

6 September 2005



Sámi Council
Seitatie 35
FI-99980 Ohcejohka
FINLAND

Dear Mr. Kobelev and Ms. Lukkari,

Thank you for your letter dated 30 August, in which you expressed your concern regarding Stora Enso's operations in Finnish Upper Lapland. Please find below our comments to the issues you raised.

Stora Enso recognizes the unique economic and cultural needs of indigenous people. The Sámi land ownership question is currently being investigated by the Finnish Ministry of Justice, and the results of the study are expected to be published this month. Because no other evidence has been presented, Stora Enso is of opinion that the State is the legal owner of the land managed by Metsähallitus. If there are new land use approaches in Upper Lapland based on current or future stakeholder consultations, Stora Enso will adapt its wood purchasing operations accordingly. Furthermore, Stora Enso considers that Finland is a democratic society with a well functioning judicial system and Stora Enso presupposes that the Government of Finland provides legal and stable conditions for all our operations in Finland. Please refer to the Ministry of Justice for further information on land ownership questions as Stora Enso does not have the mandate to discuss these issues.

The UN Human Rights Committee has not found any violations regarding Metsähallitus' loggings in Upper Lapland, as stated in the latest decision dated 17 March 2005. In case you wish to receive more information on this issue, please contact the Ministry for Foreign Affairs, which is following up the work and decisions of the UNHRC.

Stora Enso actively promotes forest certification wherever it operates. As conditions vary in different countries, Stora Enso recognises the need for more than one forest certification system. The Group supports all independent, credible forest certification systems. In Upper Lapland both state- and privately-owned forests are certified according to FFCS (Finnish Forest Certification System), which is endorsed by the PEFC (Programme for the Endorsement of Forest Certification schemes). Both the Reindeer Herders' Association and the Saami Parliament, which is the representative body of the Finnish Sámi, participated in setting the FFCS standard and approved it.

Applying for forest certification is voluntary and based on the decision of a forest owner; therefore we would kindly ask you to turn to Metsähallitus if you are interested in discussing FSC (Forest Stewardship Council) certification in state-owned forests in Upper Lapland.

However, according to Stora Enso's forest certification principles, we are ready to promote FSC certification among those forest owners who have accepted the Finnish draft FSC standard. As many Sámi and other reindeer herders in Upper Lapland are important suppliers of wood to Stora Enso, we are ready to establish an FSC group certification and provide group manager services to the group in Upper Lapland as we have already done in southern Finland.

Stora Enso recognises that logging can have an impact on the grazing land of the reindeer. However, it is important to consider other factors, such as the current over-population of

reindeer. The logging practices of Metsähallitus in Upper Lapland are specially developed for Arctic conditions. Metsähallitus' forest management practices mimic the processes of forests in a natural state and do not endanger their regeneration. No clear-cutting is conducted and the forest is mainly regenerated by leaving seed trees standing. Only very light soil preparation is undertaken, and lichen-bearing areas important for reindeer herding are left untouched.

According to a recent study conducted by the Finnish Forest Research Institute (METLA), many local stakeholders have a strong desire to ensure the co-existence of reindeer herding and forestry. Several local stakeholders, including the Regional Council of Lapland and local municipalities, have emphasized that Stora Enso, by procuring wood from the area, plays an important role in keeping the area economically viable. Halting wood purchases would not solve the problems in reindeer husbandry, but would cause great difficulties for other livelihoods in the Upper Lapland. This would also bring difficulties to Stora Enso's Kemijärvi Pulp Mill, which is a key employer in the eastern Lapland region; without the mill, the unemployment rate would increase from the current level of 22% to 45% (J. Honkatukia & H. Törmä, The Government Institute for Economic Research (VATT), 2005).

The issues in Upper Lapland are first and foremost socio-economic in nature and related to balancing reindeer herding and forestry. Stora Enso has been active in seeking solutions in the Upper Lapland situation. We see that the ongoing participatory Natural Resource Planning process provides a good tool to continue discussions on how to balance the interests of various stakeholders. Ecological values have been secured by a very high protection rate, which has been stated also by the Ministry of the Environment.

It is of vital importance to secure the co-existence of all livelihoods – and all stakeholders. In this context, Stora Enso purchases wood from Upper Lapland. For Stora Enso sustainability is about finding a balance between environmental, social and economic issues.

Should you have any further questions, we would be happy to provide more information.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Matti Kärjula'.

Matti Kärjula
Senior Vice President
Stora Enso Wood Supply Finland

Copy to:

Inari Municipality, Municipality Manager Reijo Timperi
Metsähallitus, Director General Jan Heino
Ministry for Foreign Affairs, Secretary of State Arto Mansala
Ministry of Agriculture and Forestry, Secretary General Jarmo Vaittinen
Ministry of Justice, Permanent Secretary Kirsti Rissanen
Ministry of the Environment, Permanent Secretary Sirkka Hautojärvi
Regional Council of Lapland, Executive Director Esko Lotvonen
Reindeer Herders' Association, Executive Manager Pertti Viik
The Saami Parliament, President Pekka Aikio
State Provincial Office of Lapland, Governor Hannele Pokka