

COVID-19 impacts on EU forests and forest related sector - *Croatian case* -

EU Forest Directors General, 27 May 2020



EU2020HR MOTO

„A strong Europe
in a world of challenges”

eu2020.hr

Croatian forests – facts and figures

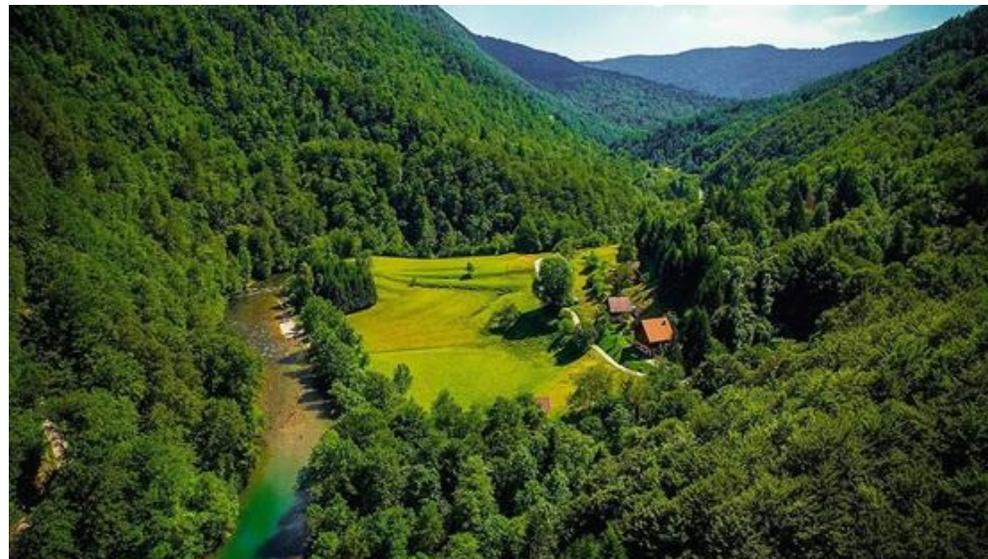
- Forests and forest land: 2.759.039 ha (47% of total land area)
- Ownership structure: 76% state-owned, 24% privately owned
- Growing stock: 418.618.000 m³
- Average annual increment:
10.146.149 m³
- Total harvested timber per year:
6.798.648 m³ (2019)
6.927.574 m³ (2018)



Croatian forests – facts and figures

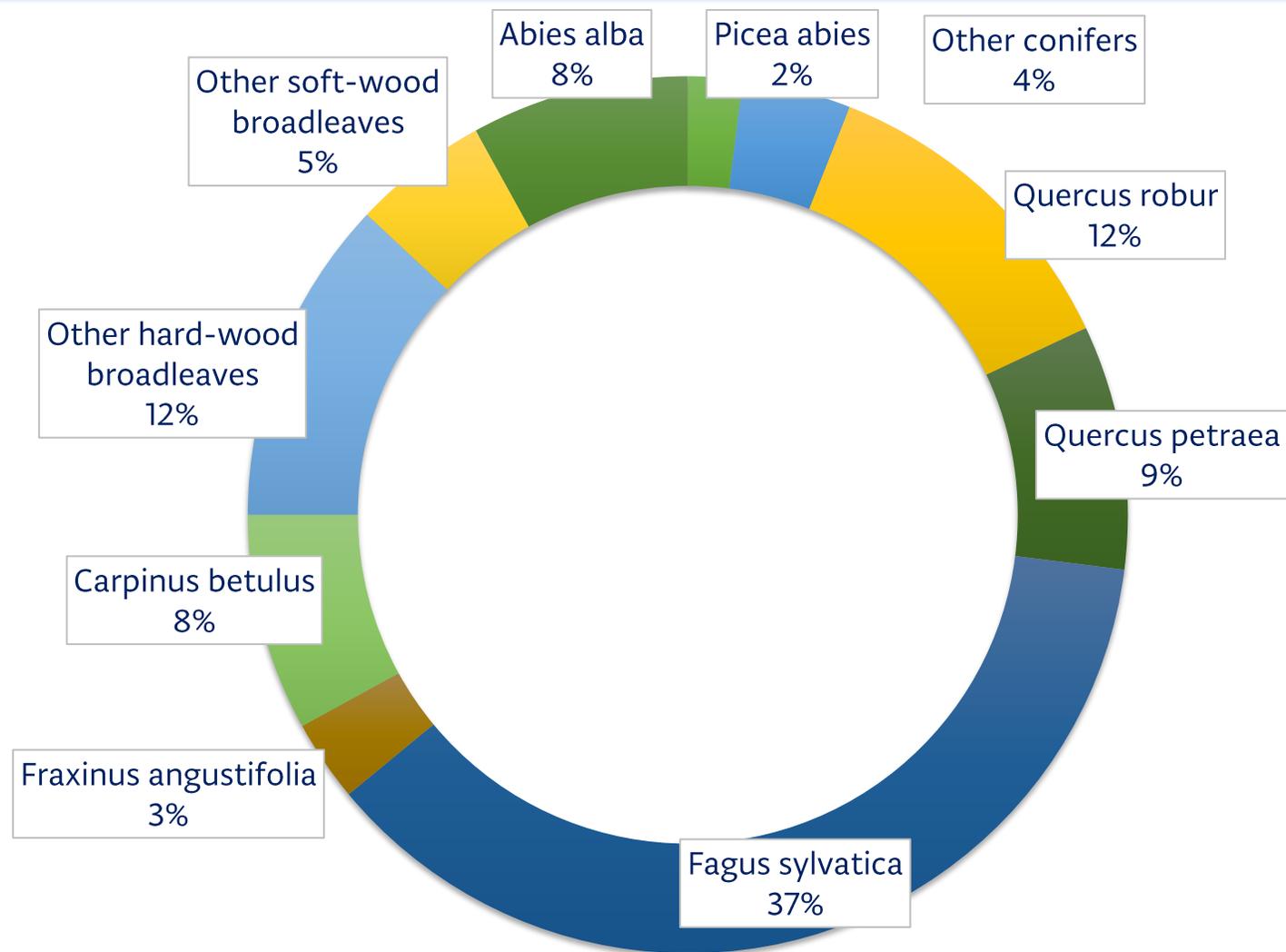
- **Forests by designation:**

- Productive: 1.425.809 ha
- Protective: 832.096 ha
- Special purpose: 501.133 ha



- over 100 forest communities
- around 4.500 plant species (349 endemic);
- 260 autochthonous tree and shrub species

Growing stock by tree species



255 years of sustainable forest management in Croatia

- Forest Law based on sustainable forest management principles
- Forest management plans – long tradition
- FSC certificate - since 2002 (state owned forests)
- Natura 2000 - almost 37% of the land
≈ 50% of forests and forest land

in Natura 2000



Wood processing industry in Croatia

- a long tradition
- strong export sector (almost 10% of Croatian export) – important markets: Italy, Asia, north Africa
- mostly SME; primary wood processing
- employment – rural areas
- increasing investments in production, quality and design of furniture, renewable energy (biomass, pellets)



COVID-19 impacts on forests and forest related sector in Croatia



First phase – January, February to mid March

Forestry sector

- pre-phase for forestry sector
- mild winter, almost without precipitation
- silvicultural (planting) activities, forest road construction and maintenance, logging,...
- problems - labour shortage (seasonal workers); drought in some parts of inland
- large stock of timber on timber depots

First phase

Forestry contractors and partners

- March 16 - decision of Board of Croatian Forests Ltd. to temporarily stop forestry activities, except necessary for biological reasons
- most affected - logging contractors and transport sector
- the first reaction –lay-offs; mitigated by measures taken by the Croatian Government (financial support for job retention – 430 € in March/530 € in April per employee), deferment of public contributions

First phase

Wood processing industry

- disturbances on the global market, both in prices and quantity
- significant decrease in production: warm winter, slowing down in important markets (Italy and China but also Egypt)
- biggest impact on saw mill industry, pellet producers
- restrictions for transport services
- result - sales drop off up to 50%



Second phase – end of March to mid April

- Lockdown
- illegal harvesting activities;
- agricultural activities without surveillance -> forest fires
(2018 - 1.065 ha; 2019 - 13.949 ha)
- silvicultural activities and sanitary logging - respecting of protective measures
- extend payment deadlines for wood processing industry
- additional time to use low-value grants
- minimal sales of wood products, transportation problem

Third phase – end of April, May

Wood processing industry

- EU countries – relaxation of measures
- usual supply chains to Italy and China, problems with north Africa
- new problem – Russian market
- 30-35% drop in revenue in April compared to the same period last year

Future, expectations, challenges

- uncertainties and questions – problem for strategic planning
- the biggest challenge is maintaining financial liquidity
- to preserve and retain a skilled workforce
- projections for GDP decline, economic crisis
- lack of new orders due to expectations of economic slowdown and recession
- very difficult trading conditions – cancellation of many specialized wooden-products fairs till the end of year
- impact on forestry sector and contractors
- *new EUFS post 2020* – strong and holistic framework



Looking forward to...



welcoming you to Croatia!



Croatian Presidency of the Council of the European Union



Hrvatsko predsjedanje Vijećem Europske unije



Présidence croate du Conseil de l'Union européenne



EU
2020
HR



Kroatischer Vorsitz im Rat der Europäischen Union

