

## Rural Development

*Forestry offers great potential for stimulating much needed rural development, delivering a wide range of public benefits in line with the Scottish Government's Land Use Strategy<sup>1</sup>. This requires a greater diversification of forestry-related activity, through re-direction of existing support measures and a more enlightened policy for FCS disposals.*

Small businesses are the backbone of the Scottish rural economy, with some 50% of the people employed in remote rural areas estimated to be working in small businesses (0-9 employees), and of those employed in these small firms, some 35% work in Agriculture, Forestry and Fisheries<sup>2</sup>.

However, public investment in Scottish forestry has resulted in heavy domination by an industrial model, with raw materials from large monocultures exported to distant processing centres, offering limited opportunities for local engagement, and creating a pattern of very large properties owned by absentee investors. The public appetite for such an approach has declined significantly. The need now is for support to be directed at a complementary pattern of smaller scale, locally-owned woodlands – including farm-based enterprises - adding value locally and serving local markets, as well as providing a range of other non-market benefits to the local community and environment.

An example of the potential of small forestry-related companies is provided by the Association of Small Hardwood Saw-millers' (ASHS) survey of March 2011, which showed a combined turnover of £2.5 million and the employment of 70 people. This survey of 18 mills, representing 60% of the ASHS membership, found that almost two thirds of respondents reported a year-on-year increase in turnover, and nearly three quarters expected a further increase in 2012; demonstrating that there is expanding demand for these products in a relatively poorly supported area of the timber processing sector, despite the economic downturn.

Although forestry occupies 17% of Scotland's land area it currently makes only a modest contribution to Scotland's rural economy in conventional economic terms, with a small and declining share of rural employment. Measures of well-being, trialled on a limited basis by Forest Research in 2008, combined with a valuation of the ecosystem services generated by forestry and woodlands, may present a more complete picture of the role of forestry in its broadest sense, to inform new models of support for forestry activity that returns more lasting benefits to rural communities.

Experience to date suggests that the key features of such activity are its local ownership and management to meet local needs – economic, social and environmental - with opportunities for

---

<sup>1</sup> 1 Land-based businesses working with nature to contribute more to Scotland's prosperity.

<sup>2</sup> Responsible stewardship of Scotland's natural resources delivering benefits to Scotland's people

<sup>3</sup> Urban and rural communities better connected to the land, and more people enjoying the land and positively influencing land use.

From – Our Objectives in *getting the best from our land* A guide to Scotland's first Land Use Strategy. Natural Scotland, Scottish Government, 2011

<sup>2</sup> Rural Scotland in Focus, 2010. SAC

engagement of the community in determining priorities. Woodlands provide extremely valuable scope for social development through the web of relationships between people who consume its products, use its spaces for recreation, benefit from its shelter, appreciate its contribution to the landscape, and take an active part in decisions about its management and use, even participating together in the physical work. No other form of land use offers such abundant scope for social engagement and cohesion.

The thriving membership of the Community Woodlands Association (200 members) illustrates the appetite for local people to take a direct role in woodland management; and many examples elsewhere in Europe show the unfulfilled potential for another aspect of a diversified forestry sector – integration with farming to enrich and stabilise the more volatile agricultural economy; many farmers in Norway use their forests as a bank to tap into when farming incomes are under pressure.

There is now an opportunity for the Scottish Government to promote the objectives of its Land Use Strategy by supporting the growth of such forestry-focussed, rurally based small businesses. Growing this sector would complement the existing industrial forestry sector, bringing more economic value and enhanced public benefit to both rural and urban areas.

Support should be directed at local entrepreneurs, community groups and land owners, to (for example):

- develop a local biomass market for fossil fuel switching projects;
- encourage small saw-millers to expand to meet a variety of niche market demands;
- raise the level of engagement by communities in forestry activity;
- promote models of integrated farm-forestry and on-farm woodland product diversification;
- take advantage of National Forest Land Scheme (see FPG briefing – NFLS) and FCS disposals which should be offered with more options for small lots accessible to local individuals or syndicates.

Forestry Commission Scotland has as a priority, under its commitment to Business Development, *Support rural diversification and help to sustain fragile rural economies*<sup>3</sup>. The next Commission Corporate Plan (2012) should include a more ambitious and better resourced set of Key Actions to support this objective.

---

<sup>3</sup> Forestry Commission Scotland Corporate Plan 2008-2011