

Proposed EIB loan to Hrvatske šume (Croatian Forest) - Open Letter

To:

Ms Barbara Balke

Secretary General, European Investment Bank

Investigations Division, EIB

19th March 2026

Dear Sir/Madam,

We are writing to share our concerns regarding the [proposed 50 million Euro EIB loan to Hrvatske šume](#) (HS below), which is currently under appraisal, and to urge you to reject this proposal. Our concerns, set out in detail below, relate to ongoing criminal investigations against senior HS staff and representatives over alleged corruption and bribery, to systematic destructive logging in Natura 2000 areas, and to HS using SLAPP suits to silence critics.

Based on the evidence set out below, we urge you to not approve the proposed loan for HS.

Ongoing investigations by EU and Croatian prosecutors over corruption charges against senior HS members

In 2023, the Croatian Office for the Suppression of Corruption and Organised Crime (USKOK) launched an investigation into alleged irregularities in Hrvatske šume. In September 2025, USKOK opened a criminal investigation against 17 individuals on suspicion of bribery. One of the people charged was the managing director of a wood processing company, and the other 16 were HS employees. Amongst those charged were the Head of Commercial Affairs of HS, and the heads of the Forest Management Office in Bjelovar and in Vrbovec, i.e. very senior HS staff members. We understand that these criminal investigations are ongoing. At the same time, the European Public Prosecutor's Office in Zagreb launched investigations against three of the people investigated by USKOK on suspicion of fraud. We also understand that the people charged remain in their posts.

Given that there are ongoing criminal investigations over suspected bribery and fraud against senior HS staff members, we cannot see how a loan to HS would comply with the EIB's Best Banking Practice Guiding Principles and the EIB's policy of zero tolerance for fraud. If such a large number of staff members end up being found guilty of bribery then this would clearly indicate systemic failures within HS to uphold the law.

Destructive logging in Natura 2000 areas

According to the [project page](#), the Project will ensure continued compliance with the Habitats and Birds Directives. This is a requirement under the EIB's Social and Environmental Standards.

There is extensive evidence that HS has consistently and over a long period failed to comply with the two directives.

In 2020, the Association of Veterans and Social Action (VIDRA) compiled a report about forest destruction in Croatia, presenting evidence of illegal logging and ecological mismanagement in Croatian Natural Parks and Natura 2000 areas. The [report](#) was published by the European Group of the Greens/EFA. Evidence was presented regarding logging in the Crna Mlaka special ornithological reserve, the Varoski Lug special zoological reserve, the Lonjsko Polje Nature Park/Donja Posavina Special Protection Area, Mount Zrinska Gora and Mount Bilogora, all of which are at least partly designated as Natura 2000 areas. According to documented findings, from 2017 to 2019 Hrvatske šume managed as much as 20% of the total forest area without approved forest management plans, which resulted in the implementation of illegal clearcutting in protected areas, including Ramsar sites. Furthermore, evidence presented showed a lack in tracing timber, with much of the logging in HS forests undertaken by sub-contractors, without oversight. The MEP Thomas Waitz visited some of the Natura 2000 areas and [witnessed some of the destructive logging](#) exposed in the report.

In July and August 2024, [Green Squad](#) (Zeleni Odred), a project of Vidra, undertook visits to 20 forest sites in nine different regions in Croatia. 18 of the forest sites were in Natura 2000 areas. [Photographs](#) taken at geolocated sites during the visits show further recent large-scale clearcutting of what had been healthy and biodiverse forests. This was accompanied by a [video](#) based on drone images.

Green Squad visited the protected area of the Ramsar and Natura 2000 area in Crna Mlaka in both 2024 and 2025 and [documented](#) not only further extensive clearcutting but also the digging of drainage canals to dry out strictly protected wetland soil and prepare it for planting more commercially profitable tree species, all of it by HS.

In January 2026, the [Project for Policy Integrity published](#) an EU-wide analysis of forest disturbances from 2001-2023 within and just outside Natura 2000 sites. 20 such sites in Croatia were identified and documented based on satellite images.

There have been no recent reforms of forest policy or of HS practices to prevent further harm to the ecological integrity of Natura 2000 areas and Ramsar sites. HS is responsible for all the logging in those areas.

HS suppresses civil society criticism with SLAPP suits

According to the EIB's Social and Environmental Standards, EIB-supported projects should provide "rights-holders with effective means to raise grievances and access remedies." Hrvatske šume's response to civil society criticism, however, has included [SLAPP suits, namely against Vesna Grgić](#), head of Green Squad and President of VIDRA who compiled the evidence about logging in Natura 2000 areas and serious irregularities within HS. The SLAPP suits relate to allegations of corruption, yet clearly the evidence of corruption, namely bribery, was

ultimately strong enough for USKOK and the European Public Prosecutor to launch criminal investigations.

Such SLAPP suits against civil society critics are not compatible with the EIB's standards in our view.

Yours sincerely,

Almuth Ernsting, Co-director, Biofuelwatch

Vesna Grgić, Director, Vidra and Green Squad

Zoe Lujić Director, Earth Thrive

Siim Kuresoo, European Forest Campaigner, Fern

Preview:

YouTube video NEW CLEAR-CUTTINGS IN FORESTSUNDER NATURA 2000

