- Press release -
Slavonski Brod, October 26th 2012

3rd Congress of the sawmill industry: Increase in raw material prices and drop in demand for timber accelerating sector’s downfall

October 24th, Slavonski Brod, closing of the 3rd Congress of the Sawmill Industry for Southeastern Europe, during which 264 participants from Serbia, Bosnia and Herzegovina, Slovenia and Croatia, as well as guests from Austria, Germany, France and Italy, discussed the possible ways of improving the current situation in the sector. Despite a good discussion and a number of excellent proposals, many of the opened questions remained without a final solution due to the absence of the representatives of the board of statal company Croatian Forests, and high-ranked government officials at the congress.

Over the past few years, and especially during the recent months, the situation in the timber processing sector has deteriorated sharply, which has so far resulted in the layoffs of more than 9,000 employees working in this industry, and the announcement of price increases of raw materials, as well as the proposal of a new model of signing multi-year contracts, all of which were the focus of the plenary discussions, panel discussions and workshops covering the topic of raw material issues.

Local sawmills in all of the countries of the region still experience great difficulties in marketing their raw material on the international market, where, due to the still powerful influence of the crisis, their commercial transactions are uncertain, especially in Italy, which has been one of the major markets for years, and now has 30% of the wood processing companies already closed, while the remaining 40% operate at reduced capacity. There were ten investment projects in the timber processing sector in Croatia presented at the congress, while many of the congress participants see the solution in the influx of foreign capital, which has already showed great interest in the sector of primary wood processing.

The relationship with the forestry sector is crucial for many sawmills, while all of the countries in the region, except Slovenia, experience shortage of raw materials and overcapacity of production lines, which often do not have enough logs for the optimal operation of its technological systems. The consequences of not restructuring state-owned forestry companies, the main suppliers of raw materials, often affect the competitiveness of the mills, but there were also very positive examples of the use of FSC certificates, without which it is impossible to launch the products on the international market.

At the margin of the congress, the Timber and Paper Industry Union held a press conference warning about the unsustainable situation that will lead to 6,000 layoffs during 2013 due to the increase in the price of raw materials. If the price of logs increases, there will be no money to pay the workers, the companies will have to close down, said Borislav Sunjog of the Union, adding that in the long-term, with the liberalisation of raw materials and the accession into the EU, the number of workers in this industry could be cut in half from the current 23,000.

The organisers of the congress, the Croatian Wood Industry Cluster and the magazine Wood & Furniture assessed the congress as successful, expressing their belief that a good perspective for the sawmill
industry based on a successful forestry in the countries of the region still exists, despite all of the afore-
mentioned limitations.

The congress was supported by the Brod-Posavina county, the city of Slavonski Brod and the sponsor,
the Ministry of Economy as well as numerous institutional partners from Croatia and the countries of the
region.

The 4th Congress of the sawmill industry will be held on 23 October 2013 again in Slavonski Brod.

The congress participants made following conclusions:

1. The proposals to ensure long-term contracts (10 years) for wood processing companies, to
bring the necessary stability and secure business within the future EU environment, were
welcomed.
2. The proposal of Croatian Forests to increase prices of raw materials is rejected because the
market conditions and the impact of the current crisis do not permit any increase in the prices of
final wood products.
3. It was proposed that the existing systems of distribution of raw material (quantity, price
rebates) are kept and improved without major conceptual changes since they are not influenced
by any external factors or trends on the international market, and the existing system (5 and 10%
rebates) has contributed greatly to alleviate the consequences of the crisis and strengthen
positions on the international market and export performance.
4. The activities of the Customs Office, the Inspectorate and other relevant institutions aimed at
establishing order in the timber and wood product market in order to reduce the impact of gray
area business in this sector and stop corruption, are fully supported. Control measures should be
limited to a time period, proven offenders promptly punished in order to reduce damage from such
surveillance suffered by subjects operating in an orderly manner.
5. It was proposed to reintroduce the practice of public (online) publication of data on the
operations of Croatian Forests, their list of debtors, lists of concluded contracts, received
quantities and at least quarterly reports on completed works in forestry.
6. The adoption of the Timber Processing Act, necessary to solve all issues in the area of raw
materials and production, as well as the issues of the timber and wood products trading, is
urgently called for.
7. The competent authorities are called upon to approach the issues of primary wood processing
in a responsible manner in order to avoid further stigmatisation of the sawmill wood processing,
discrimination of wood processors regardless of the company’s size, nature of production,
capacity or regional affiliation, which is something that is guaranteed by the Constitution and the
positive laws of the EU.
8. The initiative of the experts from the Faculty of Forestry of the Zagreb University to create a
registry of sawmills and wood processing companies is supported.
9. The urgent commencement of balancing raw materials to prevent reclassifying industrial
roundwood to fuel wood and to determine precise quantities of available fuel wood that can be the
basis for further investment in the production of energy from wood, was proposed. The existing
wood processing companies, which already purchase industrial raw material from Croatian
Forests, should get priority when purchasing fuel wood to complete their production and energy
capacities and sustain employment.
10. Wood processing in mountainous and rural areas, especially near major forest basins, must
be provided with at least the quantities of raw materials they’ve been getting so far, regardless of
the achieved level of finalisation, achieved through current models.

Statements:

Zeljko Govedić, president of the Independent Union of Timber and Paper Industry (co-organiser)
The situation in the timber processing industry is alarming and to estimate that new raw material prices will have bad effect on employment in the sector and its downfall is no exaggeration. Our workers have already renounced their labour rights over the past years (allowances, Christmas and Easter bonuses), and based on that they have renounced more than 60 million kunas, in the hope that the situation will improve. If the shortfall in the revenue of Croatian Forests will be made up for by increasing prices of raw materials, instead of rationalising the business, then we too will demand settlement of deprived rights from employers through civil actions. Politicians have failed to reply to our letters for months, therefore we will change the approach.

Željko Čebuhar, president of the Association of Small-sized Sawmills of the Primorje-Gorski Kotar County (co-organiser)
The proposal of Croatian Forests to increase prices is unacceptable to us. Our 70 sawmills rejected that proposal last week in city of Fužine, and we have drafted a new proposal that will be sent to the Government in the next few days. The state wants to give preference to the production of end products, which is acceptable but the biggest grants are given to companies competing with us on the sawn timber market, because some of them live right off the raw material, and not the production of end products. Only 10% of the manufacturers produce end products and they should continue to get help. We fear the next year and the signing of the contract with Croatian Forests, because without multi-year contracts, we will all perish, therefore our workers are worried about their jobs and their salaries regardless of the amounts that they are getting now.

Šemsa Alimanović, Chamber of Economy, secretary of the Timber Processing Group, Bosnia and Herzegovina (co-organiser)
I think that the situation in sawmills in Bosnia is also very bad, and that we too lack raw materials, and companies are complaining about the poor quality of logs. A significant number of our timber processing companies ended in bankruptcy. I am glad that the congress brought together a lot of our timber processors, while we have participated in its organisation for the third time in order to connect different companies working in the sawmill industry and thus enable them to get new insights on technological trends.

Stefan Schmidt, LHK Sawmill Industry Institute Rosenheim, Germany (co-organiser)
Our Institute has been cooperating with the Croatian Wood Industry Cluster and we are interested in initiating a training cycle to educate new regional experts in sawmilling, with practical training held in the best German sawmills. The countries of the region have good prospects for strengthening the wood processing industry. I believe that your timber and your capacity is neglected on the European map of sawmill processing. The situation on the market in all European countries is quite critical and the timber industry is in crisis, in terms of results and profits. During the congress, I have noticed that the problems here are far larger and more complex.

Drago Veselčić, president of the Wood Industry Cluster of the Vukovar-Srijem county
The steering committee and all members of the cluster that buy wood raw material are against the increase in the price of wood raw materials because we believe that any increase in prices will lead to further deterioration of the entire wood industry sector, according to all economic elements. Even with the current prices of wood raw material, the wood industry sector operates at the verge of existence or with losses, with embarrassingly low salaries of employees working in the industry.

Bozo Zrnic, Tvin d.o.o.
Tvin employs nearly one thousand workers and we are the major end product manufacturer in this sector. Our prices can not be increased, not even by 1%, so how could we then raise them by 15%. Our sawmill is of an internal type, since it works only for our end product manufacturing purposes, so we do not sell raw material on the market. We have tried to make calculations based on the new models offered by Croatian Forests, but it does not fit, and we find it too complicated. In fact, we support the old distribution system and the old rebate models that applied during last year.
Murat Pašić - Šerif export-import d.o.o.
We are an experienced international group and the largest exporter of timber from Croatia. During recent years we have invested big money in our sawmills where we manufacture products for the construction and furniture industry in Asia, and we still manage to continue to be profitable, moreover, our company achieves higher profit than the ten leading furniture manufacturers. We oppose the price increase and think that the old distribution model should be kept, with a little remark that those that pay well, should always have access to the required quantities of raw material.

Vinko Golmajer, Intercet d.o.o. (Weinig Group Representative), Slovenia
The investment cycle into sawmills must be stimulated because they can not “go against” the European competition as early as next year organised and equipped as they are now. We need modern production lines, and flexible technology with affordable prices that are adjusted to the market, what we propose is to change the existing manufacturing and commercial models, thanks to which unprocessed raw material mostly goes out to foreign countries. We advocate for raw materials to be processed on the spot, in the countries of the region, which would add new value to the quality of raw materials. The support system needs to be adjusted, while modern and innovative technologies must be given advantage when giving scores.

Elvio Florian, Florian Group, Italy
In the past decade, the wood industry was an example of good and profitable business, but today it is an example of hardship and losses, with one third of the companies from the industry already closed in Italy. This region has good raw material, especially Slavonia with its valuable oak wood that can present an advantage in the heavy battles waged on the world market. I've been doing business here for many years now, and we have just hired 220 workers in Lipovljani and Pleternica, which confirms the fact that we still believe in this business deal. One of the problems, as I see it, is in the rigid attitudes of Croatian Forests regarding the standardisation and preparation of logs, because they are not designed to suit the international market, but in the way that suits them. The market has become increasingly demanding with customers from different parts of the world expecting the goods to be delivered exactly the way they want them to be.

Organisers
Wood & Furniture magazine
Croatian Wood Industry Cluster

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3. CONGRESSO DI SEGHERIE DELL'EUROPA DEL SUD
La metà di segherie rischia di essere chiusa?
24.10.2012. – Slavonski Brod, Croatia (Sala I. B. Mažuranić)

PROGRAMMA-DRAFT 1.1.

09.00-10.00
REGISTRAZIONE DEI PARTECIPANTI / Arrivo, registrazione, distribuzione di materiali di lavoro

10.00-10.30
Apertura dei lavori / Introduzione e saluti di benvenuto
Organizzatore: Legno & Mobili, Cluster di legno 3°
Co-organizzatore del Congresso: 3°
Con la partecipazione di: ProHolz Austria 3°
Istituzioni internazionali: UNECE / FAO Geneva 3°
Associazioni professionali: Camera croata di commercio ed industria, Associazione dell'industria di lavorazione del legno 3°
Silvicoltura: Foreste croate 3°

10.30-11.15
Gruppi di lavoro A:
TEMI PRINCIPALI
1. Certificazione delle materie prime - (fsc, pefc) e il suo influsso alla ricerca al mercato
2. Applicazione delle normative EU per i tronchi
3. Difficile mobilizzazione della materia prima dalle foreste private
4. Risultati del controllo più severo delle provenienze del legno in Croazia – nuove normative doganali
5. Perché le superfici con coniferi stanno diventando sempre più piccole?
6. Mercato nero e commercio illegale con tronchi

11.15-12.30
TEMI PRINCIPALI
1. Tendenze nell’uso delle seghe mobili
2. Innovazione nelle tecnologie del taglio dei tronchi latifoglie – velocità e flessibilità della macchina
3. Utilizzazione delle tecniche di taglio della macchina
4. Applicazione del laser e di altri sistemi sofisticati di misurazione
5. Produzione e preparazione dell’aria, compressori ad aria nelle segherie
6. Nuove tecnologie di taglio longitudinale e tecnologie di reflattura

12.30-12.45
DOMANDE DEL MODERATORE:

12.45-13.00
Comparazione dei prezzi dei tronchi e dei prodotti di segherie nei paesi nelle macro regioni 15' 

13.00-13.30
Pausa - caffè

13.30-14.00
GRUPPI DI LAVORO

Gruppo di lavoro B: TECNOLOGIE
1. Tendenze nell’uso delle seghe mobili
2. Innovazione nelle tecnologie del taglio dei tronchi latifoglie – velocità e flessibilità della macchina
3. Utilizzazione delle tecnologie gater nella produzione delle segherie
4. Applicazione del laser e di altri sistemi sofisticati di misurazione
5. Produzione e preparazione dell’aria, compressori ad aria nelle segherie
6. Nuove tecnologie di taglio longitudinale e tecnologie di reflattura

14.00-14.45
Esportazione dei prodotti delle segherie al mercato d’oltremare

14.45-15.30
PANEL DISCUSSIONE (35’)
Importanza del trasporto interno ed esterno nelle segherie

15.30-16.15
Pausa - pranzo

16.15-16.30
SESSOINE PLENARIA

16.30-17.15
PANEL DISCUSSIONE: Impianti di cogenerazione in segherie: Fino a quando ci sarà approvato il prezzo favorevole dell’energia? 45’

17.15-17.30
CHIUSURA DEL CONGRESSO - Conclusione e raccomandazioni dei partecipanti

17.30
Partenza da Slavonski Brod

(CON SUPPORTO 2011: www.kongres-pilanara.com

Regionalni partneri:

proHolz Austria d.o.o.
Regionalni partneri:

Gruppo je Biogripafikacija d.o.o.

Partenaire de l'Organisateur:

www.kongres-pilanara.com

(35’)

(Cambiamenti e ampiamenti del programma possibili con l'accordo del Consiglio organizzativo. Benvenute le proposte!)
3. KONGRESS DER SÜDOSTEUROPÄISCHEN SÄGEINDUSTRIE
Können die lokalen Sägewerke überstehen?
24.10.2012. – Slavonski Brod, Kroatien (Konzerthalle I. B. Mazuranic)

PROGRAMM-DRAFT 1.1.

09.00-10.00 REGISTRATION / Teilnehmeranmeldung und Verteilung der Arbeitsmaterialien
10.00-10.30 ERÖFFNUNG / Grußworte
Veranstalter: Holz & Möbel Zeitschrift, Kroatische Holzcluster 3'
Kongresspartner: 3'
Gäste: ProHolz Austria 3'
Fachinstitutionen: UNECE / FAO Geneva 3'
Fachverbände: WK Kroatien – Fachverband der kroatischen Holzindustrie 3'
Forstwirtschaft: Hrvatske šume 3'
Eröffnung: Kroatische Regierung 10'

10.30-11.15 EINFÜHRUNG – PANNELDiskussion: Stand der südosteuropäischen Sägeindustrie 15'

11.15-12.30 HAUPTVORTRÄGE
EINSPARUNGEN IN DEN HERSTELLUNGSPROZESSEN
Neuigkeiten bei der Trocknung der Sägesortimenten 15'
Angebot an die innovative Sägetechnik 15'
Schärfen von Sägen und Anwendung von modernen Materialien 15'
Ventilation und Absauganlagen im Kontext der EU-Richtlinien und Gesetze 15'

Überblick: Das Angebot an die Zuschnittlösungen 15'

12.30-12.45 BLITZFRAGEN IN 5':
Brände – ständige Gefahr in Sägewerken!
Wie kann man Investitionen in Sägewerken finanzieren?
Bedarf an Weiterbildung in Sägeindustrie wird immer größer

12.45-13.00 Vergleichung der Rohstoffpreise und Produkte der Sägeindustrie in Ländern der Region 15'
13.00-13.30 Kaffepause

12.30-14.00 WORKSHOPS
Themenblock A: FRAGEN ZUR ROHSTOFF
1. Zertifizierten Rohstoffe (FSC, PEFC) - Einfluss auf Marktanzahl
2. Anwendung der EU Normen für Rohstoffklassifizierung
3. Rohstoffmobilmobilisierung aus Privatwäldern
4. Auswirkung der strengeren Kontrolle der Holzexporte aus Kroatien – das neue Zollregime
5. Warum gibt es immer weniger Nadelwälder?
6. Markt des illegalen Holzhandel in der Region der Südosteuropa

PANELDiskussion (35')
Export von Rundholz nach Überseeänder

Themenblock B: TECHNOLOGIE
1. Trends bei Mobilzägetechnik
2. Innovationen hinsichtlich Laubholzeinschätzte – Schnelligkeit und Flexibilität der Maschinen
3. Leistungsfähige Gatteranlagen
4. Andere und sofistierte Meßsysteme für Sägeindustrie
5. Luftaufbereitung und Luftkompressors in Sägewerken
6. Trennbandsägen und Besäumtechnik

PANELDiskussion (35')
Externer und interner Transport in Sägewerken

Themenblock C: HOLZTROCKNUNG UND ENERGIE
1. Schnelligkeit und Qualität der Holzrocknung in Vakuumtrockner
2. Zerkleinerungstechnik der Holzreste
3. Neu - Mini Kogenerationsanlagen für Sägewerke (bis 500 kW)
4. Wie kann man Pelletverbrauch in Südosteuropa vergrößern?
5. Mehr flexible Maschinen – neue Vorgehensweise bei Pelleteherstellung
6. Wäss für Brennstoffe kann man für moderne Heizkessel einwenden?

PANELDiskussion (35')
Öffentlich-private Partnerschaft und Biomasse in der Regionalentwicklung

15.30-16.15 Mittagspause
16.15-16.30 PLENARVORTRÄGE
Berichte aus den Workshops / Diskussion über die Schlussfolgerungen 15'

16.30-17.15 PANNELDiskussion: Kogenerationsanlagen in Sägewerken: Bis wann wird die geförderte Einspeisetarif für Stromabkauf gültig? 45'

17.15-17.30 ABSCHLUSS DES KONGRESSES - Zusammenfassung und Ausblicke
Abreise aus Slavonski Brod

(Die Änderungen und Ergänzungen des Programms möglich nach der Entscheidung des Programmrates. Vorschläge sind willkommen!)
3rd Congress of the Sawmill Industry of SEE - 24.10.13, Slavonski Brod (Croatia)