



Carbon balance in production forestry in relation to rotation length

Journal:	<i>Canadian Journal of Forest Research</i>
Manuscript ID	cjfr-2017-0410.R2
Manuscript Type:	Article
Date Submitted by the Author:	23-Feb-2018
Complete List of Authors:	Lundmark, Tomas ; Swedish University of Agricultural Scien, Poudel, Bishnu; Linneuniversitet Fakulteten for Teknik, Department of Forestry and Wood Technology; Stål, Gustav; Swedish University of Agricultural Scien, Department of forest management and ecology; Nordin, Annika; Swedish University of Agricultural Sciences, Department of Forest Genetics and Plant Physiology, Umeå Plant Science Centre Sonesson, Johan; The Forestry Research Institute of Sweden (Skogforsk),
Keyword:	Net present value, land expectation value, forest management, climate benefit, climate change mitigation
Is the invited manuscript for consideration in a Special Issue? :	N/A

SCHOLARONE™
Manuscripts

1 Carbon balance in production forestry in relation to rotation length

2 Tomas Lundmark, Bishnu Chandra Poudel, Gustav Stål, Annika Nordin, Johan Sonesson

3 Tomas Lundmark

4 Department of Forest Ecology and Management,

5 Swedish University of Agricultural Sciences,

6 901 83 Umeå Umeå, Sweden,

7 Telephone: +46 70-631 74 12

8 Fax: +46 90-786 81 25

9 e-mail: tomas.lundmark@slu.se

10

11 Bishnu Chandra Poudel

12 Department of Forestry and Wood Technology,

13 Linnaeus University,

14 351 95, Växjö Sweden,

15 e-mail: bishnu.poudel@lnu.se

16

17 Gustav Stål

18 Department of Forest Ecology and Management,

19 Swedish University of Agricultural Sciences,

20 901 83 Umeå, Sweden,

21 e-mail: gustav.stal@slu.se

22

23 Annika Nordin

24 Department of Forest Genetics and Plant Physiology,

25 Umeå Plant Science Centre, Swedish University of Agricultural Sciences,

26 901 83, Umeå, Sweden,

27 e-mail: annika.nordin@slu.se

28

29 Johan Sonesson

30 Skogforsk, Uppsala Science Park, 7

31 51 83 Uppsala, Sweden,

32 e-mail: johan.sonesson@slu.se

Draft

33 **Abstract**

34 The choice of a rotation length is an integral part of even-aged forest management regimes. In
35 this study, we have simulated stand development and carbon pools in four even-aged stands
36 representing the two most common tree species in Fennoscandia, Norway spruce (*Picea*
37 *abies*) and Scots pine (*Pinus sylvestris*), growing on high and low productive sites. We
38 hypothesized that increased rotation lengths (+10, +20 and +30 years) in comparison with
39 today's practice would increase forests' average carbon stock during a rotation cycle, but
40 decrease the average yield. The results showed that for spruce a moderate increase in rotation
41 length (+10 years) increased both average standing carbon stock and average yield. For the
42 longer alternatives (+20 and +30 years) for spruce and for all pine alternatives prolonging
43 rotation lengths resulted in increased average standing carbon stocks but decreased average
44 yield resulting in decreased carbon storage in forest products and decreased substitution
45 effects. Decreasing the rotation lengths (-10 years) always resulted in both decreased average
46 standing carbon stocks and decreased yields. We conclude that a moderate increase of
47 rotation lengths may slightly increase forests' climate benefits for spruce sites but for all
48 other alternatives there was a trade-off between the temporary gain of increasing carbon
49 stocks and the permanent loss in productivity and consequently substitution potential.

50

51 **Keywords:** Net present value, land expectation value, forest management, climate benefit

52

53

54

55

56 Introduction

57 Forests contribute to climate change mitigation when atmospheric carbon is assimilated by
58 trees and other vegetation resulting in a net ecosystem production that can be described as the
59 long-term carbon-sequestration by ecosystems (Luyssaert et al 2007). Net ecosystem
60 production is the actual carbon sink strength of the forest ecosystem. In a managed forest
61 system the accumulated carbon can be stored in the forest to increase the carbon stock and/or
62 harvested for consumption. When forest-based products substitute products with a fossil
63 origin or products with high process emissions such as cement manufacturing society's
64 addition of fossil carbon to the atmosphere is reduced. To estimate forestry's full effect on the
65 CO₂-concentration in the atmosphere both the effect of carbon stock changes in the forest
66 ecosystem and substitution effects including carbon stock changes in forest based products
67 should be considered simultaneously. When substitution effects are estimated not only
68 avoided emissions due to the replacement of fossil based products and energy intensive
69 materials with renewable forest based products should be considered but also emission
70 related to management practices and processing of the harvested wood (Lundmark et al.
71 2016, Braun et al. 2016).

72

73 Fennoscandia is characterized by a long history of even-aged forest management, the
74 majority of productive forestland having been actively managed for wood production for at
75 least a century. Also in many other forest countries this is the dominating silvicultural system
76 with the aim to have an even age class distribution across the landscape to allow a steady
77 flow of timber from the forest to the industry (Filip et al. 2000; Nordin and Sandström 2016).
78 Tree growth of such managed even-aged stands follows a pattern whereby the current annual
79 increment (CAI) increases after stand establishment, peaks when maximum leaf area is
80 attained to thereafter decline (Assmann 1970). The CAI curve and the resulting mean annual

81 increment (MAI) curve (i.e. average annual increment since stand establishment) have shapes
82 that vary according to tree species and site conditions. The two curves intersect where the
83 MAI culminates. According to theory this is the best time for harvesting a stand if the aim is
84 to maximize average wood volume production. However, forest management decisions are
85 not only driven by wood volume considerations, but also by economy and other factors
86 (Roberge et al. 2016). In Fennoscandia profitability and evenness of revenues are guiding
87 principles (Brukas and Weber 2009) and managers normally apply standard investment
88 analyses techniques in scheduling silvicultural activities, typically using a discount rate of 2-
89 3%. By optimisation of the forestland's net present value at these levels of interest, the
90 rotation length, i.e. the time period elapsed between two final fellings, for a stand normally
91 become shorter than if average wood volume production would be maximized (Hyytiäinen
92 and Tahvonen 2002; Näslund 1969).

93
94 This practice may be challenged, as climate change mitigation becomes an additional concern
95 to consider in silvicultural decisions. It has been claimed that longer rotations increasing the
96 average carbon stock in stands also increase the overall climate benefit of forestry (Ekholm
97 2016; Kaipainen et al. 2004; Liski et al. 2001; Zanchi et al. 2014). The likely positive effects
98 of longer rotations on forests' climate change mitigation potential may, however, be
99 counteracted by reduced harvesting if MAI is reduced which in turn leads to lowered
100 substitution effects (Ericsson 2003, Hector et al. 2016). To understand the effects of altered
101 rotation lengths on forests' climate change mitigation potential both the effects on carbon
102 stocks in the forest and in forest products as well as on substitution in society have to be
103 considered simultaneously. In this paper we evaluate the effect of varied rotation length, in
104 relation to a reference rotation length where economic value has been optimized for the site
105 and the tree species growing at the site. The analyses are at the stand level and comprise two

106 site fertility classes (rich and poor) and two tree species Norway spruce (*Picea abies*) and
107 Scots pine (*Pinus sylvestris*). We use a comprehensive modeling approach to describe forest
108 growth and yield from stand establishment to the final harvest for different rotation lengths.
109 The analyses include economic value and carbon stock changes in forest biomass, soil carbon
110 and forest-based products as well as substitution effects.

111 **Materials and methods**

112 **Study sites**

113 We have simulated stand development and carbon pools in four even-aged stands
114 representing the two most common tree species in Fennoscandia, Norway spruce (*Picea*
115 *abies*) and Scots pine (*Pinus sylvestris*), growing on high and low productive sites. Site index
116 determined by dominant tree height at the age of 100 years (Hägglund 1972; Hägglund 1974)
117 was used to describe the fertility of the sites. The high productive sites represented a site
118 index of 30 m for Norway spruce (G30) and 24 m for Scots pine (T24) while corresponding
119 figures for the low productive sites where 18 m (G18) and 16 m (T16) (Table 1). The site
120 indices represent approximately the 25th and the 75th percentile of plot site index in the
121 Swedish national forest inventory (NFI) for the two species respectively. The lower site
122 indices typically found on high latitude and/or altitudes and the higher site indices at lower
123 latitudes and altitudes. Pine sites are typically dry or mesic on coarse texture soils and spruce
124 sites mesic or moist on fine texture soils.

125

126 **Simulation of stand development**

127 The simulations were made using the Heureka software package, which is the most
128 developed and used simulation, planning and optimization tool for forests in Sweden
129 (Wikström et al. 2011a). Heureka can be downloaded free of charge from
130 http://heurekaslu.org/wiki/Heureka_Wiki, where more information about the software can be

131 found. The Heureka default models for growth of stands and individual trees are empirical
132 and based on data from the Swedish National Forest Inventory (NFI) (Fahlvik et al. 2014).
133 Stand growth, stand basal area and individual tree diameter are simulated for five-year
134 periods. At the end of each five-year period, individual tree diameters are adjusted to sum up
135 to the stand basal area given by the stand-level function. At the stand level, the model
136 simulates total five-year basal area growth (m^2ha^{-1}) for all tree species. At the single tree level,
137 separate models provide five-year diameter growth rates for different tree species. Both
138 models are empirical and generate growth based on variables describing the site, the stand as
139 well as individual tree diameter and age. Both the stand and individual tree growth models
140 have been validated by Fahlvik et al. (2014), who demonstrated that the model outcomes fit
141 well with observed tree growth. Potential height growth is modeled for individual trees using
142 the functions for top-height trees (Elfving and Kiviste 1997). Thereafter, height growth is
143 reduced with competition modifier depending on the basal area of trees larger than the subject
144 tree. Tree diameter and height are used to estimate stem volume (Brandel 1990) and the
145 volume of single trees are summed up to per hectare values. Mortality due to self-thinning at
146 high stand densities as well as damaging agents such as storms and insects are considered by
147 the mortality model of Fridman and Ståhl (2001) .

148 **Simulation of carbon pools**

149 In Heureka, carbon in living trees is calculated using the biomass functions of Marklund
150 (1988a) for stem, bark, branches and needles and functions of Petersson and Ståhl (2006) for
151 stumps and roots. Carbon in soil is estimated using the Q-model (Rolff and Ågren 1999;
152 Ågren and Hyvönen 2003), which simulates the decomposition of soil organic matter based
153 on the continuous quality theory (Ågren and Bosatta 1998), in which the soil organic matter
154 is assumed to change continuously over time due to decomposition. In the model carbon
155 input from litter is simulated based on tree growth and mortality. Stumps, roots, branches,

156 and needles from harvested trees are also added to the soil carbon pool. The carbon pools in
157 living trees and soil is calculated in the same five-year intervals as tree growth.

158 **Optimization of management programs**

159 The procedure for stand level optimization in Heureka computes a large number of
160 management alternatives for each stand with respect to the timing of final felling and the
161 number and timing of thinnings. In all cases thinning from below was simulated and the
162 thinning intensity allowed to vary between 25 and 40% of the basal area. In both pine and
163 spruce stands we assumed that 10% broadleaves (birch) is kept in the stand throughout the
164 rotation to fulfill environmental certification standards. The different management programs
165 computed were ranked according to their land expectation value (LEV) calculated according
166 to Faustmann (1849) applying a discount rate of 2 % which is commonly used by Swedish
167 forestry practice (Simonsen et al. 2010). The management program with the highest LEV was
168 chosen as our reference rotation for each site.

169 **Prices and costs**

170 For the economic analysis, Heureka simulates bucking of the stems to sawlogs and pulpwood
171 based on tree diameter and height. Timber prices from an up to date pricelist from the
172 Swedish forest owner association were used. Pulpwood (diameter 5-12 cm) price was 35 € per
173 m³ for all tree species. Sawlogs prices for pine and spruce increases with diameter from 12
174 cm up to 30 cm. The prices range from 35 to 90 € per m³ for pine and from 35 to 60 € per m³
175 for spruce.

176 Harvesting costs were calculated with functions based on productivity statistics from Swedish
177 forestry (Brunberg 2012a, b). Per hour machine costs was set to 100 € for harvester in
178 thinning and 110 € for harvester in final felling. For forwarder, the costs was 70 € and 80 € in

179 thinning and final felling respectively. The cost for regeneration was set to 600 € ha⁻¹ and for
180 precommercial thinning to 250 € ha⁻¹.

181 <please place Table 1 about here>

182

183 For all sites, we started the simulations with a reference rotation starting from clearcut land
184 with regeneration through planting of containerized seedlings. The aim of simulating this first
185 rotation was to obtain starting values for soil carbon pool from the Q-model that were based
186 on both site factors and forest management history. After clear-felling of the first rotation we
187 simulated a set of five different rotations for each site; the reference rotation, one 10 years
188 reduced and three prolonged rotations with 10, 20 and 30 years (Table 1). Output data on
189 timber production, carbon pools and economy from these second rotations was used for our
190 analyses of climate benefit and cost. To get an estimate of the cost for possible climate
191 benefits obtained by altering rotations we calculated the net present value (NPV) for the
192 different prolonged rotations at the time of decision to prolong rotations, which was assumed
193 to be at the time when final felling was planned for the economically optimal reference
194 scenarios for each species and site index. The NPV included the net revenue from final
195 felling and the LEV for coming tree generations, assuming that the coming tree generations
196 would continue to be managed with the prolonged rotation length. The reduction in NPV
197 (cost) relative to the reference rotation was then divided by the additional climate benefit for
198 each prolonged rotation alternative to get an estimate of the cost for the carbon benefit
199 expressed as € per Mg carbon. This was done for each site, species and prolonged rotations
200 with 10, 20 and 30 years.

201

202 **Climate change mitigation potential**

203 The potential of different forestland use strategies to mitigate climate change has to be
204 evaluated relative to a base line scenario. In this study the baseline is the silvicultural
205 program with optimal economic return, assumed to represent current forest practices. To
206 mimic current forestry practice we also applied in the simulations the following assumptions;
207 i) tops and branches as biofuel was extracted at final felling in the spruce stands, ii) when
208 tops and branches were extracted 40% of the biomass in these fractions was left on the site,
209 iii) at final felling ten trees per ha were retained for nature conservation purposes. We have
210 then estimated carbon stock changes in standing forest biomass, forest soils and forest-based
211 products as well as the substitution effect due to the use of forest-based products and
212 bioenergy instead of fossil energy and fossil-based products. To evaluate the climate benefit
213 of different silvicultural programs we have applied the concept of climate change mitigation
214 efficiency (CCME) introduced by Lundmark et al. (2014) and Braun et al. (2016). CCME
215 takes into account;

- 216 • Carbon stock changes in the forest ecosystem (including soil);
- 217 • Carbon stock changes in long-lived wood products (the model calculations use
218 historical data taken from various statistical sources to establish initial pool sizes);
- 219 • Fossil emissions from forest management and logistics;
- 220 • Production emissions from the forest industry;
- 221 • Substitution effects through the avoidance of the production and disposal of
222 (generally more energy-intensive) non-wood products;
- 223 • Substitution effects of avoided use of fossil fuels due to energy recovery from
224 residues from final harvest, wood processing, chemical pulp processing, waste wood
225 and paper.

226

227 CCME is expressed as the average CO₂ emissions reduction effect per cubic meter of
228 harvested biomass. We assumed a CCME of 0.72 t CO₂ per m³ of utilized wood representing
229 a utilization strategy where large diameter stem-wood was used for production of wood
230 construction material and small-diameter stem-wood and residues were used for energy. For
231 further details see Lundmark et al. (2014).

232 To make the different rotation lengths comparable the climate change mitigation potential
233 was described as the sum of average annual carbon stock changes (trees, soil and harvested
234 wood products) and average annual substitution benefit over the full rotation for each of the
235 different rotation lengths. The results for the altered rotation lengths were then compared to
236 the reference rotation length where economic value was optimized for each site fertility class
237 and tree species.

238

239 **Results**

240 The land expectation value (LEV) estimates the value of forestland excluding the value of the
241 present timber. In the simulation of the reference scenario optimizing LEV gave a rotation
242 length that varied between 75 and 115 years depending on tree species and site fertility
243 (Table 1). Shortening (10 years) or prolonging (10, 20 or 30 years) the rotation length relative
244 to this reference lowered LEV. In absolute terms, the largest reduction was found in the more
245 fertile stands when rotation length was prolonged by 30 years (Fig 1).

246

247 Mean annual carbon stock in living biomass over a rotation increased when rotation length
248 was prolonged 10-30 years relative to the reference, and decreased when rotation length was
249 shortened 10 years. This was consistent for pine and spruce stands at high- as well as low
250 productivity sites (Fig 1).

251

252 Prolonging the rotation length 20 and 30 years relative to the reference reduced mean annual
253 increment, resulting in lowered substitution effects for both pine and spruce stands at high- as
254 well as low productivity sites. Prolonging the rotation with 10 years resulted in a minor
255 increase in substitution effects in the spruce stands and in a minor decrease in the pine stands.
256 Shortening the rotation length 10 years generally gave only minor effects on substitution
257 relative to the reference rotation (Fig 1).

258

259 The average annual carbon stock change in wood products and forest soil varied to a small
260 extent between the different rotation periods and represented only a minor part of the total
261 carbon balance in the different silvicultural alternatives that were studied (Fig 1).

262

263 <please place Figure 1 about here>

264

265 Altogether these variables can be added up to estimate the total climate benefit (increased
266 climate change mitigation potential) in comparison to the reference scenario. This showed
267 that a shortened rotation length of 10 years resulted in a negative climate benefit and lower
268 economical outcome for all alternatives that were analyzed. The negative effect was larger for
269 the high than the low productivity sites. For both low and high productivity pine sites, a small
270 climate benefit of 20-92 kg C per hectare and year could be gained by prolonging the rotation
271 length, but at a cost of decreased economic return. A larger climate benefit of 34-217 kg C
272 per hectare and year was obtained when rotation length was prolonged for the spruce stands,
273 but also here at a cost of decreased economic return. The largest climate benefit relative to
274 the decrease in economic return was obtained at the low productivity sites where the loss in
275 LEV in absolute terms was much smaller than for the high productivity sites (Fig 1, Tab 2).

276

277 <please place Table 2 about here>

278 **Discussion**

279 An actively managed forest landscape can contribute to climate change mitigation by
280 sustainable provision of biomass while at the same time maintaining large standing forest
281 carbon stocks (Nabuurs et al. 2007). In this study we investigate how altered rotation lengths
282 in even-aged forest management may result in different climate benefits due to the complex
283 interactions between silvicultural practice, carbon stored in the ecosystem and in forest-based
284 products in society, and the amount of harvested biomass that results in substitution effects
285 (Smyth et al. 2014). We show that in comparison with today's practice in Sweden,
286 prolonging rotation lengths increases forests' average carbon stocks for both spruce and pine
287 dominated stands. For spruce dominated stands prolonging rotations with ≤ 10 years
288 increased the harvesting potential, while for pine it slightly decreased. Prolonging rotations $>$
289 10 years, however, decreased harvesting potential for both pine and spruce dominated stands.

290 The choice of a rotation length is an integral part of even-aged forest management regimes
291 (Curtis 1997), and is dictated by the goals of forest management. Traditionally the main
292 management goal has been the production of wood-based commodities such as sawlogs,
293 pulpwood and biofuel. In this context, the optimal rotation has been dictated by economic
294 drivers in interaction with factors influencing wood volume growth, such as tree species and
295 site productivity. A number of studies have shown that longer rotations in comparison with
296 today's practice increase the average carbon stock in stands and it has been suggested that
297 this would increase forests' climate change mitigation potential (Kaipainen et al. 2004; Liski
298 et al. 2001; Zanchi et al. 2014). These studies include carbon in standing biomass, soil and
299 wood products, but not substitution effects and the effects on economic return when altering
300 rotation lengths. Our simulation study support these previous studies as we show that the

301 effect of prolonging the rotation length, relative to a reference scenario, increases forests'
302 average carbon stocks over the rotation for both spruce and pine stands on high and low
303 productivity sites (Fig 1). It is, however, important to consider that the effect of increasing
304 carbon stocks at the stand level is related to the actual change in average carbon stock from
305 one rotation to the next. This means that the effect will be temporary and restricted to the first
306 new rotation (Hektor et al. 2016). During the following rotations the prolonged rotation will
307 be the new reference and consequently there will be no further climate benefit since future
308 average carbon stock will remain unchanged. Moreover, if substitution effects are also
309 included in the estimation of climate benefits, our study highlights a difference between the
310 two tree species. For spruce prolonging the rotation by 10 years had a positive effect on the
311 harvesting potential and hence the substitution, while for pine a negative effect was found.
312 This can be explained by species specific differences in growth dynamics where current
313 annual increment declines more slowly over time for spruce than for pine after maximum
314 annual increment has been reached (Nilsson et al. 2010). The climate benefit gained from
315 increased standing stocks when prolonging rotations for > 10 years was counteracted by
316 reduced yield for both spruce and pine. This effect of prolonging rotations is well known and
317 has been discussed earlier in terms of reduced climate benefit (Ericsson 2003; Hektor et al.
318 2016). Considering that the positive effects of increased carbon stock is temporary, while the
319 substitution effects will be permanently lowered when rotations are prolonged it is evident
320 that the positive climate benefit of prolonging rotations will be restricted to one rotation.
321 During the following rotations the climate benefit will be negative due to the lower yield, and
322 consequently lower substitution effects.

323

324 As the reference scenario was set up to optimise the net present value (NPV) all the scenarios
325 with prolonged rotations resulted in decreased NPV. Hence, across the scenarios the climate

326 benefits gained from prolonging the rotations resulted in a cost between 9 and almost 400€
327 per Mg C (Table 2). The most cost efficient alternative was for the low productivity spruce
328 site where the cost per Mg C was 9€ (for the +10 years rotation) and 71€ (for the +30 years
329 rotation). These costs can be compared with the carbon price in the trading market during
330 2016 that has varied between 15€ and 30€ per Mg C (<https://www.eex.com/en#/en>).
331 Consequently, at present only the alternative with spruce on low productivity sites and a
332 prolonged rotation of 10 years seems to be a market competitive alternative to mitigate
333 climate change, although this would change if the price for carbon trading sharply increased.
334

335 In our study we also included one alternative where rotation length was shortened 10 years
336 relative to the reference scenario. In a Swedish context this alternative appears timely as for
337 example the largest forest owners association in southern Sweden has recommended their
338 members to shorten rotations by 10-15 years in spruce dominated forest to decrease the risk
339 of storm and root rot damage (Södra Skog 2012). Moreover the stateowned forest company
340 Sveaskog has expressed a desire to be allowed to harvest some types of forest stands earlier
341 than currently allowed by the law to compensate for ambitious set-asides of forest for
342 conservation purposes (Fries et al. 2015). Our study shows that shorter rotations decrease
343 both forest carbon stocks and the harvesting potential (and hence the substitution effect),
344 resulting in a permanently lowered climate benefit of the forest. Whatever reasons given for
345 shortening the rotation periods relative to today's forestry practice thus must take into
346 account also the resulting negative effects on forests' climate change mitigation potential.
347

348 It should be noted that in our simulation study we estimated a climate change mitigation
349 efficiency of 0.72 t CO₂ m⁻³ of utilized wood. This could be considered as a high value
350 (supported by the assumption that harvested wood is used mainly for long-lived construction

351 purposes and bioenergy) when compared to what has been published in other studies in a
352 range between 0.47 and 0.78 t CO₂/m³ (e.g. Werner *et al.* 2010; Lundmark *et al.* 2014, Braun
353 *et al.* 2016). If we had used a lower climate change mitigation efficiency the positive climate
354 benefit of prolonging rotations would have been somewhat larger but still of a temporary
355 character.

356

357 Opposing views on the climate change mitigation effects of forestry and the use of forest-
358 based products are often presented due to different assumptions of the temporal and spatial
359 system boundaries adopted in different analyses (Holtmark 2012; Lundmark *et al.* 2014;
360 Nabuurs and Masera 2007; Naudts *et al.* 2016). In this study we apply a perspective
361 recognizable by forestry practice in Fennoscandia and assess the effects on even-aged forests'
362 climate change mitigation potential by prolonging and shortening the rotation lengths. We
363 compare our constructed rotation lengths scenarios with a reference scenario set by
364 optimising the NPV of the forest at a discount interest rate of 2%. Since the tree species
365 composition is not altered in the different alternatives possible effects on albedo has not been
366 included in the estimate of climate change mitigation potential.

367

368 Our approach is purely deterministic, and the analysis ignores many factors that make stand
369 development and economic revenue everything but deterministic in reality (e.g., disturbances,
370 market fluctuations). When comparing different rotation lengths the time frame for
371 comparison is important. We made the comparison of long term carbon balance in two steps.
372 Firstly, we estimated the carbon balance of altered rotations relative to a reference rotation
373 where NPV was optimal. Secondly, the mean value for annual carbon balance was compared.
374 This value would not change if the time frame was extended to include more rotation cycles
375 if rotation lengths remain unchanged for the alternatives. In contrast, the comparison of the

376 cost for possible climate benefits obtained by deciding altering rotations at the time when
377 final felling was planned for the economically optimal reference scenarios is based on
378 different time frames, which results in a slightly overestimated gain from extending the
379 rotation length. This is because the positive effects of increased carbon stock are temporary,
380 while the substitution effects will be permanently lowered when rotations are prolonged. It
381 also means that if we let the analysis cover many rotation cycles, the gain of increasing the
382 average carbon stock in the forest would eventually be replaced by a reduced climate benefit
383 due to a permanently lower mean annual wood production.

384

385 Despite these simplifications we conclude that moderate prolongation of rotation lengths (+10
386 years) for spruce can give a permanent climate benefit as it increases both forest carbon
387 stocks and yield. In contrast, for pine (all prolonged rotation lengths scenarios) and for spruce
388 (+20 and +30 years) the climate benefit is only temporary as it is restricted to the first new
389 rotation with the increased rotation length due to that the increased standing forest carbon
390 stock is coupled to a permanently lowered yield. Also for all scenarios increased rotation
391 lengths result in decreased economic return estimated as a decrease in NPV.

392 Our study supports the idea that average forest growth and yield together with the product use
393 strategy are the main determinators of the long term climate benefit of forestry and are more
394 important than the management practices per se (Lundmark et al. 2016). With this in mind
395 strategies primarily directed to increase average forest growth during a rotation rather than
396 increasing the rotation length would be a more efficient way to improve forests' potential to
397 mitigate climate change. The relatively high costs for improved carbon balance when
398 extending rotation length also call for new studies focusing on the economical outcome for
399 management practices directed to increase forest growth if also a potential climate benefit
400 was to be included as a additional ecosystem service.

401

402

403 **Acknowledgements**

404 This study was funded by the Swedish Future Forests programme, a interedisciplinary
405 research programme funded by the foundation for strategic environmental research
406 (MISTRA), the Swedish University of Agricultural Sciences (SLU), Umeå University, the
407 Swedish forestry research institute (Skogforsk), the Swedish forestry industry and forest
408 owners associations.

Draft

References

- Agren, G.I., and Bosatta, E. 1998. Theoretical ecosystem ecology: understanding element cycles. Cambridge University Press.
- Assmann, E. 1970. Principles of forest yield study. Pergamon Press, Headington Hill Hall, Oxford. pp. 504.
- Brandel, G. 1990. Volume functions for individual trees; Scots pine (*Pinus sylvestris*), Norway spruce (*Picea abies*) and birch (*Betula pendula* & *Betula pubescens*).
- Braun, M., Fritz, D., Weiss, P., Braschel, N., Büchsenmeister, R., Freudenschuß, A., Gschwanner, T., Jandl, R., Ledermann, T., Neumann, M., Pölz, W., Schadauer, K., Schmid, C. Schwarzbauer, P. and Stern, T. 2016. A holistic assessment of greenhouse gas dynamics from forests to the effects of wood products use in Austria. *Carbon Management*, 7(5-6), 271-283.
- Brukas, V., and Weber, N. 2009. Forest management after the economic transition—at the crossroads between German and Scandinavian traditions. *Forest policy and economics* 11(8): 586-592.
- Brunberg, T. 2012a. Produktiviteten vid drivning från 2008 till 2011. Skogforsk.
- Brunberg, T. 2012b. Skogsbrukets kostnader och intäkter 2011. Skogforsk.
- Chang, S.J. 1984. Determination of the optimal rotation age: a theoretical analysis. *Forest ecology and management* 8(2): 137-147.
- Curtis, R.O. 1997. The role of extended rotations. *Creating a forestry for the 21st century*. Island Press, Washington, DC: 165-170.
- Ekholm, T. 2016. Optimal forest rotation age under efficient climate change mitigation. *Forest Policy and Economics* 62: 62-68.
- Elfving, B., and Kiviste, A. 1997. Construction of site index equations for *Pinus sylvestris* L. using permanent plot data in Sweden. *Forest Ecology and Management* 98(2): 125-134.
- Ericsson, E. 2003. Carbon accumulation and fossil fuel substitution during different rotation scenarios. *Scandinavian Journal of Forest Research* 18(3): 269-278.
- Fahlvik, N., Wikström, P., and Elfving, B. 2014. Evaluation of growth models used in the Swedish Forest Planning System Heureka. *Silva Fenn* 48(2).
- Faustmann, M. 1849. Berechnung des Wertes welchen Waldboden sowie noch nicht haubare Holzbestände für die Waldwirtschaft besitzen. *Allgemeine Forst-und Jagd-Zeitung* 15(1849): 7-44.
- Filip, G.M., Kanaskie, A., Kavanagh, K.L., Johnson, G., Johnson, R., and Maguire, D.A. 2000. *Silviculture and Swiss needle cast: research and recommendations*. Corvallis, Or.: College of Forestry, Forest Research Laboratory, Oregon State University.
- Fridman, J., and Ståhl, G. 2001. A three-step approach for modelling tree mortality in Swedish forests. *Scandinavian Journal of Forest Research* 16(5): 455-466.
- Fries, C., Bergqvist, J., and Wikström, P. 2015. Lägsta ålder för förnygringsavverkning (LÅF)—en analys av följderna av att sänka åldrarna i norra Sverige till samma nivå som i södra Sverige. [Youngest age for final felling—Analysis of the implications of decreasing ages in northern Sweden to the same level as in southern Sweden.] Swedish Forest Agency, Report 6/2015, Stockholm, Sweden. (In Swedish).
- Harmon, M.E., Krankina, O.N., and Sexton, J. 2000. Decomposition vectors: a new approach to estimating woody detritus decomposition dynamics. *Canadian Journal of Forest Research* 30(1): 76-84.
- Hektor, B., Backeus, S., and Andersson, K. 2016. Carbon balance for wood production from sustainably managed forests. *Biomass and Bioenergy* 93: 1-5.

- Holtmark, B. 2012. Harvesting in boreal forests and the biofuel carbon debt. *Climatic change* **112**(2): 415-428.
- Hyytiäinen, K., and Tahvonen, O. 2002. Economics of forest thinnings and rotation periods for Finnish conifer cultures. *Scandinavian journal of forest research* **17**(3): 274-288.
- Hägglund, B. 1972. Om övre höjdens utveckling för gran i norra Sverige (Site index curves for Norway Spruce in northern Sweden). Stockholm:[sn].
- Hägglund, B. 1974. Site index curves for Scots pine in Sweden. In: Royal College of Forestry, Department of Forest Yield Research. Report 31. 54 p. (In Swedish with English summary.).
- Kaipainen, T., Liski, J., Pussinen, A., and Karjalainen, T. 2004. Managing carbon sinks by changing rotation length in European forests. *Environmental Science & Policy* **7**(3): 205-219.
- Liski, J., Pussinen, A., Pingoud, K., Mäkipää, R., and Karjalainen, T. 2001. Which rotation length is favourable to carbon sequestration? *Canadian Journal of Forest Research* **31**(11): 2004-2013.
- Lundmark, T., Bergh, J., Hofer, P., Lundström, A., Nordin, A., Poudel, B.C., Sathre, R., Taverna, R., and Werner, F. 2014. Potential Roles of Swedish Forestry in the Context of Climate Change Mitigation. *Forests* **5**(4): 557-578.
- Lundmark, T., Bergh, J., Nordin, A., Fahlvik, N., and Poudel, B.C. 2016. Comparison of carbon balances between continuous-cover and clear-cut forestry in Sweden. *Ambio* **45**(2): 203-213.
- Marklund, L. 1988a. Biomass functions for pine, spruce and birch in Sweden.
- Marklund, L.G. 1988b. Biomassfunktioner för tall, gran och björk i Sverige. Sveriges Lantbruksuniversitet, Institutionen för Skogstaxering, Rapport 45. 73 pp. ISSN 0348-0496. (In Swedish.).
- Nabuurs, G., and Masera, O. 2007. Forestry. *Climate Change 2007: Mitigation of Climate Change. Contributions of Working Group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change*. M. Apps and E. Calvo. New York: Cambridge University Press.
- Naudts, K., Chen, Y., McGrath, M.J., Ryder, J., Valade, A., Otto, J., and Luysaert, S. 2016. Europe's forest management did not mitigate climate warming. *Science* **351**(6273): 597-600.
- Nilsson, U., Agestam, E., Ekö, P.-M., Elfving, B., Fahlvik, N., Johansson, U., Karlsson, K., Lundmark, T., and Wallentin, C. 2010. Thinning of Scots pine and Norway spruce monocultures in Sweden.
- Nordin, A., and Sandström, C. 2016. Interdisciplinary science for future governance and management of forests. *Ambio* **45 Suppl 2**: 69-73. doi: 10.1007/s13280-015-0743-8.
- Näslund, B. 1969. Optimal rotation and thinning. *Forest Science* **15**(4): 446-451.
- Peterson, H. 1999. Biomassfunktioner för trädfaktorer av tall, gran och björk i Sverige.
- Peterson, H., and Ståhl, G. 2006. Functions for below-ground biomass of *Pinus sylvestris*, *Picea abies*, *Betula pendula* and *Betula pubescens* in Sweden. *Scandinavian Journal of Forest Research* **21**(S7): 84-93.
- Roberge, J.-M., Laudon, H., Björkman, C., Ranius, T., Sandström, C., Felton, A., Sténs, A., Nordin, A., Granström, A., Widemo, F., Bergh, J., Sonesson, J., Stenlid, J., and Lundmark, T. 2016. Socio-ecological implications of modifying rotation lengths in forestry. *Ambio* **45**(2): 109-123. doi: 10.1007/s13280-015-0747-4.
- Rolff, C., and Ågren, G.I. 1999. Predicting effects of different harvesting intensities with a model of nitrogen limited forest growth. *Ecological modelling* **118**(2): 193-211.
- Simonsen, R., Rosvall, O., Gong, P., and Wibe, S. 2010. Profitability of measures to increase forest growth. *Forest Policy and Economics* **12**(6): 473-482.

- Smyth, C., Stinson, G., Neilson, E., Lemprière, T., Hafer, M., Rampley, G., and Kurz, W. 2014. Quantifying the biophysical climate change mitigation potential of Canada's forest sector. *Biogeosciences* **11**(13): 3515-3529.
- Södra Skog. 2012. Shorter rotations profitable in spruce forest. Retrieved 1 March, 2016 from <http://www.sodra.com/sv/Pressrum/Nyheter/Inlagg/Pressmeddelande/aktuella-nyheter/Lonsamt-med-kortare-omloppstid-i-granskog/> (In Swedish). Södra Skog.
- Wikström, P., Edenius, L., Elfving, B., Eriksson, L.O., Lämås, T., Sonesson, J., Öhman, K., Wallerman, J., Waller, C., and Klintebäck, F. 2011a. The Heureka forestry decision support system: An overview. *Mathematical and Computational Forestry & Natural-Resource Sciences (MCFNS)* **3**(2): Pages: 87-95 (88).
- Wikström, P., Edenius, L., Elfving, B., Eriksson, L.O., Lämås, T., Sonesson, J., Öhman, K., Wallerman, J., Waller, C., and Klintebäck, F. 2011b. The Heureka forestry decision support system: an overview. *Mathematical and Computational Forestry & Natural Resource Sciences* **3**(2): 87.
- Zanchi, G., Belyazid, S., Akselsson, C., and Yu, L. 2014. Modelling the effects of management intensification on multiple forest services: a Swedish case study. *Ecological Modelling* **284**: 48-59.
- Ågren, G.I., and Hyvönen, R. 2003. Changes in carbon stores in Swedish forest soils due to increased biomass harvest and increased temperatures analysed with a semi-empirical model. *Forest Ecology and Management* **174**(1): 25-37.

Draft

Table 1. An overview of the assessed different rotation length alternatives. Site index was determined by dominant tree height at the age of 100 years. The high productive sites represented a site index of 30 m for Norway spruce (G30) and 24 m for Scots pine (T24) while corresponding figures for the low productive sites where 18 m (G18) and 16 m (T16).

Species	Site index	Number of thinnings	Reference rotation length (Yr)*	Mean annual increment at reference rotation ($\text{m}^3\text{ha}^{-1}\text{yr}^{-1}$)	Simulated altered rotation lengths (Yr)
Norway spruce	G18	1	110	3.0	100, 110, 120, 130, 140
Norway spruce	G30	2	75	10.0	65, 75, 85, 95, 105
Scots pine	T16	1	110	3.2	100, 110, 120, 130, 140
Scots pine	T24	1	85	6.1	75, 85, 95, 105, 115

*The reference rotation length for spruce and pine at the high and low productive sites was defined by optimizing net present value using an interest rate of 2%.

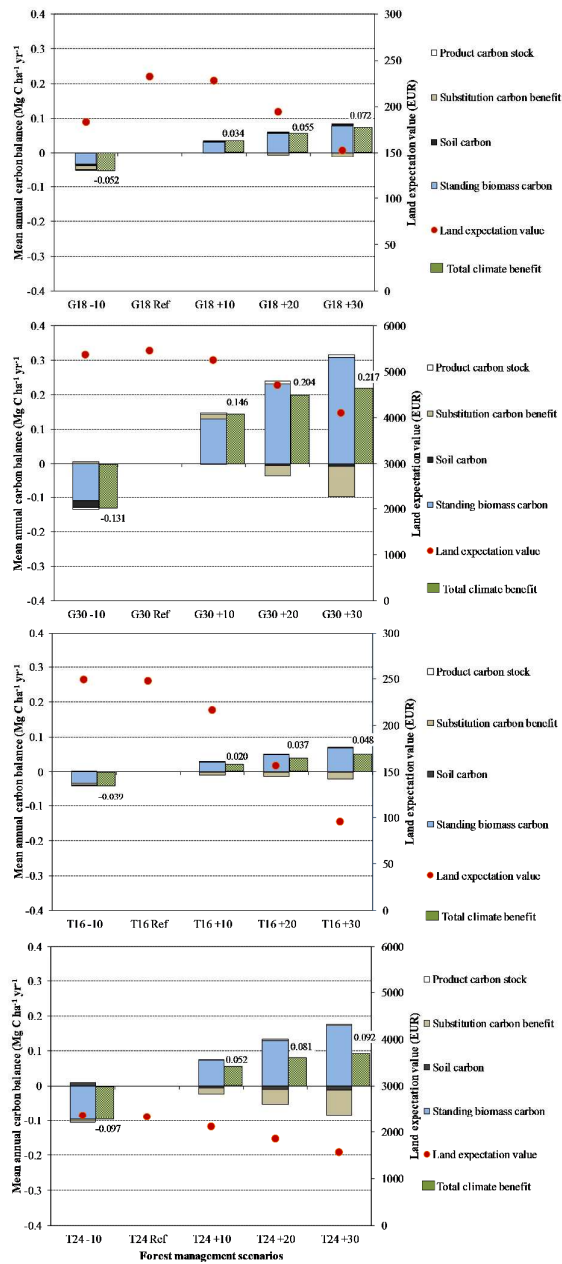


Figure 1. Mean annual carbon balance ($\text{Mg C ha}^{-1} \text{ year}^{-1}$) (left axis) and Land Expectation Value (EUR) (right axis) for the different rotation lengths in relation to the reference rotation length for the two most common tree species in Fennoscandia, Norway spruce (*Picea abies*) and Scots pine (*Pinus sylvestris*), growing on high and low productive sites. Site index was determined by dominant tree height at the age of 100 years was used to describe the fertility of the sites. The high productive sites represented a site index of 30 m for Norway spruce (G30) and 24 m for Scots pine (T24) while corresponding figures for the low productive sites where 18 m (G18) and 16 m (T16). Colored bars show the different components of the carbon balance and the green spotted bar the sum of all components (=total climate benefit). Negative values denote lower climate benefits than the reference

rotation length. Land expectation value for each rotation length was based on an interest rate of 2% and a current timber price-list and operations cost statistics from the Swedish forestry industry, and are presented as colored dots.

Draft

Table 2. Calculated costs (€ per Mg of carbon) for the marginal effect on the improved carbon balance by prolonging the rotation length with +10, +20 or +30 years for Norway spruce (*Picea abies*) and Scots pine (*Pinus sylvestris*), growing on high and low productive sites. Site index was determined by dominant tree height at the age of 100 years was used to describe the fertility of the sites. The high productive sites represented a site index of 30 m for Norway spruce (G30) and 24 m for Scots pine (T24) while corresponding figures for the low productive sites where 18 m (G18) and 16 m (T16). Costs were expressed as the reduction in Net Present Value (NPV) relative to the reference rotation for each prolonged rotation alternative divided by the total climate benefit of the corresponding prolonged rotation relative to the climate benefit of the reference scenario. NPV included the net revenue from final felling and the LEV for coming tree generations, assuming that the coming generations would continue to be managed with the prolonged rotation length.

Rotation length	Cost in NPV (€ ha ⁻¹) relative to the reference rotation	Accumulated climate benefit (Mg C ha ⁻¹) by prolonging the rotation length relative to the reference rotation	Cost per Mg of carbon in improved carbon balance (€ Mg ⁻¹ C)
G18/+10	37	4.0	9
G18/+20	339	7.2	47
G18/+30	713	10.1	71
G30/+10	946	12.4	76
G30/+20	3389	19.4	175
G30/+30	6077	22.8	266
T16/+10	285	2.4	120
T16/+20	813	4.8	168
T16/+30	1363	6.8	202
T24/+10	1162	5.0	235
T24/+20	2624	8.5	308
T24/+30	4199	10.6	396

Draft