

Prolemn: 30pct decrease in production in the wood industry induces a 1pct decline in GDP

Production in Romania's wood industry is dropping by 30%, a decline that induces a 1% decrease in the country's Gross Domestic Product (GDP), according to data published on Wednesday by the Prolemn Wood Industry Association .

According to the organisation, which sites industrial production indices published by the National Institute of Statistics (INS), the Romanian wood industry in 2023 has witnessed an uninterrupted series of decreases in production from previous year, to a low level in July of 67.6%.

"A 30% decrease in wood-based industries, considering the direct share in Romania's economy of 1.5% of GDP, is so large that it alone induces a decrease in Romania's GDP by 0.5%. If we also take into account the indirect and induced contribution, the influence is a drop greater than 1% of Romania's GDP, and, proportionally, in the governmental receipts . According to recent PwC estimates, wood-based industries contribute, directly and indirectly ,EUR 3 billion to the national budget. The artificial wood mass resource crisis, which triggered the firewood crisis last autumn, is one of the causes," says AIL - Prolemn Chairman Catalin Tobescu.

He adds that the too high domestic prices overlapped a drop in prices and a reduction in demand on international markets, and "the effect in the wood industry was devastating."

Also, "public policies do not address the real agenda related to economic and social development, they practically have only one orientation: a populist struggle, fought with ineffective and inadequate means against illegal logging."

"The latest development: a change announced directly through the publication in the Official Journal of the SUMAL organisation and operation methodology, with the introduction of an administrative sanction to withdraw the SUMAL user status. In fact, it is an extreme administrative punishment, instituted by ministerial order, that practically leads to the limitation of the right to work for broad categories of forestry personnel beyond the forestry contraventions established by law. The over-regulation reaches levels unimaginable in any other business," adds Tobescu.

Prolemn is putting forth a list of proposals that could unblock the wood market and stop the decline in the wood industry: RNP-Romsilva becomes market regulator and balances the offer to keep prices for the wood resource in line with the indexes of international prices; a transition to shaped wood should prioritise the sale of wood from warehouses, without disrupting the market with non-competitive offers - as is happening now, including on the firewood segment; the environmental assessment procedure of forestry facilities must become operational.

The Wood Industry Association - Prolemn is a non-governmental, apolitical and not-for-profit organisation that promotes the sustainable use of wood from sustainably managed forests in various industrial applications. Established in 2020, the Association currently has 37 members - companies from the wood processing industry.