




HOLZINDUSTRIE
SCHWEIGHOFER

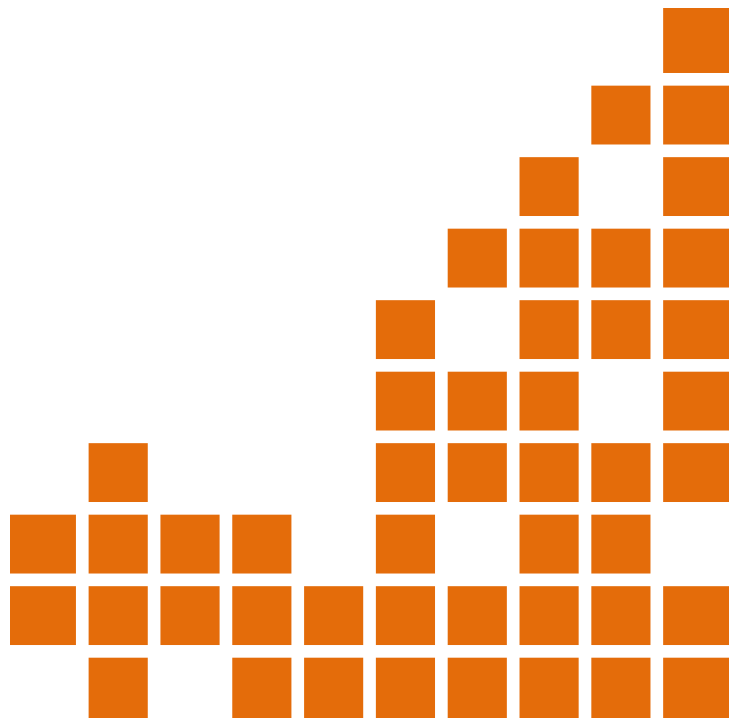
Reply to the Environmental Investigation Agency's allegations



The facts and stories
behind a misleading campaign

Table of contents:

Statement of the CEO.....	3
Clarification.....	4-5
Background.....	6
Our Actions and Next Steps.....	7
EIA vs. Forest Inventory and Statistics.....	8
The Rise of the Furniture Industry.....	9
Statements to the Case Studies.....	10-16
Field report: Typing in Millions of Digits.....	17
Field report: No Timber from National Parks.....	18
Field report: The Surprisingly Healthy “Lost Forest”.....	19



EDITOR'S SUMMARY

A report by the Environmental Investigation Agency (EIA), which analyses the situation of illegal logging in Romania, presented a large number of false accusations based on inaccurate and tendentious information about Holzindustrie Schweighofer in October 2015. This publication rejects the claims. In particular we've followed the twelve case studies. Additionally three field reports exemplify the challenges of day-to-day work.

This research also provides a promising example: We visited a small forest site, not far from our sawmill in Rădăuți, which was depicted as "lost forest" by the EIA. We didn't find any deforested or destroyed forest, but young saplings growing to be a hardwood forest.

Our actions

We are concerned about illegal logging in Romania as much as the civil society. But we need to stick to the facts to figure out the real culprits. The facts related to deforestation and fraud are much smaller than the EIA insinuates.

To tackle the remaining issues, Holzindustrie Schweighofer will be part of the solution. We stopped, for instance, sourcing from national parks and are working on implementing a GPS tracking system of wood transports that could act as role model for the entire Romanian wood industry.

Our commitment

Holzindustrie Schweighofer invested almost 800 million Euros since it started its operations in Romania. Our business model depends on the long-term availability of Romanian timber. Therefore sustainable sourcing is not only a headline but a necessity.

We advocate responsible wood processing and we are already making all possible efforts that can be made by a company activating in this industry. We are transparently offering information about the traceability of the wood we purchase, complying with all legislation and we impose to our suppliers to prove the legal origin of the logs they deliver. Moreover, not only do we refuse any suspicious transport of logs, but we also report it to the authorities that can investigate and sanction the irregularities.

STATEMENT OF THE CEO

The report of the EIA titled *Stealing the Last Forest: Austria's Largest Timber Company, Land Rights, and Corruption in Romania* is nothing we can leave uncommented.

I read the 44 pages carefully. If you did as well, you'll find it full of accusations. Holzindustrie Schweighofer is presented as the culprit for pretty much everything that goes wrong in Romania's forests. These allegations are unjust, misleading and unsubstantiated.

However, we don't want to palliate wrongdoings in the woods. Romania's forest suffers undeniably from illegal logging although more than two thirds of it are owned or managed by the state.

The EIA report seems to be well researched. But, on a more careful view, one will find that the facts behind the stories are not grounded.

Allow me to state clearly:

- We would never incentivise illegal logging. Holzindustrie Schweighofer didn't behave that way in the past, we don't at present and we won't do so in the future. This accusation was in no way substantiated, proven or subject of a lawsuit.
- We do not accept wood from illegal sources. The published video clip that seems to show a senior employee in doing so is shortened and misleading. EIA never aired the uncut version, because it would prove their accusations are wrong.
- So-called "evidence" for illegal timber, like missing stamps on logs destined for our sawmills, is well within the regulations. Romania's forest legislation is quite complicated and can easily be misunderstood. But it is inappropriate to label misbehaviour of Holzindustrie Schweighofer out of that.
- Human errors happen from time to time. Every year, HS-employees manually type in 700,000 digits of unique codes from transportation documents into the government's tracking server and millions of data entries into the SUMAL-system. In case of an error the entire load is categorized as "illegal", regardless of its legal background. We won't deny that such errors did occur, but they were honest mistakes and concern less than 1% of our raw material.

Our approximately 3,000 employees and I take pride in what we built up in Romania since the start of our commitment in 2002. Since then we invested almost 800 million euros in the country. We follow a long-term strategy that is based on the sustainable supply of timber. This dependence and our status as large consumer drive us to take a leading role in ensuring sustainable and transparent forestry. We follow this approach locally with the introduction of a compulsory GPS tracking system for trucks delivering logs to our factories, as a next step.

I reassure our willingness to clarify justified complaints and stand up to our responsibility as market participant in Romania.



Gerald Schweighofer, CEO of
Holzindustrie Schweighofer



Gerald Schweighofer
CEO

CLARIFICATION

Environmental Investigation Agency (EIA) presented on October 21st in Vienna and on October 22nd 2015, in Bucharest the report [“Stealing the Last Forest: Austria’s Largest Timber Company, Land Rights, and Corruption in Romania”](#)¹

Holzindustrie Schweighofer is subject to allegations and accusations suggesting a direct connection between our company and illegal logging in Romania. It is unclear why we were presented as a scapegoat for this phenomenon. Maybe because a leading industrial investor is easily perceived as a natural enemy for NGOs. But contrary to what’s suggested in the report, our company does not benefit, but suffer from illegal logging in Romania.

Two thirds of Romania’s forests are managed by the state-owned company RNP-Romsilva. When it comes to softwood, the state and municipalities hold even 77% of the standing volume of 683 million m³, as the recently published forest inventory² shows.

The EIA’s report draws all attention on our company which is not just uncalled for but also counterproductive. On 44 nicely designed pages it presents a distorting and biased mixture of truth and false accusations. To effectively fight illegal logging in Romania, the facts need to be straightened out, which we are willing to do.

Core of the report are twelve case studies that should convict Holzindustrie Schweighofer. We’ve made the effort and followed every accusation. Most of the cases don’t show any proof of wrongdoing at all. And where errors happened it was due to honest mistakes that are unavoidable in such a bureaucratic system. To give you examples of the difficulties every wood processing company faces in Romania we’ve added three field reports:

1. Typing in millions of digits
2. Sourcing in national parks, and how we stopped
3. Meet the surprisingly healthy “lost forest”

It is important to understand that in general we don’t harvest the timber, we process it. To ensure that also our contractors follow the principles of sustainability we carry out into-depth and multi-step risk assessment procedures. These comply with the acknowledged PEFCTM and FSC[®]-labels. The latter is also recognized by global NGOs, e.g. by the WWF³.



Image: Environmental Investigation Agency

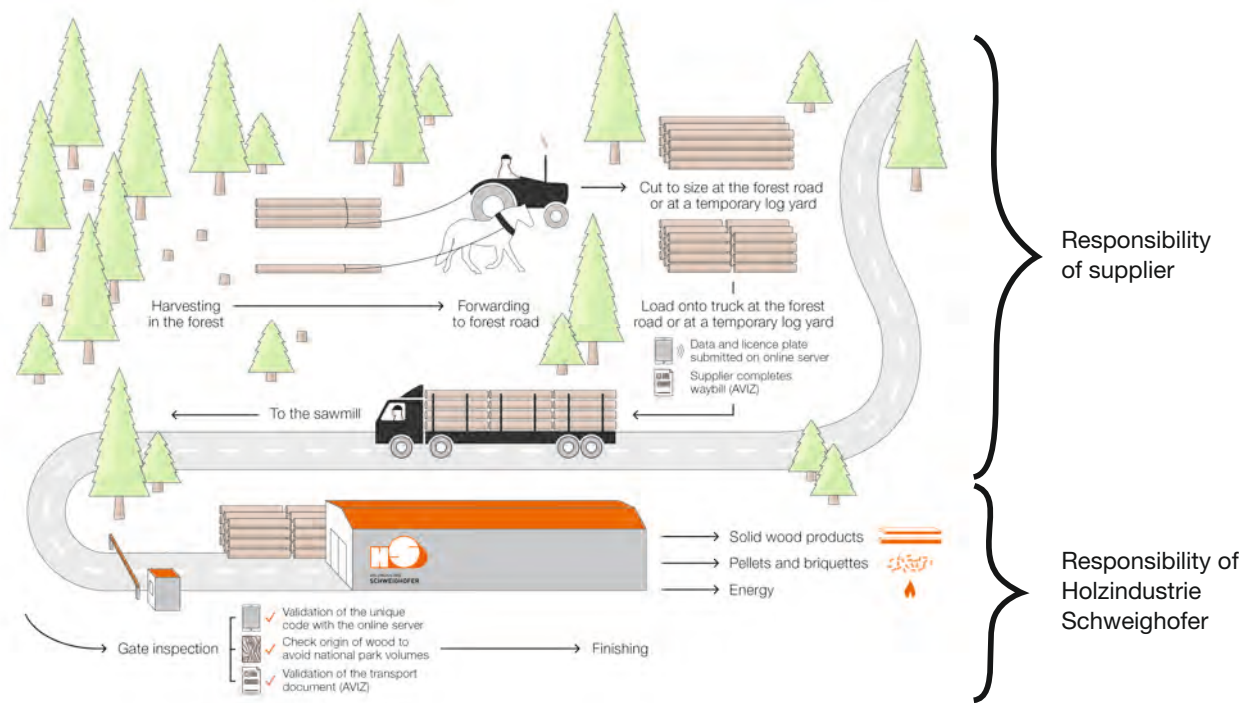


Figure 1 - Scheme of sourcing: Holzindustrie Schweighofer is a wood processing company, not a logging company. Our suppliers are obliged to total compliance with the forest code, the principles of sustainability and all relevant rules and regulations. We not only check all required data at the sawmill gate but also carry out field audits. Holzindustrie Schweighofer also abstains from timber harvested in national parks, which is unique in Romania.

BACKGROUND

Holzindustrie Schweighofer has a tradition of over 400 years in the timber market. Its products are appreciated worldwide. Local timber is processed to world-class construction lumbers for Japan, boards for DIY-markets all over Europe, pellets and briquettes for Western Europe and clean energy for Romania's household, to name a few examples. The success story of our company throughout the centuries would not have been possible without an enforcement and observance of the rule of law in our markets and our commitment to deliver quality products while supporting sustainability.



Each year, our operations are audited by independent certification bodies who confirm our compliance with forestry standards. Currently we hold the most widespread and acknowledged certifications:

- FSC® mix credit (QA-CoC-0073/0)
- FSC® controlled wood (QA-CW-0073/0)
- PEFC™ CoC (HFA-CoC-0018)

The labels confirm that the wood purchased and processed comes from responsibly managed forests with respect for the social, economic and environmental criteria.

Holzindustrie Schweighofer purchases 11% of Romania's log harvest⁴. As significant consumer we adopted standards in regard to sustainability, which are unique in the local market. Every truck and log entering our facilities is recorded on video. We take digital images of every log's front end and maintain a picture based archive. The documentation (electronic and hardcopy) is available for later inquiry for five years. Holzindustrie Schweighofer is the only company in Romania that can guarantee this traceability and there's nothing to hide. Holzindustrie Schweighofer invested close to 800 million euro in the country since 2002. As a major investor we are genuinely interested in securing an environmentally responsible long-term development of the timber industry with social and economic benefits for Romania and its people.

It is our firm belief that a unitary and congruent approach to civic, institutional and industry stakeholders is needed to address the issue of illegal logging. Holzindustrie Schweighofer is determined to continue to play an active role in tackling illegal logging.



OUR ACTIONS AND NEXT STEPS

Although we deny any responsibility for illegal logging and land theft in Romania, we are ready to take a leading role in ensuring a consistent and compliant supply chain for saw logs. We therefore consider the following to-be-introduced steps:

- The trucks that are transporting wood for Holzindustrie Schweighofer's suppliers have to be equipped with a GPS tracking system (note: depends on reviewed data protection law).
- Before departure to sawmill, the truck load has to be photographed and the images uploaded into the tracking software.
- At the moment of departure the GPS tracking system has to be activated.
- When the transport arrives at the gate of Holzindustrie Schweighofer, an operator will check the route of the truck on its plausibility. Software will control if the photos from the loading correspond with those from arrival. Only if all gate-inspections are in good order, load shall be accepted.
- There is an ongoing project with several institutions and universities concerning the introduction of a log identification system. This should be able to exactly locate the harvesting site of every log.

If you have further questions about our procurement policies and our approach to ensure sustainable forestry please don't hesitate to get in contact. Further Information can be found on www.schweighofer-initiative.org.



EIA vs. FOREST INVENTORY AND STATISTICS

There are numerous examples of plainly false statements or misunderstandings in the EIA report. These were even topics in a recent publication about the National Forest Inventory⁵, jointly produced by the Romanian publisher Fordaq, the Romanian National Forest Inventory, and Romania Nostra Silva (federation of forest and land owners). There is little doubt about their reception of the EIA allegations. “The image of the wood-processing industry in Romania created by the EIA report is false” is just one of the decided statements towards the publication.

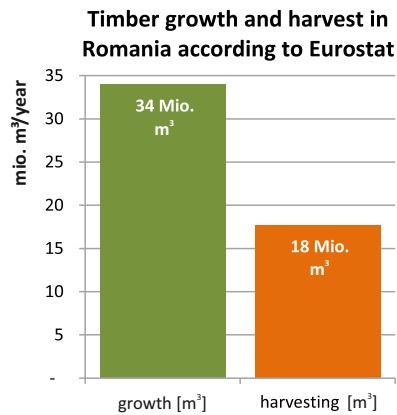


Figure 2: Increments and removals in Romanian forests acc. to Eurostat (2010)

2010 Romania’s net annual increment of 34 million m³ faces a harvest of almost 18 million m³. It utilizes only 52% of the volume that’s annually and sustainably growing in its forests. The average felling rate in Europe is 68 %⁷.

The claim that the country along the Carpathian Mountains depletes its forest is also in no way substantiated by international statistics. According to Eurostat⁶, Romania only harvests about half of its forest growth. According to the most recent survey from

„The image of the wood-processing industry in Romania created by the EIA-report is false!”

„The EIA report [...] is an amalgam of reliable statistics and unverified figures.”

„These figures presented in the EIA report are completely false.”

Quotes from the publication:
„National Forest inventory – Seeing the forest more than trees⁵”

Felling rates (harvest compared to growth) in Europe

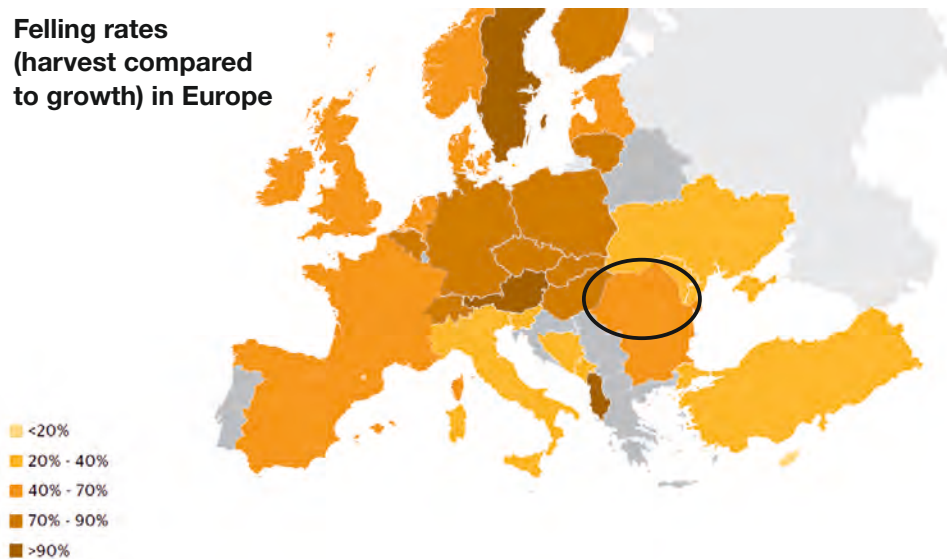


Figure 3: Felling rates in Europe as depicted in the report State of Europe’s forests 2015 (p. 116) by FAO/EFI Romania’s utilization is well below the other countries with strong timber industry (Image: FAO/ European Forest Institute)

Other countries with a strong timber industry have a utilization rate of 80 to 100%, shows the report that was issued by the FAO and the European Forest Institute (EFI). This is true for nations as Germany, Sweden, Austria or Switzerland, who are also seen as examples of responsible wood use.



Image: Fordaq

THE RISE OF THE FURNITURE INDUSTRY

One clear example for false depiction is the claim that Romania's furniture exports value would have declined by 18% between 2004 and 2014 based on the UN's COMTRADE database⁸ (which was only available to 2013 at the moment of publication). But data from Romania's National Institute of Statistics show something completely different: The country's furniture export value almost tripled since Schweighofer started business in Romania and peaked 2014 with over 1,8 bio. €. This positive development is also backed by the furniture industry association of Romania APMR¹⁰.

But the most interesting aspect in this allegation is that the vast majority of the furniture industry is completely untouched by Holzindustrie Schweighofer's supply chain. Most furniture consists of hardwood like beech and oak. We process only softwood as spruce, fir and pine. There are virtually no interdependencies between the two groups.

Romania's Furniture export 1991-2014

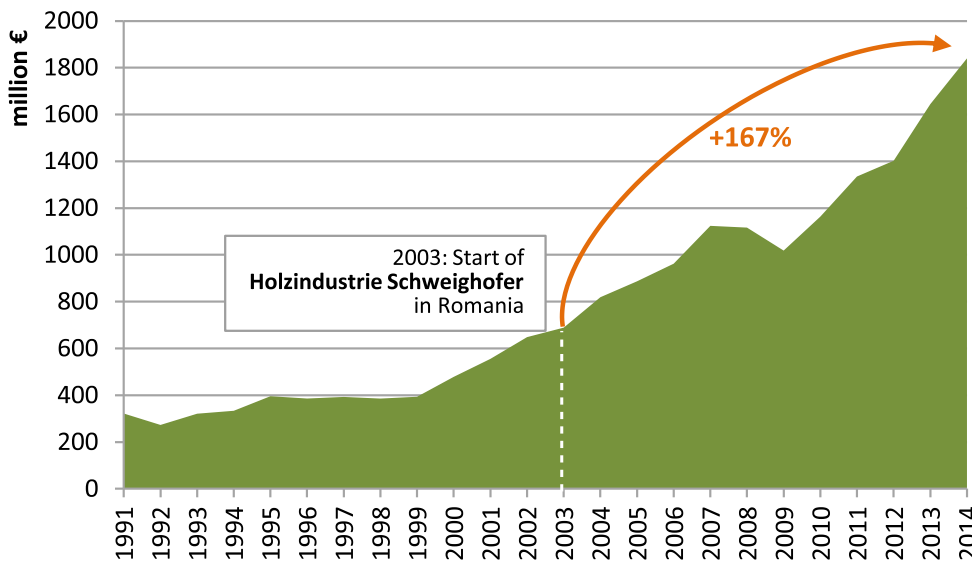
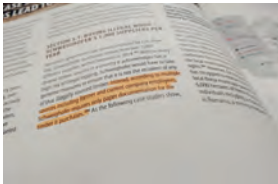


Figure 4: Romania's furniture export value increased by 167% since Holzindustrie Schweighofer started operations in 2003 whereas the EIA-report indicates a 18% decrease in the same period

EIA-Accusation

Introduction (p. 16):
 Buying illegal wood – Schweighofer's 1,000 suppliers per year



Fact

EIA accuses us of purchasing wood from over 1,000 suppliers within Romania and this is perfectly true. We regularly do business with small and medium sized enterprises.

What's not true is that we rely only on paper documentation for the purchases. All suppliers undergo a risk assessment classifying them with “negligible risk” or “unspecified risk”. Romanian vendors are categorised as latter due to the high corruption index of the country and are consequently subject to a compulsory on-site verification audit (documentation s. annex) and a random thorough sustainability audit in the forests. A given number of suppliers ($n = 80\%$ of the square root of all suppliers in the pool) are visited unannounced under the supervision of an independent auditor. This random sample is chosen annually.

Holzindustrie Schweighofer exceeds the requirements according to the established sustainability schemes (FSC®, PEFC™). We undertake more on-site visits than mandatory.

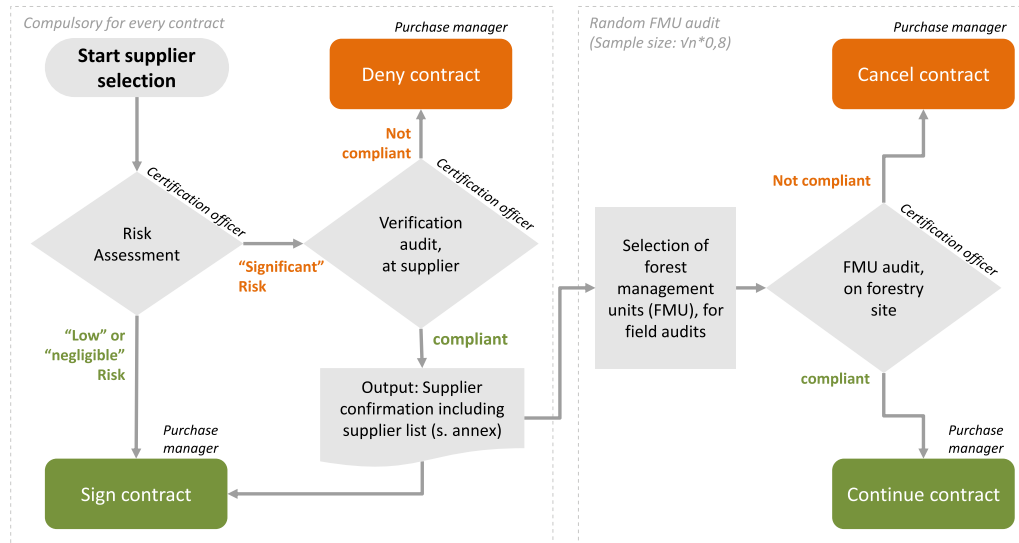
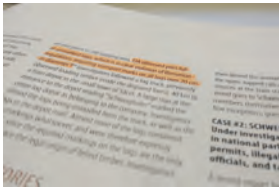


Figure 5: Scheme of Holzindustrie Schweighofer's supplier selection procedure

EIA-Accusation

Case #1 Borşa (p. 16/17):
EIA found unmarked logs
bound for Schweighofer



Fact

The necessity of marking the logs with rectangular hammer depends on the loading place:

At the logging site: The EIA insinuates that every log with a diameter bigger than 20 cm has to show a transportation stamp. Indeed, those logs need a rectangular stamp if they're transported from the harvesting place. The observed piles full of unmarked logs at an exit point to the logging area however simply have not been stamped at the time of EIA's inspection. This marking is not required until loading on the log truck.

The 20 cm-threshold, which is valid for the top diameter, is significant: Our sawmill machinery (profiling technology) requires small-diameter logs. The large majority of the logs we process have a diameter below 20 cm and don't require transportation marks.



Figure 6: Measuring of the timber upon loading and filling the date into the Aviz-forms

At the log yard: The unmarked logs at the log yard and train terminal in Săcel, as explicitly mentioned in the EIA report, can also be easily explained. Most of the logs arrive here in full length, often more than 8 m long – but with only one stamp in cases where the diameter exceeds 20 cm.

Those logs are cut to assortments of 3 or 4 m lengths at the log yard. The shortened logs are not required to be stamped in this case even if they exceed a diameter of 20 cm and whether the transport proceeds by train or by truck. This explains why the majority of logs on Holzindustrie Schweighofer's yards don't show any markings. The legality of the harvest is tracked nevertheless, since all in- and outgoing volumes are recorded and have to match. But there might also be another legal explanation.

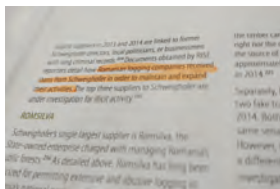
At the temporary log yard: Sometimes the logs are cut-to-length on so called "temporary log yards" located at the forest road. These temporarily authorised sites are used for sorting and cutting just like described above. In this case 3 or 4 m long logs can exit the forest without the stamp. In- and outgoing volumes are matched just as well as in the above mentioned standard log yard.



Figure 7: Exemplary scheme of cutting long lengths to assortments at a log yard

EIA-Accusation

Case #2 Schweighofer's top suppliers under investigation for illegal activities



Fact

First of all: Ceasing business with the state or Romsilva is an unrealistic demand, nonetheless. The Romanian state owns 49% of the forest directly, and 16% via municipalities¹¹. RNP-Romsilva acts as an administrator for state forests and over a million hectares of other owners. In total, Romsilva manages 66% of Romania's forest area. Ceasing business with a supplier with such a market share would lead to the collapse of the Romanian forest industry.

Down payments are a common business practice. They don't incentivise the supplier to break the law, but enable the acquisition of harvesting equipment and machinery, as the EIA-report explains appropriately. Contrary to other countries, Romania grants very limited subsidies for forest operations because the funds for regional development are managed by the Ministry of Agriculture, but forestry is assigned to the Ministry of Environment¹². In this regard, the down-payments act as equity foundation that is necessary, for instance, to construct basic infrastructure like forest roads.

We stress, though, that suppliers who were convicted for illegal logging lose all contracts with Holzindustrie Schweighofer and are excluded from a further business relationship. We also carry out a multi-step risk assessment procedure that is compulsory for every supplier before signing the contract. Beyond that, we decline to make comments on particular business partners.

There is also a misunderstanding about the role of Romsilva. The state owned forest manager is not, as stated, Holzindustrie Schweighofer's single largest supplier. Harvesting companies usually purchase the volumes from state forests in tenders and we buy from them the saw log assortments.

EIA-Accusation

Case #3
Schweighofer Sawmill
Rădăuți: Nearly 10,000 m³
of illegal timber identified



Fact

It is true that control bodies found about 9,400 m³ of wood with irregularities in an inspection at our Rădăuți-sawmill. This volume represents a mere 0.9% of the total processed log volume in our sawmills in the period of question (February 1st to July 18th 2014). We stress that the objections were only of formal nature and had nothing to do with illegal logging.

The following irregularities, and only these, have been found at this inspection:

- The waybill (Aviz) needs to show the six-digit plot number (originated in the SUMAL-system) when the logs are sent from the harvesting place. Some documents only mentioned the APV number given by the forest administrator as it was usual in an outdated procedure. This mistake concerned 4,850 m³ of saw logs.
- Onset of winter delayed the removal of 3,850 m³. Snow made the forest roads inaccessible. Once the transport was possible and carried out, the forest authorities declared this act as contravention, since the harvested forest area was already formally handed back to the authority before the logs (that were already in the ownership of Holzindustrie Schweighofer) were removed.
- When manually entering the documents specifications into the government’s SUMAL-online system, typing errors occurred (for instance, the comma was entered at the wrong position). As a consequence 700 m³ were considered as “illegal” (see also field report #1).

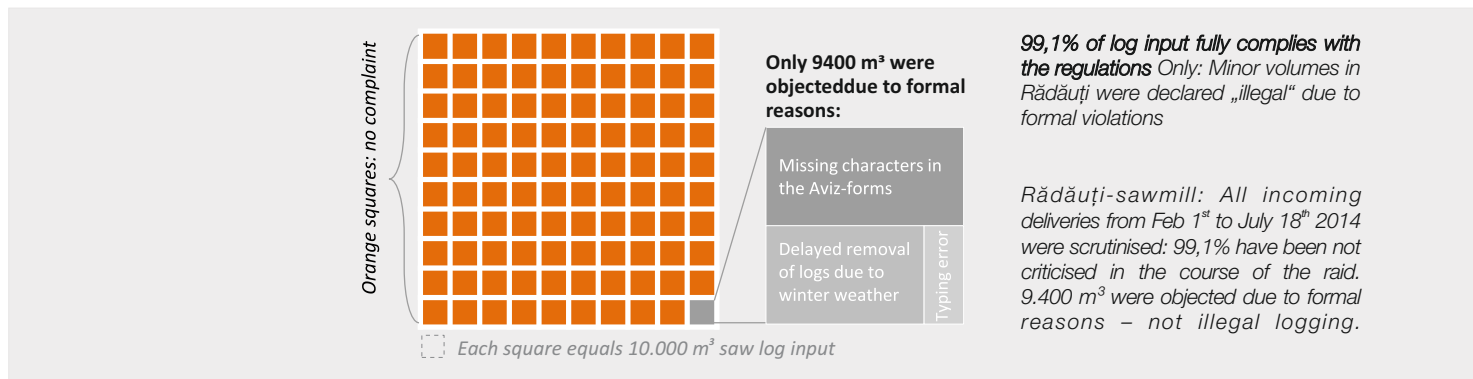
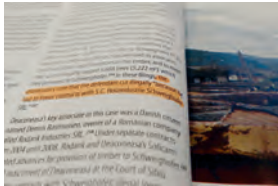


Figure 8: Volume comparison of timber with and without irregularities

The EIA-report, and subsequently the media, described this 9,400 m³ delusively as “illegal timber” although the inspectors found only irregularities in the documentation. The timber itself was bought and harvested on the base of approved and valid permits.

EIA-Accusation

Case #4 Pre-Contracts with suppliers: Schweighofer incentivises illegal timber harvesting



Fact

As aforementioned in the answer to case #2: Down and ahead payments are common business practice. Besides that, we stress that all volumes arrived at mill are checked for aforementioned legality documents. No vendor “has to cut illegally” to honour contracts with Holzindustrie Schweighofer. Such volumes would be found at our sawmills’ gates inspection and subsequently be rejected. This was the case for more than 60 truckloads in 2015.

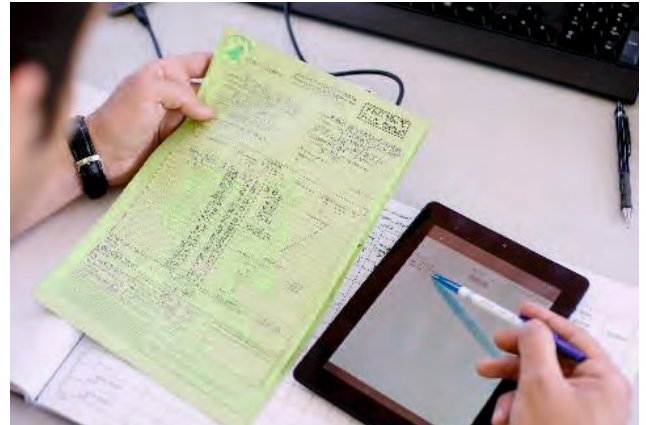


Figure 9: Control of transport documents at the sawmill gate upon arrivals

EIA-Accusation

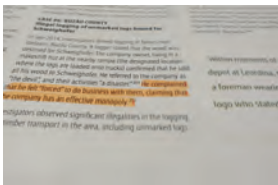
Case #5 Schweighofer Train Depots: Majority of logs lack required transportation stamps

Fact

See answer to case #1.

EIA-Accusation

Case #6 Buzău County: Illegal logging of unmarked logs bound for Schweighofer and accusation of monopoly status



Fact

We cannot identify the plot to which the EIA is referring to. With no further information it is not possible to connect this allegation to a concrete supplier. If the EIA is able to deliver the proof, we will forward it to the authorities.

Holzindustrie Schweighofer (HS) has in no way a monopoly in the Romanian wood supply. According to official figures¹³ the country harvested 7.23 million m³ of softwood in 2014. In the same period we purchased approx. 2 million m³ of softwood from domestic sources, leaving more than 5 million m³ to the market. Our consumption of Romanian timber actually decreased by 6% since 2011 due to a growing import share.

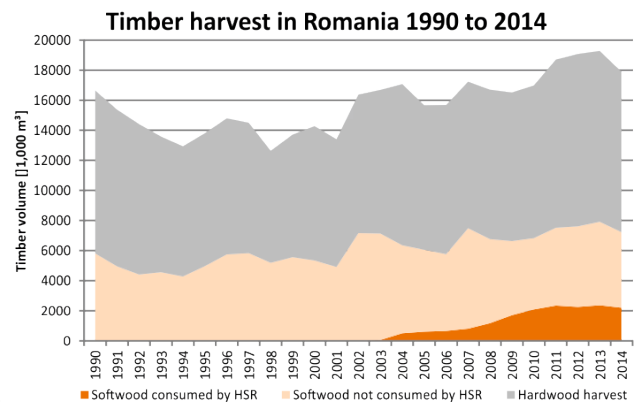
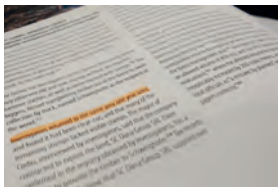


Figure 10: Holzindustrie Schweighofer’s market share at Romania’s timber harvest

EIA-Accusation

Case #7 Corbu, Harghita County: Schweighofer's acceptance of timber from illegal clear cut



Fact

The timber of the plot in question (#591216/2013) was bought in a public auction by Dana Grup SRL which subsequently sold the softwood saw logs to Holzindustrie Schweighofer. We stress that the forest area was checked in and taken back by the Forest District authorities on December 2nd, 2013 with no findings. After this formal taking back the responsibility for the stumps lies upon the forest ranger.

In the issued document ("Reprimire"¹⁴) was mentioned that the area was already regenerated with a forest population consisting of 60% spruce, 30% fir and 10% beech.

According to the forest code¹⁵ the time frame for regeneration or for completions should be made within two years. If EIA has any proof for wrongdoing, we invite the NGO to file a complaint at the authorities or to send it to us so we can forward the documents accordingly.

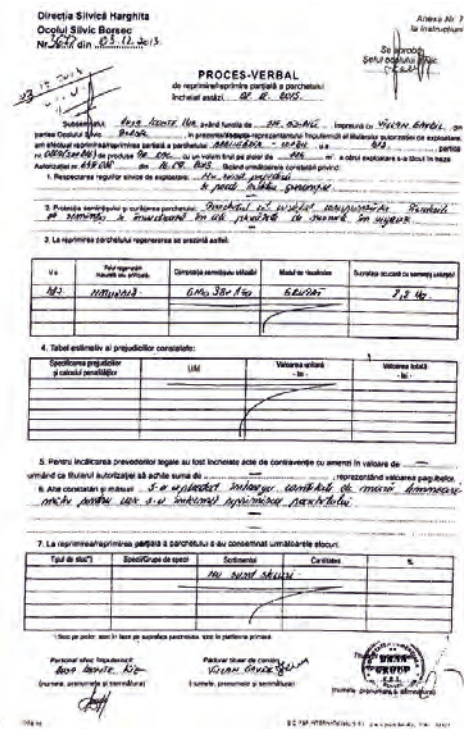


Figure 11: Document of reprimire of the forest plot from Corbu area

EIA-Accusation

Case #8 The Three Mountains: Schweighofer's FSC® certified forests resulted from illegal restitution

Case #9 Kendefy: Schweighofer FSC® forest taken from Retezat National Park in ongoing illegal restitution case

Case #10 Site of Schweighofer's Rădăuți sawmill: Land under investigation for illegal restitution

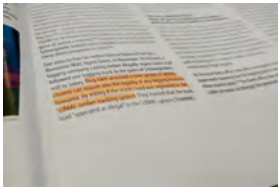
Fact

All forestland purchases of Cascade Empire went through a careful and detailed legal due diligence performed by international law firms. In this process every acquisition was cleared to be compliant with the legal provisions.

To that moment, there is no pending lawsuit concerning any of the real estate property of Holzindustrie Schweighofer or its sister company Cascade Empire.

EIA-Accusation

Case #11 Retezat National Park: Illegal logging in Europe's last remaining Intact Forest Landscape tracked to Schweighofer



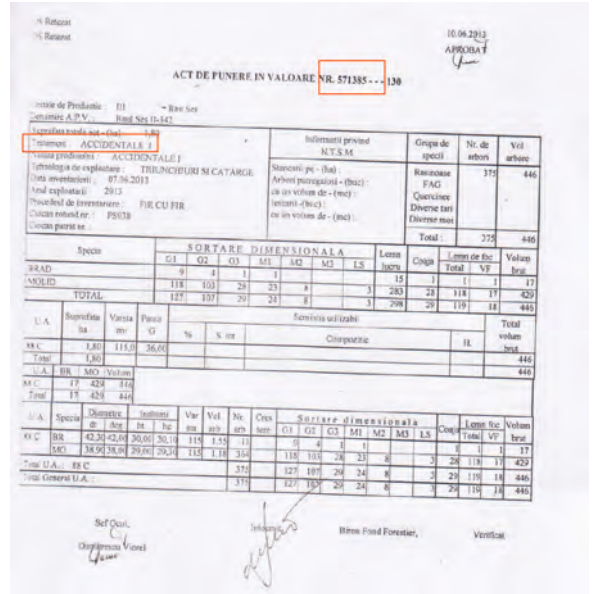
Fact

In this chapter the EIA report insinuates that Holzindustrie Schweighofer obtained timber from “Europe’s last remaining intact forest landscapes” (IFL). It is based upon observations made by the Romanian NGO Agent Green that were also published on YouTube.

This case was reviewed by the forest authority ITRSV and a special taskforce from the Environmental Ministry. Both reports show that the harvest was perfectly legal.

The NGO tracked a log truck from the area in question to a Holzindustrie Schweighofer sawmill and entered the licence plate number of the trailer (CS 33 MIN) in the online system Wood Tracking in which it has to be registered upon loading. The entire volume of 43.5 m³ was registered with the truck (CS 32 MIN), none on the trailer. However, the transport document (Aviz) listed both licence plates which made it easy for us to track the vehicle in question. The corresponding APV-document (No. 571385) shows the authorised volume and the specific forest area. Conclusion: The timber came from legal origin.

Side remark: Other than stated by the EIA Romania isn't home to Europe's last IFL. Such untouched areas are also found in Norway, Sweden, Finland and Georgia^{16,17}.



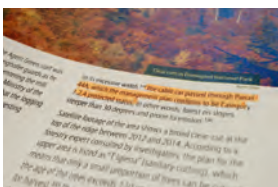
ACT DE PUNERE IN VALOARE NR. 571385 ... 130

Informații privind		Grupa de specii		Nr. de arbori		Vol. arborei	
ACT S.M.		FAG		375		446	
Informații privind		FAG		375		446	
ACT S.M.		FAG		375		446	
Informații privind		FAG		375		446	
ACT S.M.		FAG		375		446	

Figure 12: APV of the log transport in question in case #11

EIA-Accusation

Case #12: Sâmbăta Valley: Abuse of logging permits by a supplier to Schweighofer



Fact

The parcel of land in question (44a) was to our information not harvested by Mesar s.r.l. Holzindustrie Schweighofer didn't receive any timber from this plot. A contract between Mesar and Holzindustrie Schweighofer did exist indeed but it referred to the forest from another municipality of the name Drăguș in the Sâmbăta Valley. The harvesting permits for this area were issued from the forest administration Ocol Silvic Făgăraș and are available in our documentation.

Side remark: EIA published the case study #12 in the chapter titled with “Buying from National Parks”. But other than insinuated the Sâmbăta Valley is not part of a national park, but protected under the Natura 2000 status¹⁸ where harvesting is allowed.

FIELD REPORTS

Three examples shall illustrate our day-to-day operations. Field report #1 sheds a light on the huge paperwork that accompanies the log deliveries. #2 explains not just why but also how Holzindustrie Schweighofer was able to stop sourcing from national parks. And #3 follows a supposedly “lost” forest area, which turns out to be a healthy growing wood land.



Field report #1: Typing in millions of digits

Every truck load that arrives at our sawmill gates is accompanied by several documents. The most important is the waybill also known as Aviz. It carries among other things the unique online code generated by Wood Tracking system and detailed information about the load. This document proves the legal origin of wood and it is registered in the evidences of supplier and at sawmills’ gates.

The supplier (through a special person named and authorized by the ministry) files the Aviz at the loading site. Parts of the data are then entered in the Wood Tracking-online system. This system then generates a twelve-digit unique code¹⁹. The same number has to be typed into the tracking system manually once the timber arrived at the mill’s gates. But that’s only half of the story.

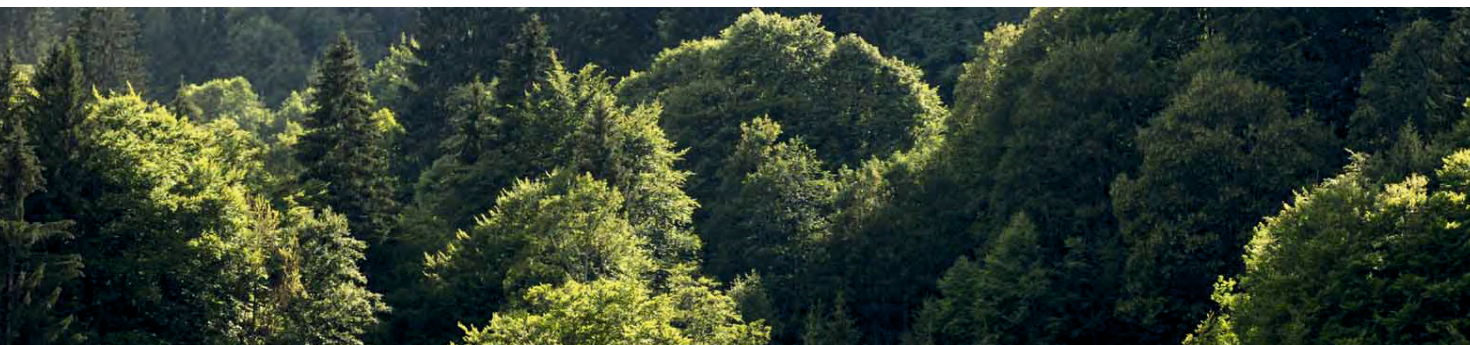
Holzindustrie Schweighofer receives in total around 2 million m³ of Romanian log-deliveries per year. An average Aviz covers 20 to 25 m³. Including the number of documents generated also by import volumes we estimate a number of more than 100,000 Aviz-documents which data has to be manually entered into the wood tracking-server (for transport clearance) and the SUMAL-system (for balancing it with the harvesting permits).

Only the unique code results in more than 720,000 digits per year that have to be typed into the system manually. This is accompanied by several million digits concerning Aviz number, species, assortment and volume. This is where, inevitably, errors occur. Unfortunately the system doesn’t highlight obviously wrong entries. As a consequence, this load would be categorised as illegal timber.

With Holzindustrie Schweighofer’s consumption even a very low error rate results in considerable wood volumes that might be classified as “illegal”. But this has nothing to do with unlawful logging but is a consequence of the substantial manual work required to transfer data from one document to another or into an online system.



Figure 13: Aviz-data is manually entered in the sawmill gate’s registries



Field report #2: Sourcing in national parks (and how we stopped)

A sensitive topic is the wood sourcing in national parks. Other than widely assumed this is indeed allowed. The so called buffer zones within the boundaries of the national park may be used to cut timber.

Holzindustrie Schweighofer still decided not to accept wood from Romania's national parks. Our employees at the sawmill gates check every waybill (Aviz) and Act de Punere in Valoare (APV) among a comprehensive set of documents.

The APV is decisive here since this document indicates the exact harvesting site-ID. We obtained a list of all APV numbers from within national parks, which is updated regularly. Every delivery is compared to this list. Any volumes from national parks are rejected. The trucks cannot enter sawmills' premises. This happens in accordance with our supplier's contracts that prohibit the delivery of wood from national parks.

This renouncement is voluntary – and it's quite an effort. The site-IDs from the national parks are not publicly available. We request and thankful receive them from the respective park management unit.

We invite all NGOs and interested parties to help us to collect the APVs, timely because it is the only possibility to reliably avoid such timber at the moment.

Despite the effort, we recognise the importance of the forest habitats in national parks and would appreciate if other companies followed our best practice principle.

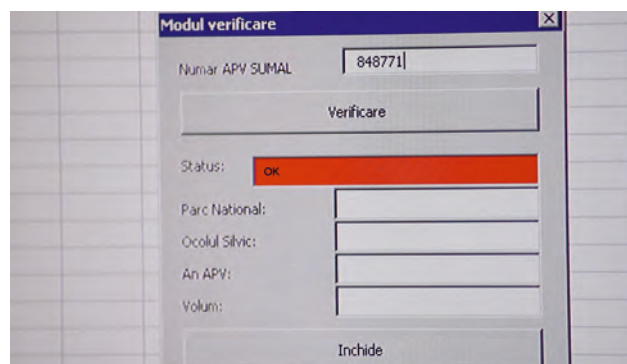


Figure 14: The system indicates that the entered APV-ID didn't origin in National parks



Figure 15: Every load is checked upon its origin at the sawmill gates



Field report #3: Meet the surprisingly healthy “lost forest”

The EIA-report (p. 11) shows an alarming map with the forest loss of Romania. The red area shows the so-called “forest-loss” that researchers of the University of Maryland found for a period from 2000 to 2014²⁰.

Foundation for this analysis is satellite imagery. But, other than insinuated, this has little to do with deforestation. Red marks simply show areas where vegetation height was above 5m in 2000 and below that threshold in 2014, which is the case for all recent cuttings. This forest is not lost, but replanted and growing. We tracked one red dot down to a forest close to our Rădăuți-sawmill (GPS: 47°47'11.4"N 25°54'22.6"E, s. large image). It shows a site that suffered from beetle infestation, as a picture from October 2012 proves²¹ (publicly available on Google Maps).

Here’s the report from our representative who visited the site on January 4th, 2016: “The forest in question belongs to the municipality of Burla, and is administrated by Romsilva, Direcția Silvică Suceava, Ocolul Silvic Solca. Harvesting was carried out by Romsilva harvesting teams. The saw logs were sold at public tenders. Although it is close to one of our sawmills we didn’t buy any wood at this site. According to our information, the saw logs were purchased and processed by local companies. Fire wood was sold to the local community. After harvesting, the land was artificially re-planted with broadleaves seedlings.” (s. image on the right).

Conclusion: What we couldn’t find were signs of fraud and definitely no “lost forest”.

There’s another problem with the “Forest Loss in Romania Map”. The EIA-report only shows the map with areas that slipped under the 5m-threshold. There’s also the opposite case: forest gain. The following image indicates areas in Romania where the analysis found additional forest in 2012 compared to 2000. The National Institute of Statistics (INSSE) also shows an increase of Romania’s forest area by 2.8% in the same period²².

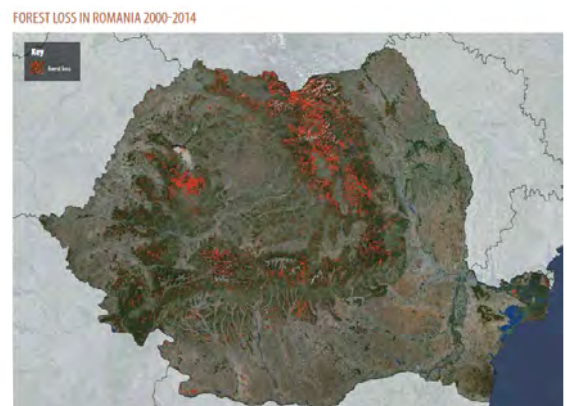


Figure 16: EIA-report indicating forest loss (Image: Environmental Investigation Agency)



Figure 17: Area reforested with hardwood species

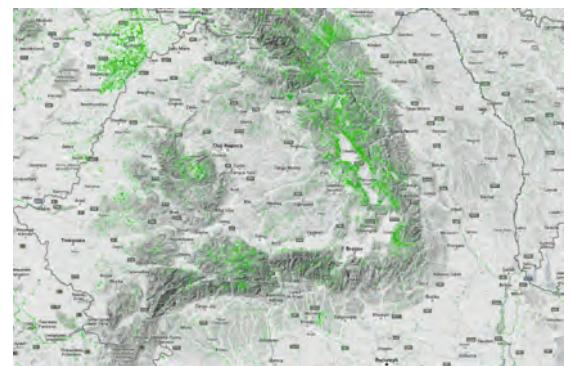


Figure 18: Green areas indicate forest growth²³ (Image: University of Maryland - edited)

Figure 1: Scheme of sourcing.....	5
Figure 2: Increments and removals in Romanian forests acc. to Eurostat (2010).....	8
Figure 3: Felling rates in Europe.....	8
Figure 4: Romania's furniture export value.....	9
Figure 5: Scheme of Holzindustrie Schweighofer's supplier selection procedure.....	10
Figure 6: Measuring of the timber upon loading and filling the date into the Aviz-forms.....	11
Figure 7: Scheme of cutting long lengths to assortments at a log yard.....	11
Figure 8: Volume comparison of timber with and without irregularities.....	13
Figure 9: Control of transport documents at the sawmill gate upon arrivals.....	14
Figure 10: Holzindustrie Schweighofer's market share at Romania's timber harvest.....	14
Figure 11: Document of reprimire of the forest plot from Corbu area.....	15
Figure 12: APV of the log transport in question in case #11.....	16
Figure 13: Aviz-data is manually entered in the sawmill gate's registries.....	17
Figure 14: The system indicates that the entered APV-ID didn't origin in National parks.....	18
Figure 15: Every load is checked upon its origin at the sawmill gates.....	18
Figure 16: EIA-report indicating forest loss.....	19
Figure 17: Area reforested with hardwood species.....	19
Figure 18: Green areas indicate forest growth.....	19

¹ http://eia-global.org/images/uploads/EIA_2015_Romania_Report_Final_low_res.pdf

² <http://rofn.ro/site/rezultate-ifn-1/grupe-de-specii-volum/>

³ http://wwf.panda.org/about_our_earth/deforestation/forest_sector_transformation/forest_certification/

⁴ <http://statistici.insse.ro/shop/index.jsp?page=tempo3&lang=en&ind=AGR306A> and own calculation

⁵ 2015: National Forest Inventory – Seeing the forest more than the trees, Fordaq

⁶ http://ec.europa.eu/eurostat/statistics-explained/index.php/File:T2_Timber_resources.png

⁷ Köhl et al. Criterion 3: Maintenance and Encouragement of Productive Functions of Forests (Wood and Non-woods). In FOREST EUROPE, 2015: State of Europe's Forests 2015. (<http://www.foresteurope.org/docs/fullsoef2015.pdf>)

⁸ <http://comtrade.un.org/data/>

⁹ <http://statistici.insse.ro>

¹⁰ http://www.dce.gov.ro/Info_business/APMR_2011/APMR/html/sector.htm

¹¹ INS (National Institute of Statistic), "Statistica activitatilor din silvicultura, anul 2014

¹² 2015: National Forest Inventory – Seeing the forest more than the trees, Fordaq

¹³ <http://statistici.insse.ro/shop/index.jsp?page=tempo3&lang=en&ind=AGR306A>

¹⁴ Prepared in accordance with art. 25 of the Order no. 1540/2011.

¹⁵ S. article 30 paragraph 1

¹⁶ <http://earthenginepartners.appspot.com/science-2013-global-forest>

¹⁷ <http://www.foresteurope.org/docs/fullsoef2015.pdf>

¹⁸ <https://webgate.ec.europa.eu/fpfis/cms/farnet/de/flagsheet/flag-factsheet-romania-fagaras>

¹⁹ According to article 3 of the GD 470/2014

²⁰ <http://earthenginepartners.appspot.com/science-2013-global-forest>

²¹ <http://tinyurl.com/gw5runw>

²² <http://statistici.insse.ro/shop/>

²³ Image created based on data available at earthenginepartners.appspot.com/science-2013-global-forest

Cover photo credits: vovan/Shutterstock



**HOLZINDUSTRIE
SCHWEIGHOFER**

Schweighofer Group - Head Office Vienna
Favoritenstraße 7/2
1040 Wien
AUSTRIA
T +43 1 585 68 62-0
F +43 1 585 68 62-20
office@schweighofer.at

Holzindustrie Schweighofer România
Strada Industriilor nr. 1
515800 Sebeş
ROMÂNIA
T +40 258 806 300
F +40 258 806 301
sebes@schweighofer.ro



This material is printed on recycled paper

