SOMETHING ABOUT THE CLASSICAL COMMERCIAL VALUE OF FORESTS

When we talk about the value of forests, we always stress that, in addition to classical commercial values, forests also have non-market values. In principle, non-market forest values are up to fifty times higher than classical commercial forest values, depending on the ecological (hydrological, water protective, anti-erosion, climatic and anti-emission), social (aesthetic, health, recreational, tourist) and ecophysiological (genetic, biodiversity, physiological) function of forests. Non-market forest roles are evaluated on the basis of estimates; yet, the majority of the users of these forest roles are reluctant to accept and pay for this value, although it is, in the words of some authors, as priceless as a mother’s love for her child. The classical commercial value can be determined in a much more exact manner, since evaluations are based on measurable parameters: quantity, quality, use of timber depending on the species, manner and degree of finalization, market demand, and finally, market prices of forest timber products to highly finalized products of the wood processing industry.

The management plan prescribes management tasks and goals, while the necessary amount and quality of silvicultural treatments govern the quantity (increment) and quality of forest timber products. The aim is, naturally, to produce as many and as high quality products that a given forest tree species can offer, and place on the market not only some forest wood products but all of them, with the final objective of achieving the highest possible market price. It would stand to reason, with regard to the proximity of the product unburdened with high transport costs, that the buyer should be, conditionally said, a home wood processing company, which would finalize and adequately use a good quality forest product in line with the set management goal. This would create additional value and ensure job opportunities. A buyer who pays a realistic price for a forest wood product will not make parquet out of a veneer log, because it will simply not be profitable.

Almost 80% of forests in Croatia are state-owned; therefore, those who engage in such unprofitable businesses, or allow and even stimulate others to participate in wasting national wealth and devalue the work of several generations of forestry experts, should be sternly cautioned. Wood processing companies, on the other hand, by manufacturing and exporting semi-final products, open the door for others to create additional value. There are currently very few serious final product producers; the number of semi-product manufacturers is slightly higher. On the other hand, there are “innumerable” sawmill operators. Are we at all aware of the basic facts: who are the producers, what kind of products are produced from our high-quality raw material, how many jobs are opened and how many are “frittered away”, does the work force receive legal pay or are they paid underhand, is profit invested in personnel, equipment and new technologies in order for the producer to become competitive, or does the producer, lured by extortionate interest invest in, for example, apartments? Now that the housing market is declining, they pay for raw timber with apartments. Incidentally, most of them find raw timber too expensive, although it participates in overall production costs with less than 20%. The price is not even market price, because it is not dictated by the market but by, conditionally said, the state (so much for market-oriented economy!). Payment dates are another story altogether: 60 to 90 days on average, which implies that the coefficient of claims due is only four, which should seriously worry not only every manufactur, but particularly the state. It is wood processing companies that rely on the certified status of Croatian forests in the sale of their products, but they are not concerned at all that this status is the result of investment in silviculture and forest protection. In addition to the issues relating to cost rationalization and reorganization in forestry, there is the question of final products: why is no effort put into finding a more profitable method of harvesting unused wood biomass from forests instead of selling chips (which should be the job of local financial services)? Finally, why do we not produce and sell the final product – energy, instead of biomass (like Austria, the example). What about wood products from private forests? Who addresses this issue, since the Law on Forests and all other laws apply to all forest owners?

As we can see, there are many questions on both sides, and if we could find objective answers to them, we would find a solution that would be beneficial for all. The main question here is: can we do it, and even more importantly, do we want to do it?