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Prime Minister, **Saulius Skvernelis**

Gedimino pr. 11,

LT-01103 Vilnius, Lithuania

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### **On the management of Lithuanian state forests**

Dear Prime Minister,

Currently, Lithuanian state forests are being managed through 42 forest enterprises. The Lithuanian government has prepared a bill to put before the Parliament for a new Forest law, which will reorganize the 42 forest enterprises into one single company, to manage the economic activities of the Lithuanian state forest.

The European federation of Building and Woodworkers, the recognised European social partner representing EU forestry workers, disagrees with this proposal which we believe would have negative economic, environmental and social effects for Lithuania.

First, the proposed merger would seriously restrict competition on the Lithuanian wood market. The proposed company would be in charge of 60 % of the Lithuanian wood supply, and could therefore be violating EU competition regulations. It would mean the disappearance of many small and medium-sized wood-processing companies, which have traditionally had a strong presence in Lithuanian rural areas. A probable consequence would be increased rural unemployment, as well as increased emigration of Lithuanian workers to other EU Member states, which would harm the supply of labour in the country.

Second, Lithuania has lived through a history inside the Soviet Union where Lithuanian state forests have been managed through a centralised structure. After the independence of Lithuania in 1919 and until the World War II, the forest management system in the country was functioning well. The Soviet period, however, was characterised by mergers and centralisation and this development destroyed the progress made during the independence and impoverished Lithuanian forestry assets. After the re-establishment of Lithuanian independence in 1990, the forestry reforms creating a number of forest enterprises, have been hugely successful and has led to the creation of new forestry management companies with a good economic performance. With the new proposal from the government, this positive development is now at risk.

Third, the importance of the 42 forest enterprises, managing the Lithuanian state forests, as engines for the rural economy cannot be overemphasized. The companies have created jobs and economic development in many rural areas, and have contributed to a diversification of the economy, to the benefit of the economy of the areas concerned. Many of the forest enterprises are cooperating with educational institutions in small municipalities, implementing programs to combat youth unemployment and supporting and organizing environmental education at municipal level. This positive development is now under threat from the proposed bill.

The structure of the management of Lithuanian state forests has made Lithuanian forestry management a success story with good environmental footprint, good economic profitability, and the creation of new technologies with the effective use of natural and human resources. In a report made at Yale University in 2012, where forestry management in 132 countries were compared, Lithuania was ranked number one in terms of forestry management efficiency.

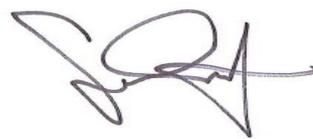
The Lithuanian government is now going ahead with its plans for restructuring and centralization of the forest management, without proper consultation with the social partners concerned. This process has already been opposed by a large number of forestry workers and companies concerned, and also by the Association of Local Authorities in Lithuania, the Lithuanian Association of Foresters, the Lithuanian Green Movement, the Lithuanian trade union confederation and other organisations associated to forest management. From a European standpoint we believe that it would be to the benefit of Lithuania if structural reforms like the one discussed in this letter are made in the framework of a dialogue with the social partners. In this way we believe that it is possible to come to a solution which would be acceptable for all stakeholders.

For reasons of competition, environmental sustainability, resource efficiency and regional development, the European Federation of Building and Woodworkers calls on the Government of Lithuania to abstain from said plans of centralization.

Yours sincerely



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President EFBWW Wood Committee



Sam Hägglund  
General Secretary EFBWW



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Vice-President EFBWW Wood Committee and President of Federation of Lithuanian Forest and Woodworkers Trade Union