

LATVIA
National Report
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The Forest Consultative Board

The Forest Advisory Board (FCB) is an informative, consultative and co-ordinating non-governmental organisation. FCB's main task is to co-ordinate the standpoints of social and professional organisations concerning implementation of the Latvian FP and deliver proposals to the Minister.

Recent developments.

Economical development

In the recent years GDP in Latvia has been on increase. Successful developments were observed from 1996 to mid-1998 when the average increase of GDP was 6%. However, as a result of bank crisis in Latvia and financial crisis in Russia, the average increase of GDP accounted for 3,9% per year from 1995-1999. The results of the first quarter of 2000 indicate continuous improvements in national economy. In the first quarter of 2000 compared to the same period last year GDP has increased for 5,3%. Inflation in Latvia for several years has been one of the lowest among other countries in transition. The average inflation in 1999 composed 2,4%.

Successful development of forest sector favourably influences the country's economic environment in total. It provides for development in connected branches and improves the employment situation in rural areas and in service industry (transport, power industry, mechanical engineering etc.).

Wood and wood products (including pulp and paper and furniture) sector currently is one of the most important industrial sectors in Latvia accounting for 10-12% of the GDP. The main principle in wood and wood products (including pulp and paper and furniture) and forestry is sustainable development of these sectors providing maximum value added to national economy and international competitiveness of the products.

The recent developments in wood and wood products export from Latvia can be described by the following figures: in the first half of 1999 the total export of wood and wood products accounted for 223539,3 thousand LVL; the same period in 2000 accounts for 255162,2 thousand LVL.

As a drawback in wood and wood product exporters business was the rapid slide of euro.

Pulp mill project

In 1999 roundwood, mainly pulpwood, export from Latvia accounted for 2,96 million m³. Due to the absence of up-to-date equipment most of Latvian paper machines are idle or partly dismantled. As a result the branch has switched mainly to imported paper and board converting operations. In 1995 a Prefeasibility Study for a potential Market Pulp Mill in Latvia was initiated. The results were positive and the government of Latvia decided to support an investment in a world-scale pulp mill. It is expected to get pulp mill operational in 2005. In order to implement the project the company *Baltic Pulp* was established jointly owned by Latvia, Swedish Södra Cell, and Finnish Metsäliito International Ltd. At the moment the new Company has started activities to provide conditions for principal investment decision.

SFM-Certification

For several years there have been both active discussions and practise carried out in Latvia concerning SFM-certification. Latvian FSC working group has been established, national certification scheme has been prepared and the basic document - FSC Latvian Forestry Certification standard- is to be confirmed. In May, 1999, LVM Ltd. applied for membership in FSC and announced to the international community: 50% of the state forest area will be certified according to FSC in two years time, other half will be certified soonest

possible. Being the manager of the biggest forest holding in Latvia LVM Ltd. already in its Initial Statement has declared high priority to SFM-certification.

Today LVM Ltd. has started to prepare the company for SFM-Certification. This requires a lot of resources – human as well as financial. There are areas where a lot of foreign technical assistance and expertise is needed in LVM Ltd. as well as among other players of the sector.

Regarding PEFC - several preparatory works have been carried out in order to enable PEFC SFM-Certification in Latvia in the closest time. Latvian PEFC council has been established, national certification scheme has been prepared and the basic document - PEFC Latvian Forestry Certification standard - is to be confirmed.