

# **Forest Products Markets and Forest Sector Workforce in the Balkans**

Podgorica, Montenegro, 8 to 10 December 2015

**Implemented by UNECE/FAO Forestry and Timber Section in partnership with the Ministry of Agriculture and Rural Development of Montenegro, and UNDP Montenegro.**

## **Workshop report**

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# 1 Introduction

This report gives an overview of the outcomes of presentations, discussions and group work of the UNECE/FAO workshop on “Forest Product Markets and Forest Sector Workforce in the Balkans”. The workshop was conducted in cooperation with the UNECE/FAO UNDA project on Sustainable Forest Management for Greener Economies in the Caucasus and Central Asia, and supported by the UNECE/FAO Team of Specialists on Forest Products Markets and the joint ILO/UNECE/FAO Team of Specialists on Green Jobs in the Forest Sector. The workshop languages (with interpretation) were English, Montenegrin and Russian.

The workshop brought together 20 experts from Albania, Belgium, Croatia, Finland, Ireland, Montenegro, Serbia, The Former Yugoslav Republic of Macedonia and Ukraine to discuss, exchange experiences, map out the needs for capacity building as well as to formulate recommendations for the future work on forest product markets and forest sector workforce. This meeting gave background information for a UNECE/FAO study paper on forest sector workforce, which will be completed in 2016. Participants from the UNECE/FAO UNDA project were invited to the workshop, but due practical constraints they were not able to participate.

The workshop was opened by the Minister of Agriculture and Rural Development of Montenegro, His Excellency Mr Ivanović and the General Director of the Directorate for Forestry, Hunting and Wood processing, Mr Fetić. The participating group of experts worked two days with various presentations and group work exercises on the topics “Forest Products Markets” and the “Forest Sector Workforce”. On the third day all participants were invited to visit the sawmill Vektra Jakic in Pljevlja located in the northern part of Montenegro.

More information (agenda, presentations, news release, photographs) about the workshop is available here: [www.unece.org/index.php?id=41338](http://www.unece.org/index.php?id=41338)

## 2 Forest Product Markets

Montenegro, The former Yugoslav Republic of Macedonia, Croatia and Serbia plead for strengthening the regional cooperation between neighboring countries on roundwood trade. The forest sector has the potential to play a substantial role in the economies of the four countries if a regional forest strategy is implemented. Actions are needed to attract investments, to develop brands and market placement, and to increase the proportion of finalized high quality products. Creating more value added in the forest sector is possible without increasing wood harvest significantly by applying more efficient technologies and effective use of wood processing co-products in cascaded use. The region of the Western Balkans may have potentials similar to developments in Romania or Turkey in the past 15 years (for more information [click here](#)).

In the Forest Product Annual Market Review 2014 -2015, presented by Mr Steierer, it was highlighted that especially the topic wood energy is important for the Western Balkan region. All forms of wood fuel production increased in the region in 2014. Both the wood-chip and the wood-pellet market had high growth rates. Wood-pellets produced in the region are mainly exported (71.4% of the production in 2013). However, a lack of consistent and reliable data makes the analysis of the market more difficult. Countries were invited to submit country specific market statements to improve this situation.

Major challenges for the Western Balkan's forest sector include unregistered use of firewood (estimate up to 40%), illegal trading activities, low technological level of the wood industry due to outdated machinery, low transformation of wood into value-added forest products (wood is mostly exported as roundwood), lack of political support to complete necessary reforms. Regional cooperation is crucial facing the problem of illegal logging and trading of wood. A good start for regional cooperation in the forest sector is the international conference "Adriatic Wood Days", presented by Mr Kavran, which bring together experts in the field of forestry, wood processing, energy from wood, furniture production and creative industries. This event has to potential to bring neighboring countries in the Balkans together to evolve common strategies to develop the wood market.

With two practical examples Mr Hermans, Belgium, explained how medium sized companies can evolve strategies to access new export markets. These companies repositioned themselves at the market by focusing on higher quality and service. This could be also a possible solution for similar sized companies in the Western Balkan region. Therefore, the local industry has to be able to react to a changed economic environment.

How to access the EU markets was considered to be a major issue, and there was a lot of uncertainty about how to comply with the EU Timber Regulation (EU-TR) from legislative and private sector perspective. Certification is - in the case of Montenegro - not yet available and was subject to very controversial discussions among the workshop participants. Some experts in the country perceived certification in a negative way while others consider the availability of certification as an indispensable condition of development and access to key markets.

Prof Kiyko from the Ukrainian National Forestry University presented an approach of the European Union to support and encourage reforms in Eastern European countries by bridging the gaps between research and innovation among small and medium sized enterprises, science and authorities (RERAM project, [www.reram.eu](http://www.reram.eu)). A special focus lies thereby on resource efficiency as forest in the region is often used in an unsustainable way. There are major opportunities for improvement by approaching the problems of exploiting harvesting technique, illegal logging, corruption and inefficient wood industries.

The Western Balkan region has large and high quality forest resources, wood processing industry and existing export possibilities, but this potential is not fully exploited due to lack of market intelligence and product concept development. There are severe challenges like corruption, illegal logging, inefficient structures and underdeveloped export channels. The regional industry is in need to gain knowledge in the fields of marketing, quality control, investment planning and increasing efficiencies. In conclusion the Western Balkan regions success in improving the conditions on the forest products markets largely depends on political support, regional cooperation, an expansion of the wood manufacturing industry and the development of innovative design and marketing.

## 2.1 Group work outcomes on Forest Product Markets (H-Form)

<p>Group 1 (mostly non-Montenegrin participants)</p> <p>How well is the forest based sector in the region prepared for the global market?</p> <p>Overall rating: 6.4 (out of 10 points)</p>		
Negative aspects	Positive aspects	Recommendation
<p>Internal competition between competing end users/user</p> <p>Illegal logging</p>	<p>&gt;80% export of forest products</p> <p>Availability of raw material</p> <p>Forests are renewable</p>	<p>Encourage a think tank of the forest sector creation</p> <p>Forest sector creation –</p>

<p>A lack of diversity lack of (Small and medium companies)</p> <p>Unresponsive for change</p> <p>There is no strategy of forest sector law</p> <p>Illegal activities in forest sector</p> <p>Expensive financial capital</p> <p>Non-developed channels of distributions of wood products on foreign markets</p> <p>Too much poor added value production</p> <p>Raw material issues</p> <p>Lack of innovation</p> <p>Barriers to innovation</p> <p>There is no coordination</p> <p>System of long term concessions for standing wood</p>	<p>2 bil m3 timber stock</p> <p>Developed industry</p> <p>Existing of resources</p> <p>Existing of big companies</p> <p>Existing of tradition in wood processing</p> <p>So many things to do &gt; not prisoner of old traditions or old trading agreement.</p> <p>Good export possibilities, main market: china and Arab countries</p>	<p>intuitively</p> <p>Create a public consultant</p> <p>Good balanced sectorial political decisions</p> <p>Certification of forests FSC/PEFC</p> <p>Improvement of the image of the sector to increase the interest of young people</p> <p>Change the system of attribution for standing wood &gt; auctions</p> <p>Strategy elaboration</p> <p>Improve of control of timber and wood products trade</p> <p>Support by government</p> <p>Development of innovative design and marketing</p> <p>Attractive education at all levels</p>
<p>Group 2 (mainly Montenegrin participants)</p> <p>How well is the forest based sector in the region prepared for the global market?</p> <p>Overall rating: 6.6 (out of 10 points)</p>		
<b>Negative aspects</b>	<b>Positive aspects</b>	<b>Recommendation</b>
<p>Insufficient qualified human resources</p> <p>Lack of certification</p> <p>Insufficient regional sector</p>	<p>Quality of raw material</p> <p>Competitive price of wood products</p> <p>No language barrier</p>	<p>Road infrastructure to reduce transport costs</p> <p>Launch certification procedure</p> <p>Political will to see problem and</p>

<p>cooperation</p> <p>Raising awareness global vs local</p> <p>Lack of records origin traceability</p> <p>Legislative framework including production</p> <p>Lack of competitive products for the global market</p> <p>Transport costs (distance)</p> <p>Harmonization of law and procedures for export and import of wood products</p>	<p>Quality of stuff and school system in region</p> <p>Easy procedures and benefits for investors</p> <p>Good forest health</p> <p>Simple and easy exports procedure</p> <p>Competition price of work force</p>	<p>start to working on</p> <p>Increase the level of processing towards final products, increase quality</p> <p>Capacity building of staff – education</p> <p>Establish continuous regional cooperation (share experiences and information, align prices....)</p> <p>Forestry faculty to be established in Montenegro</p> <p>Improvement of technical capacities</p>
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### 3 Forest Sector Workforce

Major challenges for countries in the UNECE region, as presented by Ms Warsta, are an aging workforce and the lack of young entrants to the forestry professions which is enforced by the demographic change, insufficient training and education of forest workers in some parts of Europe, continuing gender imbalance in forestry professions, persisting high accident risk in forestry operations, emerging health risks for operators of forestry machines, as well as low profitability of forestry operation services and the wood working industry.

The experts from countries present during the workshop reported that these challenges also apply for the region of Western Balkans. Montenegro for instance lacks qualified human resources to fill vacant posts in forestry. It does not have a faculty of forestry and professionals have to be educated in nearby Bosnia Herzegovina or Serbia, which also highlights the importance of regional cooperation. Macedonia reported on having a training system for forest workers but outlined the problem of low salaries. These low salaries drive forest workers to reach out for better working conditions in Italy, Austria and Germany, where they can earn in three months the equivalent of an annual salary in their home country.

A landscape of future Green Jobs in the Forest Sector along with strategies on how to improve the attractiveness of the jobs in different thematic areas were presented by Mr Nystrand, Team of Specialists on Green Jobs in the Forest Sector, Finland. As an example, a strategy used by Finland is to widen the concept from producing traditional forest products to producing variety of value-added bio-based products, and including it to university curricula (since 2010). The refreshed image of the sector is supported by national bio-economy strategy that recognizes the importance of the forest sector to national economy and in building new business opportunities regardless of the structural changes in the industry. E.g. from traditional wood energy production to “forest based biofuels production (biodiesel)” or from paper mill to bio-product factory, that produces several value-added products (such as special fibers or chemicals) from wood.

This strategy has been successful in attracting students to choose a study program in the field of bio-product technology and increased the sectors attractiveness among young professionals. Further examples on urban forestry in Australia, forestry education in Germany, Poland and Hungary, and the use of forest for health and recreation in Japan and Great Britain gave inspiration on how to raise awareness and a connection between the population and forests.

The group work of participants revealed a thirst for action to improve the countries conditions for the forest sector workforce. Opportunities for this have been detected in creating jobs in the framework of green economy and raising awareness of the importance of the forest sector. To impel the development of the forest sector workforce in the region the participants recommended to initiate an awareness raising campaign. Furthermore, political will for reforms and an enabling environment are needed to improve the working environment in the sector.



### 3.1 Group work on the forest sector workforce (SWOT- analysis)

SWOT ANALYSIS OF THE FOREST SECTOR WORKFORCE			
<b>STRENGTHS related to forest sector workforce</b>	<b>WEAKNESSES related to forest sector workforce</b>	<b>OPPORTUNITIES within the broader context (international trends, market, etc.)</b>	<b>THREATS within the broader context (market forces, other sectors, policies etc.)</b>
<p>Socially very needed profession (especially in the future)</p> <p>Renewability of the resource forest (does not disappear)</p> <p>Skillful foresters</p>	<p>Societal pressures (demand)</p> <p>Insufficient number of educated foresters</p> <p>Hard physical labor</p> <p>Low social status</p> <p>Low salaries</p> <p>Technical equipment</p> <p>Corruption</p>	<p>Charging on ecosystem services, polluters etc.</p> <p>Increasing awareness of the importance of forest sector</p> <p>New jobs from companies established in the framework of green economy</p>	<p>New activities hard to “turn into money”</p> <p>Workforce “brain drain” abroad</p> <p>Non-harmonized regional forestry policies (market etc.)</p>
<b>Feasible RECOMMENDATIONS for the forest sector workforce</b>		<b>Feasible RECOMMENDATIONS to develop forest sector workforce in an enabling environment</b>	
<p>Decent level of salary</p> <p>Fees for companies for ecosystem services (to finance forestry)</p>	<p>Development of forestry training center</p> <p>Stricter sanctions</p>	<p>Improve the working environment/attractiveness to keep the educated people</p> <p>Awareness raising campaign (as preventive action)</p>	<p>Political will for reforms</p> <p>Increasing the ecological awareness (people)</p>

## 4 Annex 1: Program

### Tuesday 8 December 2015: Forest Products Markets (FULL DAY)

#### 9:00 Opening of the meeting and welcome notes

Mr. Petar IVANOVIĆ	Minister of Agriculture and Rural Development, Montenegro
Mr. Adem FETIĆ	General Director of the Directorate for Forestry, Hunting and Wood industry, Ministry of Agriculture and Rural Development, Montenegro
Mr. Florian STEIERER	Economic Affairs Officer on Forest Products, Wood Energy and Forest Resources, UNECE/FAO Forestry and Timber Section
Mr. Eoin O'DRISCOLL	Team leader of the Team of Specialists on Forest Products

#### Who is who – tour de table

#### The Forest Products Annual Market Review 2014-2015

Mr. Florian STEIERER	Economic Affairs Officer on Forest Products, Wood Energy and Forest Resources, UNECE/FAO Forestry and Timber Section
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#### The Bled Declaration and update on recommendations from previous workshops

Mr. Eoin O'DRISCOLL	Team leader of the Team of Specialists on Forest Products
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#### Country Situations (Situation of the forest based sector today and planned developments in the future)

All participants

#### 12:00 Lunch break

#### 13:30 Where is the forest sector in the region now and where could it be in the future?

Mr. Florian STEIERER	Economic Affairs Officer on Forest Products, Wood Energy and Forest Resources, UNECE/FAO Forestry and Timber Section
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#### Introduction of the group-work methodology

Ms. Elina WARSTA	Associate Economic Affairs Officer, UNECE/FAO Forestry and Timber Section
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#### Group work

“How well is the forest based sector in the target region prepared for the global market?”

#### The Resource Efficiency of Woodworking Industries in Eastern Europe project

Prof. Orest KIYKO	Head of the Furniture and Wooden Products Technology Department, Ukrainian National Forestry University
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**17:00**    **Adjourning of the session**

**Wednesday 9 December 2015: Forest products markets (AM) & Forest sector workforce (PM)**

**9:00**        **OPENING DOORS TO MARKETS ABROAD**

**Exporting - practical examples from Belgium**

Mr. Pierre HERMANS    Forest & Timber Expert. PHBois Forest Office - Belgium

**Importing - practical examples from Ireland**

Mr. Eoin O'DRISCOLL                      Team leader of the Team of Specialists on Forest Products

**ADRIATIC Wood days**

Mr. Marijan KAVRAN                      Cluster manager(director)Croatian Wood Cluster

**KEY'S FOR EXPORTING ABROAD**

**THE EUROPEAN TIMBER REGULATION**

N.A.    European Commission

**Domestic consumption VS exporting: example from Ukrainian forest sector**

Prof. Orest KIYKO                      Head of the Furniture and Wooden Products Technology Department  
Ukrainian National Forestry University

**Proving legality of wood and wood products – current development in Serbia**

Dr.Branko GLAVONJIC                      Professor Faculty of Forestry Belgrade State University

**Forest resources and system of forest management in Montenegro**

Aleksandar STIJOVIĆ                      Institut za Sumarstvo in Podgorica

**Group work:**

**The way forward – UNECE's contribution to the forest based industry in the region**

**12:00**        **Lunch break**

**13:30**        **Challenges of the forest sector workforce in UNECE region**

Ms. Elina WARSTA                      Associate Economic Affairs Officer, UNECE/FAO Forestry and Timber Section

**Presentation of the work of ILO/UNECE/FAO Team of Specialist on Green Jobs**

Mr. Hakan NYSTRAND                      METO, Forestry Experts' Association, Finland

**Introductions to country situations (forest sector workforce)**

Participants

**Introduction to group work methodology**

Ms. Elina WARSTA Associate Economic Affairs Officer, UNECE/FAO Forestry and  
Timber Section

**Group work: SWOT analysis of the forest sector workforce**

**Plenary discussion and recommendations for future capacity building work and study  
paper focus**

**17:00 Closing of the session**

**Thursday 10 December 2015: Field trip (FULL DAY, 8:00-19:00)**

Departure from Podgorica at 8:00 (front of the meeting hotel)

Arriving in Pljevlja at 11:00

Visiting sawmill VektraJakic at 11:30

Visiting a forest unit around Pljevlja at 13:00

Lunch in a restaurant at 14:30; options: meat or vegetarian.

Departure from Pljevlja to Podgorica at 16:00.

Arriving back to Podgorica at around 19:00.

## 5 Annex 2: List of Participants

### List of participants

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### Forest Products Markets and Forest Sector Workforce in the Balkans

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**Start Date:** Tuesday, December 08, 2015

**End Date:** Thursday, December 10, 2015

**Participants:** 20

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Last Name	First Name	Title	Organization	Country	Phone	Email
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