

Forest Research Institute  
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# Private forestry contractors in Central and Eastern European countries

Edited by

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## Contents

Foreword.....	5
Forest management of the Regional Directorate of State Forests in Olsztyn with special consideration of the situation in the private sector of services - <i>Ryszard Ziemblicki</i> .....	7
Forestry contractors in Poland - <i>Jan Kubiak</i> .....	23
Forestry contractors in Poland in the light of questionnaire surveys - <i>Janusz Kocel, Krzysztof Jodłowski</i> .....	27
Status-quo, trends and perspectives for the development of forestry business in Belarus - <i>Aliaksandr Zubkevich</i> .....	39
Forestry contractors in Bulgaria - <i>Antony Stefanov</i> .....	43
Private forests and private forestry contractors in Latvia - <i>Teodors Blija</i> .....	51
Forest machine enterprises in Finland - <i>Arto Rummukainen, Simo Tikakoski</i> .....	59
Rural micro-enterprises in the maelstrom of globalisation – Forestry contractors in Germany coping with new challenges - <i>Thomas Brogt, Edgar Kastenholz</i> ...	71
Challenges and prospects for the development of forest service entrepreneurship in the Ukraine - <i>Evgeniia Kremenetska, Olga Tokareva, Sergiy Zibtsev</i> .....	81
Business sphere in Slovakian forestry - <i>Zuzana Sarvašová, Roman Svitok</i> .....	87
Polish experience with licencing private forestry enterprises – <i>Jerzy Więsik</i> .....	97
The Białystok Agreement – <i>Tadeusz Ostaszewski</i> .....	101
Collaboration of the Polish Association of Forest Entrepreneurs (SPL) with Foreign Organizations of Forest Entrepreneurs – <i>Czesław Dyduch</i> .....	105
Sustainable development of competitive forest operations in Europe (profitable contractors) – <i>Barrie Hudson</i> .....	111
Annex (list of participants and authors of papers) .....	125



## Foreword

In every country, including those with a developed market economy as well as those just creating a new socio-economic system, the establishing of private forestry enterprises stems from the need for increased effectiveness. In the countries with a developed market economy dominated by the private sector and private owners of forests, the problem is globalisation and intensive international competition. On the other hand, in the countries that are building a market system from scratch, the main problem is searching for answers to various questions, such as eg. the choices made with respect to the private service sector taking into account the specific conditions of a given country. These must not contradict the cultural, historical, social, and psychological preconditions of a given country.

An international exchange of experience in this field is of primary importance. Hence, the idea of organising international workshop aimed at the exchange of experience between representatives of various countries where private forestry services are at a mature stage and those at the initial stage of development.

Examples of mature private forestry service sectors are those found in Germany and Finland. Forestry enterprises operating in these countries must satisfy the needs and expectations of forest owners on one hand and adjust the quality and efficiency of their work to the expectations of their clients operating on a global scale on the other. Forestry contractors managing these enterprises face new challenges with which they must cope in order to stay in business.

The development of a private service sector in forestry in the countries, which have recently started an economic and organisational transformation, is at the early stage. The choice of its further development path depends on many factors. Among these, worth emphasising is the impact of an external environment, understood as the climate supporting the development of private entrepreneurship in a given country. The examples of barriers limiting this development in post-communist countries include an ideological barrier (the lack of good will or even the hostility towards private ownership), a capital barrier (the limited wealth of potential forestry contractors), low skills of new forestry contractors (showing eg. in the high level of bankruptcy among these enterprises, higher than in the countries with mature market economies).

Between these two groups of countries with forestry services sectors at two opposite poles of the development level is the third group, which includes the Polish private sector of forestry services. This sector can be considered as maturing and described by such characteristics as intensive competition among enterprises over market share, the oversupply of production capacities and the number of employees in enterprises, higher (due to competition) pressure on costs and quality of services, and declining profits. Moreover, the current situation is exacerbated by the necessity to apply the provisions of the public procurement law in the public sector, it playing an important role in the forest economy in this part of Europe. In many cases the price is the most important, if not the only criterion used in the evaluation of bids submitted by forest contractors.

Given the above-described problems of the forestry services sectors at various stages of development, the question arises concerning the role played by national and international organisations of forestry contractors. At a national level the role of such organisations

mainly involves increasing the bargaining power in relations with either owners or institutions managing forests (eg. State Forests Enterprise in Poland), undertaking joint initiatives with respect to financing enterprises, training, etc. On the other hand, the role of international organisations, comprising national organisations of forestry contractors, should concentrate on representing the interests of forestry contractors on the international stage, coordinating activities, carrying out joint research and training activities, or finally providing assistance to member organisations.

The workshop held in Mierki on 24-25 February 2006 allowed for an exchange of experience between representatives of various countries from Central and Eastern Europe. It was possible through funding from the European Commission within the PROFOREST Centre of Excellence (“Protection of Forest Resources in Central Europe”) with cooperation with General Directorate of the State Forests. The workshop was attended by forestry contractors, representatives of science familiar with the problems of the sector of forestry services, representatives of State Forests Enterprise, as well as representatives of national and international organisations of forestry contractors. The workshop held in Mierki on 24-25 February 2006 allowed for an exchange of experience between representatives of various countries from Central and Eastern Europe. It was attended by forestry contractors, representatives of science familiar with the problems of the sector of forestry services, representatives of State Forests Enterprise, as well as representatives of national and international organisations of forestry contractors.

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