

Proposal for the country report of Hungary to EFSOS, Budapest, 20-21 June 2005

1. In what way are the EFSOS C&R relevant for your country?

Introduction and section 5.1-5.2

Hungary was preparing itself for almost a decade to access the European Union. Therefore Hungary's major developments were closely directed in general to requirements of the EU institutions for accession. For Hungary the most relevant policy and market framework is the EU for the last 10-15 years.

This is especially important as the forest product market got during the course of the early 1990's completely liberated and trade was focused more and more with EU countries and EU markets. Therefore the statement certainly can be supported that "Policy developments will continue to have major impact on all parts of the forest sector" (page 210), which is the nature of things in general.

It can be stated that forests in social an environmental term became more important to certain interest groups in Hungarian society, but at general forest related issues are of marginal importance in current Hungary.

In this situation was in 2001-2003 the NFP Hungary elaborated and should serve as basic strategy and programme document for any further development of the forestry sector in Hungary. By its elaboration international commitments and domestic needs were considered as major requirements of the setting. It was also clearly oriented to assist Hungary's EU accession. As NFPs will serve at least in EU countries more and more as basis for the development of the forestry sector and will basically influence other forest land use concerned sectors EFSOS should pay more attention to achievements of NFPs and development trends can be drawn out of them.

It is also a general statement that in Hungary for forest owners whatever type (state or private) major income source is still revenues from forest products and up to 90-95% this is timber. As forestry provides many important other services the state maintains incentive systems to further the sector. In that sense not only market forces but the state's related policies are of outstanding importance for the primary forestry sector in Hungary, whereby state incentives play still an important role as combined with EU funds in co-financed measures, such as first afforestation or forest protection measures.

It is also easy to support the statement that "Economic conditions are likely to remain challenging in the future" (page 210), as this is experienced in the last decade in Hungary as well and this have not changed due to EU accession at all. Even the opposite can be stated, as in the EU global market players are dominating the overall European market of forest products.

Section 5.3

The question at page 211 whether a risk to growth should be related to continued progress towards democracy and market economy has lost its sense in Hungary in the last 15 years as it was a clear political commitment to these values. This was clearly confirmed by EU countries after Hungary's accession to the Union in 2004. The statement also relates of course to other new EU members. In that sense will be questioned the overall classification of the study distinguishing between: Western-Eastern Europe and CIS. This classification will be basically challenged by the accession of 10 countries to EU and also from point of view of geography and politics. (see also section 5.4 page 212)

Section 5.4

Shifting of production to the east can only mean in Hungarian perspective the CIS and to certain extent the Baltics.

Doubts should be placed at this point also to the two first bullet points on page 212 as it is not likely to happen that in the east countries in transition processes the forest sector will play a very significant role neither that very significant revenues can be realized through trade of primary processes forest products. This is of course a relative statement but viewing this in comparison to other resources and sectors to be accessible in the concerned region, such as oil, gas or transport, industry production and energy sector, the forest products remain largely behind them in importance. Therefore the statement that forestry will play a LARGE role in the reconstruction of these countries can not be supported accordingly to Hungarian experience regarding transition process of national economy. (page 212)

But it can be supported that domestic markets are likely to be changed in these countries, such as it also happened in Hungary.

The last statement of section 5.4 can be supported and likely to be happened in Hungary assumed that the currently not managed private forests got to management and therefore actual annual fellings will increase by some 10-20 percents but certainly not overcome annual overall increment.

Section 5.5

Concerning cross sectoral policy impacts of section 5.5 the followings can be reported. Domestic and international environmental policies already have had a significant influence for the regulation of forest land use related issues in Hungary (regulation on nature protection, NATURA 2000). Main influence of the EU accession laid so fare on waste management and other environmental issues as raw and domestic sewage, air pollution. In that sense the statement at page 213 referring to two main areas of impacts of environmental regulation (recycling and renewable energy) should be in case of Hungary amended by waste and sewage management. Those have a minor role in forest related areas meaning that main consequences of environment policies in relation to

forests will be due renewable energy regulation mainly and agro-environment aspects, while recycling concerns all type of wastes and is an issue of general importance.

Statement of the sub-section 5.5.2 can be stated also in Hungary mainly referring here to the new marketing possibilities of small diameter timber for energy/heating generation purposes. In that sense also the private forestry sector with small production units and local/regional presence has great expectations to gain access to local/regional markets.

This also assumes new investments into a related sector (energy) having direct impact on forestry and forest land use.

Debate in Hungary will be concentrated to regulation issues of forests generally and plantations, respectively definition debates will gain / are gaining new momentum.

Herby reference should be made to the fact that similarly to Western Europe the EU regulations relating to rural development are valid in Hungary as well. Impact of this can be even stronger as in most of the Western European countries but it depends mainly on the outcome of discussions about the new Council Regulation on Rural Development referring to first afforestations' regulation and financial aid possible for.

Section 5.6

To 5.6.1 is to remark that an expansion of forest resources was during the 20th century also in Hungary a central forest policy issue. In that respect EU regulations have in future a strong influence by keeping this focus as relevant as it has been in the last 50 years.

Referring to statements in sub-section 5.6.2 that technology barriers of enhanced production efficiency are attached to small scale ownership (page 215) we should put more emphasis on local and regional marketing of timber and other forest products coming from small scale forest estates. The management difficulties of technical or organizational art of small scale forestry can be easily resolved or enhanced by relevant market demands – in this case mainly of local and regional scale.

Therefore this question should not be viewed from the point of ownership but from the point of marketing and demand of wood/other forest products at local and regional level. In that sense it has a strong link to the use of renewable energy sources (RES) developments in the future. If the use of RES will develop adequately than is natural that felling and potential supply of wood will become closer to each other as this is Hungary timber is a dominant form of RES (see page 216).

Biodiversity and nature conservation issues of section 5.6.3 are in Hungary from the point of view of additional management costs for special requirements for this type of forest management debated. Institutional responsibilities require a better coordination and clear decisions of the Government. In that respect already protected forests and as new development mainly the NATURA 2000 areas require special attention in Hungary as very large areas were designed to be part of NATURA 2000 and some 20% of forests are under different level of protection (2004). Tension might come up stronger depending on the adequate or on the contrary inadequate distribution of rural development and environment financial sources for that special purpose.

Certainly forest protection and nature conservation issues will play a more important role in Hungarian forest management in future. But these changes should happen in terms of

qualitative and not quantitative changes e.g. by enhancement of forest management regimes and practice and not by the further extension of protected areas. Therein also game management problems and damage of overpopulated game stocks to forest ecosystems is to be settled. These questions are also adequately tackled and elaborated in the National Forest Programme of Hungary or the National Plan for Nature Protection.

Section 5.7

Statements in 5.7.1 can be fully supported.

Concerning sub-section 5.7.2 is to be stressed that in Hungary and in most of the new EU countries where state forestry prevails against private forestry revenues from timber sale are the most important source of income currently. In that sense not the term “forest owners” but the term “forest management” or “forest management in different ownership forms” should be used. The last article of the sub-section in 5.7.2 can be fully supported and represents the major challenge for forest management of the future in Hungary as well.

In sub-section 5.7.3 the control of government expenditure occurs mainly referring to the importance of forest and forest products certification. In that respect still a long way to go in Hungary, but Government’s behavior will be certainly a driving force in that, such as it is already in UK or Germany.

The freedom of owners’ choice regarding management decisions needs further to be extended in order to resolve consequences of disinterest in forest management of private forest owners affecting 35-40% of private forests currently (2004). In Hungary still administrative regulation is seen as major mean of influencing forest management. In coming future and with implementation of the NFP Hungary this is expected to be changed a lot due to sharing responsibilities in forest policy setting respectively strengthened private forest sector and interest representation structures.

In that respect a major factor of success will be how effectively the participatory approach exercised by the elaboration of the NFP Hungary can be overtaken to the implementation phase of it. This of course will also be influenced by the other sector relevant programmes’ implementation, such as the National Rural Development Plan and Programme and bioenergy programmes for instance. The positioning of the forestry sector in cross-sectoral relations will be decisive in future than ever before.

Section 5.8

To answer the leading question of this section have Hungary’s forestry concerned institutions gathered to design the National Forest Programme which was adopted by the Government in 2004. However, recent policy development shows that the success of sector programmes does not depend mainly on the strong viewed programme content – as it can be assumed that this is adequate to current accessible knowledge and information of the modern age – but on the success of inter-sectoral coordination and integration of measures and goals into other sector programmes. To succeed with this the major challenge is to overcome old-fashioned governance traditions and governance institutions mixed responsibility as barrier for implementation and passing of adequate regulations.

Hereby further support of the integration of NFPs into National Development Programmes and policy programmes for energy, rural development or environment should be pressed by EU institutions and other relevant international organizations such as FAO, UN ECE or IUCN as possible international support to national policy making efforts.

Regarding the threats sorted by the three pillars followings can be stated. Among the threats by the economic pillar bullet points 1-3 are of major importance in Hungary and their relevance can be stated the most. The third point is especially important in light of the co-financial issues within the EU regulation, such as rural development measures e.g.

In terms of the social pillar the bullet points 2 and 4 have special relevance in Hungary. Thereby NFP and RDP should address these threats to limit their validity.

Concerning the environmental pillar the bullet point 3 is mainly discussed in Hungary. Concerning bullet point 1 there with the introduction of NATURA 2000 areas discussion came up concerning how to manage them out of current financial means. Certainly the damages of overpopulated game stocks are of outstanding importance in this section.

Section 5.9

5.9.1 can be fully supported with the remark that the Hungarian housing market sees a current expansion of wooden housing and that wood for heating purposes at households level has a long tradition (some 40-45% of the overall fellings in Hungary are broadleaved fuel wood). Since recent years this will be supported by regional scale power plants using wood as energy source.

Regarding 5.9.3 is the role of the EU accession of 10 countries by 2004 and the future accession of further 2-3 by 2007 should be more in the center of the EFSOS study in future as for these countries the EU represents the major policy framework and market for their forest sector.

Regarding 5.9.4 in Hungary experience shows that bullet point 7 and 9 are of outstanding importance to achieve enhancement in improvement of the economic viability of the forestry sector. But the main difficulty is certainly to succeed by the summary made to this section: gain enough political power in or for “Governments should or can attach sufficient political priority to implementing the commitments made in Vienna”.

Recommendation 5.9.5 and 5.9.6 can be fully supported.

To 5.9.7 can be added from Hungarian point of view that cases can emerge where forest management is not hampered by the lack of forest law enforcement but by too strict governance or strict forest laws. In these cases development of law enforcement can also be achieved by liberate requirements of forest management if adequate to the minimum of securing the sustainable use of forest resources (see forest management planning of

private forests as example). In this respect Western European experience is of high value to further development in this respect to the new EU countries for instance, meaning also Hungary.

In recommendations 5.9.8 and 5.9.9 recommendations of monitoring policy and institutional developments respectively environmental and social benefits can be fully supported by putting the remark that at national levels the mentioned criteria and indicators remain often abstract and not known to forest land use actors at regional or local level. In that respect framework improvements for monitoring systems should be enhanced.

Concerning 5.9.10 it must be emphasized that policy dialogue concerning forests in Europe will be essentially influenced by EU institutions and EU framework regulations also in terms of not EU countries. In this recommendation the EU is not mentioned at all. All the mentioned institutions (MCPFE, UN ECE TC, FAO EFC) can not achieve major changes without a basically improvement of their cooperation with respective EU institutions. This is due to the simple fact that the mentioned institutions have no implementation power but it does have the EU. Is also a general statement that in the whole EFSOS study the EU dimension concerning markets or policy framework comes to short or not enough considered. This remarks related equally to recommendation 5.9.12, where the role of the EU as regulation framework for rural development is not mentioned at all in spite being one of the major driving force in Europe's RD and employment domain.

2. Which of the policy scenario assumptions made in EFSOS fits best to the situation in Hungary?

The Integration scenario should have priority in Hungary to enable best development of the forestry sector in Hungary. This scenario is the one to be supported e.g. by the NFP Hungary or the national Rural development Plan, as well.

This is due to three factors:

1. EU accession of the country will support further integration to EU countries and liberalization of markets in general. Hereby all the influence of EU countries' development will be stronger in Hungary in terms of possibility for cooperation as Member State and in terms of real mandate for influencing rule setting.
2. Conservation policy influence remains strong but it seems to achieve of its limits in terms of area concerned after the introduction of NATURA 2000 areas. In this respect qualitative influence has also its limits as conservation regulation was strong in Hungary in the last decade and consolidation of problems will progress in future, where adequate compromises have to be introduced to settle conservation versus management problems.
3. FAWS area is likely to expand itself in Hungary according to this scenario because of EU and renewable energy use development potentials.

3. Expected significant changes as result of EFSOS analysis

The EFSOS analysis is very appreciated background information on possible trends and overall European developments of the forestry sector.

It is to be stressed that it does not really fit to the valid political framework for Hungary as it does not really considering the EU as basic reference.

It neither fits to Hungary's geographical and social development position as this is clearly Central Europe and not Eastern Europe even though in details many of the described trends are valid for Hungary of course. Those fitting, to find out requires quite considerable efforts of an EFSOS user.

For Hungary the NFP Hungary, the National Rural development Plan and other relevant national strategies are of basic importance by any further development within the EU framework.

Because of reasons described above it is likely to happen that EFSOS might remain interesting only to few generally interested institutions of forest land use with research character as they need a comprehensive overall European approach. Decision maker clearly need a different focus, for them EFSOS often might remain too abstract. This could be basically enhanced if different classification were used, such as e.g. EU, Eastern Europe, CIS or Western Europe, Central Europe, Eastern Europe with CIS and taking better into consideration the EU as major policy and market framework in Europe.

The recommendations of EFSOS are often in line with current Hungarian forest policy findings and are reflected also in policy background papers (see NFP Hungary or valid text of laws, position papers of forest policy stakeholders). Those recommendations can serve to keep direction of development and the focus on common issues relevant to other countries. They also can help to identify Hungary's position concerning solutions to problems of international scale.

Detailed description to the recommendations is given by the first question.

4. Who uses EFSOS in Hungary?

EFSOS will be used mainly by institutions basically interested on forest policy development as background information and comprehensive study on market developments. This means university and research institutions in first line.

Statistics and trends of EFSOS can to attention of market players of special interests in either Western, Eastern Europe or the CIS region.

But is sure, that experts involved in international forest policy and market issues will be the main consumers of EFSOS.

5. EFSOS distribution process...

FAO SEUR/Budapest distributes EFSOS as printout to its partners.

The electronic form can be downloaded from the Internet, the links were spread out to the institutions dealing with forestry matters.

6. EFSOS idea contributions to national debates or analysis

- The idea of trends by regional breakdown
- The method of elaboration of different scenarios of development according to different policy development emphasis

7. Comments on the country profile used by EFSOS

Few ideas concerning data from 2000:

	Country report in 2000.	National statistics
Forest area	1,75	1,77
Growing stock	305,00	325,16
Increment	10,10	11,97
Felling	7,39	7,29
Net harvested	5,90	5,90
Production of sawnwood	0,29	0,21
Production of panels	0,56	0,59

Differences in our scales are relevant.

Concerning trends and forecasts can have a higher importance:

		In 2000		Baseline scenario		
		Facts	EFSOS	In 2000	In 2010	In 2020
Forest assets						
Forest area	ha	1,77	1,75	1,70	1,74	1,77
Growing stock	m ³	325,16	305,00	316,65	352,17	370,23
Increment	m ³	11,97	10,10	9,71	9,33	9,15
Felling (gros)		7,29	7,37	6,63	6,50	6,46
Production	m ³					
Sawmil (net)	m ³	5,90	5,90	5,31	5,21	5,17
Sawnwood	m ³	0,21	0,29	0,30	0,35	0,41
Panels	m ³	0,59	0,56	0,55	0,82	1,13
Yield	%	80,93	80,05	80,09	80,15	80,03

What could be the answer for the above questions:

1. Our yields are lower than EFSOS shows

2. Forest area reaches only in 2020 the area of actual forest area in Hungary when the country's NFP as well as the EU Action Plans suggests the permanent increase of the forested area
3. The increase of the forest area and growing stock is not followed by the increase of the felling This is questionable in the light of the increasing carbon sequestration the increment of the forests are increasing Europe wide. The decrease of the felling can be explained with forest-policy issues.
4. The decreasing raw material gives increasing sawnwood and panel production when significant part of the harvested material – especially the raw material for pulp and panels – is requested by the energy sector as well.
5. From an increasing forest area, practicing a decreasing harvesting the yield is decreasing. The wood quality of the forests is decaying?
6. The production of the panels is in close relation with the use and production of sawnwood. The MDF panels are destined to substitute great part of the sawnwood. If the panel production is increasing what would the market do with the increased sawnwood production produced from a decreasing quantity of sawmill. It must be taken into account that the quantity of raw material is decreasing, the same the assortment is, that means lower quality of roundwood used in production resulting lower quality for wood products, which is neglected in favor of the MDF panels.
7. The spread of the energy-forests, the EU-support for the renewable energy suppliers the production of the firewood could increase.

Summarizing: not in any cases the model for forecasting is good in the case of Hungary.

8. Suggestions for further activities

EFSOS activities will be supported also in future from Hungary.

To enhance the relevance of EFSOS for Hungary see recommendations regarding the classification by answer Nr. 3.

In the future more attention must to be focused to the non-wood related values of the forest even if for the moment the collection of data is not easy.