

FOREST SECTOR GOES GLOBAL — WHAT ABOUT RESEARCH?

Forest sector issues have been assuming an increasing global importance. This can be witnessed, for example, in the resolutions of G7 summits, as well as in global conventions on biological diversity, climate change, and desertification.

The United Nations General Assembly's Special Session UNGASS in 1997 also focussed specifically on forests. Consequently, the Inter-governmental Forum on Forests IFF became established and is presently trying to solve numerous global forestry issues. IFF's ambitious goal is to promote sustainable forest management in a global scale.

Business globalization involves expansion across national borders of economic activities by individual corporations. A globalized corporation control production facilities at least in three continents. Yet today, there are perhaps only ten forest industry corporations which match this criterion. Globalized companies achieve superior scale and scope economies, compared to their rivals. A globalized corporation has achieved a comparative advantage which is not easy to copy. The discussion on benefits and costs of globalization has only recently started. Inadequate research findings are available to verify these assumptions.

The core countries of the European Union decided to promote four basic freedoms already in the 1957 Treaty of Rome. Such freedoms included the free movement of goods, services, people and capital across national borders. Today we realize that these goals have been gradually implemented not only within the 15 members of EU but also the message of these freedoms has spread and copied worldwide. The fifth freedom of ideas, know-how and democracy has been spreading in the footprints of the four basic freedoms. The global bads of pollution, greenhouse gases, degradation of biodiversity, erosion and flooding have never recognized national borders.

A number of forest economic studies concerning global forestry and forest industry issues have been implemented in this century. For example, Lauri Ilvessalo and Matti Jalava launched their "Forest Resources of the World" in Finland as early as in 1930. Since then, covering three decades, Thorsten Streyffert of Sweden was globally oriented his studies. These were pioneering activities.

Later on, "The global forest sector: An analytic perspective" in 1987 by Markku Kallio, Dennis Dykstra and Clark Binkley with their team of 30 forest economists at IISA in Austria has remained as a landmark among global forest economic studies. By 1992, Narendra Sharma of the World Bank edited the "Managing of world's forests

— looking for balance between conservation and development” for discussions at the Rio de Janeiro UNCED conference. FAO has been hosting global timber trend studies since its establishment in the 1940s. The latest one by five prominent forest economists appeared in 1997.

Along with liberalization of trade in goods and services, financial markets, information technology and especially the Internet, new innovations, and research findings provide driving forces that support globalization. In fact, recent economic findings advocate public expansion of R&D as one of the few effective policy instruments available to governments for promotion of economic growth.

We know that public R&D funding in the forest sector is inadequate in industrialized countries and even more unsatisfactory in developing countries. Increased public R&D funding from both national and international sources could be viewed as a key instrument in identifying the positive and negative impacts as well as distributional effects of the accelerating globalization of forest industries and policies. We forest economists clearly have a challenge ahead of us in global research and education.

Along with the globalization of forest policies and industries forest economists seem to have nearly forgotten research on the separate but mutually supporting roles of public policies and markets. Since Adam Smith the issue of proper division of plan and market has remained the same — only the answers by economists have been changing. Countries in transition, in particular, are facing this intractable problem without adequate research findings. Furthermore, four fifths of world forests are managed under ‘socialistic’ forestry but no country, where state forests are prevailing, is clearly on a correct path to sustainable forest management. This provides a global challenge for forest economics research and education.

The “Journal of Forest Economics” has already promoted, to some extent, of publishing research findings of global concern. In the future this forum welcomes more research in this front. The “World Forests, Society and Environment” Research Program, jointly implemented by European Forest Institute, The Finnish Forest Research Institute and The United Nations University/The Institute of Advanced Studies in Tokyo, provides more accessible forum for global research findings by various disciplines. The first volume of this new book series is under printing. It has 68 authors from 20 countries.

Without doubts, forest sector goes global and forest economists are sharpening their scientific tools towards the new frontier.

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