

## The Swedish forest industry cluster - what is it?

**Most people nowadays know that the forest industry is one of the most important industries in Sweden. And if one includes the entire forest and forest products cluster the figures become really impressive.**

It was the well-known Harvard professor Michael Porter who coined the concept of cluster. According to Michael Porter, if there are several companies in one country that compete with each other - as the companies in the Swedish forest industry do - then this means not only that the companies become strong, but that they will provide a valuable market for competent suppliers, and there will be great opportunities for good customers in the country. Together, they form a cluster, and Michael Porter did in fact refer to the Swedish forest industry cluster as an example of a strong cluster.

So, it's no coincidence that Volvo and Scania are up among the leaders in the global heavy truck industry - the Swedish forest industry needs trucks to transport its wood and timber, or that Eka Chemicals is a world leader in bleaching and paper chemicals: it was here they could build up their expertise and develop their product ranges. When Tetra Pak began to develop its packaging for liquid products, it was in partnership with Swedish manufacturers of liquid board, and this cooperation is one of the factors behind its success on international markets.

### **Exchange of technology and know-how**

Technology and know-how are exchanged within clusters of this type. Companies and people learn from each other. It is by this means that they develop an industrial culture and the competence that is needed for success. Success that creates prosperity.

"We have asked Jaakko Pöyry, the well-known forest industry consultants, to calculate how important the forest industry cluster is in Sweden," says Jan Remröd from the Swedish Forest Industries Federation, "and the results have surprised even us," he says.

- The Swedish forest industry cluster's exports amounted to 110 billion kronor in 1996, enough to pay for all of Sweden's imports of oil, food, clothing and cars.
- 23 per cent of the Swedish manufacturing sector's turnover and 27 per cent of its added value are created by the companies in the forest industry cluster.
- 26 per cent of all industrial employees in Sweden work within the forest industry cluster and, together with the companies, they pay 32 billion kronor a year in tax.
- 33 per cent of Swedish industrial investments are made within the cluster - the forest industry alone invests some 12 billion kronor per year in Sweden.

"These are high figures - the forest industry cluster is strong in Sweden. This strong cluster provides us with opportunities to develop, which we must make use of," says Jan Remröd. "If things go well for the forest industry they also go well for Sweden."

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# The Swedish forest industry cluster

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## 32,000,000,000

kronor in taxes. Companies and their employees pay 32 billion kronor in tax to the state and local government in the form of payroll tax, and income tax. Further taxes are paid on energy, the environment and property.

## 33%

of industrial investments. One third of Sweden's industrial investments are in the forest industry cluster. The forest industry, alone, invests some 12 billion kronor per year.

## 26%

of industrial employees. Companies within the cluster employ 185,000 people, 26 per cent of all industrial employees. These jobs are dispersed all over the country.

## 23%

of industrial turnover. Companies within the forest industry cluster account for almost one-quarter of the turnover in industry.

## 27%

of the value added. Companies in the forest cluster process raw materials into products, and account for more than one-quarter of the value added in Swedish industry.

## 110,000,000,000

kronor in exports. The forest industry cluster's exports amount to 110 billion kronor, or one-fifth of Sweden's total exports. These exports pay for Sweden's total imports of oil/petroleum, clothing and cars.

## Customers

Printing and graphic industries  
Publishers  
Packaging industry  
Building industry  
Carpentry  
Furniture

## Forest products industry

Forestry  
Pulp  
Paper and paperboard  
Sawn timber  
Plywood, fibreboard

## Suppliers

Chemicals  
Recovered paper

Forestry machinery  
Machinery for paper and pulp production  
Process automation  
Maintenance equipment  
Felts and wire

Electricity  
Fuel

Transport and logistics

Research  
Technical consulting services



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