

Slovenian State Forest Company

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The Republic of Slovenia established the Slovenian State Forests company (Slovenski državni gozdovi d.o.o. - SiDG) to manage state-owned forests on some 235 000 ha, based on the principles of sustainable, multifunctional and forestry compatible management in order to achieve the highest possible rate of return and quality of timber assortments.

The average growing stock of state forests is 321 m³/ha. Coniferous and deciduous trees represent 48% and 52% of the growing stock, respectively. Prevailing tree species are beech (36%) and spruce (32%). Other tree species with a significant share are fir (11%) and oaks (4%). The remaining share includes noble deciduous species (6%), hard deciduous species (5%) and minority tree species

(6%). The total growing stock of state forests is approximately 80.5 million m³, while the annual increment is about 1.85 million m³. The gross annual harvest is around 1.5 million m³.

State forests cover almost 12% of the Slovenian territory, including 5 996 ha of forest reserves and 21 637 ha of protection forests. Commercial forests, primarily managed for timber harvesting, prevail. In recent years, in addition to natural disasters (windstorm, ice storm, snowstorm), the biggest threat to forests has been insects (particularly spruce bark beetle), which are also the most frequent reason for sanitary felling. On average, sanitary felling in state forests accounts for approximately 25% of the total cut, and in different years it ranges between 10 to 48%.

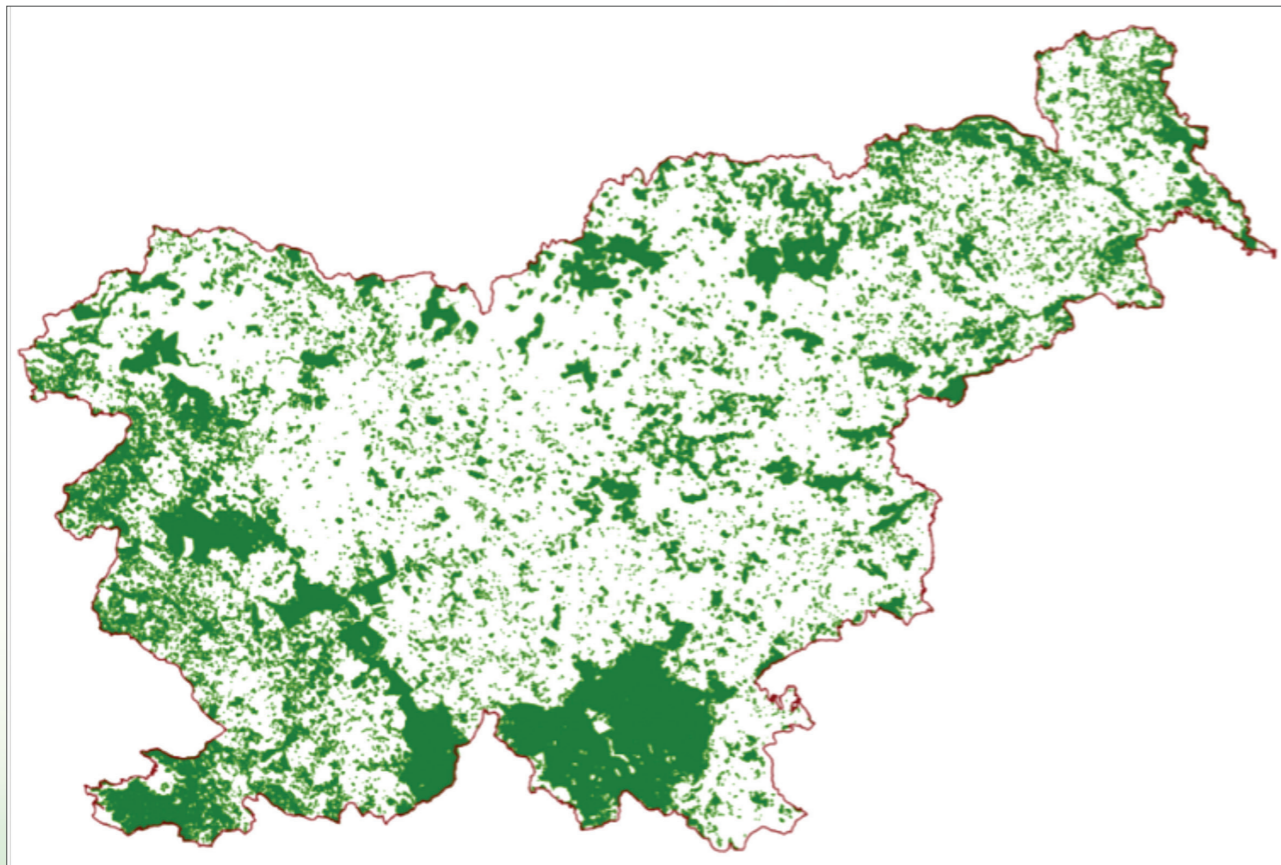


Figure 42: Forests managed by SiDG

The main activities pursued by SiDG are forestry, sale of forest wood products and logistics, management of real estate and acquisition of forests, wood processing and other activities for developing all other forest functions. Individual activities are described below in detail.

In 2018, and from all its activities, SiDG generated EUR 76.9 million of revenue, of which EUR 14.3 million was pre-tax earnings. A total of EUR 14.57 million was paid to the forest fund in 2018.

Most work (harvesting, silvicultural and forest protection work, work for other forest functions, construction and maintenance of forest infrastructure) in state forests is subcontracted through public tenders. Framework agreements currently apply for a period from one to two years. Only some of the harvesting and transport is currently carried out by SiDG's own capacities, while the rest is subcontracted through public calls for tenders. Calls for tenders have two stages; in the first, all qualified contractors (tenderers) with adequate capacities (signing a framework agreement) are selected. The second stage includes applying for calls for tenders for actual projects, for which the contractors then bid on. A certain call for tenders may also include several different work sites, i.e. lots.

Four framework agreements for subcontracting include harvesting, silvicultural and safety services (GVG), wood transport and forestry construction. In 2018, a total of 5 000 public contracts or calls for tender were put out in the field of forestry.

In 2017, 1 141 205 m³ of wood were cut in state forests with the average price of logging and skidding reaching 16.84 EUR/m³. Damage due to wind in December 2017 and October 2018 caused larger quantities of trees than planned to be cut in 2018. The offered works exceeded demand which, in addition to the exceptional increase of risk at work, also had an impact on the price of logging and skidding. In 2018, 1 515 925 m³ of wood was logged and skidded, of which the damage due to wind represented approximately 1.2 million m³ (over 95% of spruce and fir). Salvage cutting

due to wind damage continued and concluded in 2019. The average price of logging and skidding was 21.73 EUR/m³. In 2018, the total costs of production (logging and skidding, silvicultural works, forestry infrastructure and transport) were 23.98 EUR/m³.

In 2018, the 10 largest harvesting contractors cut 670 702 m³ of wood, which was 42.2% of the total, and the average price of the respective services was 22.32 EUR/m³. Other contractors cut 845 223 m³ of wood in total, i.e. 55.8%, and the average price of these contractors was 21.27 EUR/m³.

Due to wind damage in 2018 there was a large share of coniferous trees in the assortment structure of forest wood products. Coniferous and deciduous trees accounted for 82.85% or 1 256 000 m³ and 17.15% or 259 900 m³, respectively. In 2017, coniferous and deciduous trees accounted for 61% and 39%, respectively.

The share of coniferous logs was 73.13% or 918 500 m³, while other roundwood accounted for 26.87% or 377 500 m³. Norway spruce logs represented 538 500 m³, European silver fir logs 383 000 m³, pine 10 000 m³ and European larch 4 500 m³ in coniferous tree species assortments.

The share of deciduous logs was 19.48 % or 50 600 m³, while other roundwood accounted for 80.52 % or 209 300 m³; beech logs (44 000 m³) accounted for almost all deciduous roundwood in 2018. A notable share of logs was also detected for oak (3 700 m³). Noble deciduous species, i.e. maple, ash, linden, elm, accounted for a small part. In 2018 the main buyers were sawmills, the wood-based panel industry, pulp and paper industry and other large and small wood processors. A total of 528 734 m³ of forest wood products were sold to the 10 largest buyers, i.e. 36.42% of volume sold.

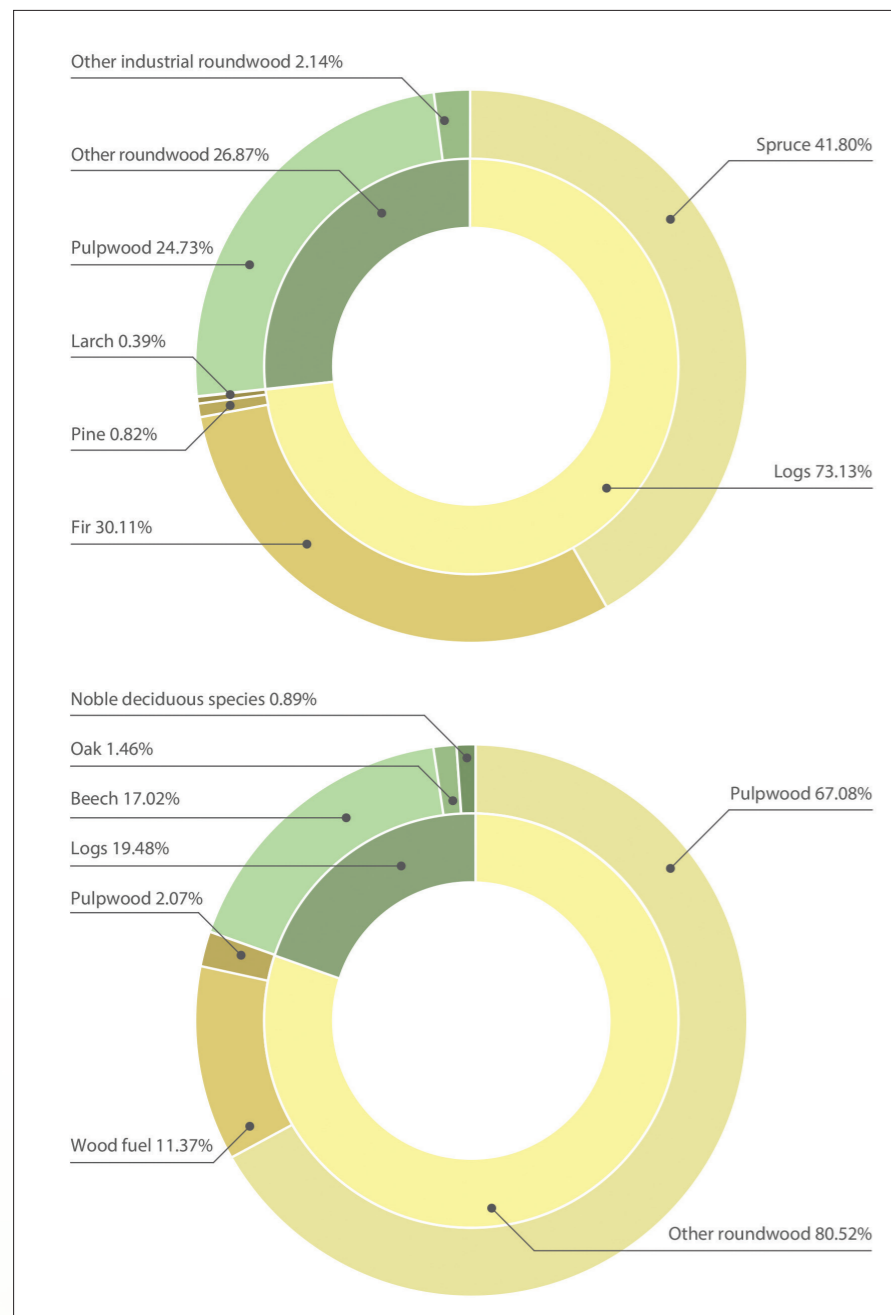


Figure 43: Assortment structure of conifers (up) and broadleaves (down) in 2018.

Literature

Korenina, internal journal of SiDG, April 2019, No. 9.

SiDG Business report for 2018

Manual on the most frequent questions, SiDG web page. <https://sidg.si/index.php/medijsko-sredisce/prirocnik-pogostih-vprasanj>

Rules of Slovenski državni gozdovi, d.o.o. on the manner and criteria for selling forest wood products, last amended on 26 July 2018.

