

COMPONENT 3 OPTIMISED FORESTRY DEVELOPMENT

INTERNATIONAL REPORT ON THE STATE OF THE FORESTS.

Part 2

3. The Development of the Forestry Sector

Despite there being very large differences in the scale of the forest industries within the partner regions - Brandenburg and Wales have relatively well developed and large scale forestry industries. Whilst Liguria and Murcia have relatively little or no forestry sector industry, and Slovakia has large areas of forest but relatively undeveloped forest industry sector, accounting for only 1.8% of GDP.

All the partner regions see the continued development of the forestry sector as important to their growth and prosperity, especially in rural areas. "Forestry is not very important in Murcia, representing only 0.1% of the income of agricultural activities, but it is the main source of development in the rural woodland areas"

3.1 Raw Material supply for large scale Forest Industry

Supply of timber and timber products to the large scale forest industry sectors of Brandenburg and Wales is primarily from the public sector, as much of the supply is tied up in large long term supply contracts.

In Brandenburg "private forests have harvested about 50% of their wood potential", the same is very true for Wales. For the continued growth of these large scale industries it is vitally important that the private sector forests in both regions are developed as this where the timber will have to come from.



3.2 Raw Material supply for small scale Forest industry

Timber supplies to small scale industries comes from many sources both public and private. This is a disadvantage in that monitoring, control and continuity of supply is difficult, but in some ways it is an advantage in that it provides a market for small private woodland owners who otherwise would not have an outlet for their timber products

3.3 Small and Medium Forest Enterprise

Small and medium scale forest enterprises are the most common scale throughout the partner regions, although there is great variation in scope and importance of these businesses.

Apart from Brandenburg and Wales where the small and medium forest businesses are reasonably well developed, these businesses are in decline due mainly to cheap imports, either from within their own country or from further afield. A common thread is a desire to utilise small and medium scale forest business's to revitalise rural economies.

3.4 Supply Chain

Both Brandenburg and Wales have fairly well developed supply chains especially from the public sector forests to the larger scale forest businesses. However in all the partner regions the quality of the supply chain deteriorates in the small and medium scale sector, with fewer long-term agreements and guarantees of a continuous supply of quality timber.

Liguria and Murcia have little forestry sector business and consequently have a poorly developed supply chain from local sources, those business that do survive depend on imports rather than local timber. "Therefore the processing sectors in Murcia do not get their supplies from the region's forests, causing a dependency on the import of supplies. Cutting out the possibility of establishing a timber chain that could educe costs and increase the productivity and competitiveness of the region"

Whilst in Wales "most businesses, particularly the smallest rely on the Welsh market and often very local markets". Slovakia faces problems in that much of its production is exported, which has the advantage of reducing its trade deficit, but in turn it causes problems for the continued supply of timber to local forestry sector businesses.



3.5 Current Markets and degree of Penetration.

The large timber using industries are very much export orientated, whether out of the region or out of the country, whereas the smaller scale industries are usually more locally orientated. "At present they even export 55% of their products.... The smaller mills export less than 30%" (Brandenburg).

In Slovakia the move towards a market economy and the investment of foreign capital has moved the market from a traditional local market to being more export orientated, which reduces the countries trade deficit, but has also reduced the traditional internal markets.

3.6 Value added Opportunities

For the well developed larger timber industries the opportunities for adding value lie mainly in increasing efficiency, through better use of technology such as GIS systems, and the better use of the co-products from primary conversion, such as chips and sawdust. Also co-hesion along the wood chain needs to be strengthened, in terms of wood and information flows and co-operation between the main parts of the chain.

For the small and medium businesses the opportunities lie at a more local level in the development of a greater amount of secondary processing. "There is a need to reconnect forest growing and primary wood processing with secondary wood processing" (Liguria).

3.7 Employment Levels and Trends

A trend throughout all the partners regions is a static or slightly reducing level of employment within the forestry sector. However all also see the development of the forestry sector, especially in the small to medium scale industries as the main way to halt this decline and perhaps reverse the process.

3.8 Contribution to Regional and Local Economic Activity

There is a marked difference between the partner regions in the value of the forestry sector. In Liguria and Murcia where the forestry sector is small, its' importance at a regional level is also small.

But to those individuals involved in the sector such as the small farmers - at a local level it forms an important part of their income. In Brandenburg, Slovakia and Wales where the forestry sector as a whole is generally expanding, the forestry sector is off great importance at both the regional and local level.

3.9 Current Training Provision

All of the partner countries have identified a need for better training within the forestry sector. "One of the most important limitations suffered by this sector is the lack of professionals" (Murcia).

Certainly as the forestry sector develops so must the training to include marketing and business skills relevant to the new businesses. This training must also extend out from the traditional Universities and Colleges, to include local entrepreneurs and small woodland owners. "Now the education of a new generation of forest managers is necessary" (Slovakia).

Table 3.1 Development of the Forestry Sector

Strengths	Weakness
Strong primary and secondary processing industry, Brandenburg and Wales	Lack of appropriate training
Forests are an important economic resource for rural areas	Low level of development for the smaller industries
Opportunities	Threats
Increased competitiveness	Loss of small/medium scale industries
Better developed markets and products	Cheap competition/imports
Forest certification	