the recommendations based on the analysis are the sole responsibility of the author.

1.4 Research Questions and Structure of this Report

The focus of this study are the problems, conflicts and misunderstandings between Finnish forestry, paper and timber customers (in Germany) and environmental NGOs. As a concrete example, we have taken the case history of old growth forest (OGF) protection in Northern Finland, which became an important and conflict-laden issue in the 1990s and in the early 2000s (described in Chapter 2). We believe that the experiences during the OGF ‘forest war’ have a general relevance that goes beyond the particular issue. Much can be learnt from it about the general difficulties of stakeholder communication between Finnish forestry, customers and ENGOS.

In this report, we follow an inductive ‘bottom-up’ approach. We first start from the simple facts and we will then give an explanation of what happened in terms of the positions of the different players and the structure of the interaction between them. Part I contains the facts. Part II contains analyses and conclusions.

Part I: Facts

Chapter 2 contains a case-study on old growth forest protection in Finland, whereas Chapter 3.2 discusses the positions and interests of important Finnish players at the central level. Chapter 3.3 then looks more closely at the positions of the players, such as forest owners, local industry and NGOs, at the local level. To that purpose, we made a short study on the town of Kuusamo, which presents good examples of the typical situation of a Northern Finnish town with a high dependency on the forest. Chapter 1 shows what role the German market players and the international (German) NGOs played in the Finnish old growth forest debate.

Part II: Analysis and Recommendations

In Part II, we ask the question: How could the processes, described in Part I, develop? What can explain, that the patterns of conflict and misunderstanding were so persistent? Chapter 5 summarises the conflicts and communication problems found in the OGF protection case. Chapter 1 gives an analysis of the

processes that resulted in a narrowing-down of perception and behavioural alternatives: the parties used less alternatives than they in reality have. In Chapter 7, we give an explanation of the persistency of current problems in stakeholder communication, notably between Finnish and German players. We analyse a number of structural factors, both on the German and the Finnish side.

If the different players are willing to reflect on those factors, alternative behaviour can be developed and negative processes can be stopped. In Chapter 1, we will go into some alternative courses of actions and give some cautious recommendations for the parties involved. Structural improvements, however, cannot be developed from behind the writing desk of an external consultant only. They should be discussed, changed, partially rejected and partially accepted in a dialogue process between all stakeholders involved. What we present here, is the beginning, not the end of a discussion.

1.5 Theoretical and Methodological Considerations

1.5.1 *Theoretical points of departure*

This is not a theoretical but a practical study. Therefore we will not go into detailed theoretical backgrounds. We only mention the five most important points that constitute the theoretical basis for this study:

1. The behaviour of complex systems cannot be completely predicted;
2. Behaviour can only be understood in its relation to thoughts and emotions;
3. People always act with their best intentions, even if the result is catastrophic;
4. Stakeholder processes can only be understood in terms of interactions in a network of opinion leaders;
5. Communication problems can only be understood in terms of interaction between the different players;
6. The problems between the Finnish forestry and the (German) market can only be understood by analysing the behaviour on all levels: local, national and international.

For the reader who is interested in more backgrounds, we give some additional information below.

[1] The behaviour of complex systems cannot be completely predicted

Analysing a complicated stakeholder interaction process may sound easier than it is. Of course, one can describe the historical process of decision making, communication processes and conflicts between different organisations and people in great detail. One can also gather detailed information about the subjectively coloured perceptions of all parties regarding the other parties and their complex interaction patterns. The question, however, is: what can we really learn from it? Are we just studying chaotic processes that are dependent on the

behaviour of single individuals and mere accidents? The answer to this question is positive to some extent. Many of the events, we have studied here are strongly influenced by coincidence and the role of individual people. However, there appear to be some systematic elements, which we have tried to highlight. Our analysis can explain many of the events, but not all. There will always be an element of coincidence, chance and surprise. Processes, such as those described in this report, develop ‘on the edge of chaos’⁴ Their outcome cannot be predefined or predicted in any precise way.

[2] Behaviour can only be understood in its relation to thoughts and emotions

The basis of our stakeholder analysis is a simple model of human behaviour. If we want to understand how people act and react in certain situations, it is not enough to look at their behaviour. For example, it is not enough to see that a representative of Finnish forest owners wants to start an effective campaign against Greenpeace. We can only understand his or her behaviour if we understand what he or she thinks (in terms of his/her particular world view, his/her organisation’s views, his/her information about Greenpeace, etc.) and what he or she feels in terms of different sorts of emotions of different intensity (such as hate, anger, etc.).

Any situation leaves, in principle, considerable room for interpretation. Any situation leaves, in principle, considerable room for widely differing thoughts.⁵ However, in certain situations, especially in conflict situations, people tend to interpret their situation in a rather rigid way. They tend to narrow the focus of their vision and thereby they reduce the scope of their behavioural alternatives. The narrow vision is not seldom coupled to negative emotions and these virtually prevent the search for behavioural alternatives.

In our case study about the stakeholder interaction on Finnish forestry, we asked ourselves: how were the behavioural alternatives of the different players, such as German publishers, Finnish paper companies or international NGOs, restricted in such a way that the same unproductive developments occurred again and again. We tried to find the answer to the questions many of our interview partners asked themselves many times during the interview: “We were again in the same conflict, in the same discussion .. Why should it happen over and over again?”. The answer to this question, as a rule, is simple: “Because you did the same again and again: you thought the same thoughts, you felt the same emotions and you developed the same behaviour”. “Because you did not manage to develop any effective

⁴ See for example: Richard Pascale, et al., *Surfing on the Edge of Chaos. The Laws of Nature and the New Laws of Business*, Crown Publisher, New York 2000.

⁵ We take this terminology from NLP (Neuro-Linguistic Programming).

alternatives”. In this analysis, we have tried to find some clues to these thoughts, emotions and behaviour.

Although this theoretical framework is very simple, it draws our attention to the following important issues:

- People react to their thoughts and emotions about others
People do not just react to each other. They react to their own thoughts and emotions they have about other people. For changing my reaction to the other person, I do not have to change his or her behaviour. I can change my thoughts and emotions instead. Finnish forest owners react to their thoughts and emotions about Greenpeace. Greenpeace reacts to its thoughts about the forest industry, not just to what the forest industry does.
- If I want others to change, I have to give them the required resources
Conversely: If I want that others react differently, I can of course change my own behaviour, but in many cases I have to try to influence their thoughts and emotions. In order to change these thoughts and emotions, I have to know them. I have to give resources to the other so that he or she is in a position to change his or her interpretation of the situation. This has an important consequence for the issue of stakeholder communication: if I feel that the other player is not behaving or communicating well, I have to take responsibility myself. I have to ask myself. What can I do better so that the other can behave differently? How can I help the other to become a better partner? In this case-study, we see, for example, that Finnish players criticise NGOs for using inappropriate forestry data. The logical question here is not “how can I prevent those NGOs from following their bad strategy, based on bad data?” but rather “How can I help those NGOs so that they base their actions on better forestry data?”.

[3] People always act with their best intentions, even if the result is catastrophic

To state it bluntly: people never want to do something wrong. People always do their best. Intentions are always good, but results are not. If, for example, forestry companies are logging ecologically valuable forests, they do not have the bad intention to destroy a forest. Their intention is to provide the forest industry with a good material and to earn money by providing this material. If certain NGOs appear to base their actions on wrong information, by mistake or on purpose, they do not have the intention to deliver bad work. On the contrary, they do this because they believe in the importance of saving forests. It is interesting to observe that, in our interviews, not many interviewees in Finland (although there were some exceptions) believed in the idealism of environmental NGOs. They did not see that the people involved in the actions ‘against forestry’ were using their energy not against forestry but for a good cause.

In order to understand the behaviour of the different stakeholder groups, we have to understand their behaviour. This behaviour cannot be understood in terms of bad intentions. They can only be understood in terms of the positive drives, the 'good intentions' of the different parties. Therefore the first step in solving the conflicts and communication problems associated with Finnish forestry is to make sure that all parties understand the behaviour of the other parties in terms of their 'good intentions'. This study may be a first step in doing that.

[4] Stakeholder processes can only be understood in terms of interactions in a network of opinion leaders

For understanding stakeholder communication processes, we need to understand the behaviour of opinion leaders. In the network of stakeholders, there are only a limited number of opinion leaders, who are gatekeepers in the network and who have a dominating influence on the flow of information and how the information is being interpreted. This has an important methodological consequence. We do not need 'representative samples' of managers in the paper industry or journalists in Germany for understanding the relevant processes. On the contrary, we need to identify the opinion leaders, the nodes in the network. If we understand the behaviour, thoughts and emotions of those opinion leaders, we understand much better how the system works than when we would interview representative samples.

[5] Communication problems can only be understood in terms of interaction between the different players

In the analysis of social processes, such as the analysis of the OGF-conflict in this study, many people tend to point at one of the parties as being 'the problem'. As we will see, in this report, some Germans point at the attitudes of the Finnish forest industry as 'the problem', whereas some Fins are certain that wrong ideas in Germany are 'the problem'. From a systems analysis point of view, such assertions do not make any sense. Only in the interplay between the different parts of the system (the behaviour of the representatives of the different stakeholder groups), problems emerge. Problems can never be located in the behaviour of one isolated player. Problems are always the result of processes between different players. Problems can only be solved by changing the interaction process of between the players. All players in an interaction process have the opportunity to change the process. There is never an excuse to wait for the others to change: by changing my own behaviour, I will necessarily change the interaction process and, as result, change the behaviour of the other parties involved.

[6] The problems between the Finnish forestry and the (German) market can only be understood by analysing the behaviour on all levels: local, national and international.

In this study, we analyse the interaction between Finnish forestry and the German market. The case history described in this report shows how ENGOs, notably Greenpeace, draw public attention in countries such as Germany towards the issue of (alleged) old growth logging in Finland, the reactions of German publishers and DIY markets to the NGO signals, interaction between German publishers and the Finnish paper industry and individual Finnish paper companies. The issue is being discussed in many national and international forums. The pressure from ENGOs and German publishers has direct consequences on the situation at the local level in Finland. Logging plans in villages in Northern Finland are being criticised. NGOs try to stop logging by media actions and try to force a moratorium on logging by different forms of public and political pressure. Local economies face the possibility of decreasing income and increased unemployment and try to convince Finnish interest organisations and politicians to fight for their cause. The Finnish interest organisations convey their signals to German paper customers and NGOs.

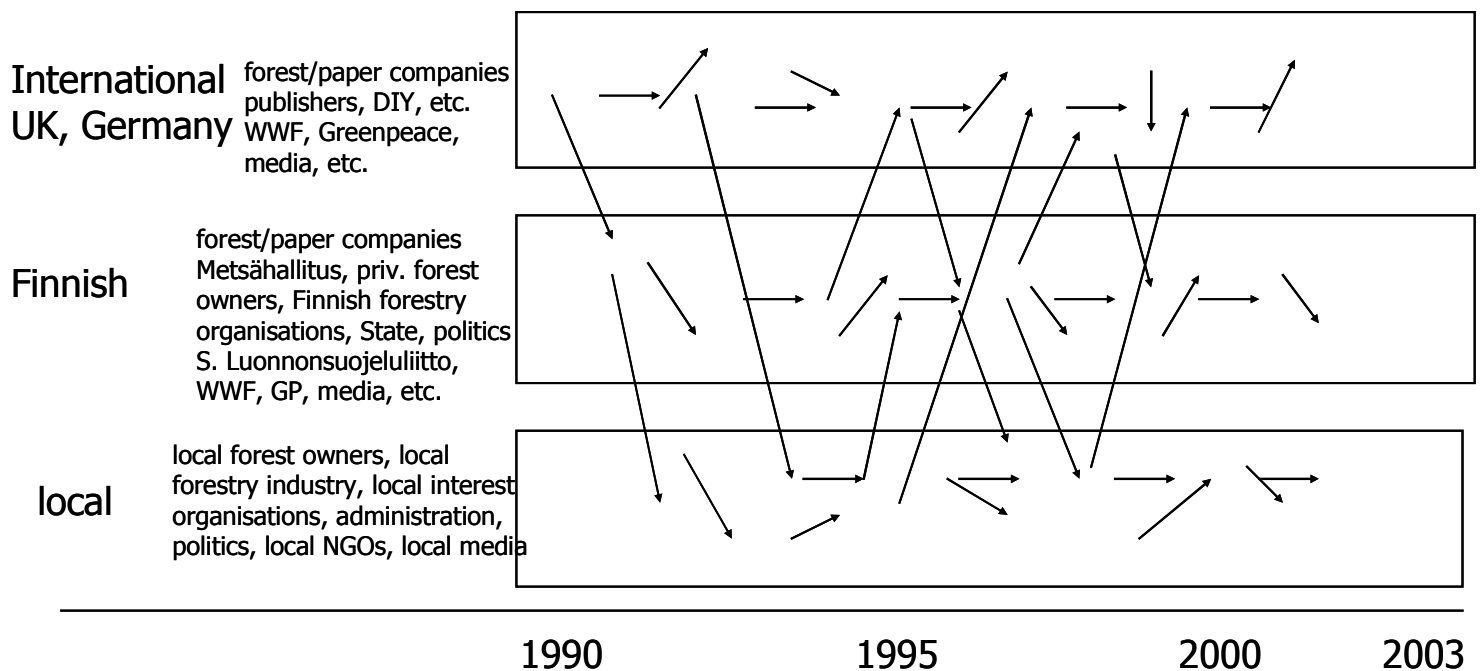


Diagram 1: Multilevel Analysis

The result is a complex process on different levels: national processes in Germany and Finland, local processes and Finland and international processes of different

kinds. We cannot understand the events in Germany without understanding what happens in Helsinki. We cannot understand what happens in Helsinki, when we do not understand what happens in places like Kuusamo. For this study, this has an important methodological consequence: it does not make sense to study opinions of the different German players in isolation.

Of course, it is possible to perform a number of interviews in Germany and to register a number of opinions. The result would be a registration of negative and positive feelings in Germany about Finnish forestry. There would be the feeling that Finland has a high technological standard, produces excellent timber and paper on the one hand and that Finland's way of handling conflicts with NGOs, such as the Northern Finland old growth forest issue, is not very professional, that representatives of "Finnish forestry organisations tend to behave arrogantly and to not take care of the worries of their customers". Such a registration does not make any sense, unless we know how these feelings have been produced. The relevant question here is: what processes are responsible for the positive and negative reactions of the (German) market on Finnish forestry issues? This can only be found out by analysing the 'multi-level' process: the interaction between the local/regional level in Finland, the national level in Finland and Germany and the international level.

1.5.2 Data Collection and Interviews

Data

The basic data for this study were collected in 39 interviews with key people, mainly in Finland (Helsinki and Rovaniemi/Kuusamo) and Germany. The data were supplemented with a number of other sources:

- Reports of companies and organisations;
- Consultation of internet sources;
- Studies;
- Our bureau's own experience in a number of paper and forest related projects.⁶

⁶ Main projects of relevance: Project organisation of the OPTI-Project for Norske Skog, Axel Springer Verlag and Otto Versand (1996-1999), Some project assistance for Axel Springer between 1999 and 2003, related to transparency in the paper chain (Finland, Russia), some internal work for UPM-Kymmene, also in the framework of a study for UBA, Germany (Reinier de Man, Willy Bierter, *Nachhaltige Nutzung der Ressource Holz durch Identifizierung von Innovationspotentialen für umweltorientierte Produktentwicklungen in den Bereichen Papier, Möbel, Bauen/Wohnen*, Endbericht, UFOPLAN 299 92 314, im Auftrag des Umweltbundesamtes, Leiden, November 2001), two projects for Greenpeace in 2000 (one on Greenpeace's campaign planning and finance, one on the evaluation of Greenpeace Nordic), studies and consultancy for WWF on different forest-related issues (2000-2002).

Interview partners

The interview partners in Finland were selected in close cooperation with the Finnish Forest Industry Federation. For the analysis of Finnish level, we asked them to select key persons in the paper industry, both on the forest side of the companies and on the customer side of the companies, in forestry related organisations such as Metsähallitus and MTK, in NGOs, government and science. On the local level, we agreed to take Kuusamo as an example. FFIF organised many interviews with key people in the town, representing forestry, economic interests, labour unions and NGOs. In Germany, we focused on the marketing side of the Finnish paper companies, large publishing houses (including their organisation VDZ), do-it-yourself markets (DIY), Ikea and NGOs. Other parties do not appear to play any significant role in Germany. A list of interviews can be found on page 128.

Both in Finland and in Germany, it became clear that many more interviews would not have produced more facts or substantially different views on the same facts. In the relatively closed networks, with only a limited number of opinion leaders, we heard many stories several times and we heard the same explanations more than once.

Interview Questions, Interview Method

We chose not to perform standard interviews with closed questions. We rather organised free conversations and discussions around a number of ‘sensitising questions’. For this research, it was more important to know what the interview partners really wanted to talk about, where their main interests were, than to force them into a number of standard questions. The leading questions are given in Table 1. In some interviews, we followed those questions systematically. In other interviews, we only managed to go into a small number of them.

We did not record the interviews on tape. If we would have done so, we would have had a more complete and perhaps more reliable record, but it would also have created barriers for a number of interview partners. They would not have spoken as freely as they did now. We promised all interviewees complete confidentiality of the information given to us. Therefore we will not refer to any specific interview in this report. All quotes are anonymous.

There was a high response rate to our interview requests. Because of FFIF’s leading position in Finland, it was relatively straightforward to get support from many Finnish organisations. In Germany, it proved a bit more difficult. Although almost all interview partners were willing to engage in this project, the issue did not have the same priority as in Finland. This caused some delay in the work. We would have liked to talk to more ENGO representatives. Greenpeace was reluctant to give their time to this process as they did not want to talk about ‘communication problems’. They feared that talking about communication would divert from the real issue: the necessity of protecting old growth forests.

Table 1: Interview Structure

Part	Title	Leading questions
Part I	Introduction by RdM (10 minutes)	do you understand the purpose of the interview? do you have any questions, before we start?
Part II	The interviewee and his organisation (10 minutes)	for what organisation do you work? was is the position in this organisation? what is the goal of your organisation? please tell something more about the structure of the organisation, the number of people working, subsidiaries, etc. please tell me how your organisation is/was involved in the discussion about 'forest conservation in Northern Finland' / 'old growth protection'. can you please characterise your organisation's position in the past and current debate on these issues?
Part III	The history of the debate on Northern Finnish forest protection / old growth (20-30 minutes) In this part of the interview, we would like to focus on facts: what happened when? Only in part IV we want to go into explanations: why did it happen	can we go through the history of the Northern Finland forest protection debate from the early 1990 until now (2003). I would like to hear your picture of what happened when. We can focus on the following phases: <ul style="list-style-type: none"> ▪ The discussion in the early 1990s until 1996, when Finnish government decided on OGF. ▪ The landscape ecological planning process until 2000. The NGO's criticism ▪ The critical developments in 2002-2003: Greenpeace campaign, VDP/VDZ-visit of Northern Finland, round table Helsinki December, further developments in 2003.
Part III, continued		Let us have a look at the interests and positions of the different 'players' in the debate, as seen from your position <ul style="list-style-type: none"> ▪ Ministries, Metsähallitus ▪ Forest industry, paper companies ▪ paper customers local, national and international NGOs <ul style="list-style-type: none"> ▪ FANC (Luonnonsuojeluliitto) ▪ other Finnish NGOs ▪ Greenpeace ▪ other international NGOs
Part IV	What went wrong and why? (30-40 minutes)	what went wrong in the process from your point of view? Why do you think it was wrong? what is your explanation? what could have been done better? Who should have acted differently?

Finally we managed to have one interview with Greenpeace, two with WWF and two with Suomen Luonnonsuojeluliitto. Based on these interviews and the widely

available internet sources, we managed to get a good picture of the NGO positions. With no exception, all interview partners were very cooperative and shared with us their knowledge and ideas in a very open and constructive way.

PART I: FACTS

2. Case-Study: Old Growth Protection in Northern Finland

2.1 Introduction and Overview

In this chapter, we discuss the history of the discussion on Northern Finnish old growth protection, both in Finland and in Germany. In the following two sections (2.2 and 2.3), we discuss the general history between the early 1990s until present. In section 2.4, we focus on the interaction between the German market, Finnish players, Finnish and international NGOs.

First (2.2), we discuss the state-initiated process on forest protection in Northern Finland between 1993 and 1996. This was very much an internal Finnish discussion and decision process which did not receive a lot of international attention at the time, and in which non-Finnish groups and organisations did not play a significant role. In 2.3, we give a record of the increased attention Finnish and international NGOs gave to the old growth forest issue in Northern Finland. There we focus on the period after 1996, after the official Finnish government decision, which was not broadly supported by the ENGOS. In contrast to the internal Finnish decision making process between 1993 and 1996, the NGO discussion was very much steered from the outside, especially by Greenpeace and produced results that were in conflict with the results of internal Finnish decision making processes. The tension between the internal Finnish process and the external NGO process produced an atmosphere of confusion, irritation and conflict that dominated the tensions between the German market, Finnish paper companies, Metsähallitus and the NGOs, as described in 2.4.

2.2 The (Northern) Finland Old Growth Protection Process 1991-1996

In the early 1990s, there was an international discussion on the protection of old growth forests. Also in Finland, there was increased attention to this subject. In 1991, the Minister of Environment nominated a Working Group for old growth forest protection in state-owned forests in Southern Finland. The work was later extended for protection of privately owned land. The process for protection of Northern Finnish old growth forests started in 1993. The working group was now given the task to develop protection proposals for Northern Finnish forests. As the process is well known to most readers of this report and is described in more detail in various publications of Metsähallitus and others, we only give the headlines of the process and concentrate on the statements given by the interview

partners during our study⁷. The main events are given in Table 2 and a general structure of the process is given in Diagram 2. In 1993, the process started with an inventory of about 4 million ha, of which 2,5 million ha productive forest land.

Table 2: Old Growth Forest Protection in Northern Finland

year	date(s)	event
1991		Ministry of Environment nominated Working Group for old growth forest protection in Southern Finland (state forests).
1992		start of an intensified discussion on Old Growth Forest protection in Finland (Taiga Rescue Network, GP, and others), see Table 4.
1993		Southern Finland working group continued the work, now for privately owned land.
1993	summer	Northern Finland Process: Minister of Agriculture and Forestry asks Metsähallitus to conduct an inventory of old growth forest in Northern Finland. Some 4 million ha were covered.
1993		Northern Finland Process: first selection of 979.000 ha.
1993	November	Northern Finland Process: Minister of Environment extended Working Group's tasks to cover OGF in Northern Finland. Working group was asked to develop protection proposals for Northern Finnish forests.
1994		the 'Kuusamo forest battle', see 3.3.1.
1995	autumn	Northern Finland Process: Exclusion of 66.000 ha of commercial forest land from follow-up.
1995	October 31	Northern Finland Process: deadline for Working Group. Result: 465.000 ha (of which 99.000 ha productive forest land) selected for follow-up process.
1995	December 7	Government Decision-in-Principle Government's acceptance of Working Group's preliminary proposal.
1995-1996		Northern Finland Process: Working Group classified inventory areas into categories A, B and C. Removal of 137.000 ha of production forest land to landscape ecological planning (LEP). Kuusamo working group defined areas in the Kuusamo area.
1996	April	Northern Finland Process: Working Group's conclusion. Protection for 293.600 ha old-growth forest.

⁷ The following text is based on: (1) *Old Growth Forest (OGF) Protection in Finland in the 1990s*, source unknown, most probably a document distributed in connection with the 20 December 2002 Metsähallitus roundtable, (2) *Old Growth Protection in Northern Finland*, a powerpoint presentation by Metsähallitus/Petri Heinonen, (3) *Responsibility & Performance - Old-Growth Forests in Northern Finland*, StoraEnso PowerPoint presentation, 2003, (4) Presentation by Finnish Forest Association: *Are there any ecologically valuable old-growth forests outside protected areas in Finland?* (2002),

1996	June 27	State Council: Government Decision-in-Principle: - 293.600 ha of new conservation areas (63.100 ha commercial forest land, 164,600 other forest and poorly productive land) - other areas subject to LEP: 35.000 ha of commercially exploited state-owned forests and 70.400 ha of other forest and scrub land. - 13.700 ha Kuusamo cooperative forest to be protected. Kuusamo land exchange group became responsible.
1996	June 27	Dissenting vote by Suomen Luonnonsuojeluliitto, WWF and professor Rauno Ruuhijärvi: doubts about the effectiveness of LEP for forest protection, moratorium required.
1996-2001		Forest management in Metsähallitus forests reviewed through LEP approach. Group of specialists supervised Metsähallitus in the development of LEP. LEP process identified 129.000 ha of protected forests, including 40.000 ha of old growth, to be excluded for forestry operations.

After some first selection steps, there were 979.000 ha left, of which 459.000 ha productive forest land, of which in commercial use 166.000 ha. The further selection process was made on the basis of a scoring system. The scoring system contained three categories:

1. Classic OGF criteria (max. 39 scores)
2. Special Values (max. 10 scores)
3. Indicator Values (max. 6 scores)

66.000 ha of low conservation value productive forest were removed from the inventory. According to Metsähallitus, this decision was made by a unanimous decision of the working group. It was decided to process 465.000 ha (of which productive forest land 99.000 ha) further.

The next step, that would become the basis for much discussion in the years to come, was to remove 137.000 ha (of which 35.300 ha productive forest land) from further processing and to transfer these areas to Landscape Ecological Planning (LEP), due to the fact that the areas were either

- a) too small,
- b) too fragmented already,
- c) of low ecological value or
- d) their location is not suitable for a protected area.

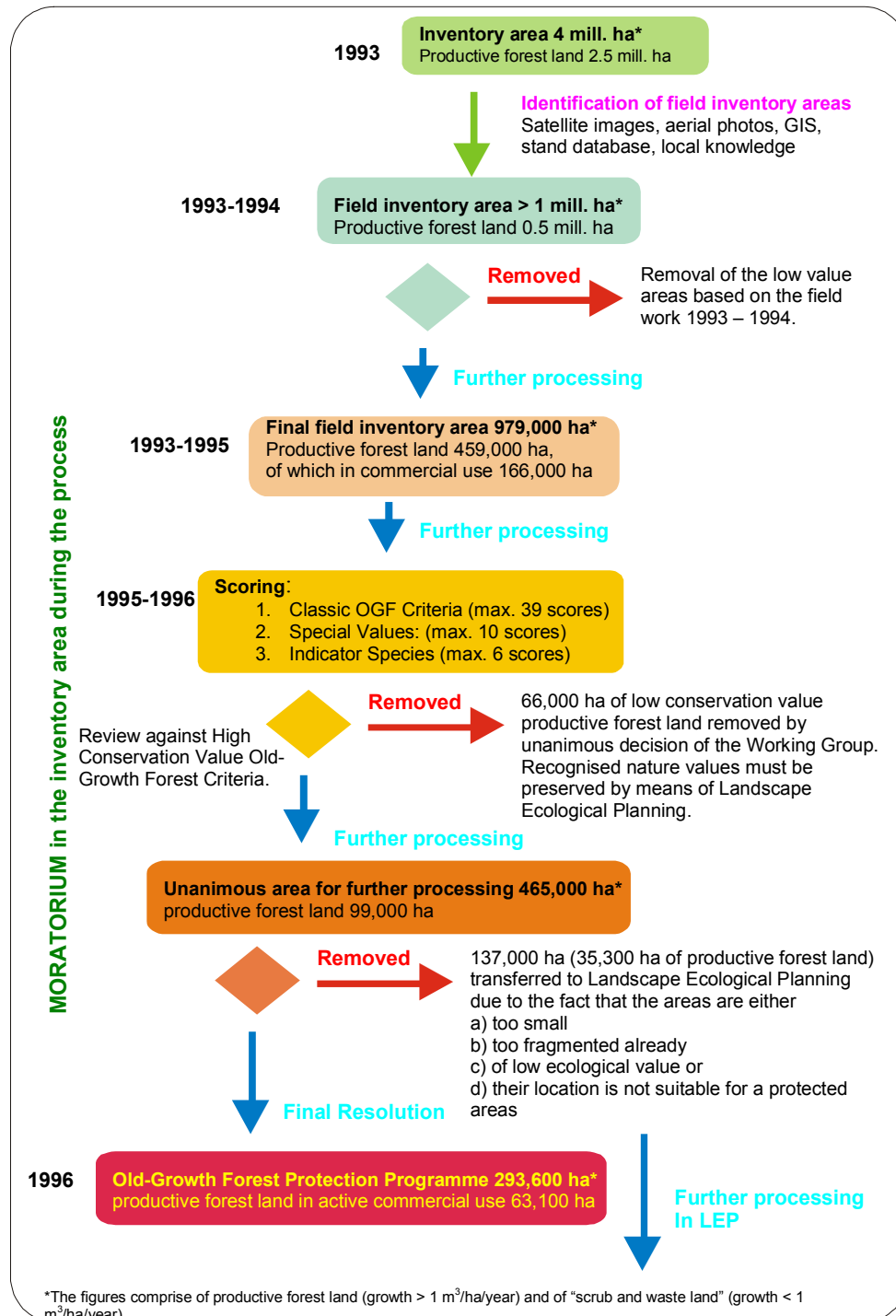


Diagram 2: Old Growth Forest Protection in Northern Finland

The end result was the recommendation to protect 293.600 ha old growth forest, of which 63.100 ha was productive forest in active commercial use and to take care of 137.000 ha, of which 35.300 ha was productive commercial forest, through ecological landscape planning. The recommendation was taken over by the State Council in its Decision-in-Principle of June 27, 1996.

A dissenting vote and an emerging conflict

Although the participating ENGOs had so far supported the process and the criteria for selecting the old growth forest areas, they presented a dissenting vote on June 27, 1996. Luonnonsuojeluliitto, WWF and Professor Ruuhijärvi expressed strong doubts about the effectiveness of LEP for forest protection and they required a moratorium on the areas that were transferred to LEP. The feeling in ENGO circles was that transferring areas to LEP would not guarantee their long term protection and could well be explained as a logging permit for the near future. The NGOs emphasised that the Finnish experience with LEP was still very limited.⁸ In our interviews, we noted among other things the following comments: “LEP is a system for managed forests, but it is certainly not an instrument for protecting old growth forests”, “The first round of LEP was very bad for the NGOs. There was no expertise in participative planning, they were not used to listen to the people. Metsähallitus did not include NGO feedback in the reports”.

It appears that after 1996, trust in LEP has increased, also on the side of Finnish NGOs. It was even said that some professionals left Metsähallitus because they could not agree on the way Metsähallitus dealt with LEP.

There were some strong NGO concerns about a relatively restricted number of areas. Someone closely involved in the Finnish process confesses: “If one had decided on 35.000 ha more protected forests, a whole lot of problems in the further process could have been avoided.” In other words, by showing a little more flexibility, Finnish politicians and decision makers could have avoided a lot of trouble between 1996 and present, if the interviewee is right.

Enough is enough

From the side of Finnish forest interests, the 1993-1996 process was (erroneously) seen as a process that would lead to final decisions on forest protection. It was reluctantly accepted in the expectation that it would create peace and quiet again. The general feeling in the forestry community was that the 1996 decision was the maximum that could be done without harming the economic and social interests in the region: “Enough is enough”. All attempts at re-negotiating elements of the

⁸ See also paper: *Old Growth Forest (OGF) Protection in Finland in the 1990s*, December 2002, most probably prepared by Metsähallitus.

1996 were therefore considered as unfair and against the principles of Finnish democracy.

This interpretation of the process increased irritation on the NGO side. One NGO representative, in our interviews, expressed this as follows: “They tell us all the time ‘we have done everything now, we are perfect’, but they should admit that we need continuous improvement. We could not accept that the discussion was simply closed after the 1996 government decision.” In 1996, the NGOs were hardly any political factor, however. They had to wait until 2002 before international pressure could change the power balance at their advantage.

Scoring and politics

The end result of the OGF process for Northern Finland was criticised for having excluded too many areas that should have been protected. Official forestry organisations such as Metsähallitus and the forest industry are accusing the NGOs for their inconsistency: “they agreed on the criteria, but now they disagree on the results.”

NGOs criticise the process for being politically steered. It would have been based on a political agreement on the maximum number of hectares to be protected and then the application of the scores would have been manipulated to produce exactly the pre-defined political target. None of the interviewees outside the NGO circle could fully support this interpretation. The NGO interviewees, however, were rather confident that this is what happened: “There was a decision of the State council that not more than 100.000 ha could be protected. These are not just rumours!” Unfortunately, we have not been able to find any proof for this NGO assertion.

One German interviewee even went a step further: he said to know for sure that there were detailed agreements on the local level, made well before the OGF protection process, that defined areas that should not be protected. The interviewee did not produce any solid proof either.

One representative from the inner circles of Finnish forestry does not agree with the NGOs but does emphasise the political nature of the decision: “It was a political decision about sustainable forest use. Sustainability includes economic, social and environmental aspects. The environmentalists do not wish to accept that social and economic factors have an equal weight!”

The Finnish story becomes international

The Finnish process was very much an internal Finnish affair. International players did not play a role. Greenpeace was not directly involved and there was no interest from international paper and timber customers. Most probably these customers were not even aware of the process going on in the dark Finnish forests. Most probably they were not even informed about it. At hindsight, a German

publisher is still rather irritated about this: “Nobody has sensitised us about the processes going on in Finland, neither the NGOs, nor our paper suppliers, although we are in close contact with them all the time! Nobody has informed us about WWF’s and FANC’s role! How should we know?”.

The 1996 Finnish government decision only got an international dimension, when international NGOs and German customers gave more weight to the arguments in the dissenting vote of WWF and Luonnonsuojeluliitto, several years after the discussion in Finland had come to a conclusion, which was not a final conclusion after all.

The Finnish story ends here. In the next stage, the Finnish conclusions would be challenged in an increasingly international context, leading to confusion, irritation and outright conflict, see 2.3 and 2.4.

2.3 The NGO Driven international Discussion about Northern Finnish Old Growth Forest 1992-2003

In Table 3, we have listed some of the important events from the early 1990s until present. In order to understand the events after the official decision on Northern Finland old growth forest protection in 1996, it is helpful to go some years back in time.

Greenpeace’s presence in Finland

In 1993, the Second Ministerial Conference in the framework of the ‘Helsinki process’ was held in Helsinki. The ‘Helsinki process’ developed general guidelines for sustainable forestry in Europe since 1990. Greenpeace Finland, which was started in 1986 had some 16.000 supporters then. Greenpeace organised a strong attack on the Finnish forest industry during the Ministerial conference in 1993. Greenpeace’s actions had dramatic effects, both in Finland and in Germany. They triggered a publication in the German journal *Der Spiegel*, with the title “Plünderer im Norden”. Although the article is said not to have received much attention in Germany, representatives of Finnish forestry and forest industry are reported to have been furious about it. It created a chain of reactions that is comparable to what happened more than nine years later when the Germans visited old growth forests on the invitation of Greenpeace.

Greenpeace, as an international organisation with strong presence in Germany, may have profited from the excitement. For Greenpeace Finland, it was the beginning of the end, however. GP Finland was very much blamed for Finland’s negative publicity and its negative impact it could have on a centrally important Finnish industry and employment. At the time, there was a bad economic recession. From that moment on, GP Finland had to deal with a negative image in the press and in public opinion. Greenpeace Finland did not manage to stay self-supporting under the new financial rules of Greenpeace international and had to

close its Finnish office in 1997. In 1998, Greenpeace reorganised its offices in the Nordic countries, with one head office in Stockholm and subsidiaries in Copenhagen, Oslo and also in Helsinki. It took some time before Greenpeace's presence in Finland could be re-established again.

In 1994, the NGOs (especially Greenpeace and Luontoliitto) focused their attention on preventing alleged old growth logging in Kuusamo. There a conflict around the common forest developed. We will describe this conflict in more detail in 3.3.1. In the years that followed, Greenpeace continued to organise actions targeted at Enso, UPM and others, using the Kuusamo case as their central example.

Table 3: History of the NGO driven discussion on OGF

year	date(s)	event
1992		Rio Summit: NGOs ask for increased forest protection.
1992		Jokkmokk: Taiga Rescue Network founded
1993	June 16-17	Helsinki Second Ministerial Conference: GP attack on forest industry. Spiegel reaction. Less support for Greenpeace.
1994		the 'Kuusamo forest battle', see 3.3.1
1995	February 22	Launch of Old Growth campaign by Taiga Rescue Network / Greenpeace: "The Taiga Trade report"
1995	November	continuous Greenpeace campaign against Enso, UPM and others, building on 'Kuusamo case'.
1996		NGO dissenting vote in Northern Finland OGF protection decision, see 2.2.
1997	January 28	Finnish NGOs: Position paper on 'Green Belt'
1997	December	Greenpeace Finland closed down.
1999		New modest Greenpeace presence in Finland.

1999	May 16	FoE (Maan Ystävät) attack UPM-Kymmene in connection to April: "Harkittu riski - UPM-Kymmene Indonesian sademetsissä" (Calculated Risk)
1999	November 24	Greenpeace report: 'Re-source: Market Alternatives to Ancient Forest Destruction'. Agreement between Ikea and Greenpeace.
1999	December 23	Ikea announces to phase out Timber from Ancient Forests by September 2000
1999	December	Taiga Rescue Network: 'Last of the Last' report.
2000	February 20	Greenpeace activists active in Kainuu region. Metsähallitus and Stora Enso are the target.
2000	May	Taiga Rescue Network publishes maps. Turunen: 800.000 - 900.000 ha of old growth in Finland, of which 550.000 protected.
2001	January 29	Greenpeace + Luontoliitto publish 'Anything Goes', criticising PEFC.
2001	April	WWF Report 'PEFC, an Analysis'
2001	May	FERN Report 'Behind the Logo'
2002		continued Greenpeace actions against Stora Enso, Metsähallitus, German market and others in relation to old growth forest.
2002	April	COP6: Sixth Conference of Parties to the Convention on Biological Diversity, The Hague.
2002	August 26 - September 4	World Summit Johannesburg: Greenpeace demonstration against Stora Enso ("Forest crime file: Corporate Crimes: Stora Enso"). UPM-Kymmene, Axel Springer and others rewarded by ICC ("Newspapers that Know their Trees").
2002	October-November	Conflicts associated with German field trip, see 2.4.2 and Table 5.
2003	January – February	Greenpeace 'cyberaction' on Malahvia: targeted at Stora Enso, UPM-Kymmene and M-Real. Idem against Metsähallitus: "Finnish government takes a chainsaw to the last of their forests"
2003	???	Negotiation process between Metsähallitus, WWF and Suomen Luonnonsuojeluliitto is started.
2003	May	Press releases: Negotiation process between Metsähallitus and NGOs is proceeding well.

The erosion of the Finnish 1996 OGF consensus

The main players in Finnish forestry and in the Finnish forest industry saw (and still see) the 1996 process as a very good process: "It was a democratic, transparent and open process, based on very good expertise and high quality data". Another interviewee: "It was a perfect participatory process, transparent, democratic and expert-based!". Representatives from the market end of Finnish paper companies, however, express somewhat more reservation about the process: "The overall process was good, but the conclusion was not optimal. The decision makers just said: 'this is it'. They closed the discussion. A good discussion on a number of disputed or uncertain areas could just not take place."

From our interviews, we get the impression that many people did not really see a need for the process but they could accept it if it could create stability and if it could avoid worse developments:

“We could live with the 1996 process. Our interests were not too much damaged. We did not believe that there was a need for protecting much more forests, which were not really old in the biological sense. We did not believe that it was useful to protect forests with some old trees (which are not necessarily old growth forests), but we trusted in the process, which was very democratic. We only made one mistake. We were too naïve. We have learned that we can never come to an agreement about these issues with the NGOs”.

In 1996, as we have mentioned already in 2.2, WWF and Luonnonsuojeluliitto formulated their dissenting vote in the Northern Finnish old growth protection decision. This minority vote was perceived critically by representatives of forestry and the forest industry in Finland. In one of the interviews:

“Until 1996 we had a fine process, led by the Finnish State. Then the NGOs did not go along with the conclusions, although they supported the criteria. It shows the NGO logic: if they reach their targets, they set new targets. They come with ever increasing demands.”

Initially, the 1996 dissenting vote did not have much weight in the Finnish context, but as the discussion became increasingly international, Greenpeace became more important and helped the small Finnish NGOs increase their influence on the OGF debate. Finally the 1996 consensus was eroded and new negotiations had to be organised after the events in 2002.

Intensified NGO action on OGF: Last of the Last

Greenpeace, in co-operation with Luontoliitto and Luonnonsuojeluliitto, appeared to intensify its actions targeted at Finland from 1999 onwards. Old growth forests, in Greenpeace language ‘ancient forests’, became the central concern of Greenpeace. In November 1999, Greenpeace published its report *Re-Source, Market Alternatives to Ancient Forest Destruction*⁹. At the same time, there was an agreement between Ikea and Greenpeace on the issue. In December 1999, Ikea announced to phase out timber from ‘ancient forests’.

⁹ ‘Re-Source’: *Market Alternatives to Ancient Forest Destruction – a Greenpeace report for corporate consumers of forest products*, 1999, downloaded from archive.greenpeace.org.

Also in December 1999, the report *Last of the Last* was published by the Taiga Rescue Network¹⁰. This report would play an important role in the discussion of the years that followed. *Last of the Last* provided the NGO arguments for a number of actions for increased old growth protection. By many players the arguments put forward by the NGOs are not seen as fair. They accuse the NGOs to use outdated or inaccurate maps and to use new and rather debatable definitions of old growths. They point at the fact that in the NGO studies, such as *Last of the Last*, forests older than 120 years were considered to be old growth: “120 years in Finland is by no means old.” One interviewee: “*Last of the Last* contained new definitions and new maps. We were supposed to start the whole circus again from the beginning.”

Another Finnish interviewee:

“The Taiga Rescue Network maps were of low quality. Perhaps a student had collected and selected information during one year, not more. No real research was done, no verification on the basis of local data. There were no real facts in it. In the NGO work, there were some 25 different definitions of 'old growth forest'. The most interesting invention was 'snow forest', apparently forest with beautiful snow on it in winter ... We did not feel that there were real ecological facts behind it”.

Are there any old growth forests to protect?

The stress on ‘old growth forests’, ‘ancient forests’ and ‘Urwald’ surprised many representatives of Finnish forestry related organisations. It was repeatedly stressed that there is hardly any untouched old forest left in Finland. Logging forests for tar production had already destroyed major old growth forests in the 18th and 19th century. The wide-scale forest destruction by the tar industry caused people to worry about the future of the forests and this was the basis for the first forest protection measures in Finland. Intensified logging in connection to restoration payments to Russia after the second world war is said to have destroyed most of what was left at the time.

In the interview study, we asked the question: “Were Greenpeace actually addressing a valid issue in 1999?”. A Finnish expert answered:

“Yes, but 70 years late. It takes 300-500 years before we will have old growth forests again. Today we have only small isolated spots. Russia should be the priority for non-tropical forests today. In Finland, we will

¹⁰ Dmitry Aksenov, Mikhail Karpachevskiy, Sarah Lloyd, Alexei Yaroshenko, *The Last of the Last – the Old-growth Forests of Boreal Europe*, Taiga Rescue Network, Jokkmokk, Sweden, December 1999. For Finland, the maps were co-ordinated by Olli Turunen.

have to develop old growth forests in the long term, but this requires quite a different procedure from what we have seen now.”

Metsähallitus tries to restore the consensus

During 1999, Metsähallitus is reported to have attempted to restore consensus on the implementation of the 1996 government decision. They invited Greenpeace, Luontoliitto, Luonnonsuojeluliitto, WWF and Mr. Turunen, who was in charge of the Taiga Rescue Network maps. The idea was to organise a fact-based discussion. The process is said to have died a quick death when Greenpeace and Luontoliitto started a campaign at a logging site and did not appear at a planned meeting with Metsähallitus.

Too much emphasis on Northern Finland?

The discussion in these years, especially after the publication of *The Last of the Last* very much focused on forest protection in Northern Finland. NGOs questioned the official 1996 government decision and the way it should be implemented. There were claims to protect considerably more forest. Many believed, and still believe, that this led to a the wrong focus.

“The real problematic areas are in Southern Finland, not in Northern Finland. Protection in Northern Finland is already sufficient. If something should be done, it is in the Southern part of the country. In the South, there are more forests biotopes with a high conservation value and the threats to these forests are more serious.”

Many interviewees point at the political nature of the decision to focus on the North: “The NGOs do not like to fight against many private forest owners in the South. They do not like to fight against Finnish government either. Both fights would make them even more unpopular than they already are. Therefore they prefer to fight against Metsähallitus that actually nobody particularly likes. Metsähallitus is the most relevant owner of forests in the North, not in the South.” Others say it like this: “It is a money issue. Northern Finnish forests are owned by the State. Therefore it is cheaper to protect forests there.”

Evidently, the NGOs refuse to accept such interpretations and point at the high value of the Northern Finnish forests and the large areas still available for proper protection.

Greenpeace against Stora Enso and Metsähallitus

During the next two years (2000-2001), the old growth forest issue was promoted with increasing intensity, notably by Greenpeace as the leader and some other NGOs following. On February 20, 2000, Greenpeace activists were active in the Kainuu region. Targets of their actions were Stora Enso and their wood supplier Metsähallitus. In 2000, the publicity around the Taiga Rescue Network (TRN) maps was continuing. In May 2000, it was said that there would be some 800.000

- 900.000 ha of old growth forest, of which 550.000 ha was already protected.¹¹ This was somewhat less than earlier publications estimated. The TRN maps would remain the ammunition for Greenpeace, Luontoliitto and other NGOs for the months to come. The pattern in 2001 and 2002 remained essentially the same: NGOs repeatedly pointed at the alleged destruction of old growth forest in Northern Finland.

PEFC under NGO fire

The debate was linked to the NGOs' attempts at de-qualifying the Finnish forest certification system against their preferred FSC system. The certification discussion and the old growth discussion were used in a way that they reinforced each other: old growth forest loggings were said to be found in PEFC certified forests (and used as a 'proof' that therefore PEFC is inferior) and the certification issue was used to give more attention to the old growth forestry issue. On January 29, 2001, Greenpeace and Luontoliitto jointly published the anti-PEFC study *Anything Goes*, which was of course radically criticised by the official PEFC supporters. Although there were other studies available at the time that came to rather different conclusions¹², the NGO criticism caused some unease with paper and timber customers, notably in Germany and the UK. In April and May 2001, the campaign against PEFC was stepped up in the form of two additional NGO reports: the WWF report *PEFC – an analysis* and the FERN report *Behind the Logo*. FERN is a cooperation between different NGOs. Although the reports were presented as independent research, they were very much politically driven by the wish to damage PEFC's reputation at the advantage of FSC.

The Hague and Johannesburg

The NGOs used the April 2002 conference of the Convention on Biological Diversity in the Hague as one of the opportunity to ask attention for the old growth forest logging, also for the Finnish problem.¹³ In 2002, the old growth forest actions continued during the preparation for the August/September Johannesburg conference and during the conference itself. The Finland-related actions were focused on Stora Enso, Metsähallitus and large German customers, especially the large publishers, see next section. Greenpeace, as an input to the

¹¹ Article by Kaarina Järventaus in Helsingin Sanomat of May 11, 2000: "Finland has fewer valuable old-growth forests than believed", downloaded from forest.org.

¹²For example the comparison of PEFC and FSC in German forests: Prof. C. Thoroe, *Zertifizierung nachhaltiger Forstwirtschaft in Nordrhein-Westfalen im Raum Ostwestfalen-Lippe*, Studie im Auftrag des Ministeriums für Umwelt, Raumordnung und Landwirtschaft des Landes Nordrhein-Westfalen, Januar 2001.

¹³ See for example the Greenpeace press message of 20 February 2002: "Finnish Government destroys its own ancient forests" (on archive.greenpeace.org).

Johannesburg related discussion, prepared a so-called “Forest Crime File”¹⁴. One of the companies explicitly mentioned was Stora Enso. In a Greenpeace paper, Stora Enso was accused of “purchasing of timber from endangered ancient forests – timber which is logged in violation of European Union regulations within the Natura 2000 protected areas network.”

Johannesburg was the starting shot for internationally reopening the debate on the 1996 Finnish government decision. One interview partner:

“The NGOs virtually forgot about the Northern process between 1996 and 2002. They started again in Johannesburg when they made a proclamation on the destruction of Finnish ancient forests. The Johannesburg press release by Greenpeace and Luontoliitto astonished many people”.

There was not only negative publicity at the Johannesburg conference, however. UPM-Kymmene, together with Norske Skog and Axel Springer Verlag received a *World Summit Business Award for Sustainable Development Partnerships* for their projects in the paper chain, also in co-operation with WWF and Greenpeace.¹⁵ So UPM-Kymmene could communicate a positive issue, whereas Stora Enso’s image at Johannesburg turned out to be somewhat less positive. This appears to have created some discussion in the Finnish forest industry and among the (German) clients. Those directly involved did not see any reason for a different ecological image of both companies. In technical terms, there could not be too much of a difference. But it became clear that, in this case, one player had played the public game with some better results than the other. In 2002, the discussion with the German market and (German) NGOs reached a high activity level, which we will describe below.

Malahvia and the interpretation of the 1996 state decision

Basically the same processes as in 2002 were at work in 2003: in the beginning of the year, Greenpeace started a so-called cyber-action. The subject was the (alleged) old growth logging at Malahvia. Targets were all three big Finnish forestry companies (UPM-Kymmene, Stora Enso and M-Real) and Metsähallitus.

Many Finnish players saw the NGO’s attitude towards the alleged logging of old growth forests as a sign that these organisations did not respect the democratic decision made in 1996. The 1996 decision had produced a list of areas to be

¹⁴ Greenpeace International, *Forest Crime File: Corporate Crimes*, ‘The need for an international instrument on corporate accountability and liability’, and: ‘Stora Enso (Finland)’, from www.greenpeace.org.

¹⁵ Project name: *Newspapers that Know their Trees*. Lead: Axel Springer Verlag AG, Main Partners: Otto Versand, Norske Skog, UPM-Kymmene, 8900 Norwegian forest owners, WWF, Greenpeace Russia. Description downloaded from www.iccwbo.org.

protected. Therefore it would be unfair to question logging outside these areas. NGOs were even said to lie when they claimed certain areas to be old growth forests which were clearly outside the areas defined in 1996. In the Malahvia case, Metsähallitus claimed to cut outside the protected area, which was most certainly true. The NGOs however wanted to stop cutting between islands of protected areas, as they claimed that these areas could not be protected in isolation and needed to be connected. NGOs presented those cases to the outside world as ‘violations’, whereas they were, in the eyes of the official forestry representatives, no violations in any formal or legal sense. The NGOs claimed however that a discussion about these areas was needed and that logging in those areas would frustrate a fair discussion on the issue. The NGOs’ attitude, especially Greenpeace’s attitude was not seen to be fair by all players. One interviewee remarked:

“Greenpeace was playing with the truth. Greenpeace used the fact that areas in the vicinity of protected areas were cut as a ‘proof’ that agreements on protection were violated. We do not go public saying ‘GP are liars’, but still they are verbal manipulators”.

Still the NGOs believed they had good reasons to look not only into cutting in protected areas but also to voice their protests against logging in the vicinity of protected areas. A representative of a Finnish NGO mentioned in one of the interviews that there had been some negative experience in the context of the 1976 national forest program: “Metsähallitus was cutting in a way to prevent that protection areas could be enlarged. Metsähallitus had a conscious strategy to cause irreparable fragmentation.” Whether there is an element of truth in this allegation, could not be checked in this study.

Superficially, the situation that developed in the years after 1996 can be characterised by two extreme positions:

- the ‘official’ Finnish position that the decisions had been made by the government and that re-opening the discussion would undermine democratically legitimised decisions and
- the NGO position that there were many issues still to be discussed and that therefore some sort of a moratorium on logging would be appropriate.

In reality, the situation was not that black and white. Also within official Finnish organisations, it was acknowledged that there were ‘grey zones’ which needed further consideration. Experts in Metsähallitus felt that some of the problems were simply caused by the high time pressure under which the 1996 decisions were prepared and that there were indeed some decisions which could legitimately be questioned. The political situation in the conflict between Finnish forestry and NGOs, however, prevented that such more moderate positions in the Finnish organisations could be expressed too openly.

A new negotiation situation

In May 2003, apparently helped by the pressure that was built up by the German customers who convinced the paper companies to become more active, a new negotiation process was started between Metsähallitus, Luonnonsuojeluliitto and WWF. In this process, there appears to be a real joint fact finding effort for discussing the areas, about which in the implementation of the 1996 government decision no consensus could be reached. We come back to this new negotiation situation in section 2.4.2 on page 61 (Back to the Finnish Process).

2.4 NGOs, the German Market and Finnish Forestry

2.4.1 Finnish Forestry, NGOs and the German Market

Repeating patterns

In this case-study we concentrate on the events in 2002 when the relationships between Finnish paper companies, Metsähallitus, (German) customers and (German) NGOs became problematic, notably after the German field trip to Finland. The events in 2002 were remarkable but by no means new. The problematic relationship between the German market and the Finnish players with the pivotal role of the NGOs existed already for some 10 years or even more. Before we go into the 2002 events, we present a concise description of the events between 1990 and 2002. We do not claim that this analysis is complete. We just highlight some of the key events. It can be shown that many of the events followed a similar pattern and that basically the same players were involved. Also for this reason, it does not make sense to go into great detail with respect to any particular events.

NGOs, Chlorine and Timber

From the beginning of the history described here, the NGOs were setting the agenda. Greenpeace, with Greenpeace International and Greenpeace Germany in the driving seat, were (and still are) the agenda-setters, whereas other organisations such as WWF and the Finnish NGOs follow up in fact-based and solution-oriented processes.

In the late 1980s and early 1990s¹⁶, the chlorine issue still dominated the NGO discussion about pulp and paper issues. NGOs working on the chlorine issue in the pulp industry used both confrontation style actions, such as classical actions at paper factories and sought cooperation with business on a number of occasions. In

¹⁶ The history of the Greenpeace campaign between 1989 and 1998 is described in a Greenpeace document: *Chronologie der Greenpeace-Waldkampagne, Stand 1/99*, downloaded from archive.greenpeace.de. Also from archive.greenpeace.de: *20 Jahre Greenpeace in Deutschland. Die Chronik: 20 Jahre in Aktion*.

1990, after much NGO pressure, a number of important German players, to which belonged Otto Versand, Quelle and Ikea, decided to print their catalogues on chlorine free paper. Soon however the major issue changed to the raw material itself: timber. The tropical timber issue became important in the do it your self market. NGOs convinced the German public and subsequently the German DIY markets to refrain from the use of tropical timber.

NGOs started their campaigns against clear-cutting: “Wieviel Wald kostet Ihre Zeitung?¹⁷”. This led to several reactions from the side of major German paper users, the most important being a press statement in 1993 by Gruner & Jahr, Mohndruck and Otto Versand in co-operation with Greenpeace, in which these companies publicly committed themselves to phase out the use of any paper from clear-cutting.

Canada, Russia, Finland: Call for Transparency

The conflicts in Canada on clear-cutting valuable forests definitely fuelled the German discussion. One of the links between the Canadian discussion and the German discussion was apparently formed by Stora-Feldmühle whom Greenpeace accused to use pulp from valuable Canadian forests. In November 1993, Greenpeace Germany’s executive director Thilo Bode was put in jail after a demonstration in British Columbia.

¹⁷ How much forest is in your newspaper?

Table 4: The German Market, NGOs and Finnish Forestry

year	date(s)	event
1990s		Greenpeace campaign against chlorine bleaching, Ikea, Quelle, Otto Versand and others use chlorine free paper.
1991		Greenpeace protest at Stora-Feldmühle Uetersen: "pulp from clear-cutting in Canadian forest"
1991	March 1	Greenpeace Germany publishes Spiegel imitation.
1993		German DIY retailers (Stinnes, Bauhaus, OBI, Hagebau, toom) decide to refrain from the use of tropical wood after NGO pressure.
1993		Greenpeace action "Wieviel Wald kostet Ihre Zeitung"
1993	December	Gruner & Jahr, Otto Versand & Mohndruck: press statement with Greenpeace against paper from clear-cutting etc.
1993	December	Axel Springer Verlag publishes a questionnaire for its paper suppliers on forestry issues
1993	November 10	Thilo Bode (GP) in Canadian jail after forestry protest. British Columbia issue also an issue in Germany (1993-1994).
1994	February 1	Bauer Verlag: requirements on forestry.
1994		post card action against Burda (Greenpeace). Burda formulates requirements on forestry.
1995		British Columbia: continuing attention in Germany.
1995		Greenpeace: regular protests against Gruner & Jahr (Stern).
1995		Greenpeace report "The Taiga Trade", pamphlet "Taiga Terminators"
1995	autumn	Greenpeace post card action against Enso
1996	March 18	Common position paper of VDP and VDZ on printing products and ecology
1996		Russia/Karelia issue gains importance. Protest focuses on Enso's alleged use of Russian wood. Greenpeace action against Finnish vessel Oihanna (Enso paper) in Lübeck harbour (October)
1997		British Columbia still on the (German) NGO agenda. GP report "Broken Promises". British Columbia conflict becomes more intense.
1997		Greenpeace: post card action against Stora.
1998		Continuing conflicts in British Columbia. Greenpeace criticises German companies who use Canadian fibre. Canadian issue dominates NGO actions on wood and paper.
1998		Greenpeace actions against Clariant.
1998	August	FSC draft Germany.
1998	September	VDZ publishes its Requirements for Forest Certification
1999		Otto Versand, Axel Springer & Norwegian Forest owners: OPTI-project
1999	November 24 December 23	Ikea announces to phase out Timber from Ancient Forests by September 2000. Germany is Ikea's most important market.
2000		Axel Springer Verlag, Otto Versand, UPM-Kymmene: "Monitoring wood from Russian forests to Finnish paper mills - a report on transparency".
2002	March 25, 26	Greenpeace: action against 'Finhawk' in Lübeck harbour.

2002	April 25	Greenpeace: action against 'Finhawk' in Lübeck harbour
2002	April 28-30	MCPFE Minister Conference in Vienna
2002	September-November	the German visit incident, see 2.4.2 and Table 5
2002	December 2	VDP press message: "Holzversorgung trotz Waldzuwachs gefährdet".
2002	December 19	Paper by Stora Enso (A-L Myllynen and P. Sihvola): "Wood Procurement and Nature Protection in Northern Finland".
2002	December 20	Round Table at Metsähallitus, see 2.4.2 and Table 5.
2003	February	Ikea becomes active
2003	February 20	Greenpeace writes to VDZ: moratorium proposed
2003	April	Greenpeace: cyberactivists against Finnish companies (OGF)
2003	May 13	Greenpeace protest in Lübeck against "Finhawk"

In December 1993, Axel Springer Verlag published a questionnaire to its paper suppliers who were requested to provide detailed information about ecological forestry issues. Not much later, apparently after some NGO pressure, Bauer Verlag did essentially the same. During the months that followed many specific NGO actions were reported. The targets were companies such as the German paper customers Burda and Gruner und Jahr and the Finnish paper producer Enso. British Columbia remained high on the NGO agenda. Also the use of Russian wood, especially imported by Finnish companies from Karelia, became an issue.

The pattern in the years 1993-1998 basically remained unchanged: Greenpeace post card actions against the German publisher Burda, the Finnish paper companies Enso and Stora and actions in the Lübeck harbour directed at a paper vessel from Finland. There was no satisfying solution to the Canadian problem.

In 1997 Greenpeace published its report *Broken Promises* and the chemicals company Clariant was accused for its use of cellulose from Canadian ancient forests. It is interesting to see that Greenpeace started to emphasise the ancient forest issue (German: 'Urwälder') from that moment on: "Hoechst-Tochter Clariant verköchelt kanadische Urwälder".

VDP-VDZ Position Paper

In March 1996, the VDP and VDZ published their first version of their Position on Printing Products and Ecology^{18,19}. This position paper was an important step

¹⁸ The latest version can be downloaded from www.vdz.de.

¹⁹ A good overview can be found in: E. Hansen, S. Lawton, S. Weinfurter, *The German Publishing Industry: Managing Environmental Issues - A Teaching Case Study*, College of Forestry, Oregon State University, April 1999 (from www.cof.orst.edu)

in the cooperation between the paper industry and their customers. It was also a very important element in the conflicts that would come up in a later stage. The later conflicts concentrated on the interpretation of the statements on ancient forests and conservation areas. In the most recent text, the ancient forest issue is dealt with as follows:

“Ancient forests and forests resembling primeval forests play an important role in the protection of biodiversity. They must be identified and precisely mapped, possibly with the aid of remote sensing, and each site specifically defined on the basis of available forest science methods. The partners support rapid identification of these areas. They promote regional coordination processes between the economic, ecological and social interest groups to establish the protection required in each case.”

In the following years, the agreement between VDZ and VDP provided an instrument for Greenpeace to use the German publishers as a lever in their conflict with the paper companies. VDZ was repeatedly asked by Greenpeace to convince the paper companies to conform to the Position paper as agreed with VDZ.²⁰ As is not unusual for political agreements and position papers, the VDZ-VDP agreement was stated in rather general terms. In conflict situations, the signatories of such agreements discover that behind the general and abstract formulation, there is a lack of operational consensus. The OGF conflict in 2002-2003 is about the meaning of the last sentence in the above quotation.

Call for transparency in the supply chain: partnerships

Increasingly, German customers had to answer questions from the market that they basically could not answer and for which they had to turn to their suppliers. Unfortunately, neither the suppliers were in a position to give ready answers. Either they did not have the answer ready, because they did not sufficiently control their supply chain, or they did not have the people or the communication skills to satisfy their customers. This then led to the wish of some players in the German market to work with Scandinavian and Finnish paper suppliers on supply chain issues. The main issue here was the transparency of the supply chain: where is the wood coming from and does it comply to acceptable ecological standards? At the time, certification schemes were in the process of being defined but there were no functioning systems for use in the paper sector in place yet.

In 1996, Otto Versand and Axel Springer took the initiative to start a project on the optimisation of the paper chain. The objective was to organise cooperation

²⁰ See for example the Finnish Forest Association's presentation 'Are there any ecologically valuable old-growth forests outside protected areas in North Finland' (May 2003), slide 25-26: "Does Finnish forestry comply with the agreement 'Printing products and ecology' between VDP and VDZ"?

between the entire paper chain. There were three main issues: tracing the fibre from paper roll to tree, optimisation of the paper making process and optimisation of the printing process. The tracing issue required an innovative approach to the paper chain especially in terms of co-operation with the forest owner and his organisation. The reason that the project was carried out with a Norwegian partner and not with a Finnish paper company, although there was certainly an interest on the Finnish side, appears to have been the wood supplier issue. It turned out to be easier to work with Norwegian than with Finnish forest owners because of the sensitivities involved in Finland. The project was carried out between 1997 and 2000²¹ and received a *World Summit Business Award for Sustainable Development Partnerships* at the Johannesburg Summit in 2002.

Certification and the FSC-PEFC battle

The internal Finnish process on protecting old growth forests in the South and in the North was hardly observed in Germany. The negative messages about British Columbia, Karelia and occasionally from South East Asia were dominating the discussion. There was also increasing attention to the rapid developments in the area of forest certification. The Finnish process at the time remained almost exclusively Finnish.

FSC was developing rapidly. FSC was established in 1993. At the founding assembly, the FSC Principles and Criteria for Natural Forest Management were approved. The FSC label exists since 1997. The German FSC draft was approved in 1998. The UK FSC Buyers Group was established in 1995. Germany followed in 1998 with Group '98. In Germany, FSC had strong support from WWF, Greenpeace and other German ENGOS. The alternative certification scheme PEFC (Pan-European Forest Certification) was developed from 1998 as a reaction to and an alternative for FSC. It was officially launched in 1999.

In 1998, VDZ and VDP published their Requirements for Forest Certification²². At the time, the NGOs (WWF, Greenpeace) tried to convince major paper customers that they should support FSC. For different reasons, the German publishers did not, at least not explicitly. VDZ required that certification systems were supported by interest groups in society, including social and environmental

²¹ *Ökologische Verbesserungen in der Papierkette*, documentation paper, Axel Springer Verlag / Otto Versand / Norske Skog, 1999.

²² *VDZ-Anforderungskatalog and die Gestaltung einer Waldzertifizierung*, Mitteilung vom 30.09.1998.

interest groups.²³ Until present, the only real European option remains FSC as PEFC does not have the support from the ENGOs.

The Finnish development in forest certification will not be described here in any detail. Readers who are interested in the fine structure of Finnish decision makers, the roles of MTK, NGOs and other organisations are advised to read the excellent historical account by Hannes Mäntyranta²⁴. We limit ourselves to remark that in June 1996, a forest standard group was set up in Finland and that this group completed its work by April 1997. In Finland, apart from NGOs, there was no real support for FSC, although there were some minor attempts at starting a Finnish FSC process. The Finnish system eventually joined the PEFC initiative, as the Norwegian system did. As a result, Finland had a certification system that was broadly supported by the forest owners and their organisations, but which was not accepted by ENGOs and which was not particularly welcomed by important customers in markets such as Germany. German customers did not really believe that Finnish forest management was significantly different from forest management in FSC certified forests (it could well be better in some cases), but their problem was the lack of ENGO recognition.

A remarkable partnership

The continuous stream of negative NGO driven publicity on Finnish forestry and the related battle against PEFC and the Finnish certification system put pressure on the relationships between German customers and their Finnish paper suppliers. Still there was one remarkable cooperative effort between a Finnish paper company, two German clients and NGOs. UPM-Kymmene established a system for improving the transparency of the wood supplies from Russia in cooperation not only with two German clients, Axel Springer Verlag and Otto Versand, but also with Greenpeace Russia. This is remarkable as the general opinion in the Finnish forestry at the time appeared to be that Greenpeace is not a legitimate or reliable partner for cooperation. The report was published in 2000.²⁵ The UPM-Kymmene project, together with other Axel Springer Verlag initiated projects, received an important award at the 2002 Johannesburg summit²⁶.

²³ "Akzeptanz bei gesellschaftlichen Interessengruppen: Die Fixierung der ökologischen Qualitätsziele, Standards und Richtlinien erfordert die Einbeziehung betroffener ökonomischer, ökologischer und sozialer Interessengruppen."

²⁴ Hannes Mäntyranta, *Forest Certification, An ideal that became an absolute*, Metsälehti Kustannus, 2002.

²⁵ *Monitoring wood from Russian forests to Finnish paper mills – a report on product transparency*, 2000. Downloaded from w3.tracingimports.upm-kymmene.com.

²⁶ *World Summit Business Award for Sustainable Development Partnerships*

Ikea's 'Alleingang'

The German publishers cautiously manoeuvred between the ENGO claims and the power position of their Finnish paper suppliers. They felt the need to take the ENGO claims seriously, but they were afraid of the economic consequences of putting too high claims on their suppliers, which could put supply security or prices in danger. Ikea's position and Ikea's behaviour were different. At a press conference in Brussels, on 24 November 1999, Ikea announced to phase out timber from old growth forests by September 2000, about which it signed an agreement with Greenpeace²⁷. Ikea announced to build up a control system based on maps that were being produced by the American World Resources Institute (WRI) in co-operation with Greenpeace. Ikea showed its interest by investing a considerable amount of money:

“In a joint press conference in Washington DC, IKEA together with World Resources Institute (WRI*) announces a campaign to map the world's remaining intact natural forests. IKEA has provided a donation of 2.5 million USD to Global Forest Watch, an initiative of WRI, for this cause.”²⁸

As Ikea's biggest market is in Germany, this step was very important for the German discussion at the time.

There was an important difference between Ikea's position and the position of the German publishers. The German publishers did not want to become involved in the management of timber supply and not at all in forest management themselves. Their wish was, and is, to have paper suppliers whom they can rely on in these matters. Ikea, however took much more responsibility further down the supply chain. For more information on Ikea's approach, see also 4.3.2.

According to representatives of both the Finnish paper industry and the German publishers, Ikea's strategy could be risky, as they are getting involved in issues that are certainly not their core business and as they have to implement a policy for which there are hardly any clear operational criteria and for which there is a shortage of good data. Ikea's critics admit that Ikea has substantially improved its standing among the ENGOs and can be sure not to be attacked publicly in the near future but, as a result, they may end up in a very vulnerable position. One German interview partner compared Ikea with a 'Minenhund', the dog that is sent into the field to check for land-mines.

²⁷ "Ikea bekennt sich zum Urwaldschutz", Presseerklärung, 24.11.1999

²⁸ Ikea Press communication 07-11-2000: "Global Mapping of Intact Natural Forests"

Who is responsible?

In the interaction between the NGOs, the German publishers, the Finnish paper producers and Metsähallitus, there was a continuous underlying debate on responsibilities. The NGOs more or less successfully used the German publishers as a lever. The publishers, however, expected the paper companies to solve their problems as they did not want to become too much involved in technical and operational issues in the Finnish forests. They did not want and were not able to follow the Ikea course of action. The paper producers, on their side, repeatedly tried to make clear that they do not own the forest and that they can only rely on their suppliers. In the case of Metsähallitus as a forest supplier, they tried to make clear to their customers that Metsähallitus is a state-owned enterprise, which does not have the freedom to engage in negotiations with NGOs or the market. Finally it is Finnish government who, legitimised by Finnish parliament, is responsible for the decisions. From our interviews, we know that the paper companies' "lack of taking responsibility", as they saw it, irritated their German customers.

Continuing NGO pressure

In 2002, Greenpeace organised several actions on Finnish forestry and paper from Finland, of which the most important were actions against the Finnish paper vessel Finhawk in the harbour of Lübeck²⁹. The action was repeated in 2003.³⁰

The major events in 2002 are separately described in the next section (2.4.2.).

2003: The continuing story, Ikea's role

In 2003, Greenpeace continued to put the German publishers under pressure. On 20 February 2003, Greenpeace wrote a letter to VDZ about the threat to Finland's ancient forests.³¹ The letter (which refers to the Metsähallitus roundtable, see 2.4.2) stated:

“As they already did at the common meeting in Helsinki on December 20 last year, the three paper companies unfortunately confirm that they continue to process wood from the last Finnish ancient forests to pulp and paper. Only national parks and nature reserves will not be used as raw

²⁹ Press messages: “Greenpeace-Protest in Lübeck gegen Papierfrachter aus Finnland, Presseerklärung vom 25. März 2002. “Greenpeace-Protest gegen finnischen Papierfrachter in Lübeck geht in den zweiten Tag. Aktion wird von Verhandlungen begleitet, Presseerklärung vom 26. März 2000 (from archive.greenpeace.de)

³⁰ Greenpeace Press message: “Greenpeace-Protest gegen Papierfrachter aus Finnland – Ministerkonferenz soll europäische Urwälder schützen”, Pressemitteilung 25.04.2003

³¹ Letter of February 20 from Greenpeace Germany (Henningsen & Salge) to VDZ (Fürstner): “Finnlands Urwälder sind bedroht, ein Moratorium kann helfen.”

material. Unfortunately, forest without a protection status are being excluded.”

Greenpeace, in this letter, made it very clear this time that they did not accuse the paper companies of using wood from protected areas. They were trying to save hitherto unprotected old growth forests. Greenpeace expressed their concern that, although, under public pressure, logging in Malahvia seemed to have been cancelled, old growth logging in other areas such as Laamasenvaara, Paljakkapuro and Kovavaara was continuing. They referred to forests that were indicated on the TRN maps as old growth forests. Greenpeace asked the German publishers to take action.

In the beginning of 2003, there were new conflicts about logging sites in Northern Finland. After a Greenpeace action, logging in the Kajaani area was suspended. Greenpeace increased their pressure on the market, also on Ikea this time. This led to discussions and decisions at the Ikea CEO level. Ikea was not satisfied with the way Metsähallitus simply dismissed the TRN maps, notably Turunen's work. Ikea concluded that there was considerable uncertainty with respect to the conservation value of a number of areas and argued strongly for clarifying the open questions before any logging would take place. Although Ikea did not completely agree with Greenpeace on everything, they appeared to support Greenpeace on the principle that there should not be any 'logging while talking'. The emerging consensus between Greenpeace and Ikea did not imply any form of a moratorium but rather the practical agreement that areas should be discussed well before logging. To that purpose, Metsähallitus should make their logging plans available so that the discussion can focus on those areas which are a candidate for logging.³² In this way, the discussion on old growth forests was transferred from a general strategic level ("what areas should be protected?") towards the operational level ("what areas are on the logging list and can we agree that logging is allowed?"). It appears that Metsähallitus is willing to cooperate.

³² The issue was also discussed at the 'Forestry meeting in Metsähallitus' on April 28 at the Metsähallitus headquarters. Participants were Metsähallitus, Ikea, StoraEnso, Metsäliitto, UPM-Kymmene.

2.4.2 *Germans visit Finland*

Lacking trust

The British Columbia case, the problems with Russian wood imports and the continuing number of problems relating to Finnish old growth forests gradually lowered the trust German paper customers had in their suppliers with respect to ecological issues and supply chain transparency. One representative of a German publisher:

“In the discussion about old growth forests and the Taiga Rescue Network maps, the Finnish paper industry systematically denied all problems but after all we had to conclude more than once that Greenpeace was right! We just could not rely on the Finnish paper industry.”

This basic lack of trust was the context in which the following story could develop.

One of the Finnish interviewees described the following story as “an oversized conflict on a small issue.”

Berlin and Johannesburg

Just before the Johannesburg conference in August and September 2002, there was increasing NGO pressure on the German publishers to take responsibility for stopping the use of timber from old growth forests in Finland. Greenpeace’s letter of July 4 to VDZ was on ‘Verantwortung übernehmen – Urwälder Finnlands bewahren’³³. The letter asked attention for the destruction of Finland’s last ancient forests and explicitly mentioned Metsähallitus and Stora Enso. The letter contained a detailed argumentation why Greenpeace did not consider the 1996 decision in the framework of the Old Growth Forest Protection Programme as a sufficient guarantee for old growth protection in Finland. It claimed that, despite the 1996 decision, old growth destruction was continuing. The letter asked the companies to stick to their self-commitment (the VDP-VDZ position paper) and to refrain from the use of paper from old growth forests. At the end of the letter it was written:

“We would like to ... invite you for a local visit to Finland in August or September this year. The visit’s objective will be that you can have your own impression of the old growth forests’ condition and the continuing

³³ Letter from Greenpeace Hamburg (Thomas Henningsen & Oliver Salge) to VDZ (Wolfgang Fürstner & Max von Abendroth) with copies to Burda Verlag, Der Spiegel, Grüner & Jahr, Axel Springer Verlag, Milchstrasse-Verlag and VDP. Subject: “Verantwortung übernehmen – Urwälder Finnlands bewahren”.

destruction in East Finland. Can you please reserve five days including travel to and from the location.”³⁴

On August 8, a meeting in the Finnish embassy in Berlin was arranged between Metsähallitus, Greenpeace, Stora Enso, UPM-Kymmene and VDZ. The location of the meeting shows how serious the issue became at the time. It is reported that mainly Metsähallitus and Greenpeace spoke during that meeting. One of the German participants:

“During the meeting, there was a high level of excitement. It became clear that there were loggings in the direct vicinity of protected areas. ... Greenpeace developed the idea then to have a field trip to Finland for clarifying the issue.”³⁵

Apparently there were some Finnish people who were against Greenpeace’s participation in the planned trip and there were some Greenpeace demands on who should and should not participate as well. The different proposals were clearly mutually conflicting. Eventually, there are reported to have been two separate invitations, one with Greenpeace and one without Greenpeace.

The same German interviewee:

“At the time we clearly did not recognise that there were local and regional processes in Finland in which WWF, Luontoliitto and Luonnonsuojeluliitto were involved. The Northern Finnish process of 1993-1996 was outside our vision field.”

The Finnish old growth issue became an issue again at the Johannesburg summit in August/September 2002, when Greenpeace notably attacked Stora Enso (see above).

Stora Enso and VDZ

A growing irritation became apparent in the exchange of letters between VDZ and Stora Enso in August and September 2002. The subject of VDZ’s letter of August 22³⁶ was ‘Urwaldschutz’ (ancient forest protection). Interestingly, VDZ communicated in German rather than English and used the emotionally laden word ‘Urwaldschutz’ rather than the more neutral ‘old growth protection’. The letter asked Stora Enso for a clarification with respect to Greenpeace’s reproach

³⁴ Translated from German.

³⁵ Actually, the idea was already developed earlier, see Greenpeace’s letter of July 2002.

³⁶ Letter from VDZ (Wolfgang Fürstner) to Jukka Härmälä, CEO Stora Enso, August 22, 2002, subject: “Urwaldschutz”.

that Stora Enso would violate the VDZ-VDP agreement not to log any valuable old growth forest. The letter ends:

“The German publishers have authorised me to ask you for an answer and a clarification with respect to the issue in question, so that we can arrive at a calming down of the discussion in a dialogue with Greenpeace.”³⁷

The further history would show that the discussion would not calm down. On the contrary, this letter can be regarded as the start of a heated discussion. Actually it was remarkable that the discussion was between a German association and a Finnish company. One would have expected a discussion either on the company or on the association level.

Jukka Härmälä faxed his answer to Wolfgang Fürstner on September 2, 2002³⁸. In this letter, Stora Enso made clear:

“Stora Enso does not buy wood from conservation areas or from areas planned for conservation. Neither does the Group buy wood from areas where there is firm scientific evidence to believe that logging could harm biodiversity.”

He asked:

“Could you kindly specify how and where Greenpeace believes such violations could have taken place. After having identified the eventual critical cases, I would appreciate us examining the situation together with you, environmental authorities, Metsähallitus (FPS) and the companies buying wood from the region.”

The letter gave some additional information on the protection of Northern Finnish forests. It concluded with: “Therefore I can assure you that we are proud of the work done in Finland.”

Apparently it took some time to answer Härmälä’s letter. The answer is dated September 27 and it is again written in German.³⁹ In this letter, VDZ expressed their satisfaction with Stora Enso’s commitment to sustainable forestry but they

³⁷ Translated from German.

³⁸ Letter from StoraEnso (Jukka Härmälä) to VDZ (Wolfgang Fürstner). Re: Your letter of 22 August 2002.

³⁹ Letter from VDZ (Wolfgang Fürstner) to StoraEnso (Jukka Härmälä): Ihr Schreiben vom 2. September 2002.

expressed their worries about Greenpeace's critical position and announced the October trip to Finland:

“Therefore we should commit ourselves to proof that Greenpeace's criticism is not valid. On October 23 to 25, representatives of VDZ and VDP will travel to Finland. Greenpeace will show the disputed areas in the proximity of Kajaani to VDZ, VDP and Metsähallitus. I would appreciate it very much, if representatives of your company could take part in this excursion. In this context, I would like to assure you that ancient forest protection in Finland should be discussed in a wider context soon and should not be restricted to a single company or a small group of companies only.”

Table 5: The German Visit to Finland

year	date(s)	event
2002	July 4	Greenpeace letter to VDZ: "Verantwortung Übernehmen - Urwälder Finnlands bewahren"
2002	August 8	Berlin: Meeting of Metsähallitus, Greenpeace, Stora Enso, UPM-Kymmene and VDZ
2002	August - September	Johannesburg summit, see also section 2.3
2002	August 22	Letter from VDZ to Stora Enso's CEO: "Urwaldschutz"
2002	September 2	Letter from Stora Enso's CEO to VDZ: "Your letter of August 22"
2002	September 27	Letter from VDZ to Stora Enso: "Ihr Schreiben vom 2. September 2002", announcing the trip to Finland on October 23 – October 25, 2002.
2002	October 23 – 25	field trip to Finland
2002	November 21	Letter from VDZ to Stora Enso's CEO: "Finnish old growth forest", reflecting on field trip's results and asking for more clarity.
2002	November 21	Article in Helsingin Sanomat: "Greenpeace wants to see a moratorium on forestry in Lapland"
2002	November 22	Caricature in Helsingin Sanomat: "Germans coming over to protect the forests of Lapland".
2002	November 23	Article in Lapin Kansa (editorial): "Greenpeace is playing with Lapland's future"
2002	November 23	Kymen Sanomat (editorial): "Dissimination of information on forestry must be increased".
2002	November 24	Article in Kaleva (editorial): "Northern Finland lives on its forests"
2002	November 25	Letter of Stora Enso (Laaksonen) to VDZ (Fürstner)
2002	November 26	Position paper of Lapin Metsäneuvosto
2002	November 28	Invitation for a round Table on December 20 by Jan Heino, Metsähallitus
2002	End of November	Letters to the editor of Finnish newspapers on the forest issue.
2002	November 29	Letters from Hannu Valtanen (FFIF) to Bauer, VDZ and others on the German excursion to Finland.
2002	December	Ikea initiative
2002	December 19	Stora Enso, Questions and Answers: Wood Procurement and Nature Protection in Northern Finland.
2002	December 20	Round Table Meeting at Metsähallitus.

The field trip to Finland

The trip to Northern Finland took place from October 23 until October 25, 2002. The German publishers opted for a trip with Greenpeace. One of the German participants in our interview:

“We have learnt how to deal with these issues during the British Columbia process. We wanted a Greenpeace guided tour. We wanted to define the tour ourselves, we wanted to talk to local politicians. We wanted to have freedom to go where we wished and to talk with those whom we wished to talk with!”

Participants in the trip were Burda, Bauer, VDZ, German specialists of UPM-Kymmene and Stora Enso, Metsähallitus, Greenpeace, Luontoliitto and Luonnonsuojeluliitto.

The visit covered the following forests, which were reportedly selected by Greenpeace:

- Vattuvaara (Kuhmo)
- Laamasenvaara (Kuhmo)
- Malahvia (Suomussalmi)

From an internal VDZ report⁴⁰, we see that the main lessons learnt by the German guests were:

- The problem was not illegal logging but rather logging in areas that, according to Greenpeace, should have been protected;
- Main problems were fragmentation and logging at the border of protection areas.
- FSC would give better protection than the Finnish PEFC system. The Finnish system, according to Greenpeace, would be insufficient.

Greenpeace did not show violations to existing protection programs or existing regulations. Greenpeace tried to show that the old growth protection program in Finland was less effective in protecting valuable forests than many believed.

Many of our Finnish interview partners say they were very surprised that Metsähallitus was not informed about what areas would be visited:

⁴⁰ VDZ internal document: “Auswertung des *fieldtrips* nach Finnland vom 23. – 25. Oktober 2002.

“This is not a good example of openness and transparency! This is what the NGOs always want from us, but look how they behave! Is that transparent?”.

At our question whether he was surprised by the German trip, one of our Finnish interview partners stated:

“We were not surprised, but we were disappointed. We saw that again the same pattern emerged. We have seen this too often already.”

We asked one of the German participants how the results of the trip were seen from the German side.

“Although we had some serious doubts whether to go or not, it turned to be a useful exercise. We learned about the interests, positions and arguments of the different stakeholders. We saw that Greenpeace and the Finnish NGOs really engaged themselves in a serious debate based on arguments. Notably we got a very positive impression of the expertise and professionalism of Luontoliitto and Suomen Luonnonsuojeluliitto.”

The basic conflict

After the trip, it remained relatively quiet at the Finnish-German interface until the third week of November. On November 20, VDZ wrote a letter to Stora Enso’s CEO reflecting on the field trip’s result and asking for more clarity, this time in English.⁴¹ The letter stated:

“We have learned that there are still harvesting activities going on in old growth forest areas that have – according to the scientists – a unique biodiversity and are therefore environmentally valuable. This gives us the impression that forest management is practiced in old growth forest areas that have not been agreed by all relevant regional stakeholders, especially by the environmental NGOs. We also were told that the wood from these areas is used as a raw material for our magazine paper.

Together with the German paper industry VDZ implemented a position paper saying that protected areas in old growth forests have to be implemented and finally accepted by all relevant stakeholders. This is the only way to avoid public contemptuousness of forest industry and forest products. A bad reputation of magazine paper would harm magazine circulation as well as the acceptance of magazines as advertising carriers. This also causes an economic impact to the paper and forest industry.”

⁴¹ Letter of November 20, 2002 from VDZ (Wolfgang Fürstner) to StoraEnso (Jukka Härmälä): Finnish old growth forest.

The VDZ letter of November 20, 2002 shows the basic conflict between the German publishers and the Finnish paper companies, which has not yet been solved today. On the surface, there is full consensus between both parties, as formulated in the VDZ-VDP agreement, about not using any old growth for paper production. Beneath the surface, there is huge disagreement. The Finnish paper industry starts from a legal definition of old growth forest, whereas the Germans define old growth in terms of stakeholder acceptance. In the same letter:

“We have not yet received any convincing argument, neither from the paper industry nor from the Finnish forest industry that invalidates the reproach of ENGOs and indigenous people that their issues were not taken into consideration during the process of defining protected areas in old growth forest areas in Finland.”

This was a direct attack, not on Finnish forestry but, even worse, on the way the Fins organise their (democratic) decision making on forest issues. As could be expected, this letter started a long debate which is not over at the time this report is being written.

On November 25, 2002, Stora Enso reacted in a short and unemotional letter by Pekka Laaksonen to Wolfgang Fürstner⁴². In the letter, Laaksonen regretted that neither Metsähallitus, nor the Finnish paper industry had managed to convince VDZ of Finnish forestry's sustainability. Laaksonen expressed some positive expectation of the roundtable meeting planned for December 20.

A wave of publicity

On November 21, the leading Finnish Newspaper Helsingin Sanomat published an article with the title ‘Greenpeace wants to see a moratorium on forestry in Northern Finland’⁴³. The newspaper wrote about Greenpeace's wish to protect some 300.000 – 500.000 ha of old growth in Northern Finland and some 200.000 ha in Southern Finland.

“Behind these demands is Germany's Greenpeace organisation, which in its accustomed manner is using the German publishing houses as a lever. The publishers ... do not want to be boycotted by their customers or be the scene for demonstrations. ... The organisation wants a moratorium Greenpeace has advocated protection in a way that has both perplexed and insulted Metsähallitus ... ”

⁴² Letter of November 25, 2002 from StoraEnso (Laaksonen) to VDZ (Fürstner): no subject mentioned.

⁴³ Helsingin Sanomat, November 21, 2002. Unofficial translation. Headlines: Greenpeace wants to see moratorium on forestry in Lapland. The organisation claims forest protection areas to be doubled. The new forest inventory would close half a million hectares to forestry.

The article described the German trip to Finland:

“A delegation visited Metsähallitus lands on their own initiative on 23-25 October, but only one environmental specialist from Metsähallitus was allowed to participate in the programme after specific requests had been made. He was not told beforehand what sites were to be visited. At the request of the publishers, the trip was declared confidential.”

The newspaper cited Jan Heino, Managing Director of Metsähallitus:

“I don’t consider the organisation’s procedure appropriate, especially not their bypassing of the land owners. I would also have expected more consideration and a desire for more balanced information from the German publishers.”

In the same newspaper, one day later, Finnish irritation about interference with Finnish forestry by environmental outsiders was well expressed in a cartoon by Karlsson⁴⁴. It showed a picture of the Rovaniemi fire brigade at Rovaniemi airport, looking at a German airplane coming in. The fireman gives the following message to his colleagues: “*Hälytys yksiköt B1 ja B2!! Lufthansa laskussa! Saksalaisia tulossa suojelemaan lapin metsiä* (“Red alert, units B1 and B2!! Lufthansa landing!! Germans coming over to protect the forests of Lapland”). The fire brigade was a clear reference to the darker side of German-Finnish history when the Nazis burnt down virtually all towns and villages Northern Finland.

Within ten days, there were many articles in national and regional newspaper on the same issue, such as the article in *Lapin Kansa* (‘Greenpeace is playing with Lapland’s future’)⁴⁵, *Kymen Sanomat*⁴⁶, *Kaleva*⁴⁷, *Helsingin Sanomat*⁴⁸ and others. *Lapin Kansa* said:

“At any rate it is morally suspect that the organisation [Greenpeace] wants to influence European publishers printing on Finnish paper by means that cannot be considered open and honest. Greenpeace’s actions have

⁴⁴ *Helsingin Sanomat*, November 22, 2002: caricature by Karlsson.

⁴⁵ *Lapin Kansa*, Editorial, November 23, 2002. Unofficial translation.

⁴⁶ *Kymen Sanomat*, November 23, 2002: Editorial.

⁴⁷ *Kaleva* (independent newspaper in Northern Finland), November 24, 2002. Editorial. Unofficial translation.

⁴⁸ *Helsingin Sanomat*, November 29, 2002. Unofficial translation: “Nordfinnland wieder im Visier von Greenpeace.” The article was written by Timo Säkkinen, chairman of Metsähallitus advisory committee for Kainuu.

exceeded the limits of reason. ... Greenpeace's demands would in practice mean the end of forestry in Northern Finland By extending the protected areas ... , Lapland would inevitably become ... totally dependent on tourism."

Kaleva:

"Greenpeace's demands for protection of the forests in Northern Finland would mean the end of forestry there and increase unemployment. At the same time, voluntary protection measures would be jeopardised."

Kaleva pointed at the underlying mechanism of Greenpeace's actions:

"The organisation behind the demands is the German Greenpeace, which uses German publishing houses to support its demands on Finnish forests. ... They do not want to be boycotted by customers or to be the target for demonstrations. However, this means that felling in Northern Finland is no longer in the hands of the Fins themselves, but in the hand of the German publishers."

Kymen Sanomat wrote:

"The demands would mean the end of forestry and the loss of thousands of jobs. Some humorists have pointed out that first the Germans destroyed Lapland by fire in the war and now they want to protect it to death."

In addition, there was a lively debate in the 'letters to the editor' section of the newspapers. The general tendency of the articles and letters was: there is already enough forest protection in Finland and outsiders (such as Greenpeace) do not have the right to tell us what to do: they harm our interests and their actions are against our democratic decision making. One interviewee: "It was insulting that the delegates were travelling in the forest without hearing the forest owner's voice." The German nationality of these 'outsiders' gave an additional negative emotional touch to the debate. A Finnish interviewee: "They were digging up the old ghost, the role of Germany in Northern Finland in the second world war."

On November 26, the Lapland forest commission (Lapin Metsäneuvosto) published a statement in which Greenpeace's actions are being condemned and in which they ask for peace so that the Northern Finnish forestry can do its work in good cooperation with all interest groups.⁴⁹

⁴⁹ Unofficial German translation: Stellungnahme der Lapland-Waldkommission (Lapin Metsäneuvosto) vom 26.11.2002

German reactions to Finnish publicity

The Finnish newspaper articles and letters to the editor were immediately translated into German or English and distributed among German paper customers and their association VDZ. The German reaction to these articles did not make the debate less emotional. On the contrary, they added fuel to the heated debate both in Finland and in Germany.

The German players were very worried about the publicity in the Finnish newspapers. They mainly blamed Stora Enso for not handling the conflict well:

“Stora Enso should have reacted much differently at an earlier point of time. The paper industry should have taken leadership in the discussion and should have created an atmosphere of dialogue.”

There appears to have been an intensive contact twice a week between the German publishers (VDZ) and the Finnish embassy in Berlin on the issue. The Germans were particularly worried about the demagogic element in the discussion, the reference to the role of Germany in the second world war. Karlsson’s caricature, for example, was taken very seriously and was thought to be utterly offending. The Fins, from their side, felt that the Germans took this caricature much too seriously. In one of our interviews:

“This was just a joke, we were not really serious about it, we laughed and forgot about it until, to our surprise, the Germans appeared to believe that we must have been serious. We were not, but the Germans apparently were. They just did not understand our humour.”

Another interviewee:

“The caricature was just a joke. The problem was only created by the hypersensitive reaction of the German publishers. In fact, it was almost the same mechanism as we had in 1992 when the Fins reacted much too strongly to the Spiegel article ‘Plünderer des Nordens’”.

The German publishers suspected that the press campaign in Finland was in a way centrally organised. Some spoke about the role some ‘*éminence grise*’ in the Finnish forest industry would have arranged this anti-German wave of criticism. The ‘proof’ for this organised character of the trip was found in the fact that the press reactions. We will come back to this issue in section 6.2.2.

The German trip to Northern Finland was strongly criticised by many players in Finland. After the trip, there was a need for the publishers and VDZ to give arguments to the outer world why they had made the trip and to fight a number of

misunderstandings that apparently had arisen. In their reactions to the press, the publishers tried to make the following clear⁵⁰

- The trip was made since the publishers did not feel that the Finnish paper companies provided sufficient information;
- It is not true that the paper companies did not participate in the trip: UPM-Kymmene, Stora Enso and MD-Albbruck/Myllikoski were represented.
- VDZ does not only listen to Greenpeace, also to Suomen Luonnonsuojeluliitto and Metsähallitus.
- The publishers expect that a dialogue with ENGOs will take place in Finland, notably with Luonnonsuojeluliitto and WWF. Finnish paper should have a 'consensus quality'. The full spectrum of NGOs should be included, not only the 'noisy' NGOs.
- The publishers do believe in the good quality of Finnish forestry.

In Germany, the issue was not big news. Nevertheless there was one article in the Frankfurter Allgemeine Zeitung: "Deutsche Verlage streiten mit der finnischen Holzindustrie"⁵¹ In the article, a representative of a German publisher was quoted:

"In Finland there is a lack of a dialogue culture. This is different from the other wood suppliers such as Norway and Russia and very different from exemplary Sweden. ... There is a lack of understanding on the part of both industry and government that there is a need for dialogue and involvement of environmental NGOs."

The article described the paper customers' wish to have a socially and ecologically transparent paper chain and goes into Greenpeace's position in Finland as 'main enemy of the forestry sector'.

⁵⁰ Based on internal VDZ papers of November 2002.

⁵¹ FAZ, 27. Dezember 2002: Deutsche Verlage streiten mit der finnischen Holzindustrie – Papierabnehmer fordern gläserne Forstwirtschaft, Greenpeace kritisiert Abholzung van Altwäldern.

What do the Germans want?

On several occasions, the German publishers and VDZ expressed their concern about the lacking stakeholder communication between the Finnish paper companies and the ENGOS. In our interview study, we tried to find out what the German publishers wanted the paper industry to do concretely. We asked “Did you want an agreement between the Finnish paper industry and Greenpeace?”. One answer to this question:

“That could have been helpful, but Greenpeace is not the only possibility. We actually wanted the other Finnish NGOs to play a more important role”. In one of the interviews, a German publisher says: “We want that the Fins agree amongst themselves. The Fins should help us with our argumentation vis-à-vis our customers. We need a compromise between the Finnish forest industry and the ENGOS, for example with WWF. When a solution without the signature of any ENGO is being proposed, is this in conflict with the very idea of sustainability. We need “Glaubwürdigkeit” (credibility)!”.

The Finnish side of the debate systematically argued that there was no reason to doubt credibility as there was considerable stakeholder participation in the Finnish process already. In a presentation of the Finnish Forest Association⁵², the Finnish situation is compared to the requirements of the VDP-VDZ position paper: “... promote regional coordination processes between the economic, ecological and social interest groups ...”. In the presentation, it is concluded that the requirements are well met:

“... ”

- Multi-stakeholder processes are an integral part of Nordic democracy.
- Every major decision in Finnish forestry is made after wide multi-stakeholder processes.
- Environmental groups have been and are welcome.
- Only Greenpeace has been unwilling to participate in these processes.”

Our interview study makes clear that the role the other Finnish NGOs already played in the national processes was not well known to the German paper customers at the time. To a certain extent, the Germans were asking for something which was already there but which they did not know, but still the Germans were right that the 1996 government decision was a decision without an NGO signature.

⁵² see footnote 20.

In one of our interviews, our interview partner points at the Norwegian case as a good example for adequate stakeholder management. Norske Skog, according to our interviewee, would very much restrict the sourcing of wood from areas with protection claims from NGOs and would do this in harmonious co-operation with the forest owners who also are an important factor in the company's ownership structure: "Unfortunately, we do not succeed to convince our Finnish suppliers to follow a similar course of action".

The interview study reveals that there was never a satisfying discussion on these German expectations. The Germans found it very obvious what they expected the Fins to do, but the Fins did neither fully understand nor accept what the Germans proposed.

Effective negotiation, not PR

The German paper customers' call for better stakeholder communication between Finnish forestry, the Finnish paper companies and the ENGOS is regarded with some scepticism by the NGOs themselves. The ENGOS warn against a strategy that only tries to streamline communication processes without going seriously into the substantial problems:

"We do not need communication processes, we need effective protection of valuable forests. They better spend a part of their PR budget on protecting the forests! Communication without real negotiation options is reduced to simple PR without substance!"

Greenpeace is criticising Stora Enso and UPM-Kymmene for their lack of willingness to engage in demanding partnerships with the NGOs and points at Ikea: "We can work with Ikea. They know that they have to negotiate and create transparency about facts and this is at their advantage. Why is not Stora Enso doing the same?"

Increased Finnish irritation about German reactions

In Finland, there was a growing irritation about what happened in Germany, especially about the fact that German publishers were so easily provoked by outsiders such as Greenpeace and did not appear to respect democratic decision making and internal Finnish consensus processes, such as the old growth protection process for Northern Finland. The letter of Hannu Valtanen (Finnish Forest Industry Federation) to VDZ, Bauer and others in Germany clearly expressed the Finnish irritation about the German attitude.⁵³ The long letter (almost 3 pages) started with a reference to the heated debate in the Finnish press. Three articles were enclosed with the letter.

⁵³ Letter of November 29 from FFIF (Hannu Valtanen, Marjatta Malmipohja) to VDZ (von Abendroth, Fürstner), Bauer (Petschat), Burda (Gallus)

“In these articles, there is considerable astonishment at the motives of the people who took part in the excursion and the general feeling is that Greenpeace’s demands for a further 300,000 to 500,000 hectares of protected forest have no basis in fact. The newspapers in Northern Finland, in particular, are concerned that the social sustainability of the forests is endangered. ... Local people are worried about their future, which they see as being threatened by a global environmental organization.”

After this introduction, the letter gave a number of facts about the present level of forest protection, the protection of old growth forest and the 1996 Finnish government decision. The letter stressed: “... the amount of protected forest in Finland is considerable greater than in any other European country”. It also tried to make clear: “Apart from the extensive conservation areas, there are no huge untouched tracts of forests in Finland as there are in Canada or Siberia, for example.” Also the fear was expressed that the conflict in the North might jeopardise the attempts at voluntary protection in the South: “These demands are going to threaten conservation plans in the southern part of the country, which are mainly based on voluntary activities by landowners.” The low level of public acceptance of Greenpeace was another important issue in the letter:

“You also have to admit that in Finland, Greenpeace has not acquired the same kind of expert role that perhaps it has in Germany. The demands now put forward are so unrealistic that Greenpeace has effectively lost the chance of achieving expert status at least in Finland. The Fins still live so close to nature and to the forests (one in five Fins belongs to a forest-owning family), that the unrealistic views of certain organizations on forest issues have not achieved any response. Instead, the Fins appear to place their trust in forest professionals and forest research when it comes to forest issues.”

The letter concluded by stating that the three pillars of sustainability have to be equally taken into account and it explained the Finnish approach, which “includes open and transparent debate and decision-making on that basis.” It defended the position of Metsähallitus in the framework of parliamentary democracy:

“The material content of the legislation has been prepared and drawn up according to the principles of parliamentary democracy. These laws also contain provisions on the activities of the Finnish Forest and Park Service. In Finland, the forest industry is firmly committed to this operating approach and does not consider it possible to take unfounded action as a result of outside pressure.”

Interestingly, the discussion between Stora Enso and VDZ was finally transformed into a discussion between Finnish and German associations. Not many saw this as an improvement. Valtanen’s letter was almost unanimously condemned by representatives of the Finnish paper companies, who did not see

this letter serving their interest in good customer relations, and by the German addressees, who decided not to react to the letter in order to avoid escalating conflicts. A representative of a Finnish paper company:

“We feel that it would have been our task to communicate with our customers. The FFIF letter was unnecessarily direct and aggressive. We would have done it differently.”

Whether the letter was aggressive, is debatable. In any case, the letter was absolutely clear and contained all the arguments that still dominate today’s discussion. The only real problem with the letter was that it did not take the German position seriously. The German publishers, however, did not appear to take the Finnish position seriously either. Psychologically, this was a basis for continuing conflict.

On December 19, 2002, Stora Enso published a paper with “Questions and Answers”⁵⁴. The paper repeated the standpoints of Stora Enso in a fact-based and non-emotional way. The most important question was of course: “Does Stora Enso buy wood from old growth forests?”. The answer was: “Stora Enso does not buy from areas under conservation or from areas planned for conservation.” This was most probably a correct answer on a correct question. But the German NGOs and publishers had a different question. We will go into more detail in 6.2.3 on page 105.

⁵⁴ StoraEnso (A-L Myllynen and P. Sihvola), *Questions and Answers: Wood Procurement and Nature Protection in Northern Finland*, 19 December 2002.

Ikea's role

Since 1999, Ikea had developed its own initiative to exclude the use of so-called high conservation value forest (HCVF) in its products and did this in good cooperation with scientists and NGOs, including WWF and Greenpeace (see also 4.3). In 2002, Ikea observed that the dialogue between Metsähallitus and the ENGOs was not working well. Ikea developed some own initiatives as a mediator between Metsähallitus and the NGOs. A meeting was scheduled for December 4-5 but it never took place, as the VDZ initiative took over. Ikea did play an active role in the roundtable meeting on December 20.

The round table

Table 6: Participants of the Round Table

GERMANY		FINLAND	
Bauer	Klaus Peter Petschat	Min. of Agriculture and Forestry	Aarne Reunala ^{*)}
Burda	Klaus Stoffel*) Bernhard Gallus	Min. of Environment	Ilkka Heikkinen ^{*)}
VDZ	Wolfgang Fürstner Max von Abendroth	Metsähallitus	Jan Heino Hannu Jokinen ^{*)} Rauno Väisanen Juha Mäkinen ^{*)} Petri Heinonen
Ikea	Pär Stenmark	Stora Enso	Pekka Laaksonen
		UPM-Kymmene	Markku Tynkkynen ^{*)} Olav Henriksén ^{*)}
Stora Enso	Bernd Rettig	M-Real	Armi Temmes Henrik Damén ^{*)}
		Metsäliitto	Eero Kytölä
		FFIF	Timo Poranen Hannu Valtanen
		Finnish Woodworkers Union	Ulf Forsman ^{*)}
		Machine Contractors Union	Simo Jaakola ^{*)}
Greenpeace	Christoph Thies ^{*)} Thomas Henningsen	Luonnonsuojeluliitto	Esko Joutsamo
		WWF	Timo Tanninen
		Greenpeace	Matti Liimatainen ^{*)}

^{*)} During this study, we have been in contact with all the participants, except for those with ^{*)} after their name.

After this period of public emotions both in Finland and in Germany, many felt that something had to be done. Almost simultaneously with FFIF's letter to the German publishers, there was a letter from Jan Heino (Metsähallitus), in which he invited the different parties to participate in a round table meeting on December

20.⁵⁵ The letter contained a short preliminary agenda: (1) the 1996 Old Growth Forest Programme, (2) Forest management principles, (3) Social and economic matters, (4) Conclusions.

It is interesting to observe that, in the weeks before the round table, VDZ was rather active in gathering information about the situation in Finland. From internal VDZ documents, we see that there were increased contacts not only with the paper companies but also with leading people in NGOs, Metsähallitus and Ikea. One gets the impression that only after the trip to Finland, the German publishers fully understood that the Finnish NGOs were involved in a number of processes about which they did not know any details before.⁵⁶ From the information we have at our disposal, we see that between VDZ and the Finnish parties there were severe differences of opinion on what appropriate NGO participation would mean. The German publishers wanted to see a representation of international or at least national NGOs, whereas the Finnish processes predominantly involved local groups only. According to the Fins, it would not be acceptable to give national and international NGOs a say in local negotiation processes.

The round table took place at Metsähallitus in Vantaa on December 20.⁵⁷ The meeting was chaired by Dr. Aarne Reunala, Director General from the Ministry of Agriculture and Forestry. The main discussion issues were:

- Opening and presentation of the protections process (contributions⁵⁸ from Jan Heino & Petri Heinonen Metsähallitus; Ilkka Heikkinen, Ministry of Environment).
- The viewpoints of the environmental NGOs (contributions from Heikki Simola, Luonnonsuojeluliitto; Timo Tanninen, WWF; Matti Liimatainen / Thomas Henningsen / Christoph Thies, Greenpeace Nordic/International).
- Socioeconomic Matters (with contributions of Simo Jaakkola, Workers Unions; Hannu Jokinen, Metsähallitus; Martin Lillandt, MTK).

⁵⁵ Letter of November 28, 2002 from Metsähallitus (Jan Heino) to Bauer (Petschat), Axel Springer Verlag (Woodtli), VDZ (Fürstner, von Abendroth), Burda (Stoffel, Gallus), Greenpeace (Salge), VDP (Geiger), Luonnonsuojeluliitto (Joutsamo), WWF (Tanninen), StoraEnso (Laaksonen, Rettig), UPM-Kymmene (Tynkkynen, Henriksén), M-Real (Temmes), FFIIF (Poranen), Ympäristöministeriö (Heikkinen).

⁵⁶ Internal VDZ memos about different discussions in December 2002.

⁵⁷ *Roundtable discussion on Finnish state forestry matters*, December 20th, 13.15 at Metsähallitus, Tikkurila, Vantaa, Minutes dated January 7th, 2003. See also: *Roundtable Discussion on Finnish State Forestry Matters*, Draft agenda, December 13, 2002.

⁵⁸ We only mention 'contributions' that are in the minutes. There were more participants.

- The Viewpoint from the Publishers (with contributions from Klaus Peter Petschat, Bauer; Wolfgang Fürstner, VDZ).
- Conclusion by Dr. Reunala.

The meeting appeared to start as a classical information meeting. The participants were informed about the status of forest protection in Finland, the position of Metsähallitus and the processes of stakeholder involvement. It was said again that Metsähallitus was not logging in protected forests. The NGOs basically repeated their arguments for more protection. At the end of the second part of the meeting, Thomas Henningsen (Greenpeace) said:

“My conclusion is not encouraging. We will run into conflict. The emphasis is now on Finland because this is not a Finnish problem, it is an international problem. We are ready to participate in the process proposed here but with one condition: that there are no loggings during the negotiations and process”.

The German publishers repeated their standpoints, which they had formulated in their letters to Finland before. Fürstner:

“We have discussed much about sustainability because as publishers we are under a strong pressure of NGOs. In many ways I feel we have succeeded. But because there seem to be conflicting interests between forestry and the ENGOS, and because it might harm our business we would like to see solutions.”

From the minutes it is not at all clear what sort of solutions he had in mind. Neither is it clear whether it could be possible to have situation in which the interests of forestry and NGOs would not be contrary. Mr. Petschat was a bit more concrete, but his statement still leaves room for speculation about what could be meant:

‘Mr. Petschat said that a wish for a better dialogue also concerns the environmental NGOs. “Be active, come together, discuss the problems and come to a solution that all can undersign. That is what we would like”, said Mr. Petschat.’

The official minutes do not appear to contain an account of all issues discussed and of all individual contributions. For example, Pär Stenmark’s contributions cannot be found in the official minutes although they were mentioned in some interviews and they appear in internal VDZ memos⁵⁹. Pär Stenmark, as one may

⁵⁹ Internal VDZ memo about the Roundtable meeting.

expect, had emphasised the need for an open discussion about criteria for old growth forest.

From our interviews, it becomes clear that all parties appreciated the initiative and basically felt positive about how it went. One Finnish participant whom we interviewed described the atmosphere at the meeting as “cool on the surface, but tense underneath”. In our interviews, it was said that the Ministry of Environment took most of the responsibility and that the paper companies hardly said anything. Also the contributions of the NGOs are reported to have been minimal.

From the German side, it was very much appreciated that such a meeting could take place at all. They were particularly positive about the role of Luonnonsuojeluliitto and WWF, about Ikea’s (Pär Stenmark’s) critical and constructive role and, last but not least, about the initiative to start a new process through the national forest council that would allow a better communication between Metsähallitus and the NGOs: “Although we saw this process a bit critically first, we recognise that it is working well now.” The Germans have some negative comments as well. In the first place they criticise the passive role of the paper industry (“The paper industry should have been more active in putting their arguments forward. They were just sitting there and were listening, although we had had some co-ordination with them before the meeting.”). They also regretted that there was a lack of time and a lack of active facilitation of the meeting.

Back to the Finnish Process

At the round table the idea was born that Metsähallitus should go back to the negotiation table and start discussions with the ENGOs about the areas which were ‘removed and transferred to LEP’. According to a letter from Metsähallitus of February 12⁶⁰, the proposal was made by WWF and Luonnonsuojeluliitto. Jan Heino wrote:

“The proposal made by WWF and the Finnish Association for Nature Conservation to scrutinize some 100 000 hectares of forest land in the northern part of Finland has been sent by Metsähallitus to the National Forest Council. .. The proposal included elements which we in Metsähallitus identified as being clearly outside our mandate.”

The issue was taken up at the National Forest Council⁶¹, which negotiated with the Minister of forestry and agriculture. The result was a decision to continue the

⁶⁰ Letter from Metsähallitus (Jan Heino) to the participants of the December 20 meeting, dated Vantaa, February 12, 2003, subject : Finnish state forestry and protection of forest nature – description of present situation.

⁶¹ Council meeting of March 25, 2003. See also Jan Heino’s (Metsähallitus) letter of March 26 to the participants of the December 20, 2002 meeting.

dialogue between Metsähallitus, WWF and Luonnonsuojeluliitto. The first meeting took place on April 3, 2003. In his March 26 letter Jan Heino wrote:

“The intention is, step by step, to address matters included into the nature resource planning, which are under the aegis of Metsähallitus. Beside confidence building the aim is to solve concrete problem cases in such a way that also the rights and opinions of other stakeholders representing social and economic interests are shown respect. To start up with, concrete cases such as areas of Malahvia, Jämävaara and Laamasenvaara will be brought up for discussion in the April 3rd meeting.”

The problems between the Finnish paper companies and their German clients certainly gave an additional impulse to continuing negotiations between Metsähallitus and the NGOs on the open questions regarding protection of a number of Northern Finnish forest areas. It appears that today these negotiations are no longer seen as contradictory to the 1996 government decision but rather as a means for responsible implementation of that decision by carefully looking into open questions and missing facts. The general feeling on all sides of the present negotiation process is positive. The participating NGOs are convinced that this positive change would not have happened if the German market (NGOs and publishers) would not have created the necessary pressure.

The Finnish process, after an international tour, was finally back to Finland. Since 1996, something had changed however. In 1996, the NGOs were not seen as an important political factor. In the beginning of 2003, they were a factor. When we asked a representative of an ENGO the question “What made the Finnish institutions finally do now what they systematically had refused earlier?”, the answer was:

“German paper customers, the publishers gave the deciding pressure. Notably Axel Springer was very active towards Stora Enso and UPM-Kymmene, who then finally managed to convince Metsähallitus to change their attitude.”

During the interview study, a representative of a Finnish paper company basically confirmed this: “Without massive pressure from our side, Metsähallitus would not be negotiating with the NGOs at this moment”. A representative of an NGO expressed a positive feeling about the new process in our interview: “For the first time, there is a quite honest discussion now.”⁶² Luonnonsuojeluliitto, however,

⁶² The same positive attitude was expressed by Harri Karjalainen (WWF Finland) in *Sustainability News* (Stora Enso's Newsletter for Stakeholders).

warned against unjustified euphoria. In a letter, signed by Sini Harkki and Ilpo Kuronen⁶³, they wrote:

“We are satisfied with the solution-oriented nature of the meetings. However, while keeping our hopes high, we must also see that these are only the first steps in trying to tackle a large problem. The decisions made concerning Malahvia and Jämäsvaara concern only two of up to 500 old-growth forest cases we hope to solve. ... In the meanwhile, old-growth logging has continued normally. .. While the process has proven promising so far, it is by far not over yet, and any communication along such lines by Metsähallitus or the Finnish paper industry would be misleading. At the moment it is clearly our most important goal that disputed areas would remain outside logging while the current dialogue continues. As yet, no moratoria are in place. Once moratoria have been set we can proceed with new areas and hopefully reach concrete results.”

⁶³ Letter of May 12th, 2002 from Finnish Association for Nature Conservation: Memorandum on the cooperation negotiations between Metsähallitus, Finnish Association for Nature Conservation (FANC) and WWF Finland.

3. Actors and Positions in the Finnish Debate

3.1 Introduction

In Chapter 2, we have given an overview of the stakeholder discussion on old growth forest protection in Finland, with an emphasis on the role of the German market. In this chapter, we will examine the different Finnish actors and their position in the Finnish debate. In section 3.2 we focus on the central Finnish level. In section 3.3, we will do the same for the local level on the basis of our interviews we performed in Kuusamo. In Chapter 1, we will focus on the actors in the German market. We will not only describe the positions of the actors but also try to show how they perceive the positions of other actors or how they are seen by the others. This is important for explaining the dynamics of the interaction between the different actors. The descriptions given here are by no means complete. We do not go in more depth than is strictly required for explaining the way the interaction between the different players. These chapters are only partly about objective positions and interests, but to a much greater extent about the subjective perceptions. These perceptions had an important influence on the way the discussion between the different stakeholders developed over the last years.

3.2 Actors on the Finnish Level

3.2.1 *Forest Owners: Private and Public*

Private forest owners

Finland appears to be unique in its forest owner structure. It was said in almost every interview in Finland during this study: the Fins have a special relation with the forest. In a country of some 5 million inhabitants, there are reported to be almost a million forest owners.

Forestry in Finland is based on family ownership. There are over 920 000 private forest owners in Finland owning 61% of the total forest area, 69% of the growing stock and 72% of the annual increment. The average size of these family forest holdings is less than 30 hectares. In the past, most forest owners were farmers. Now most of them, around 80%, are wage earners, pensioners and entrepreneurs.⁶⁴

In Finland, most people own forest, have relatives who own forest or at least have friends who own forests. In Finland, everybody is said to have an opinion on forestry. Forestry issues are public issues. This is different from the Scandinavian

⁶⁴ from the Forest Management Associations website: <http://www.mhy.fi/english/>

countries. In the South of Norway, there are similar structures, but on the whole there are relatively less forest owners, due to the geography of the country. In Sweden, there is a comparable amount of forest, but the ownership structures are different. There are more big industrial forest owners in Sweden.

For most private forest owners in Finland, timber sales from the forest only produces a part of their income. Their additional income is generated by other jobs. Timber income is not the only income from the forest. To the forest owner, the forest provides different sources of material and immaterial income: fishing, picking berries, space in the middle of the nature, etc. Finnish forest owners perceive themselves as living closely to nature. They see themselves as experts on forest and nature.

Finnish forest owners generally have little understanding for NGOs who want to tell them how to manage the forests. They do not want to be told what to do by outsiders. The Finnish forest owners regard the activities of NGOs, especially the international NGOs, as violation of their property rights. Therefore there is no support for an FSC certification scheme in Finland and Greenpeace is an organisation with very low support in Finnish society. This is not much different in the Scandinavian countries. In Norway, the forest owners did not want to accept FSC. In Sweden, the industrial forest owners accepted FSC, whereas the family forest owners developed their own system.

State forests: Metsähallitus

In the South of Finland, private ownership is dominating, whereas in the North there is a much higher proportion of state forests, which is managed by Metsähallitus. Metsähallitus is a state-owned enterprise. Metsähallitus legal status has implications for their role in the old growth forest debate described in this study. Metsähallitus consists of two relatively independent parts. One part of Metsähallitus is a state-owned forest enterprise that sells timber to the market. The State defines targets for the state income to be generated by Metsähallitus. The second part of Metsähallitus is responsible for managing nature reserves etc. Evidently there can be tensions between those parts of the organisation.

There are limits to the decision freedom of Metsähallitus in the context of old growth forest protection. Metsähallitus has to realise certain financial targets. Many interviewees pointed at the fact that Metsähallitus cannot afford to cut substantially less wood than planned. According to a representative of a Finnish NGO, an important handicap in the current discussion is the economic relation between Metsähallitus and the Finnish state. Metsähallitus has to realise the financial targets as defined by the government. The same is true for forest protection: additional protection causes additional costs for Metsähallitus about which Metsähallitus cannot decide for itself. Only the government can decide.

In the conflicts about old growth forest protection in Northern Finland, by many Metsähallitus was seen as inflexible and not very good at communication. There was fierce criticism of Metsähallitus' failing willingness to pragmatically negotiate about areas to be protected. Metsähallitus repeatedly tried to make clear that its decision making mandate is very limited indeed and that major decisions can only be made by the Minister with support of the Finnish parliament. The state enterprise character of Metsähallitus is certainly one of the factors that made it difficult to come to an easy agreement about the fate of the disputed areas between 1996 and present.

During the interviews, it was said that Metsähallitus was an easier target for the NGOs than the private forest owners. Attacking private forest owners would have created much more protest than attacking Metsähallitus. With Metsähallitus, the politically explosive ownership questions could be avoided. In a way, it could be said that the forest areas to be protected were already owned by the tax payers so that they could more easily decide what to do with it. It was also said that Metsähallitus is seen as a subsidised competitor of the private forest owner, who for this reason would not be very popular. In one of the interviews, it was said: "Nobody likes Metsähallitus. They are part of bureaucracy. They are also seen as unfair competitors."

Finnish paper companies, according to our interviews, show great trust in Metsähallitus. The paper companies' representatives said that Metsähallitus has good knowledge of their supplier criteria: "Metsähallitus would not sell wood that does not fit our criteria." A representative of a paper company adds: "There have been cases, in which Metsähallitus made some mistakes, which they always have admitted promptly."

The paper companies' trust in Metsähallitus is explained as a weakness by some major paper customers: "They have the wrong perception that they cannot refuse any wood from Metsähallitus."

Supply power

Forest owners are said to have a relatively strong power position vis-à-vis the timber users such as the paper industry. The Finnish forest industry's production capacity needs the full output of the Finnish forests and even then there is a need for imports from Russia and the Baltics. For this reason, timber buyers (such as paper companies) cannot afford to do things that could damage the relationships with their timber suppliers without risking timber shortages or higher timber prices. Timber suppliers can easily postpone their sales without high economic costs, but timber buyers cannot postpone their supplies. See also on page 69: "Relation with timber suppliers".

3.2.2 Paper Companies

Rapid development

In the paper chain, the Finnish paper companies are squeezed between the (ecological) demands of the (German) market and the private and public forest owners, who are responsible for forestry. Paper companies are, positively stated, in a natural position to mediate between the demands of the market and the realities in the forest. Negatively stated: paper companies are in the middle of the conflict, as becomes clear from the repeated Greenpeace attacks on Stora Enso and UPM-Kymmene.

Today Finland is the home of some of the biggest paper companies in the world. Those companies are no longer Finnish companies only, as they rapidly develop their activities in other parts of the world. One of the most important driving forces for change in the Finnish industry, including the paper industry, was Finland's membership of the EU. When Finland joined the EU in 1995, this was the beginning of a rapid process of liberalisation and globalisation, which had important consequences for the Finnish paper industry.

Stora Enso

The development since 1995 has been extremely rapid and has transformed the Finnish paper industry dramatically. The development of ENSO is a good example of this dramatic development. Between the 1960s and 1990s, Enso Gutzeit Oy developed into a major company. In 1996 it merged with Veitsiluoto and was renamed Enso Oy. In 1997, it acquired a majority stake in the German company E. Holtzmann. Only five years ago, in 1998, Enso merged with Stora. This was a merger between two very different companies. Not only was Stora a Swedish company and Enso Finnish. Enso was also, in contrast to Stora, mainly state-owned. The merger was approved by the shareholders in July 1998 and after the approval by the European authorities, Stora Enso became operational at the end of the year.

UPM-Kymmene

UPM-Kymmene was formed only seven years ago by a merger of Kymmene with Repola's subsidiary United Paper Mills. When they merged in 1996, they could announce: "Measured in terms of net sales, the new company will be the biggest forest industry enterprise in Europe and one of the biggest in the world." This was not the end but rather the beginning of a strategy of continuous enlargement of the company by mergers and acquisition.

In the context of this report, one acquisition is particularly relevant: the acquisition of Haindl in 2002. By acquiring Haindl, UPM-Kymmene realised a dominantly strong position in the LWC and SC magazine paper market, even stronger than Stora Enso. In combination, the two Finnish companies entirely dominate the European magazine paper market. German publishers repeatedly

speak about an oligopolist situation, which they tried to prevent by legal action against the Haindl merger, but they failed. The Finnish market dominance in the publication paper sector is certainly one factor that contributed to the bad atmosphere between German publishers and the Finnish forest based industry.

The industry and its organisations

Before 1995, the Finnish paper industry was still very much state-controlled (partly state-owned) and supply-side driven, but EU rules did no longer allow the arrangements within the paper industry for collective paper selling. Paper companies had to become much more market driven than they had been before. Marketing and market relations became more important than in the past. This also implied that the role of the industry organisations, such as the Finnish Forest Industry Federation (FFIF) had to change rapidly. According to our interviewees, the importance of such organisations has been continuously decreasing, from leading industry organisations to more modest service type organisations.

One Finnish interviewee was very critical about the Finnish forest industry and FFIF:

“Our forest industry woke up late! ... They have horrible attitudes. It is like a religious group coming together. They had strong consensus and big power. But now the European market is dominating the scene and Nokia is more important than forestry.”

The same interviewee about FFIF, during the interview in the FFIF building:

“The central problem is here. The people in this building create the problems about which we are talking today.”

Relation with timber suppliers

With a relative scarcity of timber in the Finnish market, Finnish paper companies have to be very careful in their relationships with their timber suppliers. Timber suppliers have strong lobbies, powerful networks in industry and politics and can create considerable problems. As someone in one of the interviews said:

“If MTK would convince their members to postpone their cuts by just a number of months, it would create a disaster for the paper industry.”

It is exactly because of such potential risks that the Finnish forest industry is not always happy with the attitude of their customers. One interviewee expressed it very clearly: “The paper customers should not try to transfer their conflicts to the raw material suppliers!”

3.2.3 *Finnish and International ENGOS*

Low support

ENGOS do not have the same position in Finland as they have in countries such as the Netherlands or Germany. Relatively, they have much less members and their influence in Finnish society is limited. For Finnish NGOs, it is not easy to address forestry issues, as this is easily seen as an interference with the rights of private forest owners and a lack of understanding of the self-interest of the forest owners in sustainability: “We know how protect the forest, we do not need any advice from outsiders.”

A particular problem of the Finnish NGOs is their role in political decision making. Many Fins appear to have a problem with the lack of democratic legitimacy of NGO power. Often it was said: “It cannot be accepted that NGOs undermine democratic government decisions.” Another problem is NGO expertise in its relation to the expertise of official institutions. NGOs are blamed for playing the expert role without having the appropriate expertise.

The most relevant ENGOS in Finland are Suomen Luonnonsuojeluliitto (with their youth organisation Luontoliitto) WWF, Maan Ystävät (Friends of the Earth) and Greenpeace. Luonnonsuojeluliitto has about 30.000 members. The other organisations are said to have 10.000 members or less. Greenpeace is not a membership but a supporter organisation. We have addressed the dramatically low supporter numbers of Greenpeace already on page 23 (Greenpeace’s presence in Finland).

A comparison to the Dutch situation, where Natuurmonumenten has 960.000 members, WWF 825.000 members and Greenpeace 699.000 supporters on a population that is three times larger, makes the difference in support clear. If Finland were Holland, Luonnonsuojeluliitto would have some 300.000 members: a factor 10 difference.

NGO satellite power

Despite their low membership numbers, Finnish NGOs can develop some power by two alternative methods. Some local NGOs can develop influence through their links with local networks and local politics. Other NGOs only derive their power from the status their mother organisations have elsewhere in the world. WWF, Greenpeace and Friends of the Earth are basically Finnish satellites of internationally active organisations. Greenpeace, for example, gets some 60% of all its resources from Germany, the Netherlands, the UK and Switzerland alone. Those countries very much define the organisations global priorities. It is apparent from our historical study that Luonnonsuojeluliitto does not have much power in Finland but derives power by co-operation with the global ENGOS such as WWF and Greenpeace.

Between the NGOs there is a natural division of tasks. Greenpeace is often responsible for setting the agenda on the basis of some form of conflict accompanied by some media action. Then the others follow and play more dominant roles in problem solving and conflict resolution. An interviewee from the Finnish forest industry:

“Greenpeace is a conflict industry. They are doing the dirty work and Suomen Luonnonsuojeluliitto can do the solution work. This is going on for almost 15 years now.”

The ENGOS' negative status

Repeatedly we have mentioned the low status of ENGOS in Finland. They are most often seen as incompetent outsiders, steered from other countries as Germany:

“NGOs are not part of Finnish society. They get their orders from abroad. In all forest conflicts, the NGOs and the local people had different views, except for the reindeer herding issue.”

Many Fins regard the ENGOS' criticism of Finland as unfair: “They do not attack German car traffic, for example”.

Although most Finnish interviewees expressed a very negative image of the ENGOS, one Finnish interviewee (not from the NGO side) looked critically at the general Finnish perception:

“Actually, Greenpeace activists are nice young people, but the forest industry reacts to them in a very negative way. They should rather be cool. Instead they say: ‘We were in the winter war ... etc.’”

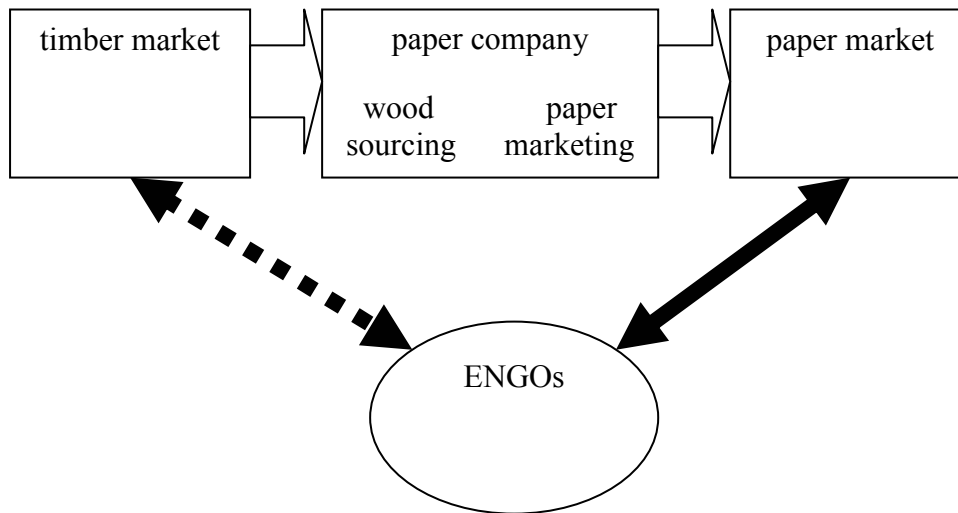


Diagram 3: The Paper Company's Dilemma

The paper company's dilemma

The global NGOs are seen as legitimate discussion partners for government and industry in countries such as Germany and the UK. They have a quite different standing in Finland. This creates an important dilemma for the internationally operating paper company, which is operating in two completely different environments. At the forest end of the paper company, NGOs are mainly seen as “trouble-makers who do not respect the rights of the forest owner”. In the paper markets, NGOs are seen as respectable negotiation partners, who may not always be easy to talk with, but who are indispensable stakeholders who represent important views of society. When the paper producer follows the attitudes of the forest owners too much, he is criticised by his paper customers. However, when the paper producer is too closely cooperating with NGOs, he may create conflicts with his timber suppliers and the associated economic risks.

Reality is a compromise between these two strategies. The problem of the paper producer is to design an ENGO strategy that satisfies both timber markets and paper markets, whereas the NGOs are perceived completely different in both markets. Our case-history shows that the Finnish paper companies still have considerable difficulties in finding a satisfactory solution to this problem. Our interviews suggest, that the dilemma of the paper producer is hardly recognised by the (German) paper customers.

NGOs and Northern Finland: a cultural problem

In Northern Finland, there is even less support for NGOs than in Southern Finland. This is true for the international NGOs but also for the national NGOs. In Northern Finland, people from Luontoliitto or Luonnonsuojeluliitto are seen as children from rich families in the South. They are seen to use methods that are not acceptable. They do not behave according to the Northern Finnish behavioural codes. Our study reveals that this is not a conflict between NGOs and forest owners only. This is a conflict that cuts across the Finnish NGO scene. Local Finnish groups, which may be member of Luonnonsuojeluliitto, are deeply worried about the methods applied by their Southern friends. They feel that more conflicts are created than are needed and that the NGO objectives can be reached in different ways.

3.3 Actors and Positions at the Local Finnish Level

3.3.1 *An Example: Kuusamo*

Old growth forestry protection is not only the subject of an international and national discussion between policy makers, scientists, NGOs, paper companies and paper customers. It is also a reality for the people who live in and near the forests and who earn their money with forest-related activities. Greenpeace actions may be designed in Amsterdam or Berlin, but they have real consequences for people living in Northern Finland. The old growth forestry protection discussion is not only about ecology, it is about social and economic aspects as well.

Especially the social and economic aspects create strong emotions in the debate: emotions about the legitimacy of actions, about outsiders versus insiders. In order to understand the link between economic and social realities in the forest and the character of the Finnish and international old growth forest discussion, we visited Kuusamo and talked to a number of local organisations. The resulting picture is a preliminary one. It is not possible to understand a local situation on the basis of a one evening and a day visit. Still we were able to see some of the most important local realities that are mostly hidden for those who play the international game.

In 3.3.2 we give a short overview of local opinions on forest protection issues. In 3.3.3 we describe the so-called Kuusamo forest battle in 1994. In 3.3.5 we go into the economic importance of the forest at the local level.

3.3.2 *Local Opinions on Forest Protection Issues*

Kuusamo is a town, some 800 km from Helsinki, with 18.000 inhabitants. Main sources of income are tourism, forestry/mechanical wood processing and agriculture. Tourism is very important. About one million people visit Kuusamo every year, especially international tourists. Winter is the most important tourist season: ski, snowmobiles, etc.

In Kuusamo, we talked to a number of people working for different organisations. See Table 11 on page 128 for the list of interviews. Here we summarise their opinion on the ongoing debate on forestry protection.

Negative feelings about international NGOs

There is a strong negative feeling about the international NGOs.

“Greenpeace is the most annoying organisation. They are coming from central Europe and they tell us how we should take care of our forests. The problem with the NGOs is that they are never satisfied. If you give them one finger, they will take the whole hand. ... To give NGOs a special

treatment would humiliate the others! We think about NGOs and publishers as one lot. They want to have the forests for themselves ..”

In one of the interviews, we asked: “If I had the power to change something and you could do a wish, what would you ask me to change?”. After a long pause, there came only one word: “Greenpeace! ...” and then: “They should stop spreading lies!”.

Negative feelings about Germans

“We did not see why we should communicate with the Germans about our forests! Why explain what happens on our own ground? It was amazing: the Germans did not understand anything about the Finnish system. Still they wanted to mix into our affairs. They wanted to interfere with democratic state decisions. ... Being a German in Lapland is not easy.... We find the Germans arrogant and they always feel so easily hurt!....”.

Doubts about paper companies

It is interesting to observe that some local people recognise that the globalisation trend in the paper industry changes the relationship between Finnish paper companies and the local forest owners:

“UPM-Kymmene and Stora Enso are big huge global companies now. Although they say that they are developing Corporate responsibility, they are beginning to become rude against the locals. We are asking ourselves: Stora Enso, on which side are you? This was the discussion this winter. Why are we actually giving them our wood?”.

Betrayal by the Finnish Government: State against forest owners.

There are bad feelings about the behaviour of Finnish government. The criticism relates to the lack of compensation for the loss caused by increased forestry protection:

“The Finnish government has betrayed the local people. They promised € 50 million for compensation, but we never received anything. ... The decision on increased forest protection was very much top down. Government made a decision on how much forest they wanted to protect and then the areas were sought. There was not any deep discussion on social arguments.”

Another interviewee:

“In the discussion on compensation money for forest protection in Kuusamo: it was the State against forest owners.”

The 1993-1996 OGF protection process

During our interviews, we addressed the ‘ceiling’ issue brought forward in earlier interviews, both by NGOs and publishers. Our questions: “Was there a decision on the maximum area to be protected (the ‘ceiling’)? Were there any agreements, for example with municipalities about areas that would be excluded from protection?”. The answer:

“There was no formal decision on the maximum. The selection was made on the basis on the scores, although there were also some regional aspects considered. If there were already many protected areas in the same region, there were additional requirements. There were no agreements with municipalities, of course. These were state forests. Municipalities did not have any say in this. Stories! Stories!”

3.3.3 *The Kuusamo forest battle*

According to the NGOs at the time, Kuusamo is a very important old growth forest area:

“The unfragmented forests of Kuusamo is the largest old growth areas in Finland outside Northern Lapland, covering 23.500 hectares. Not only are these areas covered by pristine forests. They are also roadless, which is a very remarkable feature in a country where logging roads cover a larger area than all forest reserves.”⁶⁵

The so-called Kuusamo forest battle developed in 1994. The actions of Luontoliitto tried to prevent logging in the Common Forest of Kuusamo. The battle was described in one of our interviews as follows:

“We were managing our forests as usual. Then activists came to Kuusamo and forced us to stop our engines. It was Luontoliitto who tried to prevent the logging. Then the loggers continued their operations in other areas, but everywhere where the machines were started, they came back. This continued during 1994 and 1995. The activists managed to have good media coverage. On a weekly basis, there were newspapers and TV programs. They managed to get the media on their side. This sort of action was still very new. The activists also developed pressure on Metsäliitto and Enso. They painted the words ‘ancient forest’ on the logs. They also threatened to approach the paper buyers.”

⁶⁵ TRN press release 14-2-1995

The interview clearly shows that it was a total surprise. Suddenly there were activists who wanted to stop logging operations. There was hardly any understanding about their motivations.

On November 5th, 1994, after the NGO actions, the provincial government of Oulu and the Kuusamo common forest came to an agreement in order to avoid further conflicts. The agreement allowed the construction of a forest road and some logging. 85% of the controversial area, however, should remain untouched for two years to allow proper inventories. The agreement is reported to have been broken soon. A period of confusion and conflict about a moratorium and the inventory followed. In a 1995 press statement:

“The Nature League’s forest activists, for the first time during the conflict, took direct action in the forest. The activists tried to prevent the harvesters from logging, and one activist was able to chain herself inside a harvester cabin. Policemen chose to watch when harvester operators acted violently against the activists.”

After the conflict period of 1994 and 1995, inventories were made and finally substantial parts of the area that the NGOs wanted to protect were protected. In 2000, 13.400 ha of old growth forest were bought by the State. From the interviews, it is clear that the Kuusamo’s common forest was not happy with the procedure. It was said that it did not receive a fair price for the land but that the State dictated a fixed price instead: “We were not happy with it”.

In a way, the NGO arguments proved to be valid. There were good reasons to protect these forests indeed. When the inventories were made, the facts supported the arguments of Luontoliitto and Greenpeace. In one of the interviews, we asked: “Did not the facts show that, in a way, the NGOs had valid arguments for protection?”. The answer was: “In a way, yes. But the way it was done, was not very smart.” This interview and many other interviews point at an important aspect of the conflict between NGOs and the local population. It was not so much the content of the arguments, but rather the way the NGOs were behaving and the way they realised their objectives that gave rise to intensive irritation and deep conflict.

3.3.4 TRN Conference: Families love Their Forests

In 1996 (October 24-29), the Taiga Rescue Network took place in Kuusamo. Here we will not go into details of the Program, the conference itself or its outcomes. We only mention one remarkable event that was organised alongside the official conference and which was brought up by our Kuusamo interview partners.

The Kuusamo Common Forest organised a bus tour with visitors and forest owners. There was a great deal of interest on the part of the forest owners who asked themselves what these people were doing in Kuusamo. The bus tour was

combined with spending an afternoon in a forest owner family. The Kuusamo forest management association actively helped to organise this event: they selected the forest owner families and informed them about what they could expect. English speaking children played a role as interpreter. One of those involved said in the interview: “We told them: there is no reason to be exited. They are normal people.” According to our information, there were relaxed meetings between the forest family and the TRN conference participants. “There were no experts telling how things are.” At the TRN conference panel discussion, there were positive reactions. “They were touched. They understood that families love their forests!”

In fact, this is a remarkable story. Instead of primitively reacting to their negative feelings about NGOs and other outsiders, the organisers of the bus tour looked for an emotionally more intelligent solution. From our information, we get the impression that many women were involved. Could this be an explanation?

3.3.5 *The Importance of Forestry for the Local Economy*

The tourist sector

In Kuusamo, there are some 36.000 hotel beds and 6000 summer cottages. In Ruka there are some additional 16.000 beds. There are different companies that offer program services like rafting and trips to Russia. There are 16 ski-lifts. Tourism will potentially double in the coming 10 years.

We talked to one leading company in the ‘program services’ sector, Rukapalvelu. This company is growing quickly:

“In the future, this is big business. Sales go up 20-30% annually. Especially the Finland-Russia safaris become increasingly popular”.

Forestry and Tourism

Both forestry and tourism live from the forest. Good forest management is in the interest of both, but apparently there are some conflicts as well. There is, for example an 80 km long hiking path. If there are clearcuts along this path, this is not good for the natural image of Kuusamo, of course. An interviewee from Kuusamo:

“Our main idea is to reconcile wood processing and tourism so that they can live in harmony. Harmony can be accomplished at the forest management level. There are some conflicts that should be resolved, for example snowmobile roads.”

Tourists who come to Kuusamo, more than often have a romantic idea about the unspoilt forest:

“People think of endless forests without any roads, without industry. However, when they see forest operations or heavy timber transports from Russia, they are shocked and tend to ask questions. As many international guests are on company incentive tours, the average education level is quite high. They start asking questions about the Russian timber transports, clearcuts and old growth logging.”

The Kuusamo tourist sector has an interest to solve the potential conflicts between forestry operations and tourism through good planning procedures. Sustainable forestry is in the interest of both the forest sector and the tourist sector. The tourist certainly profits from good forest protection. This does not mean however that maximum forest protection is always in the interest of tourism, especially when access to the forest is limited.

A classical argument put forward by the NGOs in favour of increased forest protection is that increased forest protection would lead to increased tourist activity. Job losses in the forest sector would be compensated by new jobs in the tourist sector. In our interviews, there was no support whatsoever for this simple thesis. It was emphasised that the tourist sector does not need maximum forest protection but rather a good coordination between forest planning and planning of tourist activities. It was also said that many tourist jobs are seasonal jobs and that forestry provides the necessary income for the rest of the year. In regions such as Kuusamo, the question is not tourism or forestry but rather to have the combination as a basis for living. The simple idea that tourism would easily replace the employment loss caused by increased forest protection was not supported by anybody during our local interviews in Kuusamo.

The sawmill industry: Pölkky

Pölkky is the biggest sawmill company in Northern Finland and an important employer for the Kuusamo region. The Kuusamo mill uses some 150.000 m³ spruce and large size pine. The Taivalkoski mill uses some 110.000 m³ yearly. Evidently the issues of old growth protection and the conflicts with the ENGOs in the region have direct economic consequences for this sawmill. Apparently the certification issue is even a more serious problem to Pölkky than the old growth issue. Forest certification is an important issue for the do-it-yourself (DIY) market, especially in the UK and Germany. Pölkky is said to have lost a considerable market share in the UK market because the Finnish did not choose for FSC. Pölkky lost their important customer B&Q. Other DIY retailers still buy Finnish wood but the situation may lead to price disadvantages. Contrary to the opinion of many representatives of the Finnish forest industry, Pölkky has a clear interest in FSC certification: “We are excluded from the DIY business in the UK now. We kept Praxis in the Netherlands, but there will always be a price issue. Because we do not have FSC, they expect lower prices. We have to sell PEFC wood now, without a logo. If they can get FSC timber from Sweden, they will take it.”

Before the issue of certification came up, Pölkky had problems with Greenpeace in the context of the ‘Kuusamo forest battle’.

“We had business with B&Q. Greenpeace at the time said that Pölkky owned the forest, which, of course was not true. The issue was about the common forest. Greenpeace sent a letter. They lied about us to B&Q and then B&Q decided for other wood, without even checking the facts. We tried to get help from FFIF, who at the time did not know anything. Today the situation is much better.”

Increasing protection can create problems for the sawmills in the North. Some small sawmills already closed down during the last years. Pölkky is less vulnerable to this situation because of the use of new sawing technologies, which enable Pölkky to use more thinning wood as a source. If the Pölkky mill in Kuusamo would have to close down (which is unlikely at the moment), the effects would be dramatic: there would be a direct loss of 200 jobs and probably an indirect loss of up to 1000 jobs in Kuusamo.

Pölkky has a positive interest in solving the PEFC-FSC conflict. This would require different relationships between the Finnish forest industry and ENGOs.

Forest owners are not just timber producers

For a good understanding of the conflicts between the German market, the Finnish paper companies and the Finnish forest owners, it appears to be crucial the character of private forest ownership in (Northern) Finland⁶⁶. Two observations are important:

- For most forest owners, the forest only provides a part of their income, in some cases a substantial part⁶⁷. In many cases, the forest is some sort of a savings account and provides an income source for the future;
- Timber income is only one of the different material and immaterial incomes from the forest. The forest provides other income in the form of berries, fish, mushrooms, etc. A considerable part of the income does not show in the forest owner’s financial account: fire wood and other products for own use, the immaterial income related to enjoying freedom, nature, etc.

⁶⁶ See also 3.2.1.

⁶⁷ Figures are given in: Martin Lillard (Forest Director MTK), “What happens to family forestry in Northern Finland”, Memo of December 20, 2002. “There are 92.000 family forest holdings in Northern Finland and they own the total of 3 million hectares of forest. ... The gross stumpage earnings calculated per private forest holding in Northern Finland is approximately 2000 € annually which is a significant additional income especially for families living in rural areas.”

Our interviews in Kuusamo confirmed our suspicion that forest owners are not just timber producers or timber sellers. In one of our interviews it was made clear that the primary interest of the forest owner is not money from the timber but their freedom to live with the forest the way they want:

“Local people are not only worried about work and money. Their most important question is: can we hunt and fish the way we want? Can we decide ourselves what to do in our forests?”

The main issue that creates the conflict with the forest owners appears to be freedom and ownership rather than an income question only.

Although it is difficult to measure exactly, for some forest owners the non-timber income can be as high as or even higher than the timber income. From the statistics of Kuusamo's forest management association, we see that there were years in which the estimated income from berry picking was almost as high as income from timber sales. If we add the income *in natura* from fishing, firewood, etc., we cannot exclude that for a number of forest owners, income from timber sales was secondary to income from other sources in some years.

If this analysis is correct, it has two important consequences.

- The forest owner ≠ timber supplier
One should not interpret the forest owner's behaviour in classical economic terms only. The forest owner is more than and different from just a 'timber producer'. The conflicts between forest owners, NGOs and the (German) market cannot be understood as a conflict between demand and supply of timber. In the German market, for example, it is often said: “We demand certain quality requirements, including ecological requirements. Our suppliers should satisfy these requirements. If the US car market requires Volkswagen to change its safety design, Volkswagen does change it, but if we ask our suppliers in Finland something comparable, they appear to refuse to react to their customers' wishes.” In reality, the comparison, although containing an element of truth, is not fully appropriate. If the forest owner would be an economically motivated timber supplier only, the Germans would be right. However, he is in the first place a forest owner, not just a timber supplier. The conflict is about his ownership and his ownership rights. The conflict with the German market can only be solved, if there is a proper reflection on this issue.
- The forest owner has positive interests in forest protection
This is related to the first point. As the forest owner has other and more interests than selling timber to the forest industry only, he has strong interests in protecting his forests. Although these interests may not go as far as some of the NGOs wish, they certainly point in the same direction. The forest owner has an interest in unspoiled rivers where he or she can fish, in relatively natural forests where he or she can hunt, pick berries and mushrooms. In some

instances, there are conflicts between his/her interests and the interests of strict forest protection. Some berries are more abundant in younger forests than in old forests, strict protection could limit the forest owner's rights to hunt or to fish. In general, however, there are more common interests between the forest owner and nature protection than the current discussion between forest owners and NGOs might suggest. Our hypothesis is that there are more possibilities for fruitful negotiations between forest owners and advocates of forest protection than are recognised today. In order to use these possibilities effectively, there is a need that the players at the international and national level have a better understanding of the local realities and that they delegate the solutions as much as possible to people who have the required local knowledge. Today's discussions do not take the local realities into account sufficiently. We will come back to this important issue in the analysis part of this report (see for example our remarks on 'simplification' in section 6.3.)

Reindeer herding

There are some common interests between reindeer herding and old growth forest protection, since the reindeer need the lichens growing in old forests. In this study, we have not gone into detailed questions regarding reindeer herding.

4. Finnish Forestry and the German Market

4.1 Players

In this study, we had long discussions with a number of players in the German market and players who have a considerable influence in the German market. Only a restricted number of players play an important role.

- The players at the paper buying and selling interface:
 - ◆ the German representatives of the Finnish paper companies, especially those who are involved in marketing, sales and communication (we talked to Stora Enso and UPM-Kymmene);
 - ◆ publishers of catalogues (we talked to Otto Versand);
 - ◆ paper buyers publication sector (we talked to Axel Springer Verlag, Burda, Gruner und Jahr and their association VDZ),
- The German DIY sector (we talked to OBI and Hornbach);
- Ikea, actually representing a sector on its own. Ikea's most important market is Germany⁶⁸ and Ikea plays an important role in the Finland debate. Therefore, we included Ikea in the German market study;
- ENGOS:
 - ◆ The most prominent role is played by the international NGOs Greenpeace (we talked to Greenpeace Hamburg) and WWF (we talked to the WWF head office in Gland, Switzerland). For both NGOs, Germany is an important 'market', providing a considerable parts of their funding;
 - ◆ Less prominent in the Finnish forestry debate are the national NGOs such as BUND and NABU. They follow WWF in their standpoints on forestry certification (FSC). We did not talk to them.

The main dynamics of the debate on Finnish forestry debate is that the NGOs, especially Greenpeace, take the lead and sensitise the publishers. The publishers seek contact to the paper companies both in Germany and in Finland. In some cases, paper traders were attacked by Greenpeace but this is an exception. Ikea plays a somewhat different role as it has established intensive partnerships with Greenpeace and WWF. As the German publishers play the key role in the conflicts between the Finnish forestry and its German market, we go into them in somewhat more detail in the next section.

⁶⁸ According a 1999 press communication, Germany represents 24% of Ikea's total turnover.

4.2 German Magazine Publishers

4.2.1 *The publisher's position*

The credibility of the medium

German magazine publishers are the players who are most easily sensitised with respect to forestry issues. This has to do with the character of their product and the mindset of the producers, the journalists.

Magazines are the medium for conveying information and emotions. Any negative emotions associated with the material the magazine is printed on may have a negative impact on the credibility of the medium and the credibility of the publisher. In the German market, a loss of credibility can create substantial risks. In the 1990s, the Shell Brent Spar case showed how strongly the German consumer can react, when they boycotted Shell. The German publishers recognise that the environmental issues are no longer that high on the public agenda, but they are still reluctant to take any risks. One of the interviewees: "We have high market risks at the moment. We do not need any additional risks."

The same argument is true for the catalogue publishers such as Otto Versand. For a mail order company, the catalogue replaces the physical shop. Therefore the credibility of the medium, paper, is as important for Otto Versand as it is for the magazine publishers.

The German journalist

A factor that increases the sensitivity of the German publishers is the attitude of their journalists. Probably more than journalists in other parts of the world, German journalists tend to see themselves as advocates for a good cause. They keep less distance, they are more engaged. Journalists who see themselves as fighters for a better world expect that the material their magazine is printed on is produced with the same high standards as they advocate in their writing. This is specially true for journalists who write in journals such as Geo, journals that write about environmental and social problems in the world.

Publishers react to perceived risks

The German magazine publishers are the most sensitive players in the German market with regard to sustainability issues related to paper and forestry. It is hard to estimate what the real economic risk associated with those issues for the German publishers actually is. What would have happened if the German publishers would not have reacted to Greenpeace actions about old growth logging in Malahvia, for example? Would magazine sales have gone down? Would journalists have left their publishing companies? It is difficult to say. The real situation is that German magazine publishers mainly react to the risk of losing their readers. Because they react to risks of having problems rather than to the

problems themselves, German publishers tend to react strongly and quickly to even minor signals.

A representative of a Finnish paper company says about the German publishers: “As soon as Greenpeace appears, they become alarmed. It is much less in the UK and the Netherlands. In France, Spain and Italy, there is no reaction whatsoever.”

4.2.2 *The publishers’s perception of Finnish paper industry and forestry*

The German publishers generally see the Finnish paper industry as a highly competent and high quality industry. They agree that Finnish paper companies produce paper of the highest quality in the world. The same holds for Finnish forestry. Although sometimes the impression may have arisen that the German market is negative about Finnish forestry, it is not. German publishers are convinced that the standards of Finnish forestry are very high: both technical and ecological standards. Still there are negative attitudes about Finnish paper industry and forestry. Without any exception they are related to communication, stakeholder participation and decision making styles. We summarise the most important points brought forward by our interview partners with respect to paper companies:

- Lack of market orientation
There is a general feeling that Finnish paper companies often lack a real interest in the market. Finnish paper companies, according to our interviewees, tend to dictate what is good for the customer instead of listening to the market. One interviewee used the following image: “Finnish paper companies behave like a football team that expects the others to move the goal to where the ball occasionally is!”. Most of the following issues are related to this market issue.
- Oligopolistic behaviour
Our interview partners tend to explain the lack of market orientation by pointing at the current Finnish oligopoly, especially in the publication paper market: Stora Enso and UPM-Kymmene completely dominate the market, especially after UPM-Kymmene’s acquisition of Haindl.
- Proximity to the Finnish State
Two arguments are brought forward. One argument is that the Finnish paper companies have not yet developed into normal companies and still behave somewhat like state-owned companies. In one interview, it was ironically said: “Some people think that you can find the last Soviets in Moscow. That is not true, they are in Helsinki!”. The other argument is that Finnish paper companies show too high a solidarity with Finnish state institutions. The strong connection between Finnish paper companies and the Finnish State would prevent them from flexible reactions to market demands.

- Closed industry behaviour
Players at the German market would prefer a less closed behaviour of the Finnish forest industry and more independent behaviour of the individual paper companies. They would like to see more individual initiatives at the company level, for example with regard to external stakeholder participation.
- Arrogant behaviour: ‘we know best’
In our interviews this was one of the most heard criticisms: “Instead of listening to our arguments, they keep telling us how good they are and that everything is under control, but in reality, often they are not in control and have to admit their errors afterwards”.
- Lack of openness
Some of our interviewees have the impression that many things in Finland are dealt with behind closed doors and that there is only a limited willingness to inform the paper clients about what is going on. There is a lack of active communication about relevant developments: “In 1993-1996, nobody actively informed us about the way stakeholders were involved in the Northern Finland old growth protection process. When we had the conflicts in 2002, we did not even know about the earlier process.”
- Lack of good communication with the customer
The representatives of the paper customers were not completely happy about the way the paper companies communicate to them about ecological forest issues. They said to need quick information, for example when an ENGO brings up an issue about logging in certain areas. In many cases, it would take much too long before the information comes and, even worse, the information is incomplete or proves to be wrong. “In too many cases”, according to our interview partners, “we had to admit that the ENGOS were right and that the information given to us by our paper suppliers was not sufficient.”
- Wrong attitude in forest departments
Some German interviewees criticise the attitude of the paper companies’ forest and timber sourcing departments. The criticism is not about these departments’ expertise on forests. In the first place, they criticise their lack of understanding for the German market’s interests and their lack of communicate properly with the paper companies’ marketing and communication departments. Representatives of the paper companies, however, emphasise that some German paper customers have false expectations with regard to the timber people. “They do not understand that the timber buyer has only very limited manoeuvring space. He does not have a proper mandate”.

- Failing stakeholder involvement
Last but not least: the German market players have strong doubts about the way the Finnish paper companies deal with NGOs. They do understand that the ENGOS that are powerful in Germany do not play an important role in Finnish society, but they expect the Fins to understand the importance of involving those organisations properly in the interest of the German market. They say that, “at least after the Rio summit, it is generally accepted that ENGOS play a legitimate role in stakeholder processes and the Finnish paper companies should be aware of that.”
- Lack of proactive behaviour
It is said that the paper companies need much too much time before they become active and that they react too late to NGOs.
- Unfortunate development of certification process
German publishers blame Finland, including the Finnish forestry and paper industry, to have developed wrong strategies in the certification debate. Although the German publishers have never supported FSC too openly, they would have welcomed a more pluralistic situation in which FSC would have been given a fair chance in Finland. They criticise PEFC (including the Finnish system) for not having the support of NGOs. They criticise the Finnish players for not understanding that the German market strongly needs NGO support for any credible certification system.

We are not saying here that these subjective perceptions are completely true. Many of them can be said to be rather one-sided and based on selective information. True or not, they are real. They define the way the discussion between the German market and the Finnish forest industry is being shaped.

4.2.3 *The Finnish Paper Companies' perception of the German Publishers*

From our interviews, the impression arises that representatives of the Finnish paper companies generally criticise the German publishers for being too susceptible to the signals of the German NGOs, especially Greenpeace. They also criticise them for a lack of understanding of Finnish forestry and a lack of feeling for the realities of Finnish forest ownership. We will not repeat all the details that already have been mentioned elsewhere in this report.

There is also some criticism of VDZ. Interviewees on the paper industry side see some faults in the VDZ management and leadership. VDZ's letters during the conflict on the German field trip in 2002 were seen as negatively by the Finnish paper industry as FFIF's letters by the German publishers.

4.3 The DIY sector and Ikea

4.3.1 DIY

The German DIY sector does not have the same importance for the relationships between the German market and the Finnish forest industry as the publishing sector has. The publishing sector is strongly dependent on paper produced by Finnish companies. The dependence of German DIY companies on Finnish timber and timber products is less high.

When we asked representatives of the German DIY sector about their perception of the Finnish forest industry, we received basically two categories of answers.

- In the first place, they referred to their knowledge about the discussion between the magazine publishers and the Finnish paper industry. They had followed the Greenpeace actions, reactions of the German publishers and the responses of the Finnish paper companies closely. They had been informed about the difficulties related to the German field trip in 2002. This confirmed our suspicion that the publishers are at the centre of the debate and that the opinion leaders in the publishing sector are the gate-keepers for information flowing to other sectors.
- In the second place, they referred to the problems of the DIY sector with PEFC in general and the Finnish certification system in particular. In the discussion about this issue it is not Germany but rather the UK who is taking the lead. The gatekeeper of this discussion is B&Q who sets the benchmark: B&Q is refusing PEFC timber from Finland. German DIY retailers are not going that far, since they would otherwise run into serious trouble in their PEFC home timber market, but they are sympathetic with the UK DIY players. Although German DIY markets cannot exclude PEFC timber, they do not see any market advantage for the PEFC label. They want to gradually increase the share of FSC labelled wood and sell their PEFC timber without a label.

The DIY markets share their general positive and negative perception of the Finnish forest industry with their colleagues from the magazine publishing sector. They see the Fins as competent and delivering excellent products at a good price but they have problems with their style of communication and their lack of appropriate stakeholder involvement.

4.3.2 Ikea

Ikea has a position which is quite different from both publishers and DIY markets. Whereas the publishers face the dominance of basically two Finnish paper companies, Ikea has a dominating position vis-à-vis many small manufacturers in

a great number of countries. These manufacturers are strongly dependent on Ikea and Ikea has great autonomy in formulating its supplier demands.

Ikea has decided to play a rather proactive role in the forestry debate and has taken a number of steps that by some are regarded to be not without risk, see also the section on Ikea in 2.4.1 (on page 39: Ikea's 'Alleingang').

The staircase model

Ikea's policy is based on a stepwise improvement of the timber sourcing of its suppliers, the so-called Ikea Staircase Model.⁶⁹

- Level 1 represents the entry level for all suppliers of Ikea. The origin of the wood must be known, the wood may not come from intact natural forests or from high conservation value forests (HCVF), unless the wood is FSC certified (or equivalent) High value tropical values must be FSC certified or equivalent.
- Level 2 is required for all existing Ikea suppliers. New suppliers must make an action plan for compliance within 3 months. For the precise requirements, see the Ikea documentation.
- Level 3 is a level between level 3 and level 4, see the Ikea documentation.
- Level 4 "represents forests that are managed in accordance with an official standard for well-managed forests. The standard must include established performance levels cooperatively developed by a balanced group of environmental, economic and social stakeholders and verified by an independent third party. Currently, Forest Stewardship Council (FSC) is the only Level 4 standard recognised by IKEA.

The ultimate requirement is that all timber is certified according to FSC (Level 4) As this is not feasible at the moment, the first steps are to exclude illegal wood and to exclude wood from so-called high conservation value forests (HCVF).

Ikea has developed tools for identifying HCFV forests in close co-operation with both Greenpeace and WWF and is working with its suppliers to implement these tools. With respect to Finnish wood, Ikea's basic standard (Level 1 and 2) is well above what is minimally required by Finnish law. Whereas logging just outside protected areas, such as in the Malahvia case, is certainly not illegal, it does not conform to Ikea's standard if such areas can be classified as HCVF. For non-FSC wood, Ikea had to build up its own methodology and its own control systems for checking HCVF as it cannot make use of any existing and generally accepted framework.

⁶⁹ Ikea, *Ikea's Position on Forestry*, Ikea AB, January 2003.

Ikea as a facilitator between NGOs and Metsähallitus

As a result of its approach, Ikea is less reactive than the publishers. Ikea is not the primary target for NGO actions at the moment, but its approach is seen critically by both Finnish paper companies and German paper customers.

In the case-history section, we have described Ikea's interaction with Greenpeace. We will not repeat it here.

In 2002, Ikea played a facilitating role between NGOs (notably Greenpeace) and Metsähallitus. The Ikea process was more or less merged into the VDZ process that resulted in the December 2002 roundtable. Ikea is continuing its regular meetings with Greenpeace in 2003.

4.4 Environmental NGOs

The most active NGOs in Germany are not German NGOs. They are international: WWF and Greenpeace. Greenpeace was and is very much setting the public agenda, whereas WWF is more focusing on practical solutions and partnerships.

4.4.1 Greenpeace

No support in Norway and Finland

Greenpeace is a global organisation with a rather centralised decision making structure: goals and campaigns are global. National and regional organisations play an important role in implementing these goals, but Greenpeace is certainly not a grassroots NGO. This is clearly seen from the way Greenpeace dealt with the whales issue. The issue makes Greenpeace rather unpopular in Norway. When the Norway office had to close (and merge into Greenpeace Nordic) because of financial problems in the late 1990s, it did not have more than 700 supporters left. This was no reason to change the whales campaign, however.

The same can be said for Finland. Greenpeace's action against Finnish forestry made Greenpeace almost as unpopular in Finland as it was in Norway and had to close its Helsinki office, but this did not change Greenpeace's basic campaign strategy at all. Greenpeace is not a member organisation but a supporter organisation. Greenpeace defines its goals and supporters can decide to support with money or voluntary work, but there are no member rights whatsoever in Greenpeace. This makes Greenpeace an effective and relatively top-down controlled organisation. The lack of grassroots participation, however, has some serious side-effects, especially at the local, regional and national level. Greenpeace is certainly not the most effective organisation when it comes local negotiation and problems solving. Here other NGOs are better equipped.

Germany: Nr. 1 in Greenpeace

Greenpeace is important in Germany and Germany is important for Greenpeace. Of Greenpeace's 2001 income of some € 144 million, € 33 million was generated in Germany (and only € 5 million in Norway, Sweden and Finland together). Germany is the largest single source of income for Greenpeace. The Netherlands was number 2 with some € 18 million in 2001 and provided more income than the whole USA did. As a result, Germany plays a very important role in Greenpeace and Greenpeace plays a very important role in Germany.

Greenpeace's interest in Scandinavian and Finnish forestry is closely related to their global forestry agenda. Greenpeace is fighting against forest degradation and deforestation all over the world. For its very credibility in the Southern countries, Greenpeace must be very critical towards forest problems in the rich countries. An interviewee from the Finnish forest sector: "Greenpeace needs cases in the Western world. Therefore they want to show how Finland destroys the last remaining ancient forests. They need victories." It is true that Greenpeace needs victories, but that does not make Greenpeace's argument less valid, of course.

A simple approach

The actions against Finnish companies and their customers were and are basically controlled from Amsterdam, the Greenpeace International head office, and Hamburg, Greenpeace Germany. There is only a rather limited number of people involved. As we have seen from the case history, Greenpeace's actions are as simple as they are effective:

- Greenpeace decides on a general issue and strategic framework. In the past the issues were chlorine bleaching and clear-cutting. Today it is old growth forests and illegal wood imports, for example.
- Greenpeace publishes a fact file or a report (sometimes in co-operation with others) on the issue stating both the general framework and some concrete cases, e.g. *Last of the Last, Anything Goes*.
- If possible, the issue is linked to the battle for FSC and against PEFC
- Within the issue, Greenpeace looks for a problem area that illustrates their case: Kuusamo, Malahvia, etc.
- If possible, the action is timed close to an important event such as an international conference (e.g. Johannesburg, the Hague, Berlin), where Greenpeace is present.
- Greenpeace organises some event in the forest, e.g. trying to prevent logging, chaining campaigners to a logging machine.
- Greenpeace organises some action against a paper company, against a paper transport or against a paper client, e.g. the actions against Gruner & Jahr, in the harbour of Lübeck, etc.
- Greenpeace uses pictures of the actions to increase attention for the issue. Greenpeace tries to involve both the press and the general public. Press statements, press conferences, 'cyber'-actions (formerly: postcard actions).
- The action is successfully ended when one or more parties publicly state that they

want to change their behaviour or develop alternatives, possibly in co-operation with Greenpeace.

- Additional actions are planned when one of the parties is not satisfactorily implementing their commitments to change.

It is interesting to observe how easily Greenpeace managed to set the agenda for the debate on old growth forests. Greenpeace took the lead and the others followed, magazine publishers, catalogue publishers, the other NGOs and finally and reluctantly the Finnish paper producers.

4.4.2 WWF

From our interviews, we get the impression that WWF's role was not as active as the role Greenpeace played. Greenpeace was leading the discussion, WWF more or less followed.

PART II: ANALYSIS AND RECOMMENDATIONS

5. Conflicts and Communication Problems between Finnish Forest Industry and the German Market

5.1 Summarising the Preceding Chapters

First we will summarise the results of Chapter 2, Chapter 1 and Chapter 4.

Chapter 2, contained a historical account of the Finnish debate on old growth forests in interaction with the German market. We approached the history from different angles. In 2.2 we showed the basically internal Finnish process. Relatively independent of this process was the international NGO driven discussion, which we discussed in 2.3. The two histories, the internal Finnish discussion and the international NGO-driven discussion meet in the history of the old growth forest issue in the German market (2.4.1): the Finnish discussion became international and the international discussion re-defined the Finnish process to a certain extent. One episode in the German market was described in somewhat more detail, the November 2002 field trip to Northern Finland (2.4.2).

A simple pattern

This historical analysis shows a pattern. Although the history may appear complex at first sight, it can be seen as a repetition of rather similar events.

1. The basic pattern starts with some Greenpeace actions.
2. Questions from the German market follow.
3. The following step consists of an exchange of information between German paper customers and the Finnish paper companies and
4. some exchange of information between the paper companies and their wood supplier Metsähallitus.
5. In some cases there are more direct contacts between the German market and Finnish forestry.
6. Irritations and conflicts are the result, both between paper customers, their suppliers, NGOs, Metsähallitus and sometimes additional Finnish players.

The processes that lead to these irritations and conflicts can only be understood on the basis of an analysis of the interests of the different players and the perceptions of the different players of each other.

In Chapter 1, we have analysed the interests of the main Finnish players and the way they perceive the others, especially the German market and the NGOs. For understanding the Finnish situation, it is crucial to understand at least

- the character of forest ownership in Finland,
- the position of the paper companies between the demands of the Finnish timber market and the demands of the (German) paper market,

- the position of Metsähallitus between pressures of the market and political decision making in Finland and,
- last but not least, the position of ENGOS in Finnish society.
- It is also crucial to understand what forest protection means to the local Finnish situation. In 3.3 the example of Kuusamo was used to address the following issues:
 - ◆ the perception of the old growth protection on the local level,
 - ◆ the reality of forest ownership,
 - ◆ the economic situation at the local level , the economic importance of selling timber and non-economic factors shaping the attitude of the local players.

In Chapter 4, we did the same for players in the German market. We focused on the interests of magazine publishers, catalogue publishers, DIY markets and (international) NGOs. We tried to understand the exceptionally high sensitivity of publishers to forestry issues and reported the relatively negative image of the Finnish forest industry in the German market. We showed that this industry was perceived as arrogant, not very communicative, not very market oriented and not very good at dealing with their external stakeholders.

Before we turn to our analysis and before we formulate our recommendations, we try, on the basis of the facts presented above, to answer three questions:

- What is the basic conflict between the German market and the Finnish forest industry about? (see 5.2)
- Is the conflict between the German market and the Finnish forest industry a communication problem? (see 5.3)
- If positive, what is the communication problem?(see 5.3)

5.2 The Conflict

5.2.1 *The conflict is ...*

If we look at the case history, we evidently see a great number of smaller and larger conflicts, but if we manage to abstract from the specific cases, we observe only one central conflict. The conflict can be defined by one simple question:

How should the Finnish forest industry organise its relationships with its external stakeholders?

Under this question, a number of more detailed questions can be subsumed, such as:

1. How should international ENGOS such as Greenpeace and WWF be included in stakeholder dialogues about Finnish forestry?
2. How can we guarantee that legitimate Finnish parliamentary decision making is not undermined by external stakeholder involvement?
3. How can we solve the problem that international ENGOS are very well accepted in the German market, but not in the Finnish market?
4. What role should Finnish national and local ENGOS play in Finnish stakeholder processes?
5. How can we guarantee that there will be a real sustainability dialogue: seriously including (local) economic and social aspects?
6. What role should the private forest owners and their organisation play in the stakeholder process on sustainable forestry in Finland?
7. What role should the state forest owner Metsähallitus play in the stakeholder process on sustainable forestry in Finland? How should Metsähallitus deal with conflicts between market demands and state decisions?
8. How can it be avoided that internationally active NGOs frustrate national, regional or local consensus? How can it be avoided that national NGOs frustrate local consensus?
9. What are the minimum standards for external stakeholder involvement from the viewpoint of the German market?

5.2.2 *The conflict is not ...*

The conflict between Finnish forestry and international NGOs is on the level of forest protection. This is obvious and only natural. Forest protection is the NGOs' core business and their natural role is to demand the maximum and to negotiate on the feasible.

However, the basic conflict between the German market and Finnish forest industry is not on the level of forest protection. Basically, the German market will accept any reasonable policy that is based on scientific information, democratic decision making and appropriate external stakeholder involvement. Therefore the conflict issue is not about forest protection but about external stakeholder involvement.

5.3 The Communication Problem

5.3.1 *Is it a communication problem?*

It would not be correct to define the conflicts between Finnish forestry and the German market as ‘a communication problem only’. The real conflict between industry and NGOs is about criteria for forest protection and the way different interests are to be weighed against each other. The real conflict between the German market and Finnish forest industry is about stakeholder participation.

Communication problems, however, lead to a situation, in which conflicts are not being discussed properly, in which the same conflicts come up time and again and in which no pragmatic solutions can be found. Is it a communication problem? No, but in order to solve the problem, better communication is still needed.

5.3.2 *The communication problem is ..*

The case history and the analysis of the position of the different players show that there is one serious communication problem: the communication problem between the Finnish forest industry and the German market, including the international NGOs. Our interviews make the following clear:

Players in the German market (publishers, DIY markets) have only a limited understanding of the realities of the Finnish situation. They rely heavily on their own interpretations, which are not always correct.

Players in Finland have only a limited understanding of the realities of the German market situation. They rely heavily on their own interpretations, which are not always correct.

As long as there is no proper reflection on the different interpretation by the two sides of the conflict, there is no chance for effective conflict resolution. The current situation requires better communication between the German market players and the Finnish players on stakeholder participation. We will develop proposals in Chapter 1, on the basis of a more detailed analysis in Chapter 1 and Chapter 7.

5.3.3 *The communication problem is not ...*

On a superficial level, the conflict is a conflict between Germany (the market) and Finland (the production country). One could argue that the communication

problem is defined by the wrong perception of Finnish forestry by the Germans. In that case, the solution would be to better inform the German consumers about the qualities of Finnish forestry, for example through public relations campaigns. This is certainly not an appropriate solution, since it is based on the wrong analysis. Research on public perception of Finnish forestry in Germany would most certainly not reveal any serious public worries about forestry issues at all. General public perception is not the issue.

The issue is the interplay between NGOs (notably Greenpeace and WWF), the German magazine/catalogue publishing sector, the DIY sector, the Finnish paper producers and Finnish public and private forest owners. There is no communication problem with the general German public.

The communication problem is not exclusively the German perception of Finnish forestry. In that case, the solution would be to inform the relevant German parties better about Finnish forestry. However, the perception of the German market by Finnish players is as much of a problem as the perception of Finnish forestry by German players. The present problems are the result of perception problems on both sides of the 'fence'.

6. The Structure of the Finnish-German Communication Problem

6.1 The Mechanism

For the analysis of the German-Finnish conflict on forestry-related issues, we have to understand what the relationship between the conflict and the communication problems, as discussed in the preceding chapter, is.

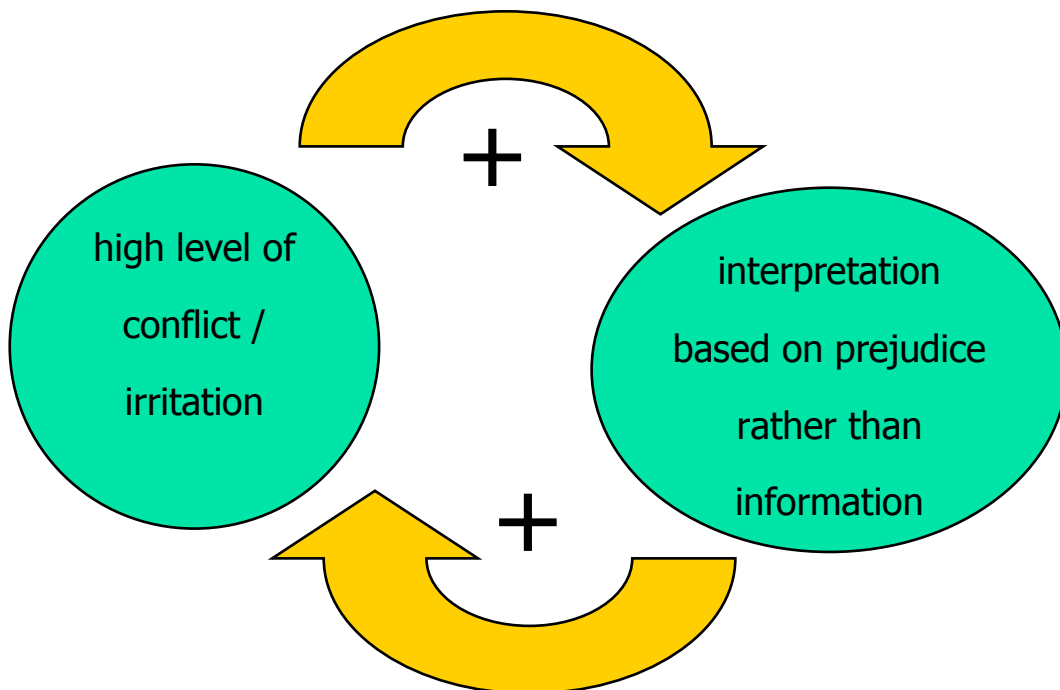


Diagram 4: The Basic Mechanism

Conflict and selective perception

The relationship between the conflict and the communication problems is simple, as is indicated in Diagram 4. If there is some level of irritation or even conflict, it generally has a psychological consequence: the narrowing of perception. People in a conflict situation tend to interpret the situation on the basis of prejudice rather than on the basis of information. In a conflict situation, people create certainty by heavily relying on their beliefs about the behaviour and interests of the other party. People in a conflict situation tend to know exactly what the other wants, what his interests and strategies are, even without asking. In many cases, this leads to a perception of the situation, in which conflict is reinforced. The vicious circle is schematised in Diagram 4.

In our interview study, we found amazing certainty on the German side about what happened in Finland, but the Germans did not have the information and did not even ask for it. We found equally amazing certainties on the Finnish side about what happened in Germany and why. But the Fins never checked their data either. Below, we give some examples of perceptions that made increase the conflict level. Although there may be some truth in parts of these perceptions, on the whole, they are not correct. They are more the result of beliefs than of real information. Below we give some examples.

AN EXAMPLE

- Many Fins think ...
 - ◆ that the journey to Northern Finland proved that German publishers together with NGOs want to interfere with Finnish business in an arrogant way
 - ◆ that NGOs are trying to undermine democracy by questioning the 1996 decisions on OGF
 - ◆ that German publishers think that Finnish forestry is bad
- Many Germans think ...
 - ◆ that the reactions to the OGF debate show that the Fins lack a serious dialogue culture
 - ◆ that the way the Fins handled the 'trip' shows that they systematically refuse to create transparency on OGF issues
 - ◆ the Finnish press was actively co-ordinated by the forest industry

6.2 Examples

In the sections below, we give three examples of varying degrees of distortion in the perception of the different parties: (1) the perception of the 1996 OGF decisions, (2) the German field trip in 2002, (3) the debate on supplier criteria for OGF.

6.2.1 *The 1996 OGF decisions*

It is interesting to see how different the perception of the 1996 decision on old growth forestry protection for Northern Finland was and still is, see Table 7. As we have shown in our case history, most official players in Finland see this process as an exemplary process: open, transparent, democratic and fact-based. The critics, such as the German publishers, do not agree at all. They see a crucial lack of stakeholder participation. One of their strongest arguments is that the NGOs left the process, one after one. We assume that none of the parties is lying and that they are, within their own context, both right. In the first place, both

parties use quite different criteria for what a good stakeholder process should be. The Fins evidently point at a 'democratic' process in the legal framework of Finnish State Law and in the context of Finnish tradition. The German critics point at the necessity to include NGOs in the spirit of Rio. These are different frames of reference. As far as we know, there has not been any communication about these different frames. What also becomes clear from our research, is that the Germans were not well informed about the 1993-1996 process. Afterwards they even complained about this. The question, who is responsible for this lack of information, should not be discussed here, but this lack of information made the German side more critical than they had been if they would have been informed better.

Table 7: Perception of the 1996 decision

official	critics
democratic process with exemplary participation of all stakeholders	There was no fair and effective NGO participation: they left the process, one after none
criteria were agreed by all stakeholders, stakeholders did not accept the results, because not enough hectares	criteria were not applied in a honest way. There were many areas for which further discussion was needed.
idem	There were agreements on the maximum hectares to be protected and even detailed commitments to certain municipalities not to protect certain forests

Even more interesting is the discussion about the agreement on the OGF criteria, the scoring system used for the preparation of the 1996 decision. On the Finnish side, we often heard (also in our interviews) that the NGOs entirely agreed on the criteria but could not accept the result, because they did not get the number of hectares they wanted. There may be some truth in it, but it is too narrow an interpretation of what was happening at the moment. In reality the discussion was more on 'grey areas' that were difficult to decide on the basis of simple scores, on lacking information and on values that were not recognised by the way the scoring process had been organised. On the German side, the criticism went much further, however: some people in Germany believe that the problems were caused by detailed commitments on not protecting certain forests, by agreements between the State and municipalities, etc. It was not the purpose of this study to find out the truth. This is not a legal inquiry. We suspect, however, that in the mentioned German perception, there was a great deal of 'hineininterpretieren': interpretations on the basis of strong beliefs, not on the basis of solid checked information.

6.2.2 *The 2002 German field trip*

As we have shown elsewhere, the German field trip caused many emotions, on the German as well as on the Finnish side. Therefore we find, as we may expect, rather diverging perceptions about what happened and why it happened. We give some examples only, see Table 8.

There were, and still are, some strong emotions about the Greenpeace-led guided tour to the North of Finland. They were most certainly built upon earlier negative experiences and a generally negative experience with NGOs, Germans or both. Therefore many Fins could not interpret the trip otherwise than as an attempt at creating conflicts behind the back of the forest owners, interfering into the legitimate rights of people and organisations. Although the Germans were not completely naïve and understood that their visit could create some resistance, they were still surprised by the strong negative reactions. They said, also in our interviews, that the main purpose of the trip was to inform themselves, as they did not get the information elsewhere. “If we do not get the information, we have to look for ourselves.” The psychological effect of the two positions was that none of the parties felt themselves taken seriously, which, as a rule, creates strong negative emotions. The Germans were seen not to have any understanding for the Finnish problem, whereas the Fins were unable to see that the German action served a legitimate German interest.

Table 8: Perceptions about the German Field Trip

Finland	Germany
The Germans are behaving unacceptably, they are creating conflicts behind our back, etc.	We are just informing ourselves, because we do not get the information
The NGOs have managed to use the publishers as their vehicle ...	NGOs are legitimate stakeholders among others. We do not necessarily agree with them.
We made some jokes about the ‘German invasion’ in Rovaniemi ...	The Fins are using unacceptable emotions. This leads to a very serious situation between our two countries ...
	We are certain that the Finnish press campaign against us was organised by someone in Finnish forestry

In this case, the psychology created more problems than the event itself. If the Germans would have accepted the Finnish problems and if the Fins had given the

Germans the benefit of the doubt and had accepted that they were just gathering information and nothing else, the conflict could have been avoided to a large extent

The German field trip strongly confirmed the Finnish perception that German publishers are used as vehicles by international NGOs to put the Finnish forest industry under pressure. The German perception, however, is different. They do not see themselves as a vehicle of the NGOs. They emphasise that they do not agree with the NGOs on a number of issues. They try to communicate that NGOs are legitimate stakeholders that should be included in forest protection processes and in forest certification. From our interview study, the impression arises that there has never been a successful discussion between the two parties that clarified the issue.

A real misunderstanding between the two sides appears to have developed around the publication of the Karlsson caricature in Helsingin Sanomat. The reference to the Second World War in this caricature evoked a highly emotional reaction on the German side. The German reaction on articles in the Finnish journals was much more emotional than the Finnish articles themselves. The Fins thought about the caricature as a (sick) joke that should not be taken too seriously, but the Germans were deeply shocked. The next steps of the Germans finally provoked really emotional reactions on the Finnish side. This is not an exception: often a reaction to a non-existent behaviour provokes exactly that behaviour.

When, after some time of silence, the Finnish press started to publish a whole series of critical articles about the German field trip, the Germans developed the idea that the press campaign would have been organised someone in the circles of the Finnish paper industry. Their argument was: the long reaction time shows that someone was planning this. There is a minor possibility that the Germans are right, but it is much more probable that the simultaneous reactions in the Finnish press just occurred by chance. In any case, the German reaction was conflict enhancing by itself: it showed the German lack of trust in Finnish society, the Finnish press and the Finnish forest industry. This was not a very sensible thing to do, even if the allegation would have been true. It only created more conflict.

6.2.3 *Supplier criteria for OGF*

A very central issue in the debate on old growth forest protection is the exclusion of timber from old growth forests in paper production. In the discussion between the German market, including NGOs, and the paper companies, something peculiar is happening. In many cases, the paper companies, consciously or not, appear to hear a question which is definitely different from the question that is asked. The question asked in many instances is: “Can you guarantee that you do not deliver wood from protected areas or from areas that are currently disputed by NGOs and about which discussion is going on or inventories are being made?”

More than once, the answer is: “Yes, we do guarantee that our timber does not come from protected areas, as defined in the 1996 government decision”, or: “We know that Metsähallitus is working strictly according to the law. We trust Metsähallitus that we are not getting any illegal wood.”

These are good answers, but on a different question. The issue today in Northern Finland is not on legal wood versus illegal wood, but between wood from disputed areas and wood from areas that are not controversial.

If, in this discussion, the paper customer or the NGO makes his point clear (that he does not want to have wood from disputed areas), the following reaction may be the result: “You should not interfere with democratically legitimised government decisions. It is not your business to dictate what we should protect.” The answer is completely right. Nobody can deny that a paper customer does not have the right to interfere with democratic government decisions. But was it the question? It was not.

Table 9: Perceptions of OGF Supplier Criteria

Germany (question asked)	Finland (interpretations)
Can you guarantee that the wood you are delivering is not coming from disputed forests? (forests that are claimed by NGOs to be valuable)	Can you guarantee that the wood is coming from legal sources? Of course, we can. Metsähallitus is not cutting in the 1996 decision areas.
same question	You are interfering with democratically legitimised government decisions. It is not your or an NGO's business to dictate what we should protect

Apparently the German customer and the Finnish paper supplier argue from different frames of reference. The German frame of reference is in ‘market language’. It is about asking a supplier to conform to certain supplier criteria, in this case ‘exclusion of NGO disputed timber’. The Finnish frame reference is in ‘state language’. It is about the question about legal requirements on forestry. These two frames of reference are not connected. They do not have anything in common. There is only one question that connects those two frames: does the market have the right to ask for ecological criteria that go beyond legal requirements in Finland? The implicit German answer is “Yes, of course, this is

how the market works!”. The implicit Finnish answer is “No, of course not! It leads to interference with property rights.” As long as the answers remain implicit, there is a fundamental communication problem.

6.3 Consequences

In our case history, we have shown the continuing story of conflict and communication problems between the German market and the Finnish forest industry. In this chapter, we have analysed the self-reinforcing mechanism of conflict and bad communication, in terms of narrowing perceptions. We have given some concrete examples. Before we turn to proposals for improving communication, we ask ourselves, how bad the consequences of bad communication and conflict actually are.

We will not deny that some level of conflict can be healthy and that communication must not always be perfect. Some communication errors even produce creativity and perhaps innovation. In the case studied here, however, we see some really negative consequences. We will address four main consequences: loss of time, simplification, no local solutions, ideological conflict.

- Repetition and loss of time
If we look at the history of the last 10 years, we see that many issues come up regularly and it is as if many events just repeat itself too often. The feeling “it is happening again” was expressed by many interviewees representing totally different perspectives. The feeling is: “We are losing too much time and always on the same issues”.
- Extreme simplification
The more conflict, the more simplification of the issues discussed. As conflict promotes closed thinking in terms of beliefs rather than open thinking on the basis of information, conflict as a rule leads to extreme simplification and simplification may stabilise conflict. Extreme simplifications never produce very practical solutions and often contribute to more conflict. In the old growth forest discussion, we can point at the following simplifications:
 - ◆ nature protection against economy
Although reality is much more subtle (there are win-win possibilities for both nature and economic development), the problem is simplified as a conflict between nature protection (with high losses of jobs) and economic development (with a stop on nature protection: ‘enough is enough’).
 - ◆ NGOs against forest owners
In the simplified reality, forest owners are on the side of economic development and NGOs are perceived to be against forest owners. Reality is not that simple.
 - ◆ Highly simplified ecological indicators
In conflicts, there is an interest to be loud, simple and clear. Therefore

complex models of biodiversity and complex indicators are difficult to use in such a situation. Simple terms will do better. In the early discussions, the imprecise word ‘clearcuts’ was often used. OGF (old growth forests) is its successor, but it still lacks precision. Ecological discussions about forests are in danger to become reduced into discussion about OGF and non-OGF, without anybody asking whether, in the end, such a distinction really makes sense. The same question can be asked for HCVF.

- High-level deadlocks instead of local negotiation

In conflict situations, there is always the tendency to move problems to higher levels of the hierarchy of public and private organisations. Conflicts become high-level political issues and, as we have argued above, they become simplified as well. Practical solutions, however, need to be implemented at the local level and the local level needs to be involved at an early stage. Problems at a too high hierarchical level often remain unsolved.

- Ideological conflict instead of pragmatic solutions

The combination of what has been written above leads to a situation in which on a high level, extremely simplified positions are at the centre of the debate. The conflict becomes ideological. The discussion is not about facts anymore but about positions, values and rights and principles. We see this clearly in the Finnish forestry discussion, in which the discussion about ‘democratic legitimacy’ (in the context of the 1996 decision), and ‘property rights of forest owners’ is sometimes dominating. These are certainly important issues, but in a more normal discussion situation, there should be broad consensus about these issues and the real discussion should be on how practical solutions can be found within the limits of ‘democracy’ and ‘forest owner property rights.’

In sum: we believe that the negative effects of the ongoing communication problems between Finnish forest industry and the German market are bad enough to at least try to find a solution. Before we go into the question of solutions, we ask ourselves one question: “What factors explain that the communication problem between the Finnish forest industry and the German market is so persistent? (Chapter 7). Finally, in Chapter 1, recommendations for improvement will be developed.

7. Factors that Stabilise the Communication Problem

7.1 Introductory Remarks

Communication problems and conflicts are part of everyday life. There is nothing special about it. They are inherent to human nature. It is a direct consequence of how information is processed in the human brain, about the way emotions work and how organisations are structured. In this sense, there is nothing special about the Finnish-German conflicts about forestry issues.

One aspect is special, however. The communication problem and the associated conflict are extremely stable. The same patterns can be seen during a ten year period, and although many of the main players openly confess not to be happy about it, no major changes can be observed. The players, in a way, are addicted to a game they do not really want to play. Of course, our naïve advice here could be: “stop the game now!”. It could be more successful however to reflect on one question first: “What makes the communication problems so persistent?”. The answer to this question could contain some keys to the solution of the current problems.

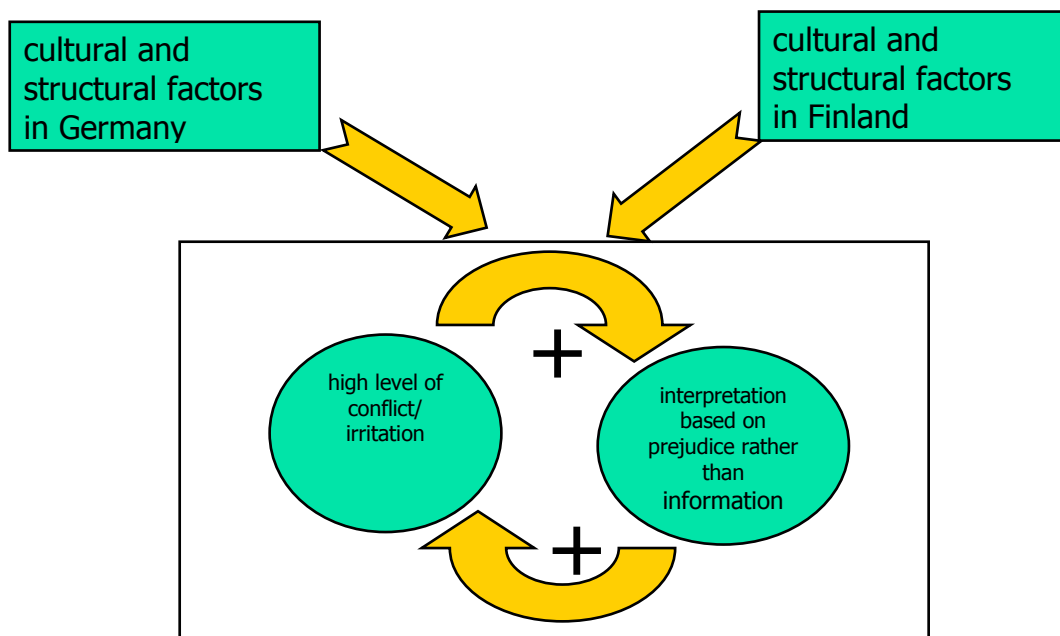


Diagram 5: Stabilising Factors

The empirical evidence in this study suggests that the stability of the communication problems is caused by a number of cultural and structural factors, both in German and in Finland. These factors make that the circle of conflict and bad communication is not dampened. On the contrary, these factors are the fuel for this vicious circle, see Diagram 5. We already have described these factors in Part I of this report. Here we will summarise how they are responsible for the continuing communication problems.

In 7.2, we will deal with the structural and cultural factors in the German context. In 7.3 we will do the same for Finland.

7.2 The ‘German Factors’

7.2.1 Overview

Below we have summarised a number of factors that, based on our study, appear to be an important contribution to the persistent character of the Finnish-German communication problems.

THE GERMAN FACTORS

- romantic emotions about forests
- cultural stereotypes about Finnish culture, lack of understanding of Finnish behaviour
- German thinking about conflict and consensus
- no reflection on German style decision making
- high credibility of international NGOs
- German style journalism, role of media

7.2.2 Romantic emotions about forests

This is a cultural factor that cannot be changed easily. Effective strategy should take it into account as a fact of life.

Germany has a special relationship with forests. People from Germany and other German speaking countries in Europe tend to think in romantic terms about the forest. For the inhabitants of this modern industrial country, the forest relates to their original, ‘natural’, identity. In Germany, the concept of ‘Waldsterben’ was invented and Germans like to talk about ‘Urwald’. ‘Ur-’ in German relates to everything that is pure and original and, in many cases, has been lost.

7.2.3 Cultural Stereotypes about Fins

The problem with cultural stereotypes is that they always contain some truth, but on the whole, they are imprecise and often factually wrong. In our interviews in

Germany, we have found numerous stereotypes and many stereotypes are shared by more than one interviewee. According to our interviewees, Fins would be non-communicative, difficult to negotiate with, closed, difficult to trust. It was said that Finnish culture is extreme macho as well. Some interviewees confessed that they thought to have built up personal trust but later discovered that their ‘friends’ could not be trusted at all:

“I was utterly surprised, when I discovered how warm personal relationships with Fins could change into hatred overnight.”

There was also the idea that Fins tend to think in terms of friends and enemies and do not see any alternative option.

There are certainly some cultural differences between Germany and Finland, but the little differences are often completely over-interpreted, especially in situations of confusion, uncertainty or conflict. The author of this report had the same experience as some of the German and made the same wrong conclusions. The interviews in Northern Finland were organised by FFIF and FFIF asked a FFIF employee to accompany the author, which he then immediately interpreted as an attempt at steering the conclusions of the research. Later on he had to discover that FFIF only wanted to take good care of its guest and offer the best Finnish hospitality!

For solving the present problems, German stereotypes about Fins should be reduced. This is not difficult. The problem has to be addressed in a professional way.

7.2.4 German thinking about conflict and consensus

As a fish that swims in the water and does not know much about water, Germans are not very aware of their special way of thinking about conflict and consensus. Germans generally have a low tolerance for uncertainty and require conflicts to be solved before decision making can sensibly take place. German culture is strongly based on the idea of ‘Konsens’: a situation, in which everybody can adhere to the same ‘truth’. In German cultural terms, conflict resolution is more or less equal to consensus building. What Germans mostly do not recognise, is that in other national cultures, the relationship between conflict resolution and consensus may be different. In some countries, a higher level of conflict is being tolerated or negotiated agreements without consensus are more easily accepted. The German market expects the Finnish forest industry to come to an agreement with environmental NGOs. Implicitly, they impose a German model on the Fins.

In coming discussions, it appears to be necessary to make these much more explicit and to choose more consciously for one model or another.

7.2.5 *High credibility of international NGOs*

We have mentioned this many times in this report. The problem is not so much the high credibility of the international NGOs, but rather their low credibility in the Finnish context.

7.2.6 *German style journalism, role of the media*

We have mentioned this before (see page 84): Probably more than journalists in other parts of the world, German journalists tend to see themselves as advocates for a good cause. This explains the high sensitivity of the German market to the issues described in this report.

7.3 **The ‘Finnish Factors’**

7.3.1 *Overview*

Below, we have summarised some of the relevant Finnish factor that appear to be responsible for the stabilisation of the current communication problems between the German market and the Finnish forest industry.

THE FINNISH FACTORS

- cultural stereotypes about ‘we Fins ...’, ‘we are not Swedes’ and about ‘Germans are ...’
- technical and economic superiority of Finnish forestry (industry)
- history of Finnish forestry and its institutions
- the ‘Finnish consensus’ in forestry
- the history of a ‘supply-based’ paper industry
- relative timber shortage in Finland
- communication barriers in paper companies
- outsider status of (international) ENGOS

7.3.2 *Cultural stereotypes*

Also on the Finnish side, cultural stereotypes appear to play an important role in making the current conflicts so persistent. Interestingly enough, the cultural stereotypes the Fins have about themselves are at least as important as their cultural stereotypes about the Germans.

Stereotypes of the Fins about themselves

No question during the interviews was specifically dealing with the issue, but in all interviews, without exception, the issue was raised. The central issue was always the Finnish way of dealing with disagreement, consensus and conflict. Always it was emphasised that Fins are very honest people who have a simple and straightforward relation with the truth. The basis of Finnish culture is poverty and the behaviour that goes with it: trying to do you job right and speak the truth. For Fins, according to our interview partners, complicated negotiations, cumbersome consensus formation are not seen to be truthful and are even associated with lying. For a Fin, a good conflict would be preferred above some complicated agreement in which the parties are not honest. At this point of the argumentation, again without exception, a comparison with Swedish behaviour was made. It was suggested that Swedish people take hours and even days in order to reach consensus and then make agreements which contain promises they cannot hold. Swedes, in this theory, would prefer these sort of empty promises because they like to have peace, at least for the moment. Fins, on the contrary, prefer to be honest and some level of conflict is the price they are willing to pay. One interviewee said:

“We are different from the Swedes, for example. We do not negotiate all the time until we have consensus. The Swedes are always good in promising about what they are going to do in the future. We want to be absolutely certain, otherwise we do not say it.”

We asked: “Why not behave like Swedes then? There are obvious advantages.”
The answer: “What we say, we can also keep. That is our strength.”

Such stereotypes contain some truth, but they are a strong exaggeration of reality. They are certainly not true, but they have real consequences. The supposedly absolute honesty of the Fins cannot be true. It will not work in any society. Every society has its formulas for diplomacy, negotiation and dealing with ambiguity. The idea of Finnish society as a bunch of simple and honest farmers is just not true. Otherwise the success of Nokia, for example, cannot be explained. The idea of the Swedish as anxious diplomats who avoid all conflicts for the sake of peace is as unrealistic as the Finnish model. Still there is some truth in the assertions of the Finnish interviewees: Fins do prefer open conflict in some situations where Swedes (or: Germans) would call for a negotiated settlement.

In coming negotiations between German customers and Finnish players, the cultural issue should be addressed, but not in a stereotypical way. An independent facilitator could, for example, take care that the little differences should be recognised and made explicit.

Stereotypes about Germans

The main stereotype about Germans is that they are arrogant, authoritarian and romantic. They are often called ‘outsiders’, ‘people from central Europe’ who do not respect the Finnish democracy and the rights of the forest owners.

For the solution of today’s problems between the German market and the Finnish forest industry, it is necessary to stop talking about the stereotypes and to address the real issues, the small differences between the two traditions that are sometimes a barrier for good co-operation but must not be if they are properly recognised.

7.3.3 *The Superiority of the Finnish Forest Industry*

The Finnish forest industry is the world leader. The paper companies belong to the largest paper companies in the world and they are expanding rapidly. Finnish pulp and paper technology, harvesting technology and forestry are world-wide benchmarks. Finnish forest industry profits from a good combination of technical knowledge, coherent social and organisational systems, a pool of high-level ‘hidden knowledge’ and a strong political consensus. One interviewee:

“The system is so strongly built, socially and technically. They cannot make paper cheaper elsewhere with less ecological damage. There is so much hidden knowledge. There are so many high quality people involved with excellent skills. It is the opposite of Russia. Here everything works on time. We are the leader with Jaako Pöyry and the Finnish paper companies.”.

The strength of the Finnish forest industry also creates a certain vulnerability. Unfortunately, this is not easily recognised by the Finnish players. In the interviews, the question was often asked (sometimes by the interviewer, sometimes by the interviewee): “Why do they try to attack Finland all the time? Why not Sweden, for example?” There were several explanations, one of them pointing at the cultural difference between Sweden and Finland, as discussed above. As a rule, there was a strong feeling that this situation does not do justice to the high level of Finnish forestry and the Finnish forest industry:

“Look at what the Swedes do to their forests! They are certainly not better than we are. Perhaps they are better at promising things, but in all aspects we are better in reality. We are much stronger than the Swedes. Look at who is leading in mergers and acquisitions, look at who develops new technologies. Still they attack us!”.

The interviewee here tries to point at a contradiction which is not a contradiction at all. The Finnish forest industry is attacked because it is the strongest in the world. It is always the fate of the strongest to be attacked. Greenpeace attacked one of the strongest and possibly the best oil company in the world, Shell, and

Shell went through difficult times during the Brent Spar campaign. The same Greenpeace attacks Stora Enso, UPM-Kymmene and M-Real for exactly the same reasons. They belong to the strongest and the best paper companies in the world. They are expected to be the leaders, not only economically but also in terms of corporate responsibility.

It is as if the Finnish paper industry still does not recognise its global top position and the vulnerability that goes with it. To say it ironically, it is time that for the Finnish paper companies to feel proud to be attacked by Greenpeace.

7.3.4 The history of the Finnish forest industry and its institutions

Rapid development

The Finnish forest industry developed extremely rapidly over the last 10 years (see also text on page 68). Not only did the companies grow considerably, notably by a series of mergers and acquisitions, also the business environment changed dramatically. It is less than ten years ago when Finland joined the EU. The rather closed corporatist style of relations between the forest industry and the Finnish state was rapidly replaced by a more open economy style. Finland joined the EU in 1995 and the most important paper industry mergers took place in 1996 and 1998. This is only a few years ago.

In a very short time, the paper companies had transform themselves from Finnish companies in a Finnish environment into global competitive companies in a global environment. They had to become much more market-oriented than they had ever been in the Finnish context before. Companies had to change and so had their national organisations such as the Finnish Forest Industry Federation. They appear to have managed quite well. Still many elements of history still survive in the thoughts, emotions and behaviour of those who work in the industry. This is specially true for the older people who were socialised a long time ago. These people are still in top positions in the companies and in the industry organisations.

The Finnish consensus

The Finnish forest industry and Finnish forestry is characterised by a strong cohesion. There is a strong consensus between professionals in the sector across borderlines of companies, institutes and organisations. A German interviewee gave the following stereotype:

“A forestry specialist in a paper company sees himself as a Fin in the first place. In the second place, he sees himself as a forester. In the fourth or fifth place, he sees himself as a representative of a his paper company. In the last place, he sees himself as someone who is at the service of a paper customer.”

Of course, this is a strong exaggeration, but it points at something real. There is a strong group cohesion in Finnish forestry and the forest-based industry across borderlines of competition. This cohesion may prevent competition and market orientation even in those cases where competition would be at the advantage of paper companies and their customers.

The history of a supply-based industry

We discussed this issue already at length in 3.2.2 on page 69. Before 1995, the Finnish paper industry was very much supply-based and much less market-driven. Although the situation has changed radically, there are still traces of the historical situation in the existing business cultures and the existing behaviour of people in the paper industry. Especially in situations of conflict with the (German) market, old reactions tend to pop up again. FFIF's letter of November 29, 2002 to German publishers can be viewed as an example. The letter fits better in the context on the 1980s than in the context of the year 2002. It can be explained as an expression of a supply-side logic.

The remainder of this historical supply-side logic may even be reinforced by the current dominance of Finnish paper companies in the magazine paper market.

7.3.5 *Relative timber shortage in Finland*

One of the apparent causes of the continuing tensions between the German market and the Finnish forest industry is the relative timber shortage in Finland. We have discussed this issue in 3.2.2 (page 68). Any disturbance in the relationship between paper companies and their wood suppliers can create huge economic problems. This makes Finnish paper companies reluctant to follow the wishes of their paper customers too easily. Our interviews suggest that the German customers have only limited understanding of the risks involved in the timber market. They tend to explain the paper companies' lack of willingness to respond to the demands of their customers in psychological or cultural terms only and forget about the economic reality of the timber market.

7.3.6 *Communication barriers in paper companies*

One important factor that contributes to the current problems between the (German) market and the paper companies are the internal communication barriers in paper companies. Not only need the marketing and communication people on the market side of the paper company better up-to-date knowledge about forest-related issues. Also the forest side of the company, the wood sourcing and forestry departments, need a better understanding of the questions the market is asking. In addition, there is the need for a clear policy of the top-level management that clearly defines issues and responsibilities.

7.3.7 *Outsider Status of Environmental NGOs*

It has been mentioned several times before: environmental NGOs in Finland have a very low status and not seen as respectable partners. For solving the current problems, something has to be done to include these NGOs better and to give them a more respectable status.

8. Options for Improvement

8.1 Introductory Remarks and Overview

In this chapter, we develop some ideas for improvement. These ideas are derived from the case history (Chapter 2), the actor analysis (Chapters 1 and 4) and our analysis of the dynamics involved (Chapters 5, 1 and 7).

These ideas are suggestions only. The development of effective solutions need serious preparation. The following considerations are important.

- The solutions cannot be the result of an external advice only. They should be developed further by the stakeholders in a cooperative exercise.
- The solution cannot be decided by one of the stakeholders in isolation. The Finnish forest industry cannot decide on the solution without consulting the other players involved.
- Before a discussion solutions, there should be minimal agreement on the underlying analysis.

8.2 Three Problems

8.2.1 The Problem Dynamic

In Diagram 6, we have summarised some of the main findings of this study.

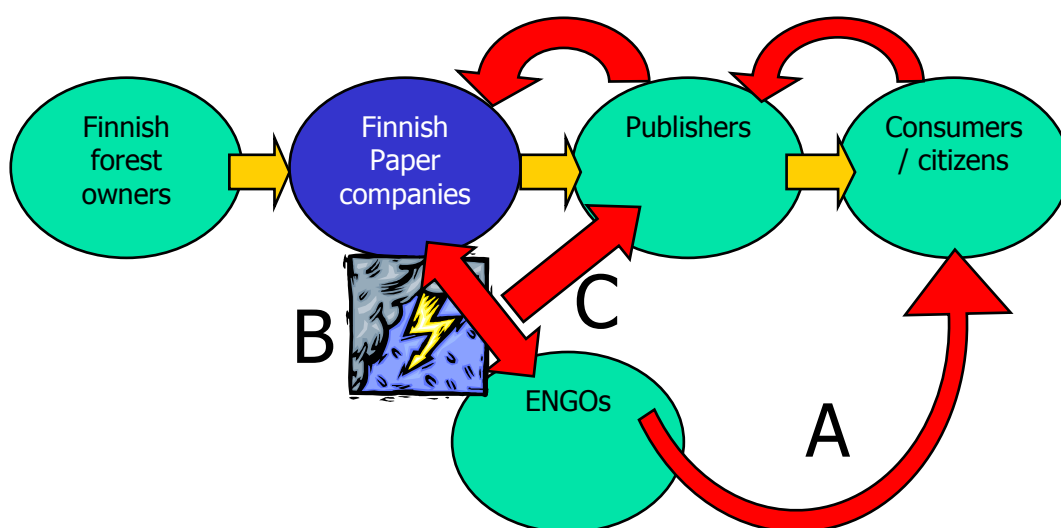


Diagram 6: The Problem Dynamics

- A. ENGOs address ecological questions related to forestry and try to sensitise consumers. The consumers/citizens create pressure on the publisher or at least the risk is there that they will create problems for the publisher. The publisher transfers the ENGO/consumer pressure to the paper company.
- B. The relationships between Finnish forestry and (international) ENGOs are a source of conflict. ENGOs are not accepted in Finland as they are in Germany.
- C. The bad relationships between Finnish forestry and (international) ENGOs present a risk to the German publishers. The publisher tries to develop pressure on the Finnish forestry, the paper companies and their organisations to improve their relations with NGOs.

8.2.2 Three Problems

From this mechanism, three main problems arise, which we have listed below.

- The central problem is the way the Finnish forest industry involves external stakeholders, notable the national and international ENGOs with regard to ecological forestry issues such as old growth protection.
- The main communication problem (Problem 2) refers to the communication between the German market and the Finnish forest industry about the issue of stakeholder involvement.
- The third problem refers to the internal communication in paper companies between the paper market side of the company and the forest side of the company.

THREE PROBLEMS

- PROBLEM 1
the way Finnish forestry (industry) is involve its external stakeholders, notably the national and international ENGOs;
- PROBLEM 2
the communication between Finnish forest industry and the (German) market about ENGO involvement in forestry issues;
- PROBLEM 3
internal communication between the market and the forest sides of paper companies

For solving these problems, we see a need for improvements on the level of the paper companies an paper customers (see 8.4), on the international level (see

8.4.2) and on the national level (8.5.2). Before discussing our proposals for improvements, we will address three existing ideas, which were often referred to in our interview study in Finland, and show that they will not solve the problem.

8.3 Inadequate Solution Proposals

8.3.1 *More Information*

One solution, which is often proposed and which we heard in our interviews repeatedly, would be to give more information: “We should give the (German) market more information about Finnish forestry”.

It is certainly true that about many issues even the top managers in the German market are not too well informed. In any case, many German perceptions do not always fit with the Finnish way of seeing things. The real problem, however, is not a lack of information, but a lack of trust in the information source.

In fact, the German market is not interested in Finnish forestry. The only interest of the German market is to be able to trust Finnish forestry without the need to go into any details. For this trust the market needs appropriate forest certification and ENGO support.

Just giving more information about the high (ecological) quality of forestry and the excellent processes of democratic decision making will not help. If the problem is lack of trust in the information source, giving information will not create trust. It may even reduce trust. Effective solutions should always start with building trust.

8.3.2 *An Offensive against Greenpeace*

During our interviews in Finland, an ‘offensive against Greenpeace’ was one of the ‘solutions’ that was often heard. There were some rumours that some players would already have decided on concrete steps in this direction. Maybe it were just rumours, maybe there was some truth in it.

Such an offensive would be the most effective way to increase conflict, both between NGOs and the forest industry and between the forest industry and the market. It would result in a loss of control over the situation and it would seriously harm the reputation of the Finnish forest industry.

It would not present any solution to the problems we have described in this study.

8.3.3 *Focus on Facts*

A third proposal for solving the conflicts between the Finnish forest industry, the NGOs and the (German) market very much concentrates on ‘facts’. The idea is that one has to refrain from the political and ideological conflict and go back to the facts now. The proposal implies a process in which the ecological criteria for ‘old growth forest’ or ‘high value conservation forest’ are discussed, in which the parties look at the Taiga Rescue Network maps, compare them with official maps, discuss concrete logging schemes of Metsähallitus and have fact-based discussions about the conservation values of all forests considered, especially for the forests in the logging plans.

In fact, this proposal is going in exactly the right direction. In the end, the current conflict dominated discussion should be replaced by a fact-based discussion. However, the proposal is a bit naïve as well, as it does not recognise that before the fact-based discussion, there are some important steps needed, in which the different parties arrive at a common definition of the character of the conflict and in which the rules of the games for an improved discussion are made explicit and agreed by all parties.

Just organising a fact-based discussion in the middle of a conflict has never resolved any serious conflict. It will not resolve this conflict either.

8.4 **Improvement at the Company Level**

8.4.1 *Finnish Paper Companies*

An improvement of communication skills and procedures in the Finnish paper companies can substantially contribute to solving the problems with the (German) market discussed in this study. In the first place, coordination within the paper companies should be improved. In the second place, there is a need for changing the skills and mind-set of specific people in the organisation. We are aware of the fact that the problems in the different paper companies are different – we observed considerable differences between Stora Enso, UPM-Kymmene and M-Real, for example. In this study, which was written for the Finnish Forest Industry Federation and not for any particular paper company, we refrain from giving any company-specific analysis or advice.

Coordination

We see a need for improving coordination in the companies on both ends of the company (paper market, forest) and between those two ends:

- Better coordination of market response
In relation to ecological forestry questions, paper customers often had many different contacts in the paper companies, which were not well coordinated.

The solution is a combination of (a) defining a central responsibility in the company, (b) improve information exchange within the company, (c) have crystal-clear policies from top-management.

- Better coordination of forestry-related work
The same holds for the forest end of the company.
- Coordination between the paper market and the forest side of the company
Not only should the people on the paper market side be better informed about forestry issues. Also the forest people in the company should have a better understanding of the issues that are important in the paper market, see also next points.

Skills and mindset

The basic problem is to bridge the professional and cultural differences between the two ends of the company.

- Forest people in the company should be trained to understand the market relevance of (ecological) forestry issues better. This means that these people have to take issues seriously that they are not directly inclined to take seriously at all from their professional background.
- Marketing and sales people in the company should be trained to deal with (ecological) forestry issues more professionally. To quote one of the interviewees: “The average company sales person should know the strategic intent of our policy. This is even more important than detailed knowledge about forestry issue. By communicating the strategic intent, the sales person can create trust through self-confidence.”

8.4.2 German Publishers

Also the German publishers can contribute to an improvement of the situation. They do not have to wait for the Fins to solve all their problems. The German publishers could try to increase their reaction barriers a bit and to react less rapidly and less emotionally. In any case, it would not harm the German-Finnish relations if the German publishers would study the character Finnish society, the Finnish forest industry and the position of the forest owners a bit more in depth.

8.5 International Stakeholder Dialogue

8.5.1 Players to be Involved

Only partly, the problems discussed in this report can be solved by unilateral changes. The Finnish paper companies can try to solve their internal coordination problems and invest more in training. The same can be said about the German

paper customers. A structural solution of the problems, however, is only possible in cooperation between the main stakeholders involved. Therefore we propose to organise an international stakeholder dialogue process between the Finnish forest industry and its major markets.

In this study, we have shown that the German market is playing a dominant role. Not only is Germany the market in which environmental issues are much more important than in other markets, also is there a particular relationship between Germany and Finland, which has nothing to do with the content of the issues but much more with history and cultural differences. The irritations about the German intrusion into the Finnish forest and the German emotions about the Finnish irritations show how difficult Finnish-German discussions can be. For this reason, we propose that the coming stakeholder dialogue will not be restricted to a dialogue between Finland and German but that other environmentally sensitive markets such as the UK and the Netherlands will be included. By doing this, certain emotions can be avoided from the outset.

We propose to invite the following players:

- Finnish paper companies and FFIF
- Metsähallitus and MTK
- Publishers from Germany, UK, the Netherlands
- DIY companies from Germany, UK, the Netherlands
- Ikea
- ENGOs: WWF, Luonnonsuojeluliitto, Greenpeace

8.5.2 Objectives

The proposed objectives of the international stakeholder dialogue on Sustainable Forestry in Finland are:

- to act as the major stakeholder platform for discussion of Finnish forestry issues in an international context;
- to discuss major sustainability issues as they come up;
- to clarify conflicts between different interests and to organise negotiation for conflict resolution and problem solving.

An appropriate name for this new process could be: “International Round Table on Sustainable Forestry in Finland”.

8.5.3 *Process and Agenda*

Process

This stakeholder process should become an international platform on which Finnish forestry issues can be discussed. It is not meant to replace the stakeholder processes on the national Finnish level, but there should be good channels of communication between the Finnish process and the international dialogue.

The process should be externally facilitated by an independent moderator with good knowledge of the sector.

Agenda

The agenda should be negotiated by the stakeholders themselves. After a first stage of agreeing on the objectives of the stakeholder process and on the rules of the game, the process should be focussed on actual issues. Today the issue is old growth protection in Northern Finland. The issues may change over time.

The most important issue to be discussed, of course, is the way NGO participation should be organised. The starting point for discussion can be the list of question on page 97 of this report. The task is to clarify the different interpretations of the VDP-VDZ position paper on stakeholder involvement.

8.6 **Improvements on the Finnish National Level**

Continuation on the Current Route

An international stakeholder process will complement but not replace processes on the Finnish national level. For solving the current problems between the Finnish forest industry and the (German) market, it is important to develop the present Finnish processes on forest protection further and to communicate them widely.

There should be a continuation on the current route. The present negotiation process between Metsähallitus, Luonnonsuojeluliitto and WWF is exactly the way to proceed in Finland and the same kind of process should be used elsewhere if there is a need to do so. Instead of criticising the NGOs for not using the right data, for using old or wrong maps, helping the NGOs to improve their data should be the priority for the future.

Sustainability

The proper analysis of social and economic aspects of forest protection should be a priority in the future. ENGOs should be motivated to engage in a real sustainability debate about forest protection. In such a debate environmental, social and economic values are being discussed on the basis of an analysis of concrete alternatives. The economic and social dimension that was rather implicit

in the 1993-1996 process should become explicit. Instead of the present discussions on 'political decisions on the maximum area to be protected', there should be explicit estimates of the economic, social and ecological values that will either be created or destroyed.

International communication

In the future, the efforts made in the internal Finnish stakeholder participation processes should be communicated more intensively and more professionally to international audiences, especially to the European markets (paper customers, DIY retailers, and others).

List of Abbreviations

Table 10: List of Abbreviations

abbreviation	stands for:
ENGO, ENGOs	environmental non-governmental organisation(s)
FANC	Finnish Association for Nature Conservation, Suomen Luonnonsuojeluliitto
FERN	a European network of NGOs (Forests and the European Union Resource Network)
FFIF	Finnish Forest Industry Federation (Metsäteollisuus)
FSC	Forest Stewardship Council
HCVF	high conservation value forest (as defined by WWF/Ikea)
LEP	landscape ecological planning
NGO, NGOs	non-governmental organisation(s)
OGF	old growth forest
PEFC	Pan European Forest Certification
TRN	Taiga Rescue Network
UPM	United Paper Mills, now part of UPM-Kymmene
VDP	Verband Deutscher Papierfabriken e.V.
VDZ	Verband Deutscher Zeitschriftenverleger e.V.
WWF	Worldwide Fund for Nature

List of Interviews

Table 11: List of Interviews

INTERVIEWS GERMANY		
organisation	name	date
VDZ	Max von Abendroth	28 May
Heinrich Bauer Produktions KG	Klaus Peter Petschat	28 May
Axel Springer Verlag	Florian Nehm	10 June
Stora Enso	Bernd Rettig Jusi Koch	12 June
Papier Union GmbH	David Wischmann	28 May
Burda Druck Offenbach	Bernhard Gallus	18 June
UPM Kymmene	Ulrich Neumann	10 June
Gruner + Jahr	Dr. Maria Hoffacker	17 June
BFH	Prof. Dr. Carsten Thoroe	
Otto Versand	Dr. Johannes Merck	23 June
OBI	Stephan Botschen	24 June
Hornbach	Andreas Back	25 June
Greenpeace	Thomas Henningsen	10 June
WWF International	Chris Elliott	July 4
INTERVIEWS FINLAND		
organisation	name	date
UPM Kymmene	Hannu Vainio	20 May
Stora Enso	Leo Erlund	20 May
Metsähallitus	Petri Heinonen	20 May
Ministry of the Environment	Sirkka Hautojärvi	21 May
University of Helsinki	Pekka E. Kauppi (Ph.D.)	21 May
M-Real	Armi Temmes	21 May
Metsähallitus	Rauno Väisänen	22 May
Metsähallitus	Jan Heino	22 May
FFIF	Timo Poranen	22 May
Suomen Luonnonsuojeluliitto	Esko Joutsamo	22 May
Stora Enso	Eeva Starck	22 May
Stora Enso	Päivi Sihvola	22 May
Metsäliitto Cooperative	Martin Lillandt	23 May
MTK	Esa Härmälä	23 May
WWF	Timo Tanninen	3 June
FANC	Sini Harkki	3 June
Helsingin Sanomat	Pentti Laitinen	3 June

Metsähallitus	Kristiina Vuopala	3 June
Pölkky Oy	Mikko Luikku	4 June
Kuusamo municipality	Mika Perttunen	4 June
Kuusamo common forest	Toivo Heiikilä	4 June
Rukapalvelu	Jouko Kämäräinen	4 June
Friends of Nature of Kuusamo	Anne Jäkäläniemi	4 June
Forest Management Association	Anne Polojärvi	5 June