

SWEDISH FOREST OWNERS' Associations - Development after the 1970s

Lars Lönnstedt & Anders Norlin
Department of forest products
Swedish University of Agricultural
Sciences

Background

- Forest owners' associations aim is to promote profitability of its members' forestry. This is achieved through
 - acting as an intermediary in members' timber selling to the forest products industry,
 - offering service and advice, and
 - lobbying.

Democratic organization

- Forest owners' associations are owned and managed entirely by its members through a non-profit democratic organization. Thus, compared with most forest products companies they differ

Earlier studies

- The study can partly be seen as a continuation of Anderson et.al.'s study from 1980 describing the development of the forest owner associations from the 1910s to the late 1970's.

Purpose

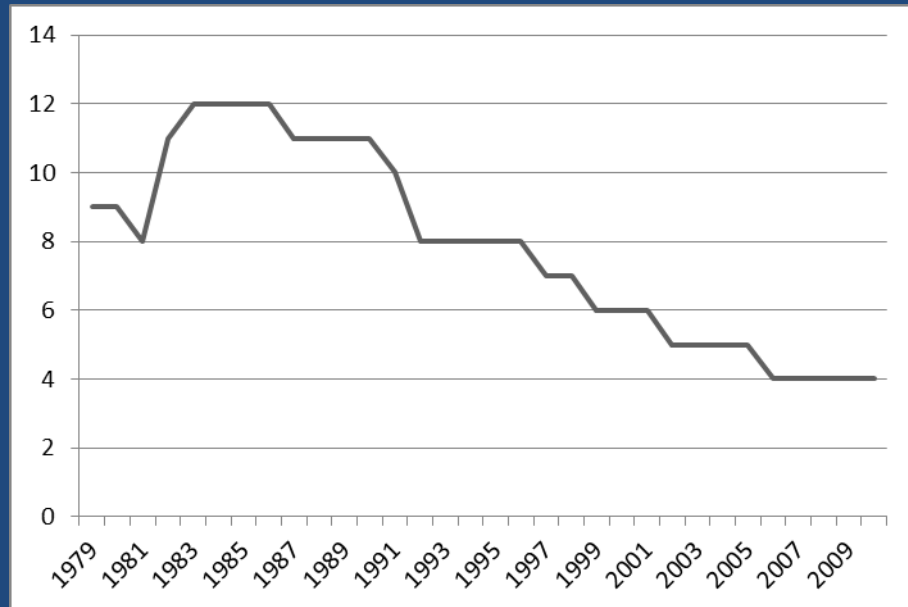
- Describe the development of Swedish forest owners' associations over the past three decades through a number of key indicators

Method

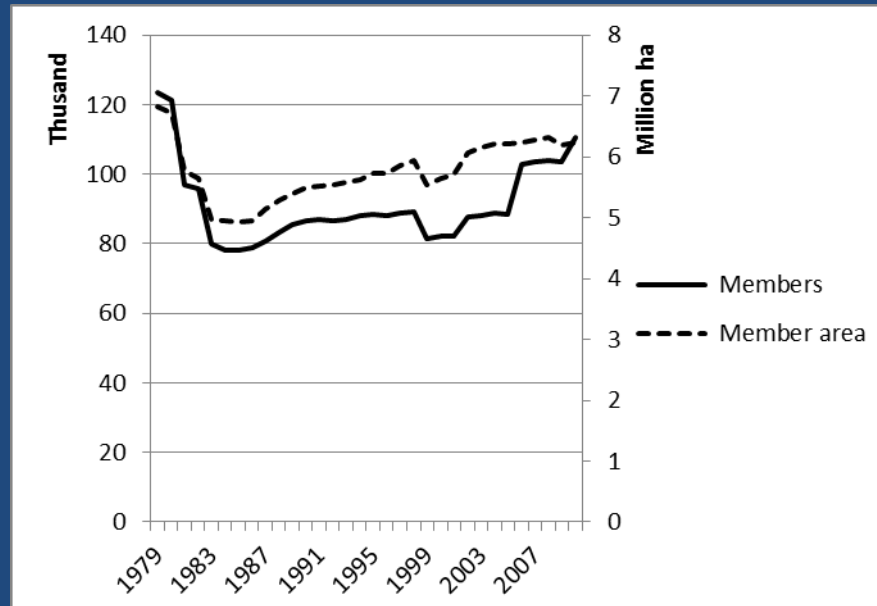
- Data are gathered from forest owners' associations' annual reports
- This study extends over a period of 30 years and the result is based on 251 annual reports
- Large variation in what each association has decided to show a specific year
- Difficult to determine how a particular variable is defined
- During the studied period, some associations used a divided financial year, while others have used a calendar year
- A weakness is that the information is influenced by the purpose of the financial statements

Results

Number of forest owners' associations



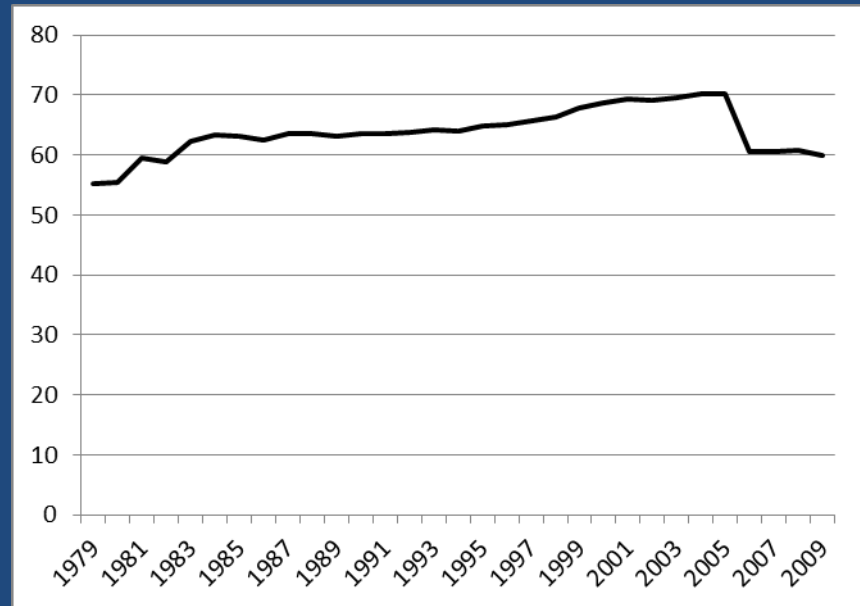
Total number of members and total membership area



Associations, number of members and member area 2010th

Association	Members	Member Area 1 000 ha
Södra	51 346	2366
Mellanskog	32 398	1723
Norra skogsägarna	12 979	920
Norrskog	14 022	1218
Total	110 745	6227

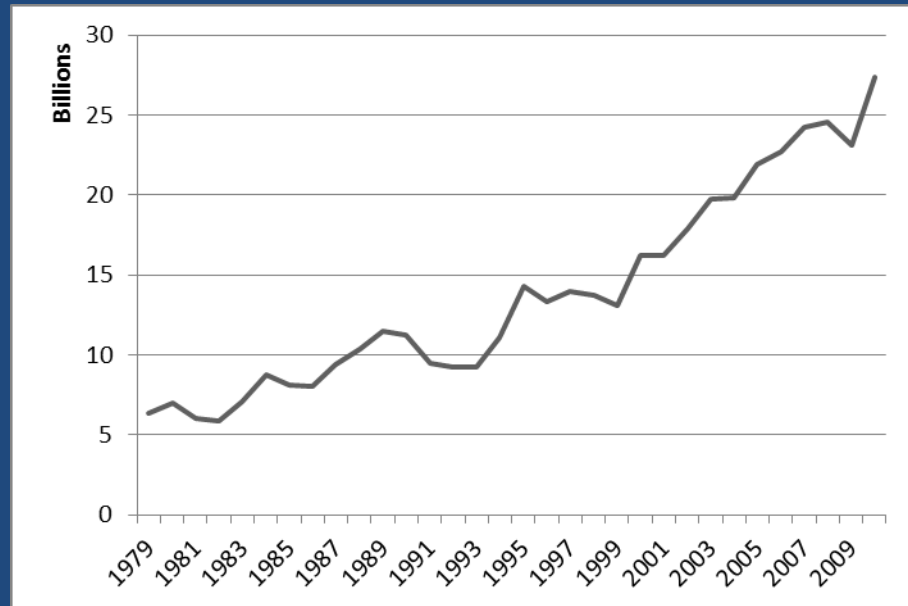
Forest area, hectares, per member



Area per member 2010

Association	Forest area per member, ha
Södra	46
Mellanskog	53
Northern	71
Norrskog	87
Total	56

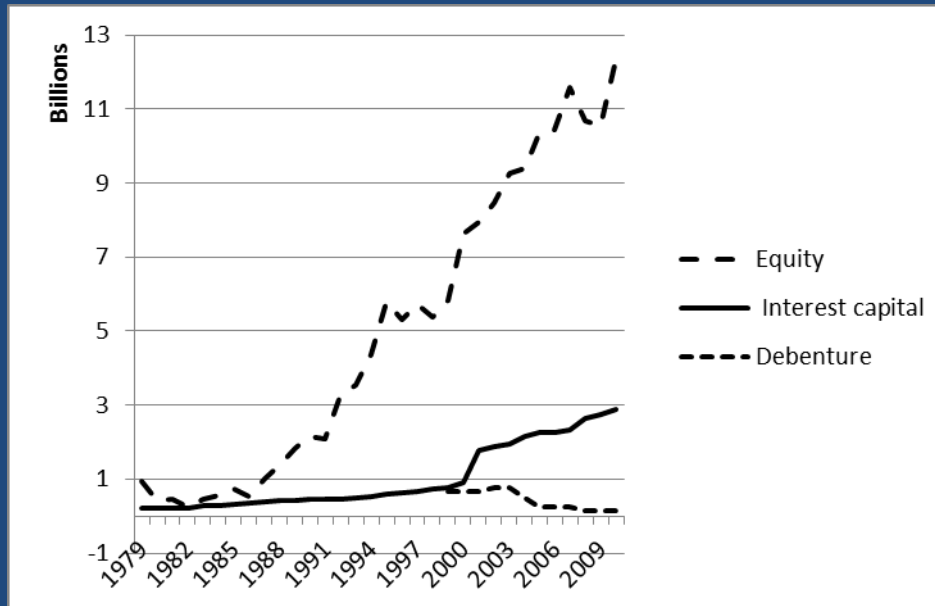
Forest owners' associations' and subsidiaries' sales



Total sale, average 2007-2010

Association	Turnover in million	Association's share of total turnover
Södra	17 963	72%
Mellanskog	3 178	13%
Norra skogsägarna	1855	8%
Norrskog	1822	7%
Total	24 818	100%

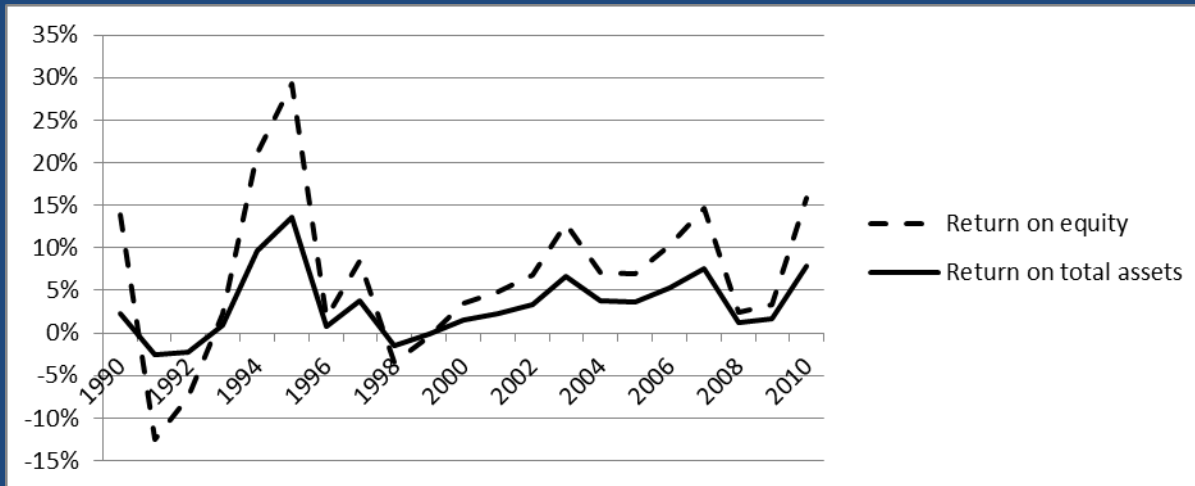
Forest owners associations including the subsidiaries' equity, members interest capital and debentures



Total equity in the associations and its subsidiaries, average 2007-2010, million SEK

Association	Equity	Interest capital	Debenture
Södra	10 362	2120	160
Mellanskog	152	279	0
Norra skogsägarna	345	113	0
Norrskog	430	140	0
Total	11 289	2654	160

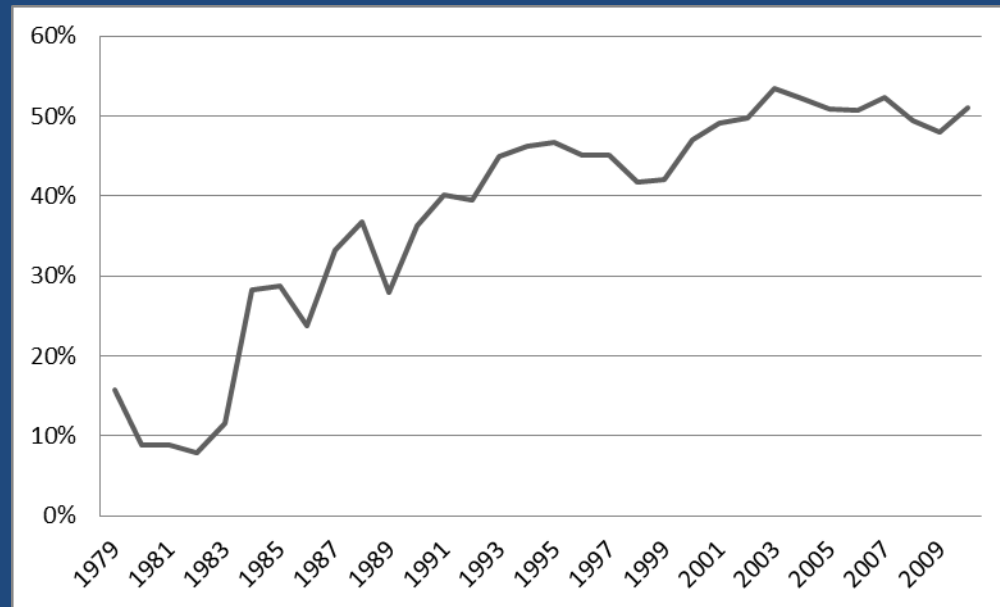
Return on equity and total assets, respectively, for the forest owners' associations, including subsidiaries, 1990-2010



Return on equity and total assets, respectively, for the forest owners' associations, including subsidiaries, average 2007-2010

Associations	Return on equity	Return on total assets
Södra	9.5%	5.8%
Mellanskog	10.9%	1.1%
Norra skogsägarna	- 1.2%	- 0.0%
Norrskog	5.2%	1.7%
Total	9.2%	4.5%

Solidity for all forest owners' associations and their subsidiaries



Associations solidity and its subsidiaries, average 2007-2010

Associations	Solidity
Södra	60.5%
Mellanskog	7.4%
Norra skogsägarna	17.6%
Norrskog	31.1%
Total	50.2%

Comments

- The structural change has continued
- One association, Södra, is dominating
- The financial situation has made it difficult or impossible for many associations to continue on their own
- The financial situation of remaining associations has improved remarkably, however variation
- Members cannot take advantage of the large value growth
- Larger and more efficient associations increase the distance between the organization and their members
- Difficult to find committed members who want to assume positions of trust