Aim

• What we mean by long-term competitiveness?
  • Distinguishing short-term and a long-term competitiveness

• What kind of drivers define competitiveness of forest sector?

• What could policy do for the long-term competitiveness of forest sector
The emphasis is on business cycles in the short term, while in the long term the emphasis is on the trends.
Defining competitiveness

Competitiveness is a relative measure defining how a firm, industry or country performs in comparison to competitors.

- Who are the competitors in the long term?

“Ability sell” - Wood procurement, availability of wood
“Ability to renew/innovate” - Cascading use of wood and circular economy --- Business model innovations
Example: Pulp and paper industry

![Graph showing structural change in the production of PPI products](graph.png)

- **Wood pulp**
- **Graphic papers**
- **Packaging paper and paperboard**

**Source:** FAO stat
Forest industry competitiveness

Blurring political, social, environmental and economic boundaries of different regions

What is driving the success of forest-based bioeconomy?

- Firm characteristics and capabilities
  - Innovativeness, collaboration and network (within the sector)
- Strategic decision making related factors
  - Innovation and differentiation strategy
- External drivers
  - Economic downturn, regulation, image

Changing values and customer preferences

Technological advancement

Global sustainability megaforces

Globalization and market competition

Competitiveness


How policies can influence the long-term competitiveness

**Supporting internal development**

- Accounting for the entire innovation system
  - *Education, R&D*
  - *Risk capital (products, processes and business models)*

- Developing and utilizing sustainability standards in public procurement
  - Local sourcing

**Eliminating distortions external to the sector**

- Price for carbon for all the sectors (including plastics and petrochemical sector)

- Maintaining stable and predictable operational environment