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Forestry situation and solid wood products in Poland

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Approved By:

Michael Henney

Prepared By:

Agata Kingsbury and Monika Zochowska

Report Highlights:

In EU forests are valued as important as farmland in providing public goods. Rural Development Programs support the sustainable management of existing forests and creation of new forest lands. The largest suppliers of forest timber in the EU are Sweden, Germany, France, Finland and Poland. Polish State Forests forecast 2011 volume removals at 34.2 million CUM. Forecasts for 2020 and 2030 suggest that this area, in terms of economic development, will increase from the current 51 percent to 58 percent and 63 percent, in out years respectively. Timber harvests will also increase to about 36-38 million CUM in 2020 and about 41-43 million CUM in 2030.

General Information:

1. Forestry situation

The total forested area of Poland is 9.089 million hectares (HA), which is 29 percent of its territory. This ranks Poland seventh in the EU in terms of forested area (after Sweden, Spain, Finland, France, Germany and Italy). Coniferous species represent over 70 percent of Poland's forests. A positive trend can be noted in terms of the number of deciduous trees, since the percentage of deciduous trees has grown from 13 percent in 1945 to almost 30 percent in 2009. The most common varieties in Polish forests are pine (over 62 percent), spruce (nearly 7 percent), beech (nearly 7 percent), oak (6 percent) and alder (5 percent).

Approximately 18 percent of Polish forests are under private administration (individuals) and almost 82 percent under public administration (State Forests).

The changes in timber volume suggest that the yearly increase in standing volume is not only the result of expanding the area of forests but also of the decline in timber harvest due to sustainable management by the State Forest Service. In 2009, the gross amount of growing stock of standing wood was estimated at 2.3 billion CUM, out of which 1.96 billion CUM (85 percent) were registered in public forests.

There are 23 national parks in Poland with total area of 314,500 HA, inclusive of forest area on over 195,000 HA. There are 1,451 nature reserves on 163,400 HA, inclusive of forest on 104,733 HA. There are 121 landscape parks on 2.61 million HA, inclusive of forest on 1.31 million HA. There are also 384 protected landscape areas on 7.06 million HA, inclusive of forest on 2.28 million HA. Total area of protected landscape in Poland increased by almost 30 percent from 1980-2009 (from a little over 3 percent to 32 percent of total country area), and in 2009, protected area was estimated at 10.1 million HA. Poland keeps a large percentage of its forests under protection. In 2009, there were 3.4 million HA of forested area under protection (37.5 percent of total Polish forest area), 97 percent of which was under State Forests supervision.

2. Industry

2.1. Logging

According to State Forests' data nearly 52 percent of the State Forests serve for economic exploitation. *Rynek Drzewny*, a major forest industry magazine, reports that in 2009 total volume of timber removals amounted to 34.629 million CUM, mostly by State Forests (nearly 96 percent). 75 percent of timber removed was coniferous species. Moreover 8.5 percent of all timber was classified as fuel wood. In 2009, there were also 1.93 million CUM of slash removed. Most of the slash (72 percent) served as a fuel wood; the remaining 28 percent were for industrial uses. The State Forests forecast 2011 volume removals at 34.2 million CUM. Forecasts for 2020 and 2030 suggest that the area for economic

exploitation will increase from the current 51 percent to 58 percent and 63 percent, respectfully. Timber removals will also increase to about 36-38 million CUM in 2020 and 41-43 million CUM in 2030.

2.2. Sale of wood

In 2009, there were 33.31 million CUM of wood sold. In 2010, the volume of wood sold increased by 0.42 million CUM and according to the predictions of the State Forest, in 2011, the volume of wood sold is estimated at 34.35 million CUM.

Since 2007, State Forests have sold wood under a new system, including on-line auctions, where computers are used to evaluate company offers (quantity and price). However, the biggest companies from the forestry sector have criticized the system as they have received much smaller quantities than ordered. This has resulted in the situation where the major companies' demand was not covered, while significant amounts of wood remained available for smaller companies. Additional problems concerning wood price also have been identified. However, the State Forests control prices and it is not likely that this practice would change. Due to high prices many Polish companies have been forced to import wood. As a result, in February 2009, the State Forests agency was punished by the Office of Competition and Consumer Protection for violating antitrust law. The fine was estimated at PLN 1.5 million [nearly half million US\$ ^{3/}]. Most argue that the system needs to be revised or changed completely. According to various wood and paper producer associations, the State Forests sales system has intensified the crisis in the whole forestry sector. Timber is offered for sale twice a year on a half-year basis. In 2011, 55 percent of the total amount of wood available for sale was offered in limited on-line auction (available for the frequent customers only) on the Forestry and Timber Portal (<http://www.zilp.lasy.gov.pl/drewno>); 45 percent were offered in the unlimited on-line auction (available for everyone) in the application of "e-drewno" (<http://www.e-drewno.pl>). Timber unsold at the limited auction may be re-directed to the "e-drewno" auction system or may be sold in the process of trade negotiations. The State Forests also offer part of saleable timber for retailers.

2.3. Wood prices

The current economic situation in Poland is a challenge for the wood processing and building industries. The furniture industry faced a huge crisis in 2008, as well, but seems on the recovery. Many big and small companies went bankrupt or closed. In 2007, prices of Polish wood recorded a significant increase and rose by 10.5 percent in comparison with the previous year.

In 2007, average wood price per CUM was PLN 147.28 [US\$ 53.23 ^{1/}]. In 2008, the price reached its peak of PLN 152.53 [US\$ 63.31 ^{2/}] and in 2009 they decreased by 10.5 percent compared to the previous year. However, in 2010, the average price reached a high of PLN 154.65 [US\$ 50.75 ^{4/}].

According to Internet portal www.myfloor.pl, in 2011, wood prices are still on the rise. In the first half of 2011, the average wood price was PLN 181.9 per CUM [US\$ 64.54 ^{5/}], 15.8 percent higher than in 2010. Coniferous sawn wood recorded the largest rise; it increased by 20 percent compared to 2010, and

in the first half of 2011 it cost PLN 246.4 per CUM [US\$ 87.43 ^{5/}].

3. Market Segment Analysis

The major customers of wood in Poland are furniture manufacturers, the cellulose and paper industry. In spite of Poland's vast wood resources, local demand is greater than local supply by about 3-5 million CUM annually. According to the Chamber of Wood Industry, the shortfall in local supply is explained in part by the long-term forest management plans of the Ministry of Environment. The Chamber claims that the ecological management plan for government of forests is too restrictive and causes reduced supply thus higher prices which impact small buyers the most. Buyers cannot count on private forests since they are too divided and produce little wood.

3.1. Furniture sector

Major wooden materials that are used for the furniture production are: chipboard, fibreboard and sawn wood. In 2009, there were 3.06 million CUM of chipboard used for furniture production; 89,950 square meters of fibreboard and almost 1 million CUM of sawn wood. According to 'World Furniture Outlook 2010', Poland is the fourth major furniture exporting country, after China, Italy and Germany. Furniture production in Poland is about 3 percent of the total world furniture production. Annually, over 90 percent of furniture produced in Poland is exported. Central Statistical Office reported that in 2010 the value of sold furniture was PLN 22.96 billion [US\$ 7.61 billion ^{5/}]. In comparison to 2009, it increased by 2.5 percent; however, compared to 2008, the value decreased by almost 10 percent.

According to Polish Chamber of Furniture Manufacturers, 2011 is still unstable for the Polish furniture industry. The economical slowdown affected the industry. Furniture consumption is stable; however, rising wood and energy prices result in higher cost of production, which is followed by higher furniture prices.

National Central Bank annual exchange rate:

1/ 2007: US\$ 1 = PLN 2.7667

2/ 2008: US\$ 1 = PLN 2.4092

3/ 2009: US\$ 1 = PLN 3.1162

4/ 2010: US\$ 1 = PLN 3.0157

5/ 2011 half-year average: US\$ 1 = PLN 2.8183

3.2. Flooring sector

According to the portal '*drewno.pl*', the first quarter of 2011 was challenging for wooden floors producers. It resulted, in part, from the increase in Value Added Tax (VAT) and rising transport costs, but mainly from higher wood costs. However, the expectation is that the situation may improve due to

expected better economic situation in the construction sector. The problem of rising raw material' prices began in the second half of 2010 when prices for some species doubled. Prices of oak, which is one of the most popular species used for floor production, rose approximately 10 percent since second half of 2010. Some argue that the situation declined as a result of higher demand for wooden products in the energy sector owing to legal regulations that order higher yield of bio-energy in total energy production. Nevertheless, some claim that energy sector is not responsible for the increase as that bio-energy is supposed to stem from agricultural biomass and not wooden biomass.

Another factor that affects the current situation in the flooring sector is the auction sale of wood by States Forests, the monopolist in wood production, which has undermined the position of small solid wood panel producers. On the other hand, there is also increasing EUR/PLN rate that contributes to higher prices for some chemicals used during wooden panels' production process. According to web portal's '*drewno.pl*' specialists, though the rise in solid wooden panels' prices is inevitable, it would happen gradually rather than at once as there is an growing competition on the Polish market. Access to new technologies, better infrastructure and EU subsidies are partly responsible for the increase in number of domestic producers. There are good signs coming from the construction sector indicating that the situation in that market is stronger and that demand for building materials and carpentry products among others is improving. The Central Statistical Office reports that in the first quarter of 2011, the increase in the number of buildings of new apartments was by around 10 percent and buildings of new houses by 17 percent in comparison to the same period the previous year. An increase in the construction sector should result with a rise in demand in the flooring sector. Industry specialists note that higher costs for state properties and declining consumer purchasing power has led to a renaissance in interest in Polish domestic species of wood after a period of high interest in exotic woods panels.

3.3. Construction sector

According to the Central Statistical Office, the economic situation in construction sector in the first half of 2011 has only slightly improved in comparison to the same period in the previous year. However, compared to 2009, when Polish construction sector was stricken by the global economic crises, the current economic situation has improved considerably. In upcoming years the situation in the construction sector should improve dramatically given growing demand in private buildings more than offsets declining demand in public, high-investment buildings (www.wielkiebudowanie.pl).

4. Trade

4.1. Trade – overview

As Poland is one of the largest furniture exporters in the world, wood and solid wood products are important trade commodities as well. In 2010, the majority of exported furniture was sold to the EU-27, mainly Germany. Apart from intra-EU trade, most furniture was exported to the United States. In 2010,

the total value of exported furniture reached US\$ 2.1 billion. Import of furniture is less significant in Poland, about 10 percent of export, and since 2008 has shown a downward trend in volume.

Much of the wooden materials used for the furniture production (chipboard, fibreboard and sawn wood) are produced in Poland. However, in 2010, almost 1.5 million CUM of chipboard were imported, mainly from Germany. Export of Polish chipboard was smaller and directed mainly to Russia, Ukraine and Lithuania. Poland is a large producer of fibreboard. In 2010, Poland's export of fibreboard was triple that of imports and was mainly aimed at the German and Ukraine markets. Import and export of sawn wood remains equivalent. Poland's main trading partner was Germany.

Poland is a big exporter of raw wood. In 2010, value of exported fuel wood reaching almost US\$ 90 million, or tripled the value of such imported wood. Value of exported rough wood exceeded that for imported rough wood. Raw wood was imported mainly from Belarus and Ukraine and exported mainly to Germany. Total value of exported raw wood and solid wood products exceeded US\$ 1 billion. Total value of imported raw and solid wood also was high, exceeding US\$ 0.85 billion.

Poland is a significant exporter of carpentry products. Polish main export markets are Denmark and the UK. In 2010, imports of carpentry products were not large with value of imported commodities amounted to about six percent of export value. Windows were imported mainly from Hungary, doors from Germany, and prefabricated wooden buildings from Finland. The total value of exported carpentry products exceeded US\$ 520 million in 2010.

The current economic situation provides a challenge for furniture producers, paper industry, and the construction sector. In 2009, product trade in these sectors dropped significantly. In 2010 the situation only slightly improved.

4.2. Trade statistics concerning main commodities in wood industry (based on Global Trade Atlas)

4.2.1. Wood and solid wood products

Trade statistics overview

In 2010, fuel wood and rough wood were imported mainly from Ukraine and Belarus and exported to the EU-countries, mostly Germany. Imported wood reached US\$160 million and exported wood was worth almost US\$250 million. The major sawn wood trade was reported between Poland and Germany. Poland imported from Germany 221,000 CUM of sawn wood worth US\$74.6 million and exported 248,000 CUM, worth US\$53.4 million, to Germany. In 2010, Poland imported chipboard mainly from Germany and exported that product mainly to Russia, Ukraine, Lithuania and Belarus. Imported chipboard value totaled US\$270 million while export value amounted to US\$150 million. Export of fibreboard exceeded imports by value; with exports of US\$480 million versus imports of US\$185 million. Poland's major fibreboard import and export partner was Germany.

Fuel Wood

In 2010, Poland imported 338,000 tons of fuel wood, which was worth US\$ 28.03 million. Half of imported fuel wood came from the EU-countries, and the other half from Ukraine and Belarus. In 2010, the amount of import increased by 24.3 percent compared to 2009. In 2010 export of fuel wood was 524,000 tons; the same level as the previous year. In 2010 the value of exported goods reached US\$ 87.5 million. Almost all exported fuel wood went to EU-countries. The major destinations were Germany (315,000 tons), Denmark (127,000 tons), Italy and the Czech Republic (both 27,000 tons).

Wood in the rough

In 2010, Poland imported 2.38 million CUM of wood in the rough. Over 65 percent came from Belarus (1.6 million CUM), over 20 percent came from EU countries (mainly Slovakia and Lithuania) and over 10 percent was from Ukraine (273,000 CUM). In 2010 total import of wood in the rough was valued at US\$132.73 million, or 40 percent higher compared to 2009. At the same time, Poland exported 1.8 million CUM of wood in the rough, mostly to EU countries – Germany (879,000 CUM), Austria (323,000 CUM) and the Czech Republic (291,000). In 2010, export value totaled US\$ 160.77 million; an increase of 70percent compared to 2009.

Sawn wood

In 2010, import of sawn wood was worth US\$ 239.8 million, mostly sourced from the EU-27. Poland imported 221,000 CUM from Germany. Except for the EU countries, the biggest provider of sawn wood was Ukraine (238,000 CUM). Sawn wood imports decreased sharply in 2009 and the current import volume remains at that level. Export of sawn wood also fell drastically in 2009. However, 2010 saw a rebound of over 20 percent above the 2009 level. In 2010 total value of exported sawn wood was US\$192.9 million. Major export destinations were Germany and France. Poland imports sawn wood from the United States; however, it is only 0.5 percent of total Poland imports. In 2010 import from the United States was valued at US\$1.47 million. Poland exports some sawn wood to the US; however, not much. In 2010, the total value was worth US\$319,000.

Chipboard

In 2010, 1.46 million CUM of chipboard were imported, mainly from the EU (Germany, Austria and the Czech Republic) and Ukraine. Export of chipboard was much smaller than import. Poland exported around 1 million CUM of chipboard in 2010. Most of it (over 70 percent) was directed outside the EU, mainly to Russia, Ukraine and Belarus. In 2010, imported chipboard was worth US\$270.3 million and exported US\$153.7 million. Both imports and exports were on slightly higher levels than in 2009. In 2010, Poland exported around 3,000 CUM of chipboard, which attained a value of US\$1.02 million.

Fiberboard

In 2010, import of fibreboard was 50 percent less than in 2008. The amount of imported fibreboard was 49 million square meters; most of it (90 percent) came from the EU, mainly Germany (31.98 million square meters). The value of imported fibreboard was US\$184.68 million. However, export of

fibreboard is on the rise, compared to 2008, in 2009 it decreased slightly, but in 2010 amount of export was 15 percent larger than in 2008. Poland is providing fibreboard for Germany (38.45 million square meters), Sweden (16.66 million square meters), Lithuania (14 million square meters) and Ukraine (13.8 million square meters). Export of fibreboard reached a value of US\$480 million. In 2010, Poland imported from the US 28,000 square meters of fibreboard, worth almost US\$0.11 million. Since 2008 the amount of imported fibreboard decreased by 35 percent. However, Polish export of fibreboard to the United States rose from 69,000 square meters in 2008 to 1.02 million square meters in 2010. In 2010, the value of export to the U.S. reached US\$ 4.48 million; about one percent of a total export value.

4.2.2. Carpentry products

Trade statistics overview

The majority of exported carpentry products were sold in the EU-27, mainly Denmark and the UK. Windows were imported mainly from Hungary, doors from Germany and prefabricated wooden buildings from Finland. Carpentry products trade between Poland and the US was insignificant; Poland exported goods worth slightly less than US\$1 million, and imported goods worth almost US\$150,000. The total value of exported wooden doors, windows and prefabricated buildings exceeded US\$520 million in 2010. Imported goods hardly reached a value of US\$30,000. Exports and imports dropped in 2009 and remained at this lower level through 2010.

Windows

In 2010, import of windows, French-windows and frames dropped off by 20 percent compared to 2008 and 2009; 186,000 windows were imported, mainly from Hungary (106,000) and China (63,000). Total value of imported goods was US\$17.6 million. 2010 was not very favorable for Polish window exporters, as the exports declined by almost 25 percent in comparison to 2009. However, Poland is still a large exporter of windows, confirmed by 1.45 million windows exported mainly to the EU market. In 2010, most of Polish windows were dispatched to France (364,000), Denmark (331,000) and United Kingdom (265,000). In 2010 windows exports were valued at almost US\$340 million. Trade statistics suggest that in 2010 less than 1,000 windows were imported from the U.S. (worth US\$75,000) and about 2,000 windows, worth almost US\$ 0.78 million, were exported to the U.S.

Doors

In 2010, Poland imported 289,000 doors; half of which came from the EU-27 (Germany, Spain). Many imported doors also came from Ukraine (75,000) and Brazil (58,000). In recent years, a specific trend can be noticed; doors import from EU countries is on the decline while imports from outside the EU are on the rise. In 2010, imported goods reached the value of US\$10.82 million. Although there is a downward trend in Polish door exports since 2008, in 2010 exports were over 5 times bigger than import; data show that Poland exported 1.52 million doors, door frames and thresholds reaching a total value of US\$132.82 million. Most of the goods (around 90 percent) went to the EU market, specifically the UK (297,000), Slovakia (291,000) and the Czech Republic (246,000).

Prefabricated buildings of wood

Since 2008 import of prefabricated buildings of wood has remained constant. In 2010, imports attained a value of US\$3.29 million. Most of the prefabricated buildings were imported from Finland (US\$848,000), the United Kingdom (US\$813,000) and Estonia (US\$597,000). In 2010, Poland imported prefabricated buildings from the U.S. worth US\$58,000. Export of prefabricated wooden buildings dropped by 40 percent in 2009. In 2010, the situation improved slightly. There were 34,000 tons exported, which were worth US\$53.2 million. Major export partners were Germany (17,000 tons), France (5,000 tons), Netherlands and Norway (3,000 tons each).

4.2.3. Furniture

Trade statistics overview

The majority of exported furniture was sold to the EU-27, mainly Germany. Except for the EU-27 countries most furniture was exported to the United States. In 2010 the United States imported Polish furniture valued at US\$176 million. In 2010, the total value of exported furniture reached US\$2.1 billion. Export of Polish furniture dropped drastically in 2009. Though the situation of Polish exporters improved slightly in 2010, trade remains at much lower level than before the decline. Imports of furniture are less significant in Poland, and since 2008 imports have steadily decreased. The value of furniture imported in 2010 reached US\$202 million. The majority of imports came from the EU with around 15 percent from China.



Source: Global Trade Atlas

Office Furniture

According to 'World Furniture Outlook 2010', Poland is the fourth largest furniture exporter. In 2010, 68,000 tons of wooden office furniture were exported; over 60 percent to the EU-countries (Germany, France, Spain, Sweden, UK). Much of the office furniture was dispatched to the United States (10,000 tons, worth US\$19.3 million). Total value of exported wooden office furniture reached almost US\$130 million. The situation of Polish office furniture exporters worsened in 2009 and quantity of exported goods fell by almost 20 percent compared to 2008. However, in 2010 the situation improved and amount of exported goods increased.

Kitchen Furniture

Since 2008 the amount of exported kitchen furniture has been declining. In 2010, 43,000 tons was exported, which is only 65 percent of the quantity exported in 2008. Poland provides kitchen furniture mainly for Germany, France, the Czech Republic and Slovakia. In 2010, export of wooden kitchen furniture attained a value of US\$71.44 million. In recent years, only small quantity (less than 1,000 tons) was exported to the United States, attaining value of US\$626,000.

Bedroom Furniture

In 2010, Polish bedroom furniture exports rebounded to 2008 levels topping 202,000 tons, mainly to the EU (75 percent). However, over 10 percent was dispatched to the US (23,000 tons worth US\$43.4 million). Major EU-export partners for Poland were Germany (57,000 tons), France (12,000 tons) and UK (12,000 tons). In 2010, there was 19,000 tons of bedroom furniture imported, mainly from Denmark. Imported goods were worth US\$34 million. However, imports fell significantly in 2009 and remain at this lower level today.

Other Wooden Furniture

The export of other wooden furniture dropped only slightly (6 percent) since 2008. In 2010, 885,000 tons was exported, mainly to the EU-market. Most of that furniture was delivered to Germany, France and the United Kingdom. Poland exported 58,000 tons of other wooden furniture to the United States. Total export in 2010 was worth US\$1.53 billion. In 2010, Poland imported 74,000 tons of other wooden furniture, mainly from Germany (12,000 tons), China (12,000 tons) and Sweden (9,000 tons). Value of imported goods reached almost US\$170 million.

5. Policy

5.1. The National Program of Forestation

Due to controlled harvests and implementation of the National Program of Forestation, there has been an increase in the size of Poland's forest area. In the first stage of the program (1995-2000) 111,300 hectares were forested, 11.3 percent more than initially projected under the program. In the second stage (2001-2005), only 79 percent of the project was completed with 95,400 hectares of new forests. According to the project, the third stage (2006-2010) was to create 160,000 hectares of new forests. However, from 2006 to 2009 only 27 percent of the project was completed, or about 43,800 hectares were forested. In total, nearly 250.5 thousand hectares were forested since introduction of the National Program of Forestation. The National Program for the Augmentation of Forest Cover (KPZL) anticipates an increase in forest cover to 30 percent by 2020 and 33 percent by 2050. However, recent economic growth shows that this target will be very difficult to achieve, if not impossible. Further, Poland's forests face critical threats, such as insect and disease outbreaks, drought, and fires.

5.2. Certificates

Timber cuts in the State Forests are in line with international forest certification scheme, the Forest Stewardship Council (FSC). The FSC was established in 1993. This organization supports sustainable forests management and development. In Poland, a certified representative of the FSC has been in place since 2001. In 2003, the FSC Poland registered as a non-government organization, and since 2006, the FSC Poland has worked as a public-utility organization. The FSC Certification is an evaluation of accuracy between the FSC standards and handling of certified unit (e.g. forests owners or managers, wood processing companies or wood traders). There are two types of FSC certificates, the FSC Forest Management (FSC FM), which can be granted to the forest owners, and managers, and the FSC Chain of Custody (FSC CoC), which is due to wood processing companies, traders, distributors, etc. The FSC FM certificate informs that the granted forest is managed in line with the international standards of environment protection, and the FSC CoC is a guarantee that the company has an environmentally friendly policy and that wood was derived from legal sources.

Currently, in Poland there are four units, which are enabled to grant the FSC certificates. Certificates are granted for five years period, however, at least once a year there is an audit to control whether the forest management is in accordance to the FSC standards. In 2010, 16 Regional Management of State Forests (RDLP) had the FSC certification system (information based on www.myfloor.pl). In Poland, there are over 6.35 million hectares of FSC certified forests, which locates Poland in third place in Europe. Moreover, recently, there was a boom on FSC certificates among Polish enterprises. Poland belongs to the top countries regarding the number of companies using certified wood and managed in accordance to the FSC standards.

Since 2003 the Program for Endorsement of Forest Certification Schemes (PEFC) has been in place, which is the largest certification system in Europe. The PEFC is a non-government organization that is aimed at supporting sustainable forest management. It is responsible for the assessment and recognition of domestic forests certification systems, which must be based on intergovernmental rules concerning promotion of sustainable forest management. Thus, the PEFC certification is issued in accordance to domestic standards and is accredited by the PEFC itself. To sell products marked as PEFC certified the forests owners and managers must be granted the PEFC forest management certificate. Entrepreneurs that process or trade the wood must receive a certificate for the control of product origin. Moreover, all certified units must apply for the license to use the PEFC logo. The Regional Management of State Forests decides themselves which of the certification systems they would prefer to implement. In 2010, one of Regional Management of State Forests (RDLP) had the PEFC system. The FSC and PEFC certifications give the information about the origin of the wood. All wood processing and trade companies need to have the FSC or PEFC system to be able to sell the product with the FSC or PEFC label. The FSC label informs that the wood comes from the forests that are managed in an environmentally responsible way.

Logo of FSC and PEFC certificates:



Source: <http://www.fsc.pl>



Source : <http://www.pefc.org/internet/html>

5.3. Rural Development Program for 2007-2013

Below information is based on Ministry of Agriculture and Rural Development: Rural Development Program for 2007-2013; The report on advancement of the Measures under the Rural Development Program for 2007-2013; Guides on the Measure: Forestation of agricultural and non-agricultural land; Restoring forestry production potential damaged by natural disasters and introducing appropriate prevention instruments.

Since Poland joined the EU, new possibilities for development of Polish agricultural sector have arisen as there are various types of subsidies for development. Ministry of Agriculture and Rural Development has introduced a Rural Development Program for 2007-2013 (RDP) in line with the European Commission standards. The RDP serves to implement in Poland the EU policy concerning development of rural areas. After thorough analysis of Polish socio-economical and environmental situation, there were identified main priorities for the agricultural sector and, therefore, the National Strategic Plan for Rural Development for 2007-2013 works on four axes:

- Axis 1: Improving the competitiveness of the agricultural and forestry sector;
- Axis 2: Improvement of the environment and the countryside;
- Axis 3: Quality of life in rural areas and diversification of rural economy;
- Axis 4: Leader.

Those directions reflect the needs of Polish agricultural sector and also establish areas of support.

According to the sustainable development concept, besides the agriculture main function, which is agricultural products production, rural areas are vital in terms of environmental protection. The axis 2 (Improvement of the environment and the countryside) was constructed in line with that concept and outlines four activities, among which two concern forests: “*Forestation of agricultural and non-agricultural land*” and “*Restoring forestry production potential damaged by natural disasters and introducing appropriate prevention instruments*”. The RDP financial plan assumes for the whole period (2007-2013) for the axis 2 the total public contribution of EUR 5,546,001,520 [over US\$ 7.7 billion 1/]. 80 percent of the total is granted from the European Agriculture Rural Development Fund [EUR 4,436,801,216.00 (almost US\$ 6.17 billion)] and 20 percent from the country budget. Financial plan for the Measure of Forestation was settled at almost 12 percent of the total [EUR 653,501,520 (over US\$ 908.6 million)] and for restoring forestry production potential granted EUR 140 million (over US\$ 194.6 million).

5.3.1. Forestation of agricultural and non-agricultural land

Forests play a key role not only in wood production but also in reduction of the climate changes, they also protect against land erosion, floods, landslides etc. To keep the environment in the best condition, forestation is vital. It is the primary and inevitable stage in the long term process of forest complex development. Due to it, the lands of little use for the agriculture are of a great value for the forestation process. The main goals of the Measure are: to enlarge the forest land through forestation, to reduce the fragmentation of forest complexes and create ecological corridors to keep the ecological stability of forest areas, and to increase the forests participation in the global carbon balance. According to the National Program for the Augmentation of Forest Cover, lands of low usefulness for agriculture and susceptible to threats are excessively used in Poland. Considering the planned increase in forest cover of the country (30 percent by 2020), it is justified to support the process of forestation on private and municipal lands.

The Measure covers the following forms of support:

- Support for forestation, which covers the establishment costs and, if justified, costs of protection against game;
- Maintenance premium to cover the maintenance costs of the new forest plantation and individual protection of tree seedlings against game;
- Forestation premium, which is an equivalent for the exclusion of land from agricultural cultivation.

The support is not provided to land located within the Natura 2000 areas. The Measure is implemented in agricultural land (Scheme I) and non-agricultural land (Scheme II). Scheme I applies to the use of agricultural lands for forestry purposes (planting). Aid granted under Scheme I cover the forms mentioned above. Scheme II applies to the use of abandoned agricultural lands, or other lands where forestation would be a reasonable method of usage of the land (e.g. to protect against erosion). Aid granted under Scheme II covers forestation support and maintenance premium. Financial plan for the Measure of Forestation was settled at EUR 653,501,520.00 [over US\$ 908.6 million ^{6/}]. As for 31

December 2010, since the introduction of the Program, under the Measure, beneficiaries already received PLN 349,429,965.46 [over US\$ 123.6 million ^{7/}], which amounts to around 14 percent of available capital. Under the Scheme I funds already spent amounted to PLN 343,610,317.94 (almost US\$ 121.5 million) and under Scheme II PLN 5,819,647.52 (around US\$ 2 million).

5.3.2. Restoring forestry production potential damaged by natural disasters and introducing appropriate prevention instruments

The Measure was established as in recent years due to the global climate changes with related weather fluctuations frequently accompanied by natural disasters (e.g. strong winds, flood, droughts, harmful biotic factors like insects' plagues or fungal diseases, fires, avalanches, or landslides). Consequences of natural disasters are very harmful to forests. Therefore, the main goals of the Measure are: restoration and cultivation of devastated forests, introduction of natural catastrophes' prevention mechanisms and reinforcement of fire protection systems. The measures are implemented under two schemes. The first is the support for the areas damaged by natural disasters. The second is the introduction of preventive mechanisms in the areas classified as representing highest fire hazard (the first and the second category).

The aid under this Measure can be granted to:

- Forest inspectorates of State Forests National Forest Holding, which are in areas included in Scheme I or Scheme II.
- Owners of forests, who are not on boards of State Forests Inspectorates. These are private owners and organizational units belonging to the public finance sector.

Financial aid is granted according to the deal between the Beneficiary and the Agency for Restructuring and Modernization of Agriculture and it consists of reimbursement for costs incurred. The Measure's capital budget for restoring forestry production potential is EUR 140 million [over US\$ 194.6 million ^{6/}]. As for 31 December 2010, under the Measure there were signed 85 deals on the total value PLN 189,272,441.00 [over US\$ 66.95 million ^{7/}], which amounts to 46.76 percent of available capital limit.

5.4. Marketing

Use of wood products per capita in Poland is very low compared to other countries. One reason for this situation is a lack of organized promotion of wood use. At the end of 2004, the Polish Foundation "Now Wood" has been created by the representatives of the wood industry with the aim of promoting wood in the local market and increasing the sale of wood for housing construction. Research done by the Foundation shows that the annual consumption of wood in Poland is only 0.1 CUM per person, while in Germany and Austria it is 0.25 CUM, Estonia 0.44 CUM and Finland 1.0 CUM.

6/ 2007-2010 average annual exchange rate: EUR 1 = US\$ 1.39045)

7/ 2007-2010 average annual exchange rate: US\$ 1 = PLN 2.82695)

