



ENFE Discussion Paper

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FORESTRY CONTRACTORS STRIVE FOR ECONOMIC VIABILITY AND ENTERPRISE DEVELOPMENT

A competitive, economically successful and environmental friendly European Forestry needs viable and competent contractors. All goals of sustainable forest management can only be achieved, when there is a sufficient supply of workers and contractors, both in numbers and in competences.

ENFE's priorities are aimed at a European political framework and at support that helps facilitating the development of competent and viable forestry contractors by

- Fostering enterprise development and increase attractiveness of forestry work
- Encouraging certification and quality management
- Providing access to rural development funds
- Enabling fair competition

BACKGROUND

Today, in all European Member States forest operations to provide raw material for industrial and energy use are carried out mainly by forestry contractors and their employees. Therefore, ENFE is the European representation of the forest operations sector. Forestry contractors mainly are micro and small enterprises. In Northern and Western Europe we estimate the average enterprise consists of three to four people, including the contractor. In Eastern Europe enterprises still have a higher workforce due to the lower level of mechanization. But even there forestry contractors can be classified as small enterprises.

This leads to a number of constraints particularly due to a asymmetric and therefore often difficult business relationship between large forest properties and wood industries and these small enterprises which again compete among each other Europe wide. This market structure results in permanent hard competition, low profit margins, and stagnation in business development. The small enterprise environment between forest and industry is a barrier to viable development of the forest value chain. Therefore, we call for political attention for the situation of forestry contractors and forestry workers. Political support of small enterprises in forest operations and supportive measures for forestry contractors

would considerably help to ensure that forestry work in Europe can be carried out competently and with a high quality to benefit sustainability of Europe's forests.

PRIORITIES

Fostering enterprise development and increase attractiveness of forestry work:

Political support is required to support the development of small enterprises in rural areas.

This comprises of

- capacity building: more and better trained contractors and staff will be needed to cope with the increasing demand for timber from European forests (bio-fuel)
- competence development: training for workers, technical staff and contractors for the specific requirements in small enterprises.
Training and education has to be focused particularly on the emerging political priority issues, i.e. biodiversity, carbon fixation, climate change, but also on the basic competences needed to manage a viable forestry enterprise
- technological development: investment in advanced technology will be needed to cope with the increased timber demand, to combat the lack of qualified workers in the future, and to improve the competitiveness of European forestry.

Encouraging certification and quality management

Public procurement policies and private contracts should include preconditions for requiring certified contractors, or contractors who can prove that they work according acknowledged good practices. This is expected to be a accompanying measure to promote good practice among contractors, to combat illegal logging and to enable fair competition.

Providing access to rural development funds

Contractors in many parts of Europe do not have the resources to invest in the crucially needed technology (harvesters, forwarders) for mechanized harvesting operations of industrial round wood and energy wood. Financial measures aiming at stimulating rural development including employment in rural areas should be directed at better management of forests, at the application of up to date technology and business software, and should include provisions to support investment in human and technological development in small enterprises. This will contribute to making forestry work more safe, cost-effective and attractive. In global scale this will result in a higher competitiveness of European forestry.

Enabling fair competition

Political attention should be drawn to the fact, that large clients of services (e.g. state forests) use their strong market position to beat down the prices for services. Furthermore small enterprises are under severe competition with public services, which impedes the market access and growth potential for small enterprises. A political and economic environment should be aspired which allows fair competition and thus profitability and viability of forestry contractors.

ENFE FOLLOWS A STRATEGY OF ENTERPRISE DEVELOPMENT

Development work is supported by various networks among which the Joint FAO/ECE/ILO Network for the implementation of SFM can be highlighted as one of the most important facilitators for competence development.