

REPUBLIC OF ALBANIA
GENERAL DIRECTORATE OF FORESTRY AND PASTURES
REGULATION

No. 3, Date 17.06.1996

On the Selling in Auction of Timber

With changes and supplements to regulation No. 1, date 29.07.1997 and No. 2, date 27.08.1998.

Pursuant to point 35 of the instruction of the Council of Ministers No. 10 dated 27.05.1996 " On selling through auction of timber", the General Directorate of Forestry and Pastures issues the following regulation.

CHAPTER I

Preparation and organisation of stamping.

1.1. For sales of the auction of August the forestry sector, based on the operational capability set forth on the utilisation and inventory plans, by 15 April proposes in writing to the technical sector plots and subplots of every forestry economy together with their respective volumes.

No plots and subplots not having a road network are permitted to be put to auction.

1.2. The technical section, in collaboration with the personnel of forestry sectors, up until the end of April familiarises on the field with the proposed plots and subplots, on the basis of which it may also point out the need for changes prior to onset of stamping.

If because of justified reasons the order for exploitation of plots and subplots or their exploitable volume ought to be changed, as provided for in inventory and utilisation plans, the forestry service directorate, upon verification on the field from a committee composed by the technical section's and forestry service's officers, makes concrete proposals, which are submitted for approval to the General Directorate of Forestry and Pastures.

1.3. Utilisation units that call for urgent utilisation, according to point 8, letter C, of the Instruction of Council of Ministers No. 10, date 27.05.1996, are those in which timber might be either damaged or fallen down due to fires, wind, snow, insects, illegal cuts as well as those containing overgrown offshoots (over optimal limits).

1.4. Prior to the stamping process, the Forestry Services Directorate (FSD), appraises demands of subjects in order to define a preliminary volume to be stamped.

1.5. Director of FSD, before 15 may compiles a written order for the arrangement of the stamping process.

The order sets out the dates of start and completion of this process for each forestry sector as well as the officers and utilisation units to be stamped by each officer.

1.6 The stamping begins before 15 May and ends on July the 30th, whereas compilation of list of forest to be stamped (EARMARKED) together with a summary table is to be completed by 15 July.

There shall be restamped also utilisation units unsold in previous auctions which were stamped one or several years ago.

1.7. List of trees to be stamped is written up and signed by the officer which made the stamping, who is accountable for the number of trees stamped, their diameter categories and class of height.

1.8. The lists of trees to be stamped are in four carbon copies, of which two shall be attached to the projects for the exploitation of plots and subplots (one copy resting with the technical section and one with the forestry section), the

third attached to the summary table of stamps and the fourth shall be published before the auction.

1.9. The summary table of stamped plots and subplots, for the August auction, is compiled in three copies, according to the model of the table No. 1 and is approved by General Director within 25 July.

For unsold plots and subplots in the auction of August, another summary table is compiled, where in view of the specific case, utilisation units provided for in point 9 of ICM No.10 of 27.05.1996 will be included, which shall be put to auction of March of the following year. Even this summary, in three copies, is endorsed by the General Director, within 25 February.

A copy rests with the General Directorate of Forestry and pastures, one is published before the auction and the third one along with the list of trees to be marked rests with the technical section.

1.10. Given in the FSD commission, in which the prefecture is situated, its director will also be the director of the auction for the selling of the standing trees, to complete the number of members foreseen in point 13 of the ICM No.10 date 27.05.1996, another officer of this directorate will be added.

CHAPTER II

Publication of information and holding of auctions

2.1. Posting of sale calendars finishes at the end of July and February.

2.2. Publication of timber in the form of assortments, sequestered outside plots and subplots, for assortments which volumes is estimated on the basis of their diameter and length for each piece, is done in an estimation paper for each specific item, whereas for assortments, which volume is measured by mst?, the estimation is done for their volume only.

The estimation paper for each specific item comprises average diameter, length and volume of each piece, number of pieces and total volume of the party.

2.3. As in point 2.2 publication of timber assortments sequestered within the area of plots and subplots, in the event that within these areas there be neither stamped nor fallen down nor assorted, is made.

2.4. If in a plot or a subplot the timber sequestered is found to be only cut but not assorted and in the form of cut down pieces, their publication is made via a list of trees stamped as in standing trees.

2.5 For plots and subplots wherein sequestered timber is found in various forms, publication for these utilisation units is done for: both the fallen down and standing trees, but not assorted, with a list of trees to be stamped;

b) for the timber in the form of assortments, with an itemised estimation paper volume in cubic meters or mst? depending on the kind of assortment.

2.6. For all forms of state of timber on sale (erect, fallen down and unassorted or assorted) apart from kind and volume (slim, medium and thick size timber and fire wood) total value of every utilisation unit in which the timber is situated and estimated according to tariffs for each unit, is introduced.

2.7. Subjects? carrying out timber processing or marketing activity, are entitled the right to take part only in auctions that are held for the selling of sequestered assortments outside the utilisation units.

2.8. Registration of subjects wishing to take part in the auction, is made on the book for the registration of requirements, according to a model of table nr.6.

CHAPTER III

Preparation, agreeing of contracts and liquidation of obligations.

3.1. Immediately after the signing of minutes for the completion of the auction, the technical section fills out contracts for the utilisation units won by each subject, which are given to them together with an accompanying

document.

The FSD, in 10 days of the date of completion of the auction, submits to the General Directorate of Forestry and Pastures information on the quantities of sold timber, filling in table summaries No. 2 and No. 3.

3.2. The contract is annual whereby volumes of wood for processing and fire wood are entered, and according to kinds also total value for each plot or subplot as well as the total value of all plots and subplots which makes up also the total value of the contract.

3.3. The contract sets out dates for the payment of instalments, value of each instalment, which should comply with the volume of timber corresponding to its value in conformity with utilisation units as well as the state of timber (erect, fallen down or assorted).

The contract also enters, as per volumes pertaining to each instalment, dates of set off and completion of cutting and check up of the unit or units of utilisation, to which these volumes belong. Date of check up of the unit or units of utilisation, belonging to the last instalment constitutes date of ending the contract.

3.4. Non payment of the obligation on defined deadline, for each day of delay, the contract puts forth sanctions, which vary from 0.1 to 0.5 per cent of the value of the instalment.

3.5. The contract, filled out as above, signed by chief of the technical section and that of the economic section and signed by the Director of the FSD, constitutes the proposal of that Directorate to which the subject should take action by 25th of September or 25th of April, in conformity with law No. 7850, date 29.07.1994 " Civic Code of the Republic of Albania".

3.6. Once upon receiving the proposed contract by the FSD, the subject is obliged to take the actions provided for in point 24 of the ICM, dated 27.05.1996.

3.7. If during verification or inventory of the utilisation units there are found out missing standing trees or damaged ones that are over tolerances defined in point 24 of the ICM No. 10, the subject submits to the FSD its remarks in black and white.

The FSD committee, comprising technical section and forestry services officers, perform their verification on the field. In conclusion, via a minutes, the committee is submitted all utilisation units won through auction with an actual volume on which basis the contract is agreed.

Delivery is made to the forestry sector.

Remarks are submitted only prior to the signing of the contract. Upon the contract agreement has been reached, the contract is produced in three copies, of which two rest with the FSD (with the technical and economic sections) and the third one is given to the subject.

Within 10 days of the last day of the signing of the contracts, the FSD submits to the General Directorate of Forestry and Pastures summary table No. 4, whilst 10 days following the end of a three month period, the FSD forwards information the latter according to summary table No. 5.

3.11. Upon payment of instalment in order, the technical section awards the subject the right to utilise for the part of timber paid for, in which plot/subplot is recorded, quantity and kind of timber as well as dates of start and end of utilisation.

Utilisation permit is issued by the technical section and is compiled in three copies, of which one is provided to the subject, the second one to the forestry sector and the third stays with the technical section.

3.12. The subject has the right to start work within 7 days of date of issuance of utilisation permit but after it has been signed by the chief of sector and technician of the zone.

3.13. On the date of agreeing the contract the subject submits in two copies the technical paperwork for operation of utilisation units, a copy of which remains with the technical section and the other is sent to the forestry sector in which the subject will carry out its activity.

3.14. Partial payments, independent of respecting the date, are not taken into consideration and the subject is not awarded the permit to utilisation. Likewise, for days of delay a sanction foreseen in the contract will be applied.

3.15. For sequestrated timber within the area of utilisation units, for the reasons provided for in point 5 of the ICM No. 10, date 27.05.1996, which is erect, fallen down and assorted and all resold through auction, the payment is done in instalments their number being determined depending on the volume of timber, according to point 27 of the above instruction.

The deadline of payment set out in the last paragraph of point 28 of the ICM No. 10, date 27.05.1996, is applicable to sequestrated assortments outside the area of plots and subplots.

3.16. In case the subject in 10 days of the day foreseen in the contract, does not make the payment of the instalment, the FSD takes action in reliance on point 29 of the ICM, date 27.05.1996 "On the selling through auction of timber".

For every case payment of contractual obligations and sanctions for delayed days.

3.17. Point 26 of the ICM, No. 10 dated 27.05.1996, is applied in the cases of the selling of timber in the form of assortments sequestrated outside utilisation units.

Pursuant to the second paragraph point 26, subjects are not allowed to take part in other auctions that might be held during the remainder of the year.

3.18. For non pursuit and non implementations of contracts, the FSD reports on a quarterly basis the measures taken towards its people in charge of and subjects that reached the contract.

CHAPTER IV

EXPLOITATION AND TURNING OF PLOTS INTO SUBPLOTS.

4.1. The forestry sector allows the subject to start the activity only after the latter has been awarded the utilisation permit issued by the technical section.

The subject is obliged to exploit the volume set forth in the utilisation permit.

4.2. For plots and subplots, which volume will be exploited part by part and through a payment in several instalments, after the exploitation of the part of volume paid for, despite of the handing over minutes, exploitation of the rest will start only after submission to the forestry sector of the utilisation permit issued by the technical sector for the payment of instalment in order.

4.3. The subject, may exploit the volume of the paid timber in an instalment, but which is situated in more than one plot or subplot as in the following:

- a. starting exploiting plots or/and subplots one after the other (e.i, upon completion of the first plot the second one will begin);
- b. by exploiting them (plots and subplots) alternatively (prior to completion of exploitation of the first the second one commences to exploited)
- c. By restarting them simultaneously:

In the three cases time frame for completion of exploitation will be respected that complies wit the date of payment of the successive payment or with that of completion of exploitation for all the contracted quantity.

4.4. The subject is obliged to report every 15 days of its production realised in assortments.

4.5. When the subject has not completed exploitation or volume paid for with the forerunner and the while date for the payment of the next instalment for the volume has come, he is obliged to pay the successive instalment but does not have the right to start the exploitation of this part.

Right to start exploiting the other part, is borne only after he is provided an utilisation permit, at the completion of the exploitation, bringing over on the street and cleansing of the plot paid for with the precursor instalment.

4.6 Area of plots or subplots, depending on volume exploited, are split up into parts, by making them distinct via visible marks.

4.7. Brining of the assortments out of the inside of the area of plots or subplots, takes place along as these assortments are produced.

4.8. On the date of completion of the cutting down of the timber paid for in the last instalment, set forth in the contract, the forestry sector in the presence of the subject, makes the verification of the plot/plots for utilisation where it has performed its activity.

At the end of verification a minutes is written down, in which according to case are entered observations for completion of not of the cutting down of erect stamped trees.

4.9. If in the aftermath of their verifications according to point the above point, in the plot or the subplot there are still non cut down timber, in reliance on article 29 of law No. 7623, date 13.10.1992, "On forests and forestry service police" the subject is removed right to cutting down this timber, whilst the cut down timber, must be brought out of the forest 30 days of date of completion of cutting down, during the forest cleansing period.

4.10. In the event the forestry authority bodies come across a transformation of timber for processing into wood fire, they will immediately compile a minutes on the observation and irrespective of the quantity transformed are not held accountable for the change of ratio timber for processing to fire wood that might result after the exploitation.

4.11. Selling the assortments, sequestrated from illegal cutting down within plots or subplots, will be made in compliance to second paragraph, of point 4 of ICM No. 10, dated 27.05.1996.

In the same manner will be done also the selling of subjects' sequestrated assortments, within plots and subplots of exploitation, in the cases when the day of holding the auction in queue is far and their quality state is worsened.

CHAPTER V

CLEANING AND CHECKING UP

5.1. Cleaning of plots and subplots or their parts takes place along the production and bringing out on the street and must complete 30 days of the completion of cutting down.

5.2. Part of plot or subplot is, after cleaning and temporary check up minutes. In these cases, the subject is not discharged of the responsibility for the damages that might occur on that area, following the holding of the temporary minutes.

At the end of cleaning, for all of the plot or subplot, on the basis of temporary minutes of their parts, a final check up and take over minutes is compiled.

5.3. At the end of the annual utilisation activities, on the date set out in the contract for the check up of the plot or subplot or plots and subplots, the forestry authority bodies in the presence of the subject, will verify the cleaning done. When the cleaning is found to be conform defined regulations, utilisation units will be taken over.

5.4. If the subject, at the end of its annual activity does not realise the bringing out of production and cleaning of plot/plots of utilisation by the deadline foreseen in the contract and utilisation permit, the forestry section proposes the technical section an adjournment of schedule.

The technical section does the postponement of this deadline up to two months of the date of expiry of the first deadline.

5.5. On the setting of a new deadline, the FSD and the subject sign an annex-contract for obligations stemming from the putting off of this deadline.

5.6. In case the subject even after the postponement of deadlines does not accomplish the bringing out of timber from forest and the cleaning of the plot /plots of utilisation, the subject will be suspended carrying out its activity produced timber that lies on the area of these units will be sequestered.

To sell this timber, according to case, action will be taken according to point 5 of the ICM No. 10 dated 27.05.1996 and the second paragraph of indent 4.11 of this regulation.

5.7. Upon the taking over of plot or subplot by forestry authority bodies, the subject is discharged of any responsibilities.

5.8. Minutes of hand over and check up of plots and subplots and those of damages inflicted by the subject, are kept in three copies, of which one is given to the subject, the second is sent to the technical section and the third remains with the forestry sector.

CHAPTER VI

TRANSPORTATION OF TIMBER

6.1. Transportation of timber is done with a transport permit, according to an approved model.

The transport permits are designed by the zone inspector or post-bloc in three copies. The first two copies are provided to the subject and the third rests with the forestry sector. Of the two copies of transport permit received, the subject gives one to the transporter of timber and the other keeps for itself, for adjustments and comparisons to that of the forestry service.

6.2. The subject, for every day, asks the zone inspector or post bloc the transport permit by stating to the former in written form the trucks to be making the transportation together with necessary data to fill in these permits. Transport permits may be given only one day ahead of the day of transportation.

6.3. For every cargo the transporter delivers a copy of its sale invoice also for assortments measured by pieces and the relevant estimation paper, which are attached to the transport sale held by the forestry sector, to the zone inspector or post-bloc.

6.2. Within 3 days of the day of closing of the 15 day-period, the subjects gives back to the zone inspector of post-bloc the transport permit he has received from them. On the contrary he pays a fine of 1000 lek for every non returned permit by this deadline.

Parties check against each other's paperwork (make relevant adjustments, text in original) the timber transported in 5 days of the date of closing of the 15-day period.

6.5. When comparing paperwork and adjusting figures on volume entered in the itemised estimation paper or the sale invoice is taken into account, in the event that this volume is bigger than provided for in the transport permit and on the contrary that set out in the transport permit is taken into consideration (ALBANIAN TEXT UNCLEAR).

6.6. Each sector or post bloc, within 5 days of the date of closing of the 15- day period, after paperwork has been checked against each party's records and adjusted, it elaborates and submits to the technical section a summary statement of transportation of timber together with the copies of transport permits.

Together with the above, summary statements on production and other paperwork needed.

Documentation is compiled in two copies and signed by zone inspector and chief of sector.

6.7. At the end of exploitation of the plot or subplot final check up is done on the basis of partial paperwork.

6.8. Notebooks of transport permits are taken from chief of the technical section after they have been signed by the Director of FSD and stamped by the administration office.

Chief of section after having signed the permits distributes them to the zone inspectors.

6.9. Upon completion of each notebook, the zone inspector or post bloc takes from the chief of technical section another notebook.

6.10. The taking and handing over of are entered on a special book, according to tables 7 and 7/1.

6.9. When the timber to be transported will be stored in transit centres or collection points, its moving from the forest will be done in accordance with the procedures mentioned above.

6.12. At the end of storage of timber in transit centres or collection points, a final summing up of documents is compiled with the forestry sector is made from which this material has derived, on the basis of transport permits and other paperwork.

The summary paper is prepared in three, one for the subject and the other two for the forestry sector.

6.13. To transport the timber from transit centres or collection points, transport permits are issued by the zone inspector in which these centres are situated.

When they are situated outside the forestry area, permits are issued by the zone inspector closest these transit centres of collection points.

Before launching of the transportation of timber from the transit centres or collection points the zone inspector is delivered a copy of the summary compiled according to point 6.12.

CHAPTER VII

7.1. Subjects, for all plots and subplots taken to be exploited through a hand over minutes, are held responsible up to return to forestry authority bodies, on damages that might occur within their area due to action or inaction of its employees or other persons.

Despite the take over minutes, they have the right to start exploitation only after they have been issued a utilisation permit.

7.2. With the taking over of a plot/plots for utilisation, the subject is obliged to:

a. fulfil contractual commitments

b. implement the decision of Council of Ministers No. 10 date 27.05.1996 "On selling through auction of timber", regulations of the General Directorate of Forestry and Pastures No. 2 dated 17.06.1996 " On the exploitation of trunks, logs and shrubbery and schedule of cuts and care" and No. 3 date 17.06.1996 " On selling through auction of timber" as well as all other legal and sublegal acts related to this activity, together with changes they undergo.

7.3. The subject that violates provision of this regulation, when its actions do not constitute a violation of law No. 7623, date 13.10.1992 " On forests and forestry service police", is obliged to pay a fine.

a. For non cleaning, within initial deadline set out in the contract, of the area of plot or subplot exploited up to 20000 leke:

b. for non cutting down the level ground of timber of a diameter up to 15 cm and of a height of less than 1/3 of diameter for tree of a diameter over 15 cm, 100 lek for each tree.

7.4. Apart from the fine foreseen in point 7.3. a. , the subject is obliged to make the cleaning of the unit/units of utilisation within a new deadline.

7.5 For every other infringement of this regulation, the subject pays up to 1000 leke.

CHAPTER VIII

Implementation of works on non completed forest roads, built with the own financial means of subjects and taking over of these works.

8.1. All subjects, which have not completed building roads in forests for utilisation units won through auction held in May 1995, enjoy the right to carry on their works for the building of these roads and exploitation of plots and subplots running across them up to September 1998.

8.2. The building of unopened roads will be done part by part, which length should comply with the boundaries of areas in which volumes of timber to be exploited for this instalment are situated. (point 4.6 of regulation).

The cutting of timber will start on the built part, which corresponds to the respective instalment in order, only after forestry authority bodies will have taken over that part for which the subject has accomplished its contractual commitments.

8.3. FSD and the subject will make an annex-contract, in which they dates of start and end of building roads or parts of roads, of onset of exploitation, payment of commitments according to instalments as well as completion of the whole road and its operation, in conformity with the procedures of this regulation.

8.4 Date of completion of building of the last part of road will be a month before the date of payment of last instalment of timber to be cut.

8.5. The subject reports in writing, every month, to the FSD on works completed, within seven days in the successive month, whilst the FSD makes the verification of these works on the field within seven days of the date of reporting by the project.

8.6. Along with the statements on the volumes of works completed, the subject hand over its estimate on the situation on the forest, a paper on the estimates of the ground on these works, such as payrolls for working men, invoices for the purchase of timber, documents on the repayment of fiscal obligations etc.

8.7. Verification of works completed is done by a committee of the DSF, composed by the chief of technical section, utilisation engineer, a topographer and sector foreman in the presence of the technical manager of the subject.

This verification is done via direct measurements on the field, throughout all pickets of roads, which along with various observations and notes, are entered in the paper of measurements on the field.

If when verifying shortcomings of technical parameters of roads are observed, a minutes on the observation is held, in two copies (one to FSD and the other to the subject), in which concrete duties are assigned and deadlines to accomplish them are set in accordance with the approved project.

8.8. The committee takes into consideration works reported by the subject, only when during verification it results that technical parameters of the road are in conformity with the approved project. In these cases, in the presence of the technical manager of the subject, estimates for volumes of works finished and their final value is made, with which a relevant estimate is written up.

In conclusion, with two copies, a provisional minutes is compiled for the taking over by the forestry authority bodies of the completed part of the road. A copy of the minutes is sent to the subject and the other rests with technical section.

8.9. After the completion of construction and the taking over of the last part of the road, a final estimate, based on provisional minutes and containing all volumes of works completed and total value of road, is made. The estimate is compiled in two copies and is signed by the committee of the FSD and the technical manager of the subject.

8.10. In addition to the final estimate, the committee also compiles a minutes for the take over of road built, in which name of road, unit/units of utilisation it runs through, category and its main technical parameters, etc. , are entered.

Parties, after having signed the minutes in two copies, keep each a copy of it.

8.11. With the value of the final estimate are entered computations to accurately define the reduction coefficient of the charge on standing trees. If this coefficient is different from the preliminary one (as defined according to the first estimate, at the time the contract was agreed) parties make their final adjustments and determine their obligations to each other.

This regulation comes into power immediately

GENERAL DIRECTOR

Fenelon Hoxha

v.o. In the regulation No. 3 date 17.06.1996 "On the selling through auction of timber" are included changes and amendments made to the regulation No. 1, date 29.07.1997 and No. 2 date 27.08.1997.

GENERAL DIRECTOR

Kole MALAJ

(signed and stamped)