

Growing valuable trees - an attractive economic investment?"

Dr. Andreas Nobis
Chairman of LIGNUM Holding AG

Planning for growing wood means looking decades ahead being guided by long-term macro-economic thinking and not by short term market trends. This is especially true for valuable wood which may grow relatively slow.

Timber will be higher valued when prices for oil and gas increase. The quantity of timber supply needs to be adapted to the development of the world economy. Most likely the demand for wood may even grow faster than the world economy.

The increasing demand for wood, including valuable wood, will be supplied to a larger extent by intensive plantations based on strict social and ecological standards. Conditions for wood production have to be optimized and best methods have to be applied. Such conditions are:

- Optimal climatic conditions
- Best soils, if needed soil improvement and fertilization
- Excellent genetic material
- Avoiding competition by other plants
- Avoiding pests and diseases
- Optimize the ratio of amount and quality of wood

Intensive plantation forestry requires – as compared to traditional forestry a rather high capital investment. Therefore intensive wood production is an option for private initiatives.

The financing of intensive valuable wood production is bearing difficulties because of the generally long lasting time until the capital is paid back. Private financing today is asking for a 10% interest rate. This means

- Rotation periods of not more than 20 maximum 25 years.
- Round wood diameter of about 40 cm (final crop trees)
- Premium wood quality

Generally the wanted quality can not be achieved with native genetic material, instead well selected high quality genetic material has to be used. This is the key issue for intensive plantation management when valuable wood should be produced which require additional actions. On the other hand appropriate technology and modern enterprise organisation are essential to minimize costs.

Dr. Andreas Nobis
LIGNUM Holding AG
Lynarstraße 1
14193 Berlin
Telefon: 030-89065350
Fax: 030-89065340
lignum@lignumag.de