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Proposals to improve forest holding size and structure in Finland

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In Finland, there are in total 347 000 family forest holdings over 2 hectares of productive forestland. Family forest owners number 737 000, which is 14 % of all Finnish citizens. Average size of a forest holding is 30 hectares and average age of a forest owner is 60 years. Family forestry without connection to agriculture or forest industry is not regarded in Finland as a business but financial investment. Because separate financial policies are applied to business investments and financial investments, structural instruments applied in agricultural farms or family companies cannot be used in family forestry. From the roundwood production point of view, the forest holding structure is increasingly regarded ineffective.

A ministerial working group concluded in January 2012 the most effective ways (in effectivity order) to improve forest holding size and structure in Finland:

- Conditional concession for inheritance and donation tax for forest holdings
- Developing land consolidation arrangements for improving forest holding structure
- Conditional concession for profit taxation from forest holding assignment
- Developing and increasing advise and education for transfer to next generation
- Allowing companies as forest owners to make in taxation reserves and forest deduction
- Enlargement and administration development of jointly owned forests
- Using state forests as incentives to establish jointly owned forests
- Advising heirs as forest owners to form private partnerships or jointly owned forests
- Developing forest renting.

Working group proposals aim at improving profitability and sustainability of forestry as well as roundwood supply in Finland. However, only proposals on advise and education (4, 8), jointly owned forests (6, 7) and partly also land consolidation (2) seem to proceed in governmental decision making.

Keywords: family forestry, forestry business, holding structure, advise, consolidation, jointly owned forests