IMPLICATION OF GREEN TAX IN CROATIAN FORESTRY

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INTRODUCTION

- Croatian experience presented through collection of green tax, distribution and issues related to tax collection

- Ecological (protective), social and combined social/eco-physiological functions (genetics, biodiversity, env. protection, carbon seqy.)
Croatian Mediterranean forests

- 43% (1,143,250 ha) of total forests area
- Highly valuable for providing NWFPS-tourism
- Total value 31.9 billions Euro (Mediterranean forests monography 2011)
- Small income, big protection costs
- Mediterranean forest history dated in 1878 (City of Senj)-littoral karst organization
23%  
593.027 ha

77%  
1.987.799 ha
Croatian Forests Ltd.
-Vision, mision

- Ecologic - sustainability
- Economic – sustainability balanced scorecard
- Social – rural development
- Afforestation with Aleppo pine, cypress, cedar, stone pine and maritime pine
THE HISTORY OF GREEN TAX REGULATION

• In 1980, Forest Law from 1977 - provide funding for afforestation, forest renewal and fire protection

• In 1990 new Forest Law - **obligatory** payment for all economic subjects who are registered in Croatia, in amount of **0.07%** of annual income for using forest services.

• Evaluation methodology developed at the Faculty of Forestry Zagreb (prof. Prpić)
Collection started in 1991 to the special account of Public Forest Enterprise

Companies (legal subjects) obliged to pay quarterly based on total annual income

In 2005 New Forest Law - Public Forest Enterprise Croatian Forests became Ltd.

In 2010 Government reduce the rate for 25%, to 0.0525% of annual income

In March 2012 reduction to: 0.0265%
• Fund is managed by Croatian Forests Ltd.
• In 2006 Forest Extension Service used that fund until 2010 for support of private forest owners
• company is obliged to send annual report to Croatian Parliament on tax collection, its distribution, as well as planned distribution for next year.
<table>
<thead>
<tr>
<th>Economic Issues</th>
<th>Amount (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mine Sweeping (State and Private Forests)</td>
<td>9,965,257</td>
</tr>
<tr>
<td>Forest Stand Preparation</td>
<td>354,930</td>
</tr>
<tr>
<td>Young Stands Nursing</td>
<td>1,744,888</td>
</tr>
<tr>
<td>Stands Thinning</td>
<td>793,372</td>
</tr>
<tr>
<td>Sowing and Planting</td>
<td>1,049,956</td>
</tr>
<tr>
<td>Burn Out Area Restoration</td>
<td>492,516</td>
</tr>
<tr>
<td>Forest Protection and Preservation</td>
<td>8,961,251</td>
</tr>
<tr>
<td>Forest Management Plans</td>
<td>7,767,882</td>
</tr>
<tr>
<td>Restoration of Treated Forest</td>
<td>904,439</td>
</tr>
<tr>
<td>Forest Roads Building (Fire Breaks)</td>
<td>9,227,690</td>
</tr>
<tr>
<td>Protection of Gene Diversity</td>
<td>197,241</td>
</tr>
<tr>
<td>Private Forests</td>
<td>5,788,099</td>
</tr>
</tbody>
</table>
Mediterranean countries 2000-2010 year

<table>
<thead>
<tr>
<th>State</th>
<th>Portugal</th>
<th>Spain</th>
<th>France</th>
<th>Italy</th>
<th>Grece</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average number of fires per year</td>
<td>24.684</td>
<td>17.736</td>
<td>4.360</td>
<td>9.834</td>
<td>1.636</td>
</tr>
<tr>
<td>Average burnt area per year (ha)</td>
<td>148.555</td>
<td>118.833</td>
<td>21.247</td>
<td>80.483</td>
<td>45.577</td>
</tr>
</tbody>
</table>

Number of fires and burnt area (CRO)

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of fires</td>
<td>181</td>
<td>131</td>
<td>280</td>
</tr>
<tr>
<td>Burnt area (ha)</td>
<td>2900</td>
<td>1122</td>
<td>15.554</td>
</tr>
</tbody>
</table>
Green tax collection 1993-2009
in million EUR

Million EUR

Burden in recession

- FOREST PROFESIONALS – proof for multifuncional forest functions (green tax + FSC)
- Croatian Association of Employers – parafiscal tax on company income
Conclusion

- Government – governance
- Decisions related to green tax implementation were brought in non-participatory manner, i.e. solely by governmental directives.
- The prescribed amount was not based on valuation of forest resources - political decision.
• Transparency of tax distribution and better public relations could improve public acceptance of green tax,
• raise awareness of values of forest resources and important issues forestry sector is dealing with
• preservation of forests on karst
• Annual report for tax payers!
• Who should pay and how much?
• Marketing in forestry-public participatory process
• From July 2012-EU regulation and experience
• Proposed Agency for green tax distribution
• Future research
Thank you for your attention!