

# Wood Industry

## Power of the Serbian forests



# EASTERN SERBIA



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Regionalna agencija za razvoj istočne Srbije  
Regional Development Agency Eastern Serbia

## SERBIAN WOOD INDUSTRY

In Serbia, there is a long tradition and a lot of experience in the timber industry and in wood processing.

Serbia is considered to be a medium-forested country. 29.1% of the total land area is forested (approximately 2,252,400 hectares).

The total volume of forests is 363 million m<sup>3</sup>, while the annual increase is 9 million m<sup>3</sup>. The prevailing deciduous forests make up 90% of the forest resources in Serbia. Most of them are beech forests (40.5%), followed by oak forests (27.2%).

By ownership, 53% of the forests are in state ownership and 47% in private. Forests owned by the state are mainly managed by JP Vojvodina šume (Public Utility).

Data referring to felled timber are shown in the following table:

m <sup>3</sup>				
	2009			
	Total		Technical wood	
	deciduous trees	evergreen trees	deciduous trees	evergreen trees
<b>Felled timber - total</b>				
<b>Republic of Serbia</b>	2347094	256369	730975	204215
<b>Felled timber in state forests</b>				
<b>Republic of Serbia</b>	1763282	215463	660351	169313
<b>Felled timber in privately owned forests</b>				
<b>Republic of Serbia</b>	583812	40906	70624	34902
<b>Source: Statistical Office of the Republic of Serbia</b>				

Regarding production shares in the wood industry, furniture, sawn timber, cellulose and paper are the most common products.

Judging from the available data, the potential of Serbian forests has not nearly been used by the wood industry in Serbia.

This provides a good basis for future development and new investments in the wood industry. In exports, a constant surplus has been recorded in the last few years. For example, export of products of wood and cork, except furniture, amounted to \$141.5 million, while imports amounted to \$99.7 million in the first five months of 2014.

The primary industry products using wood are mainly exported to the Russian Federation, Italy, Germany, Bosnia and Herzegovina and Slovenia.

The final wood products are mainly exported to Czech Republic, Germany, the Russian Federation, France, Montenegro, Slovenia.

EXPORT			
Activity	06.2013.	06.2014.	Index
<b>Forestry</b>			
Silviculture and exploitation of forests	7.110.694	8.927.508	126
<b>Wood processing and wood products</b>			
Production of sawn timber	30.416.949	37.963.090	125
Impregnation of wood	55.585	44.161	79
Production of wooden panels and boards of wood	24.460.545	35.328.072	144
Production of wood joinery	43.149.998	42.471.051	98
Production of wood packaging	8.417.818	12.866.392	153
Manufacture of other products of wood	10.766.955	12.877.142	120
<b>Other manufacturing sectors</b>			
Manufacture of chairs and seats	75.599.244	85.577.859	113
Production of office furniture	4.625.648	5.674.748	123
Manufacture of kitchen furniture	761.405	1.026.725	135
Manufacture of other furniture	51.274.356	53.550.016	104
Manufacture of mattresses	3.884.626	2.277.705	59
Manufacture of cellulose	138.275	70.700	51
Manufacture of paper and paperboard	95.716.214	133.213.483	139
Manufacture of corrugated paper and packaging	36.795.268	35.726.364	97
Manufacture of household items	15.499.432	19.211.593	124
Manufacture of paper stationery	2.644.105	2.197.362	83
Manufacture of wallpapers	78.027	96.959	124
Manufacture of other articles of paper	2.839.074	2.885.928	102

The wood industry of Serbia is a branch of industry with a number of comparative advantages among which the most important are: raw material base, human resources, capacities relatively preserved, etc.

Felled timber potential in terms of energy is not used very much in Serbia. The share of wood biomass in the overall energy balance of the Republic of Serbia is 14%. This indicates a significant potential in comparison to other countries that have recently been invested a lot in this area.

### Eastern Serbia- Untapped power of forests

In Eastern Serbia, 45,1% of the total land area is forested, which is almost twice the average of Serbia. There are an abundance of business opportunities offered by the timber industry in Eastern Serbia.

The total forested area in Eastern Serbia is 282.632 ha. By ownership, 42,6% of forests is state owned and 57,4% privately owned.

State-owned forests especially have great quality due to excellent maintenance and forestry services provided. All state-owned forests are classified into 21 dedicated units. In the National Park “Iron Gate” and the “Stara Planina Nature Park”, forests are operated with three modes of use. The most dominant dedicated use is manufacturing, covering 54.9% of the total forested area.

Forests protecting from land surface erosion covers 38.36% of the area.

In Eastern Serbia, the total volume of forests is 48.724.800 m<sup>3</sup>, while the annual increase in growth is 1.138.340 m<sup>3</sup>. An average volume of forests is 145 m<sup>3</sup>/ha, while an average increase is 3,39 m<sup>3</sup>/ha. Regarding the total volume of forests, 54% of it is the state owned and 46% of it is the privately owned forests volume, while the shares of the total increase are equally the same.

Area	forested, ha				Forested area, total ha	felled timber			
	inside the forest		outside the forest			Total, m3		Technical wood, %	
	decid-uous trees	ever-green trees	decid-uous trees	ever-green trees		decid-uous trees	ever-green trees	de-cid-uous trees	ever-green trees
Eastern Serbia	44,38	1,51	19,94	2,57	282.632,02	241.993	5.267	25	75

Structure, condition and accessibility of forests indicate significantly greater opportunities in comparison to the existing way of use.

Wood in Serbia (nearly 64%) is the largest biomass energy source to date, 17% remains as forest waste, and 14% is used as a technical wood. The Eastern Serbia wood industry total export amounts to \$ 10 million/year. Hardwood furniture, chairs, and seats participate most in the export.

Companies operating in the industry of wood products and wood processing mainly export to the EU market and markets of the former Yugoslav republics. The final products, such as furniture and wood accessories are exported. The major export article of the primary processing phases is sawn timber.

### Key investment projects in Eastern Serbia

In Eastern Serbia there is a wide range of possible investment projects in the wood industry.

In general, there are two major groups of business opportunities in wood industry in Eastern Serbia:

#### 1. Establishment of business relationships with existing companies

A large number of companies operating in the industry of wood products and wood processing are in Eastern Serbia. These provide various opportunities for business cooperation, venture development and networking. Areas of business cooperation are as follows:

- Primary wood processing – primarily beech
- Hardwood furniture, chairs, seats, and wooden elements
- Joint ventures
- Etc.

## 2. Direct investments

Eastern Serbia is characterized by a large number of projects related to foreign direct investments. The following summary table gives information on some greenfield and brownfield projects. For more information about the projects, see [www.raris.org/invest](http://www.raris.org/invest).

### A) Industrial zones- Greenfields/production capacities

Location name	Municipality	Total land area (m <sup>2</sup> )	Ownership status	Land use	Infrastructure
Industrial zone	Bor	326.100	100% state owned	Construction of manufacturing facilities	exists predominantly
Industrial zone	Boljevac	29.164	100% state owned	Construction of industrial facilities and warehouses.	exists partly
Industrial zone	Boljevac	738.100	78% privately owned 22% state owned	Construction of industrial and crafts production facilities, warehouses, as well as facilities for other purposes according to the requirements of investors	exists partly
Industrial zone	Majdanpek	80.000	15% privately owned 85% state owned	Industrial production: construction of wood processing facilities, warehouses.	exists
Deli Jovan	Rudna Glava/ Majdanpek	95.550	100% state owned	Construction of industrial facilities and warehouses.	exists partially
Storage zone	Negotin	195.000	100% state owned	Construction of open air or roofed warehouses for various industrial purposes	exists predominantly
PRAHOVO Zone	Negotin	106.506	100% privately owned	Construction of manufacturing and - processing facilities	exists predominantly
Industrial zone	Zaječar	152.450	100% privately owned	Construction of manufacturing and - processing facilities	exists partly
Vesište	Zaječar	3.955	100% state owned	Small capacity warehouses and manufacturing and - processing facilities	exists partly



In addition to these, there are several brownfield projects. These are excellent investment locations characterized by good infrastructure and low selling prices. Most of the mentioned brownfields are owned by the state or municipalities. This enables direct business negotiations, on either the sale of locations or long-term lease contracts.

*B) Brownfields/production capacities*

Location name	Municipality	Total land area (m <sup>2</sup> )	Total buildings area (m <sup>2</sup> )	Ownership status	Description
Factory Sevone-Zlot	Bor	32.346	8. 710	100% privately owned	Furniture Factory. Fully equipped
Business Incubator Center	Boljevac		1.449	20% privately owned 80% state owned	A building located in the city center consisting of a number of modules, a warehouse, offices. Completely equipped with the necessary infrastructure
Working zone	Boljevac	2.900	232	100% state owned	Manufacturing/business/warehouse facilities for manufacturing industries. Completely equipped with the necessary infrastructure/ located in the city centre
Dekor	Kladovo	2.000	620	100% privately owned	Two plots in the industrial area / a production hall / suitable for manufacturing and warehouse facilities/direct access to the highway
IMT-Motocultivator and engine Factory	Knjaževac	83.281	31.468	100% state owned	Former factory. A large number of halls of various sizes. Suitable for manufacturing and processing and warehouse facilities. Possible purchase of separate units.
Branka Dinić, garment industry	Knjaževac	17.000	7.500	100% state owned	Former factory. Production facilities/warehouses/ vacant land/Completely equipped with the necessary infrastructure. Suitable for manufacturing and processing and warehouse facilities
Kasarna	Knjaževac	232.104	12.425	100% state owned	40 small-size buildings / Completely equipped with the necessary infrastructure. Suitable for manufacturing and processing industries and warehouse facilities. Possible purchase of separate units.
Relax- footwear factory , Knjaževac	Knjaževac	15.500	950	100% privately owned	Former factory. Suitable for various types of production.

Manu- facturing plants“Tran- dafilović”	Knjaževac	100	260	100% privately owned	Former furniture factory. Suit- able for timber production and processing activities.
Ware- house-busi- ness facilities /Pojenj	Majdan- pek / Donji Milanovac	1.300	300	100% privately owned	A building on the banks of the Danube. Suitable for manu- facturing industries.
Porec	Maj- danpek/ Mosna	40.000		100% privately owned	Facilities of a former factory for wood processing and produc- tion of semi-finished wooden products. Suitable for manufac- turing industries
Construction Company Univerzal	Majdan- pek	18.326		100% state owned	The former construction com- pany facilities. Suitable for manufacturing and processing industry and warehouse
Printing Fac- tory Rudar	Majdan- pek	8.825	300	Ready for sale	Former printing factory. Suitable for manufacturing and process- ing industry and warehouse
Production plants SPAJIĆ	Negotin	60.000	12.000	100% privately owned	Number of separated indus- trial production halls / newly constructed/ Completely equipped with the necessary infrastructure
Production plant “Mlha- jlović” Bu- kovče	Negotin	5.015	1.080	100% privately owned	Manufacturing facility with a crane track/ partly equipped with the necessary infrastruc- ture
KTK(leather and textile plant)	Zaječar	58.000	7.300	100% state owned	Former factory. Suitable for manufacturing and processing industry and warehouse
Former facto- ry of crystal glassware Eurokristal	Zaječar	150.000	40.000	100% privately owned	Three production halls and unused construction land / Completely equipped with the necessary infrastructure
Factory Timočanka	Zaječar	45.939	8.518	100% state owned	Former factory and unused construction land/ Com- pletely equipped with the necessary infrastructure. Suitable for manufacturing and processing industry and warehouse
Factory Arsenije Spasić	Zaječar	29.055	15.651	In bankruptcy	Former factory / production facilities, warehouse, offices / partly equipped with the necessary infrastructure. Suitable for manufacturing and processing industry and warehouse

For any additional information regarding the abovementioned investment locations or your business idea to develop, please do not hesitate to contact RARIS - Regional Agency for Development of Eastern Serbia. RARIS possesses a database of investment locations in the region and expertise to help you make your best investment decision. Depending on the business idea and preferred location, the Agency provides investors with information about the region, potential projects, investment opportunities and contacts with local self governments or commercial entities. The Agency is also happy to facilitate all necessary government contacts and public affairs works for you.

We would appreciate to provide you with additional information and help you with your new business ventures.

Kontakt:

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