EDITORIAL

WHO IS TO BLAME FOR POOR BUSINESS RESULTS OF WOOD PROCESSORS?

As usual, it is the company Croatian Forests Ltd, as the representative of the Požgaj Group from Veliki Bukovac has been claiming these days. In fact, the company Croatian Forests Ltd has refused to sign an annual contract on the sale of logs with two companies of the Požgaj Group, stating that they do not have the necessary technology. Bravo! From both the foresters' and the business standpoint, this is the best sentence we have read in the last 20 years at least. The core of the matter is that they have not been allowed to "destroy" valuable raw wood material. This issue and market economy, contrary to business operations according to the principles of non-market economy, has been the topic of our column on several occasions.

Forests, waters and soil are the most valuable resources of the Republic of Croatia. No wonder, therefore, that they deserve its special protection. However, there is a difference between what has been set down in legal documents and what is happening in reality. Forests are ranked as production forests, protection forests and special purpose forests. Only three thirds of the increment on average is cut down in production forests in order to retain the "capital". Consequently, there is no possibility to increase felling so as to satisfy the growing needs of all wood processors. Such limited quantities of wood assortments, particularly those of the highest quality, should be managed in a rational and economical manner, following the principles of demand and supply dictated by the market. Why? Obviously, because they are forest products of too high a value to be managed in a primitive way that does not respect their quality and the effort invested in the production and use for which they are intended. Let us just explain to non-professionals what the forestry profession is all about.

Forestry is a branch of economy which, like any other economic branch, sets management goals. In the case of forestry, it is the production of the most valuable wood and non-wood products, followed by the production of all those products which provide non-market forest functions. Therefore, in addition to forestry, all users should also participate in the incurred costs. If we start from raw wood material as a forest product and the principle that a forest should be everlasting, let us take pedunculate oak, our most valuable and the most highly demanded forest species, as an example. After a seed cut, so-called seed trees provide a forest site with almost ten thousand young oak plants per hectare. Of course, there are also other species that are not desirable in an oak site, so the first silvicultural operation consists of their removal. What follows are multiple treatments of cleaning, tending, thinning and structuring a stand until a new seed cut should be performed in order to start forest regeneration anew. This cycle is repeated every 120 – 140 years, or in other words, through three to three and a half working lives of forestry workers and professionals. The number of trees is 150-170 per hectare, so the first tree logs, on condition that the treatments have been well performed, should be of the highest class, i.e., veneer logs or A class logs. So many years of highly expert work deserve better that what our wood processors most commonly do: instead of improving the wood raw material of the highest class and creating additional value, they transform them into the primary wood processing product, that is, sawn timber, and then they brag about their export. Bragging about the production of parquet flooring is also questionable: it would be acceptable if parquet was produced from lower quality raw material, as its dimension allows it. Parquet can also be produced from the highest quality wood assortments, but then such assortments should be paid at a market price. Whether the product would then be competitive on the market is another story. Yet, even this product is only a "little step" away from sawn timber, since it does not require specialists, engineers and up-to-date machinery, nor does it require designers who in such a case have nothing to design. What we see on TV is upholstered furniture and kitchen cabinets made of board material, while the oak wood mentioned above is nowhere to be seen. This is not just an assumption: it is a confirmed fact coming from a relevant source.

Boasting about export in Večernji List of July 23, 2021, the new president of the CEA Wood and Paper Industry Association says that "a part of the finished goods industry is competitive", in the first place parquet manufacturers, whereas "unfortunately, there are no foreign investors in the furniture manufacture … the Croatian furniture industry has been doing so-called toll manufacturing for large international trade chains for decades". Well done! After having furniture factories such as "ŠAVRIĆ", TVIN, RADIN, TROKUT, GAJ, DIP Delnice, FLORIJAN BOBIĆ, MOBILIJA and some others, this is nothing but a disgrace.

Let us conclude! According to the text by the EUROPEAN FORESTRY INSTITUTE AND THE WORLD BANK entitled "A survey and recommendations for the wood raw material sale system in Croatian Forests", it is stated that in Croatia 93 % of wood products are sold administratively on the basis of long-term contracts, and only 5 % are sold on the market (Poland 89-90 %, Czechia 96 %, and Estonia and France about 100 % on the market). Croatia sells wood raw material at prices which are 20 – 30 % lower compared to European prices and prices in neighbouring countries, which incurs a loss of about 316 million kuna annually (oak 163 million kuna, beech 105 million kuna, spruce and fir 48 million kuna). Taking into consideration the principles of sustainable management, as well as the quality and naturalness of Croatian forests (which has earned them the FSC certificate – of which it is the wood processors who reap the highest benefits) in relation to the environment, we believe that the losses are even higher than the ones mentioned above. So, gentlemen responsible for the issue, put your heads together and start thinking!

Editorial Board