Forest and land as a resource in Estonia
Formas project 2006-2010

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Hans Jörgensen
Dept. Of Ec. History
Umeå University
Small-scale Forestry in Estonia 2010 (Cadastral Units)

- Total Forest Area: 2 300 000 ha
- Productive forests: 2 000 000 ha
- NIPF-owners share: 700 000 ha
- 1-5 ha: 30 %
- 5-10 ha: 32 %
- 10-20 ha: 25 %
- 20-50 ha: 11 %
- > 50ha: 2 %

(Source: CEPF: 2010)
The study objective: Property reforms – outcomes

- Two divergent counties: Põlvamaa (32 000), Läänemaa (27 000)
- Land and (NIPF owners) Non-industrial Private Forest Owners: > 1ha/owner
- Postal survey: N= 1165 n= 420
  26 questions related to property, ownership, expectations, incomes and multifunctional land use.
- Qualitative interviews: N = 25
15 Estonian Counties
227 municipalities

Hans Jörgensen 2011
Major aims

• To compare and explore different rationales for obtaining land and forest property
• To analyse the individual property holders’ relation to – and use of – land and forests: present as well as future expectations

The owner’s relation to the resource (forest/land)
Metodology: Postal survey

- Põlvamaa (770)
- Random selection of landowners based on (14 000 units) units
- Names and social security numbers from the Estonian land Cadastre Registration Authority
- Properties from the land Cadastre
- Individual owners addresses reached from the population register in Põlvamaa

Bureaucratic and time consuming....

- Läänemaa (395)
- Three municipalities and easy access to the land register
- 25 Additional interviews based on questions derived from the survey: (15 men 10 women)
- Personal experiences/background
- Individual relation to the property
- Owners' strategies for the property
Property relations: Historical legacies

- Land: politically burning issue since 1850s
- 1920-30s: Land expropriation/land reform
  - 50 000 peasant proprietors
  - Export oriented agriculture: dairy farming
  - State owned forest (500 000 out of 850 000 ha)
- 1940s onward:
  - Full-scale nationalization: kolkhoz/sovkhoz
  - Sovietisation – nationalisation - no private property
  - Substantial Post-War felling (1950s)
  - Natural reforestation
  - Marginal agricultural lands left behind

Substantial increase of forested area 1950s onwards
Property reforms 1987-


1991: Agricultural land: **restitution, compensations** (legal change)

- **1992 Forest lands: auctions, sales**
  (partially restitution – interwar state-owned forests remain in the hands of the state)

- **Legal vacuum**: Insecure property relations: insufficient legislation – theft/illegal logging & frauds

- Predominance of **small scale-forestry**: lack of modern forestry methods, knowledge and divergent views on forest property
Incremental Land and Forestry Legislation processes

- \textit{Forestry Act} 1993 – adopted 1997 (maximizing the economic and social contribution) insufficient monitoring.
  - Problematic juridical issues – EU accession versus EU membership 2004
  - Biodiversity conservation etc…
  - Agricultural restructuring/transformation
  - Neglected silviculture and forestry
  - Unbalanced stock
- More than 20 legal changes up to 2009
Strategy and outcomes from property reforms

- To **regain/reconnect** to family land (emotional) → **Restitution** of land/forest - obsolete property structure
- **Privatisation** of forests = mainly previous agricultural land
- **Land fragmentation**: restitution, inheritance, splits (family possession)
- **Absentee** owners versus **settled** owners (activity – ambitions)
- From small-scale transitional family farms to “**large-scale**” production units
- Small-scale forestry - weak cooperative movement.
Landed property and the emotional components

- The transition approach: repossession or reconnecting = Family ties and memories
- Justice: to regain (land may have become forest)
- Age differences (age of respondents/owners in relation to national average) – memories.
- Estonian culture: from rural based to urban.

The emotional component hide several economic aspects.

- Low costs for repossession - Long-term / future returns/sales of wood
- Access to wood for heating/construction – low incomes
- Insufficient social security – pensioners, disabled
- Repossession for
Rational for land use

- Maintaining land within the family
- Reluctance to sell/subdivide land for economic gains
- Expectations for the needs of the next generation
- Land should be managed and actively used:
  - Leases
  - Tourism
  - Hunting
  - Weak ambitions to join forestry associations
1. The respondents: 48 % women and 52 % men

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>-34</td>
<td>40</td>
<td>9,5</td>
</tr>
<tr>
<td>35-64</td>
<td>239</td>
<td>57</td>
</tr>
<tr>
<td>65-</td>
<td>139</td>
<td>33</td>
</tr>
<tr>
<td>No answer</td>
<td>2</td>
<td>0.5</td>
</tr>
<tr>
<td>Total</td>
<td>n = 420</td>
<td>100</td>
</tr>
</tbody>
</table>
2. Respondents’ ways of obtaining their first property of land/forest

<table>
<thead>
<tr>
<th></th>
<th>Läänemaa (n = 144)</th>
<th>Pölvamaa (n= 276)</th>
<th>Both counties</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>Restitution</td>
<td>52</td>
<td>36.1</td>
<td>83</td>
</tr>
<tr>
<td>Combination:</td>
<td>14</td>
<td>9.7</td>
<td></td>
</tr>
<tr>
<td>including restitution</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inheritance or gift</td>
<td>25</td>
<td>17.4</td>
<td>97</td>
</tr>
<tr>
<td>First refusal</td>
<td>17</td>
<td>11.8</td>
<td>28</td>
</tr>
<tr>
<td>Purchase or/and</td>
<td>25</td>
<td>17.4</td>
<td>63</td>
</tr>
<tr>
<td>auction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comb./missing</td>
<td>3</td>
<td>2.1</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>144</td>
<td>100</td>
<td>276</td>
</tr>
</tbody>
</table>
3. The owner’s most important motives for obtaining property.

<table>
<thead>
<tr>
<th>Reason</th>
<th>Läänemaa N=144</th>
<th>Põlvamaa N=276</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Numbers</td>
<td>Mean</td>
</tr>
<tr>
<td>Regain family property</td>
<td>100</td>
<td>1.95</td>
</tr>
<tr>
<td>Access to wood for heating and construction</td>
<td>100</td>
<td>2.49</td>
</tr>
<tr>
<td>Access to second home</td>
<td>88</td>
<td>2.23</td>
</tr>
<tr>
<td>Re-establish contact with family home district</td>
<td>86</td>
<td>2.43</td>
</tr>
<tr>
<td>Access to arable land for own use</td>
<td>95</td>
<td>3.0</td>
</tr>
<tr>
<td>Income possibilities</td>
<td>87</td>
<td>3.13</td>
</tr>
</tbody>
</table>
4. Estimations among non-residential owners of time spent on property in 2006

<table>
<thead>
<tr>
<th></th>
<th>Läänemaa n=106</th>
<th>Põlvamaa n=176</th>
<th>Both Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Freq. %</td>
<td>Freq. %</td>
<td>Freq. %</td>
</tr>
<tr>
<td>Longer periods</td>
<td>33 31</td>
<td>67 38</td>
<td>100 35</td>
</tr>
<tr>
<td>2-4 weeks per year</td>
<td>19 18</td>
<td>24 14</td>
<td>43 15</td>
</tr>
<tr>
<td>Less than 2 weeks</td>
<td>33 31</td>
<td>56 32</td>
<td>89 32</td>
</tr>
<tr>
<td>No time at all</td>
<td>21 20</td>
<td>29 16</td>
<td>50 18</td>
</tr>
<tr>
<td>Total</td>
<td>106 100</td>
<td>176 100</td>
<td>282 100</td>
</tr>
</tbody>
</table>
Findings

Motives for obtaining property
• Restitution/compensation: most valued
• Inheritance/gift and purchase: common
• To regain family property/reconnect: Second Homes
• Access to wood is highly valued
• Low incomes from forestry
• Place means more in Läänemaa than in Põlvamaa

Non-residential owners:
- 35 % spend longer periods (More in Põlvamaa)
- 32 % spend less then two weeks/year on their property (relatively equal Põlvamaa/Läänemaa)
Individual land use experiences/plans

- **Land**: rented by locals (free or low rents)
- **Tourism activities**: few plans into action
- **Income from forestry**: insignificant beside wood for heating – important on the margin (low wages)
- **Investments and land improvements**: small machinery investments - planting, thinning, clear-up or drainage through own efforts
- **Debts**: low or insignificant in general
- **Legal problems**: compensations, insufficient property documentation, legal amendments
- **Illegal activities**:
  - Exceeded felling volumes
  - Illegal logging (theft or informal incomes)
  - Knowledge of forestry and silviculture?
Comments / Conclusions

- Small-scale ownership prevails
- Landowners’ land use is dependent on:
  - Individual expectations and emotional/family relations
- Owners’ emotional motives for acquiring land overrides economic rationality – at least in ranking
- Restitution confirmed emotional links to land and forest: strengthened personal/family ideals (to keep) and future expectations – at least for some years.
- Attitudes to cooperative associations: negative or indifferent
- Absentee owners living abroad are more likely to continue as passive owners
Future tendencies

- Next generation may lack the emotional links to property
- Short term: increased land fragmentation
- Long-term: More sales → large-scale property holders. Forestry and agricultural needs.
- Weak or divided cooperative associations: limits to capital – generational shifts
- Disappearance of family farming in favour of corporate farming – a visible tendency
- World Market Changes – sustainability and viability.
Major problems 2011

- Small-scale ownership dominates
- Tax legislation: Personal incomes from forestry taxed like regular incomes (flat tax)
- No deduction for investments made by NIPF-owners – only for legal entities
- Small-scale owners tend to preserve or to avoid public control – weak enforcement mechanisms – illegal logging
- Forests management plan not mandatory - legislation & incentives for logging?
- Reforestation of low productive areas: annual felling versus re-growth