

THE ROMANIAN FOREST RESOURCES – RECENT DEVELOPMENTS AND FUTURE PROSPECTS

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The evolution of the forestry sector during the last 2 decades, has been significantly influenced by:

- The post 1989 political and economic changes
- Forest restitution
- The European Union accession process

Following factors have shaped the forest sector development, in a context in which the forest resource remained almost unchanged:

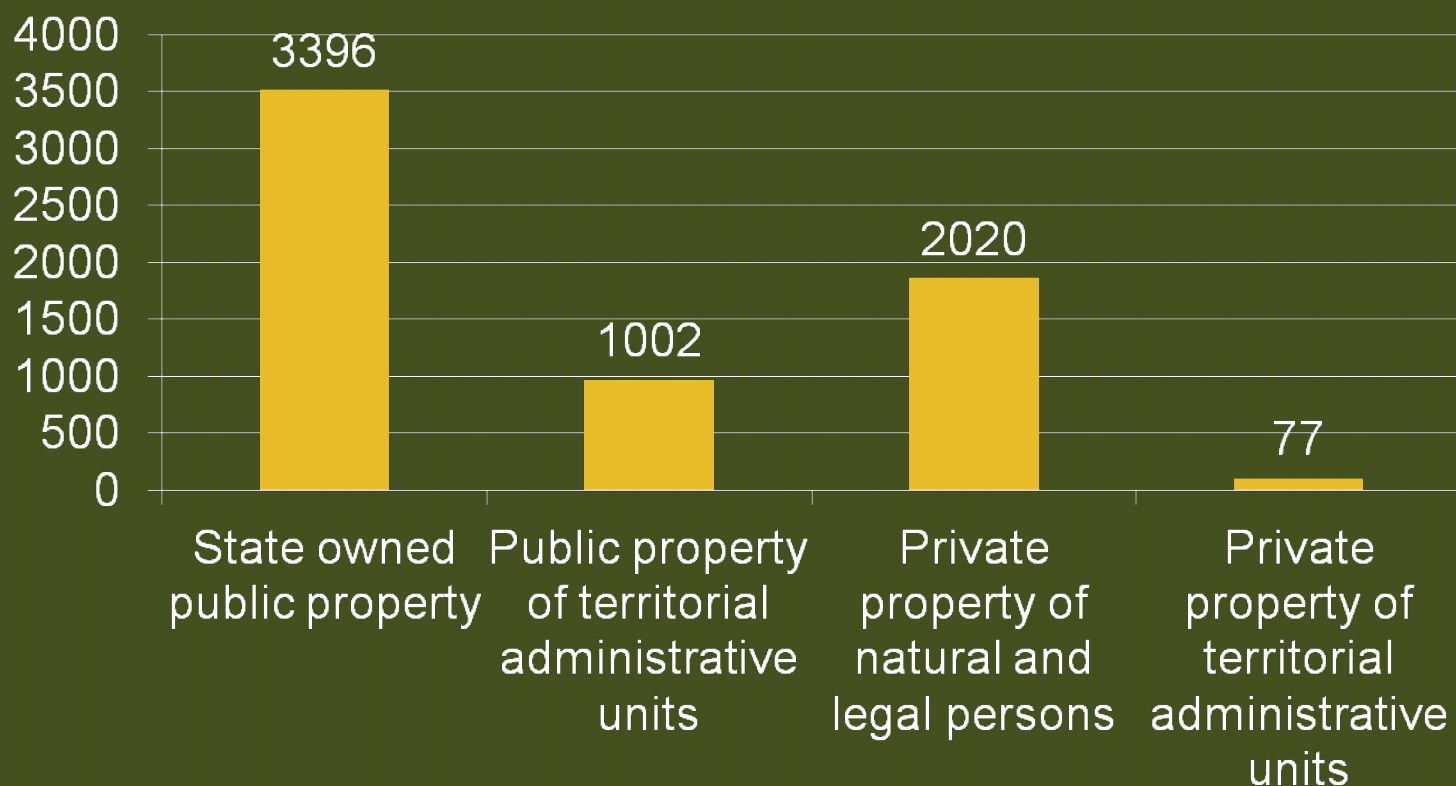
- the significant change in forest ownership,
- the unprecedented organization of the forest sector through the institutional separation of the regulatory, control and forest management functions,
- the changes in forest administration (including the establishment of more than 100 private forest districts),
- the full privatization of the wood harvesting and processing sector, complemented by foreign investments.

The Romanian forest Characteristics

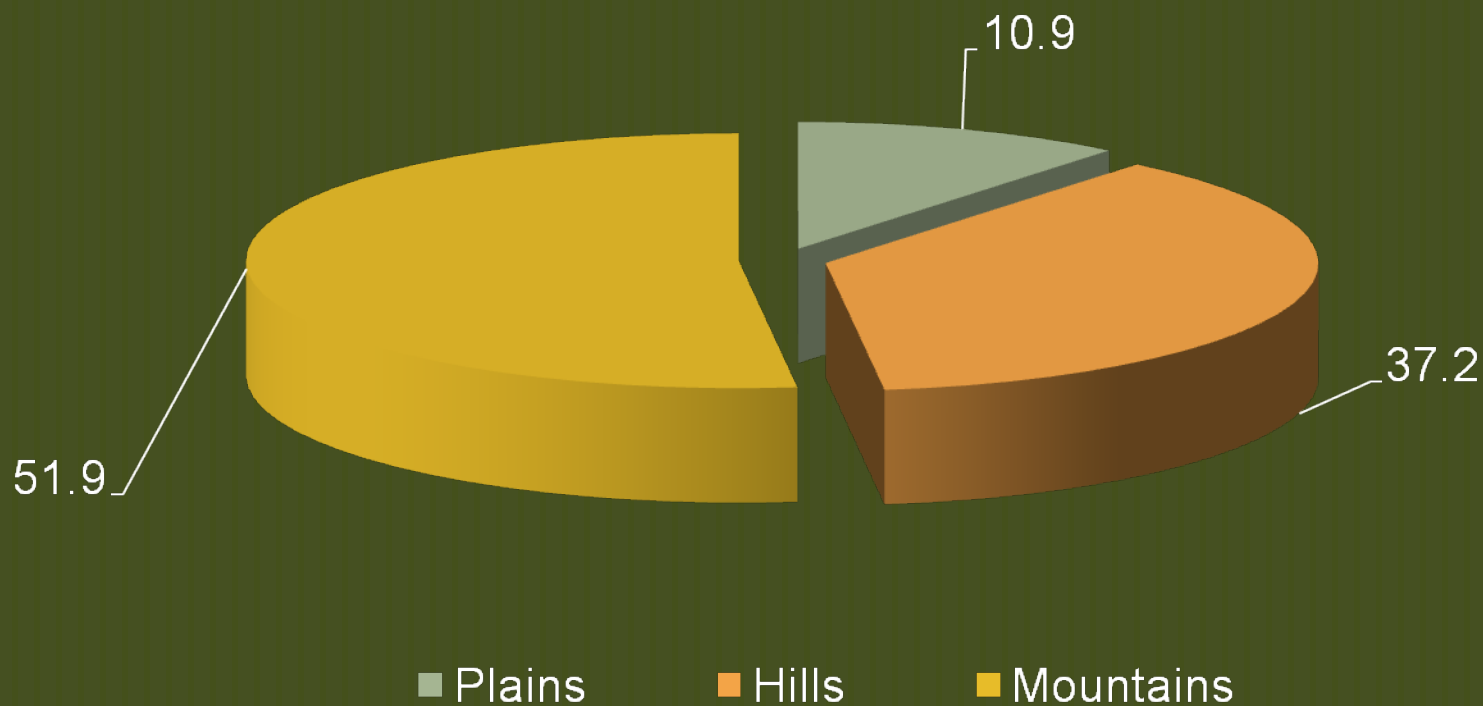
(Source: The National Institute of Statistics)

PROPERTY STRUCTURE	SURFACE (thousand hectares)	%
Total National Forest Fund	6,495	100
Public property	4,398	67.7
State owned public property	3,396	52.3
Territorial administrative units	1,002	15.4
Private property	2,097	32.3
Natural and legal persons	2,020	31.1
Territorial administrative units	77	1.2

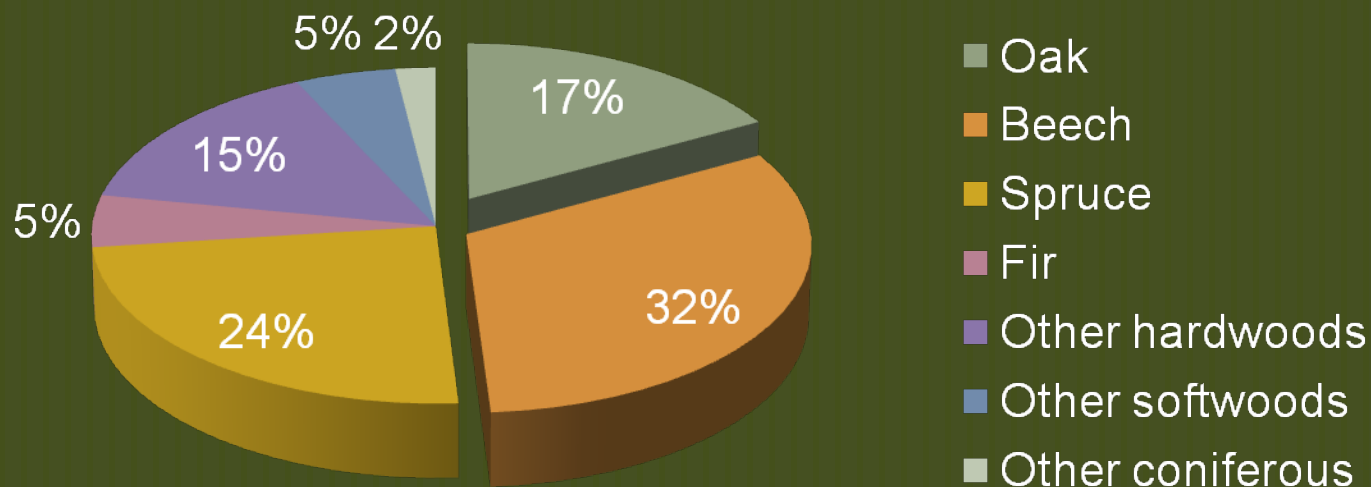
THE STRUCTURE OF FOREST PROPERTY (2010)



Relief distribution of the forest



Forest types

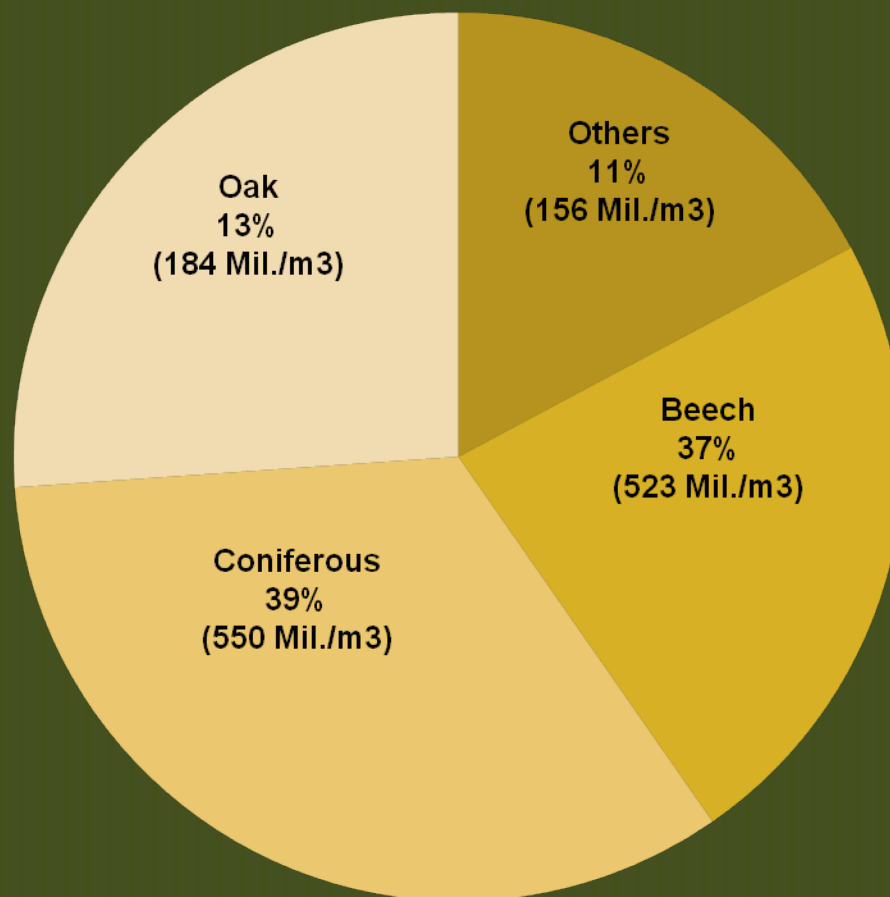


Additional Data

National forest stock	1,413 million cbm
Annual growth	5.6 cbm/ha/year
Annual allowable cut	22.3 million cbm
Forest area per capita	0.30 ha/capita

The forest area per capita is of **0.30** ha/capita, being very close to the European one which is of **0.31** ha/capita.

Forest stock structure by species



Organization

- Over 650 enterprises are members of **A.S.F.O.R.** (Romanian Forestry Association) – a professional organization which is representing the forestry and the woodworking industry.
- **A.S.F.O.R.** was founded in 1994 with the stated mission to promote and protect, on both national and international levels, the general interests of its members (legal, economic, technical, commercial and production).
- Since 2004, **A.S.F.O.R.** has been a member of the EOS (*The European Organization of the Sawmill Industry*).

Harvesting

(Source: The National Institute of Statistics)

- The harvesting and wood processing sector is fully privatized. There are more than 5,000 companies in 2010.
- Skidders, cable cranes, horses and gravitation are the currently used means for harvesting in Romania. Skidders are extensively used even in cable crane areas. This makes harvesting more expensive and damages the environment.
- Over the last 20 years, usage of cable cranes has fallen dramatically.
- Necessary:
 - ✓ **new forest roads**
 - ✓ a wider range of **machines**: harvesters, forwarders, cable cranes and lorries.

Development of the forest sector

The development of the forest sector is closely linked to the usage of cable cranes and the building of new forest roads.

Unlike other countries in Central Europe, Romania has a very poorly developed forest road net.

- The current density of our forest road net is 6.2m/ha, as opposed to 18 - 35m/ha in other European countries.
- The total length of forest roads in Romania is about 40.000km.
- In the near future, another 20.000km should be built in order to reach a density factor of 9.3m/ha.

FOREST ROADS	Total length (km)	Forest fund area (million/ha)	Current density (m/ha)	Investment Stage 1	Aimed density (m/ha)
Currently	40,000	6,470	6.2	20,000	9.3

Development of the forest sector

- For the future, we aim towards a density factor of **12.4km/ha**, resulting in a forest road net of **80,000km**.

This implementation strategy of providing forest roads for the forest fund, implies a significant and **continuous investment effort**.

Moreover, it should be avoided for the new roads to be built along thalwegs (valley lines), as it was practiced until now; instead, they should follow valley sides (German: “Hang”).

This could also have a positive impact on the mountain area (which holds **over 50%** of the forest fund), by using medium- and short-distance cable cranes to collect the wood to the road.

Harvesting volume/species

thousand m³

SPECIES	Year 2010
Coniferous	6,895
Beech	5,650
Oak	1,526
Other hardwood	1,770
Other softwood	1,150
TOTAL	16,991

I have provided these figures, in order to point out the biomass resources when I will talk about the result of processing the material into lumber.

SAWN HARDWOOD FOR EOS COUNTRIES

Figures regarding production, imports, exports and consumption for all EOS member countries over the last 4 years and estimates for 2011.

Year	Production		Imports		Exports		Consume	
	Thousand cbm	%	Thousand cbm	%	Thousand cbm	%	Thousand cbm	%
2007	7792	100,0	4137	100,0	3084	100,0	8715	100,0
2008	7124	91,4	2997	72,4	2657	86,1	7463	85,6
2009	6059	77,8	2727	65,9	2259	73,2	6288	72,1
2010	6330	81,2	2877	69,5	2491	80,8	6475	74,3
2011	6511	83,6	2945	71,2	2538	82,3	6633	76,1

2010 – SAWN HARDWOOD FOR EACH EOS COUNTRY

Source: EOS

Country	Production		Imports		Exports		Consume	
	thousand cbm	%	thousand cbm	%	thousand cbm	%	thousand cbm	%
Total EOS	6330	100,0	2877	100,0	2491	100,0	6475	100,0
Austria	158	2,5	189	6,6	131	5,2	216	3,3
Belgium	245	3,9	420	14,6	235	9,4	430	6,6
Switzerland	70	1,1	35	1,2	15	0,6	90	1,4
Germany	914	14,4	444	15,4	553	22,2	805	12,4
Denmark	80	1,3	200	7,0	60	2,4	220	3,4
Finland	75	1,2	40	1,4	10	0,4	105	1,6
France	1500	23,7	160	5,6	390	15,7	1270	19,6
Italy	650	10,3	1200	41,7	120	4,8	1730	26,8
Letonia	900	14,2	10	0,3	303	12,2	608	9,4
Norway	28	0,4	35	1,2	2	0,1	61	0,9
Romania	1600	25,3	33	1,1	652	26,2	750	11,6
Sweden	110	1,7	110	3,8	20	0,8	190	3,0

- The hardwood production in 2010 has increased as compared to 2009 with about 5%.
- Market prices have dropped 15-25% while, as a paradox, the prices for logs and other utilities have increased due to state policy implemented by the companies for their rescue.
- As compared with 2009, the exports increased in the same proportion with production.
- Imports are insignificant.
- In 2010 and 2011 we tried to find new markets for the hardwood lumber, especially in China, India, Pakistan and the Arabian area.
- As a result of log exports, there is great pressure regarding the purchasing of raw material.

FACTS:

In 2010 Romania remained the main hardwood lumber producer within the EOS, accounting for 25,3% of the total production.

Along with France who produced 23,7% of the entire EOS volume, Romania covers half of what has been done.

- The leading producer: Romania, followed by France and Germany.
- The leading exporter: Romania, followed by Germany and France.
- The leading importer: Italy, followed by Germany and Belgium.
- The leading consumer: Italy, followed by France and Germany.

Even though Romania is such a competitive player on the world market, our selling prices rank among the lowest.

CAUSES:

- There are lots of small sawmills, processing 10-12cbm logs/day, casting thus a crumbling effect on our activity sector.
- Even though we are a quantitative leader, we still have to work on quality improvement.
- Generally – after all items with great defects have been sorted out – a unique quality results. However, it is a quality for which one cannot pretend a good price.
- This lumber is sold fresh or air dried.
- The buyers have created a logistic system, which allows them to load the goods from the producer's yard, and not at a negotiated price, but at a set one.

SOLUTIONS WITHIN ASFOR:

- New investments in processing and drying capacities.
- Grading the lumber in more qualities, at different prices, according to the international standards (see NHLA rules).
- Selling the lumber KD (kiln dried) at proper higher prices.
- Establishing several logistic centers for: processing, drying and grading the fresh lumber, collected from several processing units.
- Starting marketing campaigns and training salesmen for acting on third markets - activities supported by all members of the association.

SOLUTIONS WITHIN THE EOS:

- Maintaining constant communication and exchange of information between the members of the organization, through the EOS.
- Supporting legal initiatives within the European Parliament
- Common action taken within the organization, regarding the selling of logs and lumber.
- Participating at major investments.
- Promoting wood as a natural product to be used instead of other materials.

THANK YOU FOR YOUR ATTENTION