

## **REPORT FROM THE SCANDINAVIAN SOCIETY OF FOREST ECONOMICS**

The Biennial Meeting of the Scandinavian Society of Forest Economics, SSFE, was held in Umeå, Sweden, May 25 - June 5, 1998. The SSFE biennial general meetings follow this principle: They take place every second year and they move from country to country in the order Sweden (1998), Norway (2000), Denmark (2002), Finland (2004), Sweden (2008), ....

SSFE98 included 42 research presentations during three days in Umea, a one day forest economic excursion, a two day forestry/ forest industrial excursion with ASSIDomän and a five day graduate course.

The name "Scandinavian Society of Forest Economics" reveals that participants often come from the Scandinavian countries. The Scandinavian countries have many things in common in the field of forestry and associated economics. Nevertheless, a large number of participants have started to come to the SSFE meetings from all over the world. During SSFE98, participants came from China, Denmark, Finland, France, Lithuania, New Zealand, Norway, Russia, Spain, Sweden, UK and USA.

The 42 research presentations during the three days in Umea covered a very wide field of forest economics. Many different analytical, numerical and statistical methods were used and forest economic decision problems of all kinds were treated. The forthcoming proceedings will be the best place to read about all the new results. The proceedings will appear in the late autumn of 1998.

The graduate course "Analytical and numerical methods of relevance to forest economics" was given jointly by Professor Bruce Bare, University of Washington, USA and by the author. Bare focused on multi objective optimization, fuzzy optimization and forest economic issues in the Pacific Northwest. Special attention was given to the economic consequences of the recent conservation decisions in forestry in USA. The author focused on dynamic linear programming, nonlinear programming, stochastic dynamic optimization and applications to typical economic decision problems within the enterprises in the forest sector.

A number of interesting invited lectures on forest sector production economics in New Zealand were given by Dr. Bruce Manley, Forest Research Institute, Rotorua, New Zealand. The lectures gave an important point of reference to Scandinavian forest economics analyses. After all, New Zealand and Scandinavia are competing in the same world market!

In the past, SSFE meetings have gained attention primarily within the scientific community. During SSFE98, several contributions were given by forest industry companies. Economic Director Eric Hörnell, MoDo, and Manager of Wood Procurement Bertil Leijding, SCA, gave presentations of direct relevance to Scandinavian forest economics during the days in Umea.

ASSIDomän organized a very interesting two day tour to the Piteå area. The Tech Center in Pitea, within ASSIDomän Corporate R&D, was presented by Research Leader Lic. Ove Rehnberg and highly interesting dis-

cussions of relevance to forest economics took place. Forest management issues were discussed in the field with Regional Forest Director Eje Andersson and Marketing Manager Patrick Bäckström at the Älvsby Forest Management Region. A large sawmill, Lövholmen, AssiDomän Nordträ, was presented by Sawmill Manager Magnus Eklund. AssiDoman Kraftliner, Pitea, was presented by Civil Engineer Åke Lundqvist.

During a forest economic field excursion to Kronören, 70 km south of Umea, the economic present value of a private forest property was optimized with different methods. First, the harvest year was optimized, stand by stand, with classical deterministic methods. In the next step, the unpredictable behavior of timber prices was studied and introduced in the analyses. The optimal reservation prices in a typical stand were optimized accordingly. The constraints in the new Swedish forest act were included in the optimizations. The optimal forest management decisions can not be taken stand by stand in the presence of the new forest act. They are linked decisions. Dynamic linear programming is one tool which is possible to use in this situation. This method was used at the forest property and it was found that the costs of the constraints were considerable.

More or less "continuous" harvesting was optimized. This was done with analytical methods and with stochastic dynamic programming in Markov chains. With the Markov chain approach, it was possible to optimize the harvest level stage by stage in the presence of stochastic prices. Alternative reforestation methods and economic consequences were also discussed in the field. One of the owners, Martin Sundquist, followed the excursion and gave comments on the forest management programs that were optimized. Unfortunately, Captain Hans Sterne, hit his leg and could not participate. He has been heavily engaged in the earlier planning activities.

The next general biennial SSFE meeting will be held in Norway in the year 2000. Hopefully, we all meet there!

*Peter Lohmander / Chairman of SSFE98*

Acknowledgments:

Professor Bruce Bare, University of Washington and Dr. Bruce Manley, Forest Research Institute, Rotura, deserve great thanks for their fine invited sessions. Research Leader Ove Rehnberg, Project Leader Urban Nordmark, M.Sci. Ann Bäckström and all the other persons at ASSIDomän mentioned above arranged a highly valuable tour. SSFE would like to thank SNS, Skogs- och Jordbrukets Forskningsråd, SamNordisk Skovforskning and Nordisk Ministerråd, who supported this meeting. Without their economic contributions, SSFE98 would not have taken place. Of course, all of the presentations were essential parts of the meeting! Thank you all!