

# Activity Report 2020





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# Introductory Remark

Dear readers,

this document will briefly acquaint you with the activities of the state enterprise Lesy České republiky in 2020.

After five dry years, the weather was finally better for forests than bark beetles. Last year was above average both in terms of temperature and precipitation, which was reflected in most of the Czech Republic. Especially in northern Moravia and Silesia, the long-term precipitation deficit was at least partially lessened. Apart from the February wind episodes, including the gales Sabine and Julie, which damaged about 1.3 million m<sup>3</sup> of wood in the state forests, no other abiotic damage occurred, so we could focus on finding, remediating and processing wood and selling it as the slowdown and phasing out calamity was and is our priority. In 2020, the company historically harvested the most wood in the volume of 14.4 million m<sup>3</sup>, which is 459 thousand m<sup>3</sup> more than in the previous year. Of this, 9.6 million m<sup>3</sup> was bark beetle infested wood. Just for comparison, I would like to add that the company harvested about 8 million m<sup>3</sup> of wood per year in non-calamitous years. It follows how much effort it takes to cope with the calamity and the subsequent restoration of the forest and how many capacities, people and machines it requires. I would like to thank all those who are involved in managing the calamity again.

The bark beetle swarmed twice in 2020 due to the weather in most areas, so it was one to two generations less than in previous years. This was matched by the December balance of 390,000 m<sup>3</sup> of bark beetle infested wood, which was only 34% of the volume registered on the same date in 2019. In most areas, we managed to process bark beetle infested wood until the beginning of spring swarming in 2021. The situation has gradually improved in Moravia and in some parts of the Vysočina region, but the disaster is now developing fastest in the Ústí nad Labem Region and in the adjacent part of the Liberec Region, then in the Pelhřimov Region in the Vysočina Region and in the Svitavy Region in the Pardubice Region. Our maximum efforts are now concentrated in an effort to prevent a possible deterioration of the situation. For all regions, however, we continue to search for and process infested trees and subsequently restore the forest. In 2020, we afforested 16,188 hectares, of which 3,797 hectares were restored naturally. We have planted 74 million seedlings of various tree species that correspond to local habitat conditions. The wood composition reflects the changing climatic conditions, so there are more and more deciduous trees in the forests.





**Josef Vojáček**

Chief Executive Officer of a state company Lesy České republiky

We responded to the economic situation and the consequences of the calamity with, among other things, an organizational change announced in the company's strategy, approved by the Ministry of Agriculture and discussed with the trade union and the Supervisory Board. It was about merging administrative processes, finding savings in the overhead area, because it is impossible to save in the forest, and a new use of our own operating capacities. The number of operational employees, district inspectors and others who are needed in the forest remained the same or increased, while the reference administrative overhead positions decreased. Specifically, the change consisted of three steps. In September 2020, a new specialized Forest Technology Plant was established. As of January 1, 2021, we abolished all 11 regional directorates and established 7 new regional directorates, which now also include water managers who previously worked in independent water management units. This enables a coordinated and decentralized way of managing forest and water management. In the Olomouc Region, six forest administrations merged into three. We intend to continue discussing specific impacts and experiences with the new organizational structure with all relevant partners in 2021. Thanks to the reorganization, up to 150 new operating positions can be created, while 42 administrative positions have been abolished. I see a great positive in strengthening the operation and agility of the Forest Technology Plant with its own people and machines.

We also adapted forest tenders to the disaster. The orders were divided according to the territorial disaster, we counted on the use of our own and other people's capacities. Thanks to this, we can proceed according to the current situation in the region. I consider the tender a success, because we managed to conclude all 29 contracts without any objections by the end of November, ie for the first time in history so far in advance that the work can start without any problems from January. Six million cubic meters of timber competed on 188,012 hectares of forest, an annual harvest of 1.2 million cubic meters of timber and cultivation work on 1,534 hectares. A total of 190 offers were submitted by 36 companies.

The company also continued its business strategy. We traded 4.6 million m<sup>3</sup> of wood on our own. In the spring, during the first wave of covid, we noticed the initial uncertainty of the representatives of the wood processing industry, but gradually everything returned to full operation. At the end of the year, perhaps the long period of unfavorable and stagnant sales prices ended and we believe that this trend will continue. The Lesy ČR also responded to the spring emergency associated with the covid pandemic, so that after the release of government measures, we reduced the price of all timber for the public and resumed the stopped sale. The price reduction affected both self-production and harvested wood, which people could buy from forest warehouses. The company has expanded its offer and the number of points of sale.

We also paid great attention to the protection of the forest with regard to bark beetles and other pests. In addition, we have launched the Return of the Owls program, which aims to naturally reduce the overpopulation of voles and protect forest tree seedlings that rodents kill, as well as the harvest of farmers or winegrowers. In 2020, we therefore installed 4,000 birdhouses on excavated clearings and in forests throughout the country, mostly in the Vysočina region, which has so far been the center of the calamity. As part of our next program We return water to the forest, we completed 80 water management structures and built 80 ponds and wetlands. We are building another 50 water works and designing 150. The annual balance of the program reached 210 million crowns. We also focused on the area of the confluence of the Dyje and Morava rivers. With the Confluence program, we invited experts and the public to discuss on social networks. Even in this non-traditional form, we moderate the exchange of views between forest managers, ecologists and citizens and clarify what is possible and necessary in the care of the landscape and the unique complex of floodplain forests in South Moravia. The company, as a responsible professional manager, still has to balance the three basic pillars of forest management - economic, ecological and recreational.

However, in 2020 we also addressed the public in other ways. In addition to the establishment of the podcast channel Ear to the Moss, together with the Military Forests and Estates of the Czech Republic, we launched the program From the Forest to the Table with 65 points of sale throughout the country. There we offer Czech consumers game with a clear origin and a price comparable to the production of livestock meat. At the end of January, we announced discussions of foresters in all regions at more than 120 places in the country. We wanted to clarify how



**We planted**

**74 mil.**

---

seedlings of different  
trees



**210 mil.**

We continued with the  
program We Return  
Water to the Forest  
by implementing  
a project worth  
210 million crowns.



**4,000**

In the project  
Return of the Owls  
we installed 4 thousand  
birdhouses



**We afforested**

**16,188**

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hectares



the Lesy ČR are facing a bark beetle calamity, when the calamity will end, how the restoration of the landscape continues or what will the new forests like that are being planted and will continue to be planted in their region and the whole country. We prepared 400 working events, which were to culminate in the October for Forest Renewal Day. Unfortunately, all this did not happen due to the pandemic and the state of emergency. In the period between the covid waves, we finally organized only about a hundred events. In 2020, people also took part in the restoration of forests. I must definitely also mention the spring commitment of the public to afforestation and other forestry work. We offered a part-time job to anyone who could not be in school or practice their profession during an emergency. The interest was huge, they worked in small groups, in face masks and at sufficient distances. In the spring, we offered work to more than a thousand people throughout the country and we thank everyone for helping the forest.

Last year, the company's finances were significantly positively affected by state funds to compensate for the reduction in timber prices due to the calamity of 2,299 million crowns and negatively by low timber prices, sale of poorer quality timber affected by bark beetles and rising costs of growing activities. Our priority remains coping with calamity, which means continuing to process calamity wood using our own and other people's capacities, paying attention to forest protection, restoring calamity clearings, trading in wood on their own, continuing to cooperate with contractual partners, invest in water management structures that retain water in the landscape and prepare public events – popular working event Forest Renewal Day, as well as meetings with local government representatives and others.

We will not just forget 2020. Because of the pandemic, which no one anticipated and could not even imagine its consequences and duration. From the point of view of farmers in the countryside, after extremely dry years, all seasons alternated again, summer was typically Central European, sun and clouds came and there was no miraculous amount of rain. Even in the absence of a bark beetle vaccine, a comparison of coronavirus to bark beetle is apt, as both can only be countered by measures that everybody respects. And if that is the case, then we will return to the „normal“ - social and natural. And I think that's what we all want.

Sincerely



**Josef Vojáček**

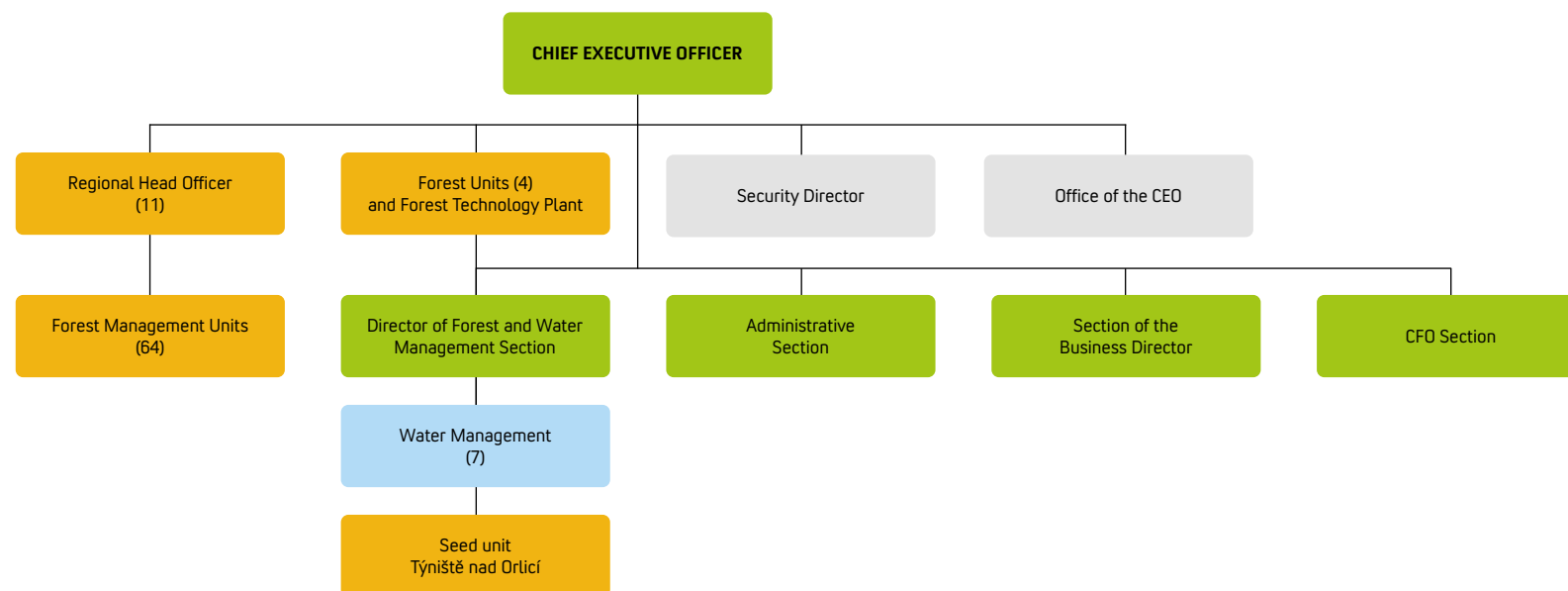
Chief Executive Officer of a state company Lesy České republiky

# About Our Company

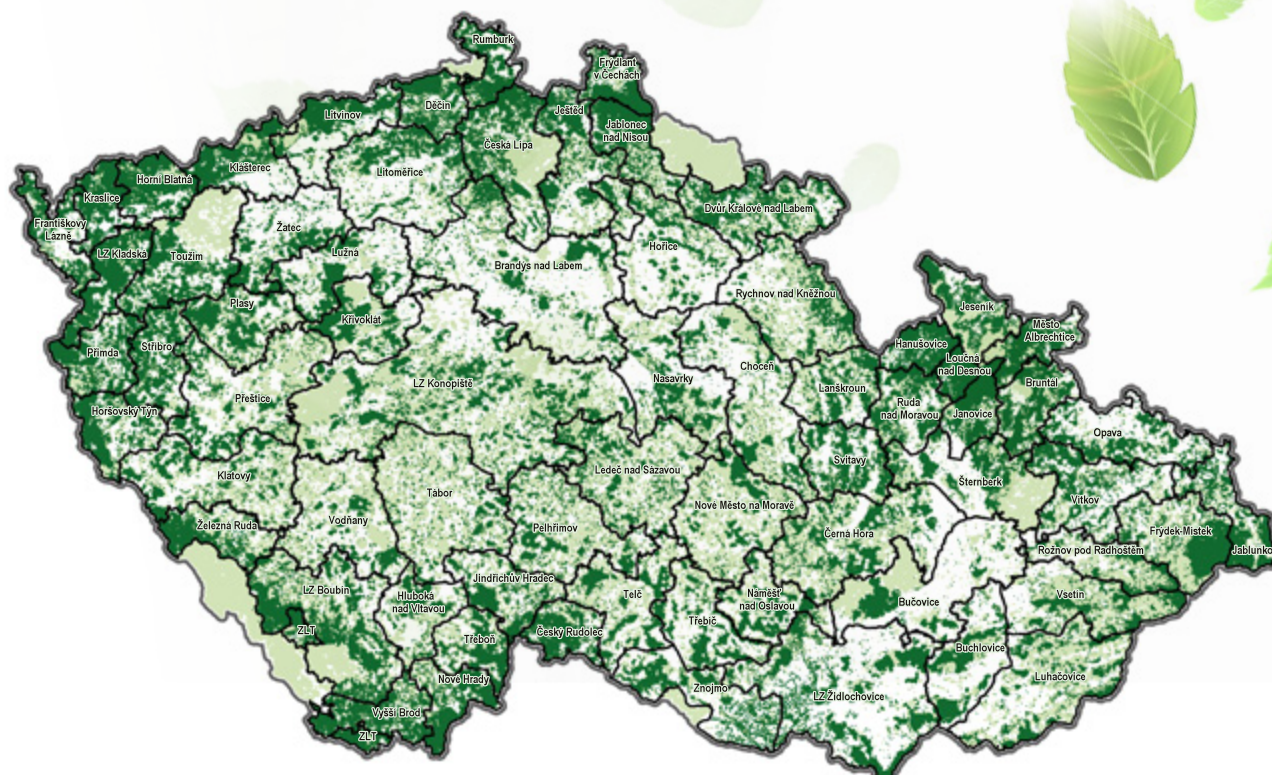
The state company Lesy České republiky manages more than 1.2 million ha of forest property owned by the state and takes care of more than 38 thousand kilometres of small watercourses and small water reservoirs.

The basis of the company's forestry strategy is sustainable management of forests based on the maximum use of the productive forces of nature. The aim is to create stable high-quality, species, spatially and age-group mixed forests.

## Basic Organizational Structure as of 31 December 2020

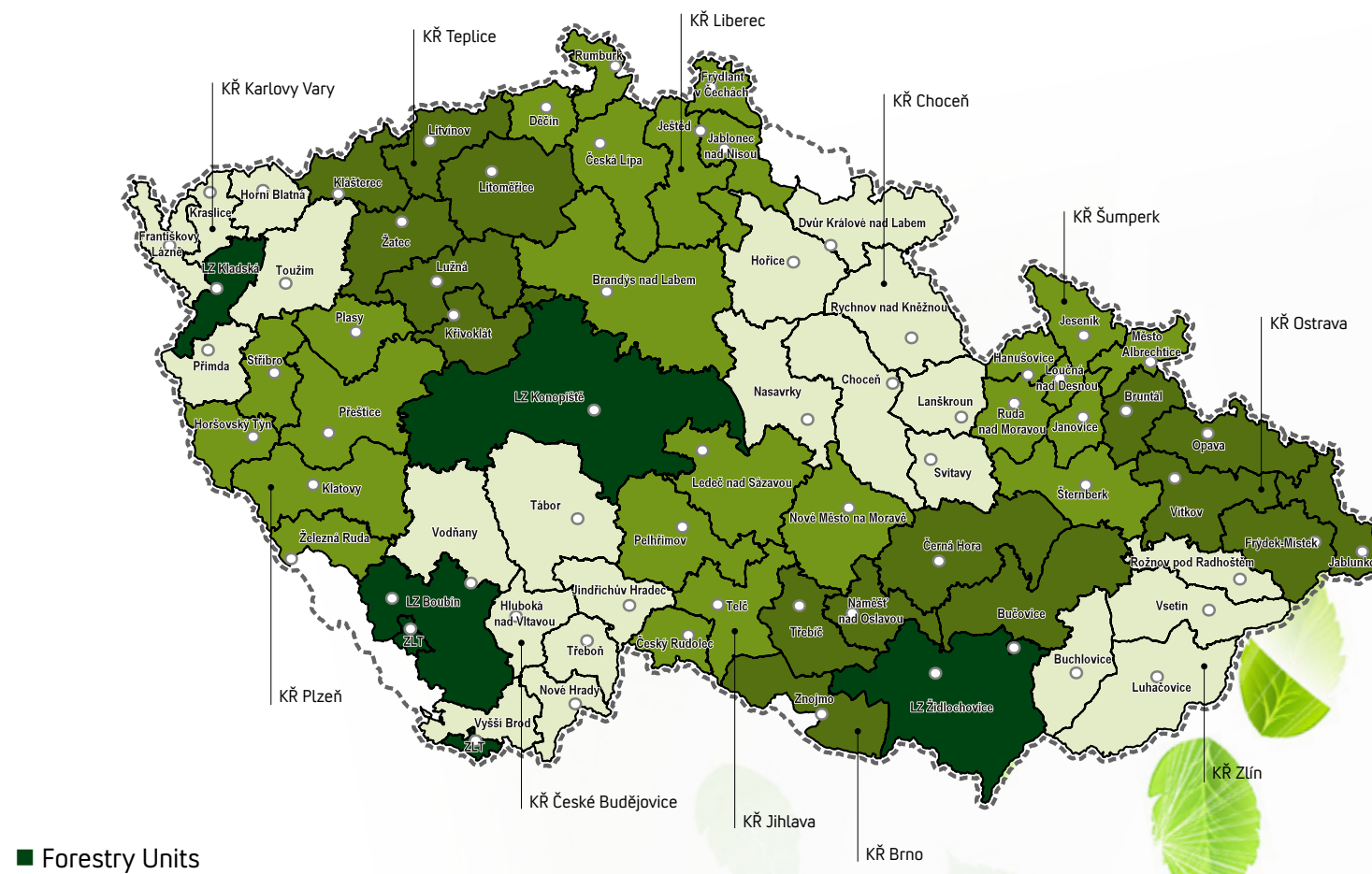


## Overview of Assets



- Boundaries of forest management units/forestry units
- Forests managed by LČR., s. p.
- Forests under other ownership or management

## Organization map Lesy ČR





# Selected Economic Indicators



# Forest Management

## Gene pool of forest tree species – we think of the future

The main task of the Seed Unit in Týniště nad Orlicí is to take care of the gene pool of forest trees and to ensure a sufficient amount of quality reproductive material.

A total of 428 tons of seed raw material was collected within the company, of which 358 tons of deciduous and 70 tons of coniferous tree species, which is a sufficient amount to ensure the planned scope of artificial regeneration.

## Forest cultivation

The cultivation of forests managed by the Lesy ČR is based on the principles of sustainable management in compliance with all legal provisions and the rules laid down for the certification of forests by the PEFC system.

We planted almost 74 million seedlings, of which 4.4 million seedlings were grown in our own nursery facilities.

The share of improving and stabilizing species from the first artificial reforestation was more than 64% - significantly more than required by law.

The share of natural regeneration in the first regeneration was 26.04%



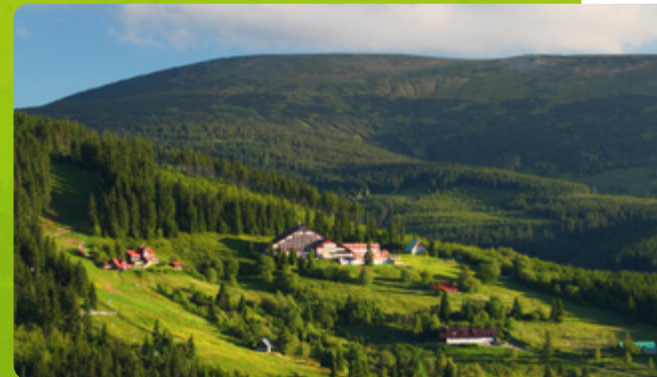
*Seed Unit Týniště nad Orlicí*



**Area of forest  
land**

**1,193**

ths hectares



**Vegetation area**

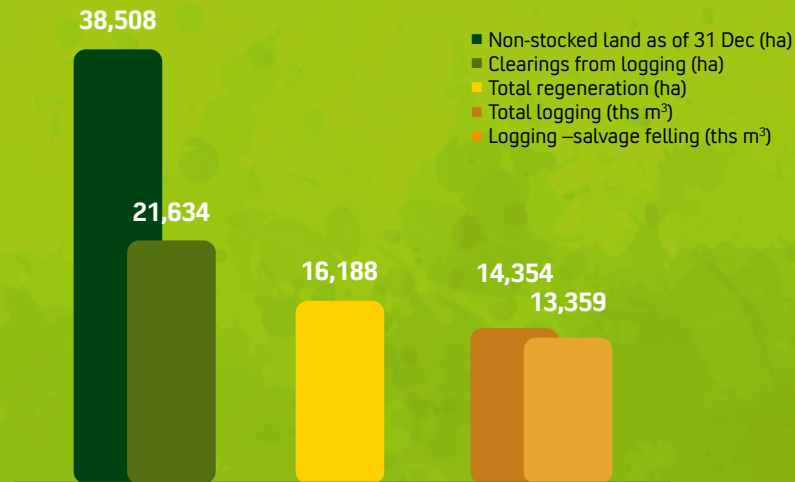
**1,161**

ths hectares



Forest management  
under the administration  
of Lesy ČR meets the  
rules set by the PEFC  
certification.

## Selected Economical Indicators



## Professional forest management

**278**

thm ha



The company's employees performed services for small forest owners on more than 278 thm ha.



## The amount of salvage felling

**13,359**

thm³

The total amount of salvage felling was 13.4 million m³, the vast majority concerned coniferous trees. The biggest damage was caused by wind (gales Sabine and Juliet) and drought.





## **Forest protection**

In terms of climatic parameters, the year 2020 was above normal in terms of temperature and precipitation. Water supplies in the upper layers of the soil were replenished and after six years the initial state for 2021 was improved.

In the case of damage caused by bark beetles to spruces, the spread of the calamity situation to the north-western part of the republic continued with increasing intensity.

A total of 9.6 million m<sup>3</sup> of spruce bark beetle infested wood was processed and 56.1 thousand m<sup>3</sup> of secondarily damaged by natural disasters.

Approximately 57 ths classic trap trees, 30 ths standing trap trees, 42 ths traps and 93 ths poison traps were used as defensive measures.

## **Research support – Grant Service of the LČR**

LČR's grant services have long been used to support forestry research. In 2020, CZK 15.3 million was spent on solving currently implemented projects and 7 new projects were newly accepted. A total of 24 research tasks are now being solved.

Making research results available, which is often of great importance to other forest owners and other institutions, is one form of public interest promotion.

# Contractual Relations in Forestry and Business Activities



**The method of awarding forestry contracts is in accordance with the Development Strategy of Lesy ČR valid from 1 September 2019 to 31 December 2024.**

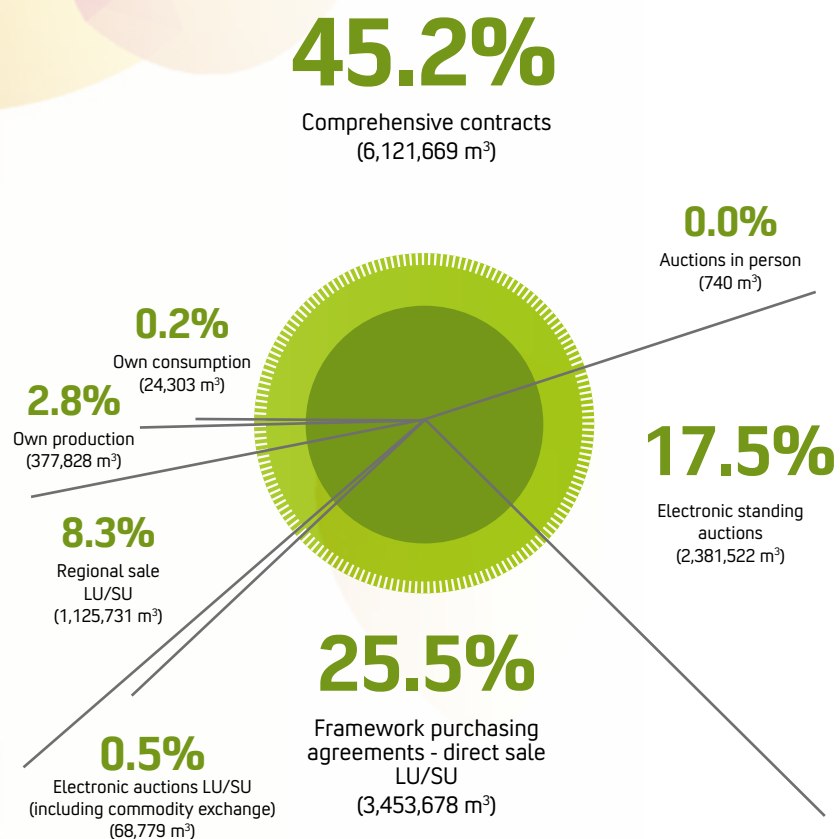
Special emphasis is placed on the effectiveness of monetization in the actual sale of wood. We have recently started selling timber on the commodity exchange.



The actual sale was realized mainly in the form of framework purchase agreements and further in the form of regional sales.

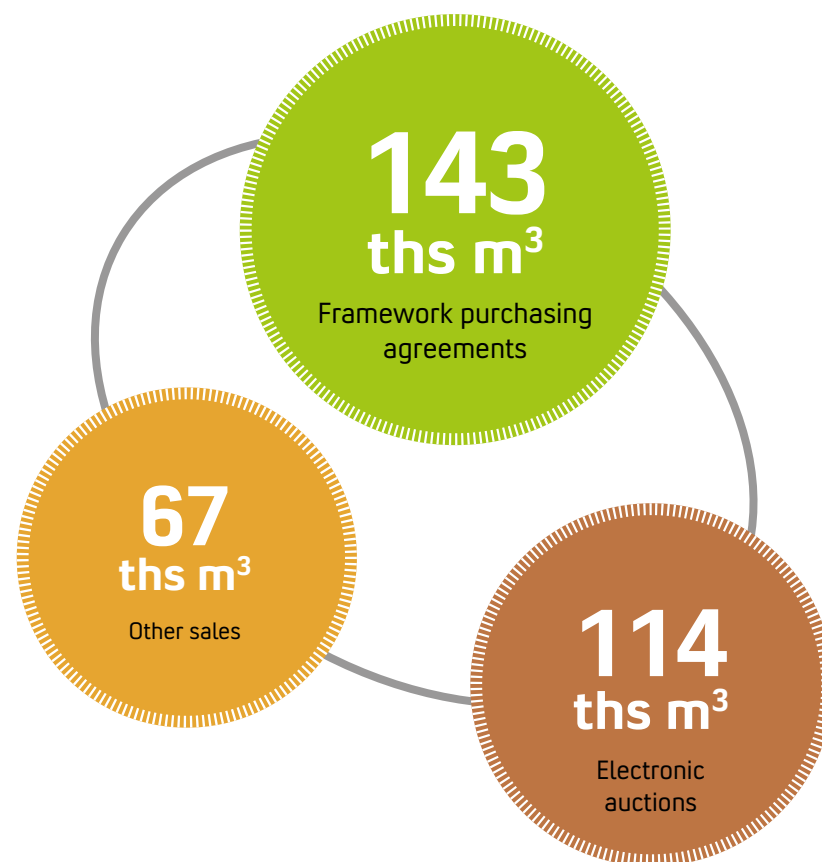
At the end of the year, the LČR had concluded contracts for the sale of wood with hundreds of business partners.

## Volumes of Timber Sales by Individual Sales Channels



## Selling logging residues

In the course of 2020, sales were made from the total volume of logging in the amount of 324 thousand m³. Logging residues were sold through three sales channels:



# Water Management



At the end of 2020, we managed 38.4 thousand km of watercourses and more than 1,000 small reservoirs. This activity is an important part of the company's activities.



The main activities were the modification of watercourses, measures to retain water in the landscape, anti-erosion measures and flood control measures.



We continued the multi-year project „We return water to the forest“. Within its framework, a number of ponds, wetlands, retention reservoirs or meandering streams are being created.





Two new retention reservoirs VN Kralická obora were built on the tributary Oslava in the urban area of the town Náměšť nad Oslavou

**Watercourses**

**38.4**

thousand km

Revitalization of the Bartošovický stream in the Orlické Mountains



Complete reconstruction of Babické rybníky near Říčany

**The water management and the implemented measures (repairs, reconstructions, new investments) are financed mainly from the company's own resources.**



Reconstruction of the Zadní Žďár bypass  
water reservoir in the Tachov region



Reconstruction of the earth dam and  
functional buildings of the Šilhan Roštýn  
pond in the Jihlava region

Revitalization measures  
on the Kunštát watercourse  
in Orlické Záhoří



**Total funds  
spent almost**

**600**

millions of CZK

## Geographical Scope of LČR's Watercourse Management







Revitalization of the Hrdlořezy  
peat extraction plant, 1st and  
2nd stage



Restoration of the reservoir  
U Kamenné budky  
in the Krnov region



Revitalization of Kobylí  
creek in urban area of  
the town of Bruntál



# Support of Non-productive Forest Functions



**>11 mil.**

**The costs for the implementation of the Agenda 2020 amounted to more than CZK 11 million.**



An important task of the company is to ensure public interest goals. A number of tools are used for this. One of them is the Agenda 2020. Most of the funds were invested in the care of biodiversity and aesthetic modifications of forests, parks and landscapes, and in the construction and repair of roads, trails and parking lots for the public.

# Nature and Landscape Protection and Cooperation with Non-governmental Organizations



**Lesy ČR are the most important administrator of protected sites in the Czech Republic.**



The implementation of the agreement between Lesy and the Nature Conservation Agency on cooperation in the delimitation of non-intervention areas and their monitoring continued.



The overall share of specially protected sites and Natura 2000 sites on the land which LČR is entitled to manage is

**44%**



Long-term cooperation with a number of non-governmental organizations continues. One of the most important is the cooperation with the Czech Tourist Club in marking tourist routes or with the Czech Union for Nature Conservation in supporting activities in the area.



**We participate in the establishment and activities of forest parks (Křivoklátsko, Bezděz, Podkomorské lesy).**

## Capital Construction



**=740 mil.**

The volume of total  
invested funds reached  
CZK 740 million.



**>377 mil.**

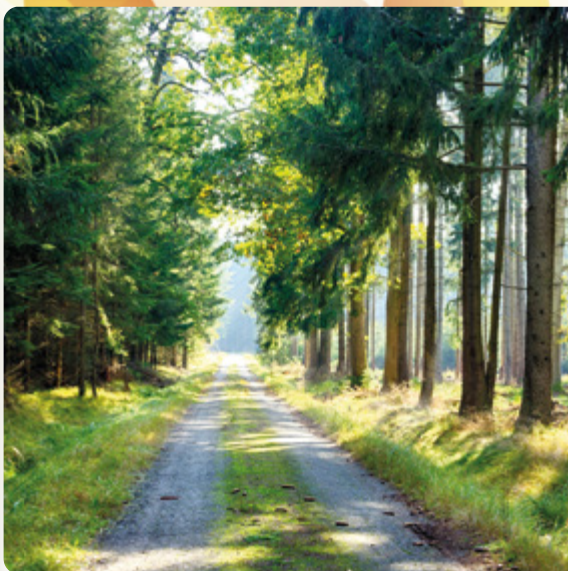
The largest item  
(more than  
CZK 377 million) was  
investment in construction  
work.





**>74** mil.

Of investments in intangible assets, investments in the renewal of forest management plans accounted for the largest share (over CZK 74 million).



**80%**

Almost 80% of the volume of funds was invested in constructions carried out primarily in the public interest.

## The Most Important Employer in the Field



**>3,400**

**The company  
employs more than  
3,400 employees.**



We not only appreciate  
the high professionalism  
of our employees  
but we also support  
further qualifications  
and take care of their  
professional growth.



**>40,000**

**Average earnings  
exceeded  
CZK 40 000.**



**We value the work of our colleagues in difficult conditions and we try to provide them with the best possible facilities.**



We give graduates, especially schools with a forestry focus, the opportunity to apply and strengthen their knowledge in practice.

## Public Relations



**We continued to support the backbone corporate communication programs We Return Water to the Forest and Planting Next Generation Forests.**



We have announced new nationwide programs Return of the Horses to the Forest and The Return of the Owls, and we have launched a discussion web portal.





We organized about a hundred small Forest Renewal Days.



We launched our own podcast channel Ear to the Moss.



After the end of the anti-covid restrictions, we started organizing small working events Forest Renewal Days, which were to culminate in a nationwide event in the autumn. However, due to the new wave of the epidemic, it was not possible to organize it.

The background of the entire page is a light cream color. It is decorated with numerous green leaves of various sizes and shapes, some with serrated edges. Interspersed among the leaves are circular halftone patterns in different shades of green, ranging from light to dark. Some leaves have a bright, starburst-like light effect emanating from them.

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Lesy České republiky, s.p.

[www.lesy.cz](http://www.lesy.cz)

Design and production: KUKLIK.CZ

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