MONTENEGRO MARKET STATEMENT

Foresta2021

1. General economic trends affecting the forests and forest industries sector

General economic trends affecting forests and forestry industries sector through an increase in the price of transport, a lack of containers and thus an increase in the price of products to exporters. In the end, this affects the prices of buildings under construction.

2) Policy measures taken in 2020 and first half of 2021

2.1) Impact of the Covid-19 outbreak and its impacts on forest and forest product markets and policy measures taken to mitigate the impact on the sector.

Companies have support program for the economy and employees in order to mitigate the effects of the epidemic COVID-19.

2.2) Biotic and abiotic disturbances of forestry, their impact on forest products markets and trade and current and planned policy measures taken to mitigate economic and ecologic impact.

The Forest Administration has set pheromone traps in critical and necessary places, and a report on forest drying is made every year. As for the abiotic aspect, there is a coordinating body to combat damage in forest departments.

2.3) Forests and the forest-based industries in a circular bioeconomy

There are 7 pellet producers who use forest residues and waste and use it to produce pellets.

2.4) Renewable energy policies and their impacts on forest products markets

The plan is to increase the consumption of renewable energy sources (pellets) to 18,000 households by 2030. The utilization of classic furnaces is 45 percent and high energy furnaces 90 percent. This project is led by the Ministry of Economic Development until 2030.

3. Market drivers

The last 15 years have been an intensive construction activity (hotels, housing units, etc.), therefore there is a great demand for all forms of wooden products. Due to the high demand for logs for the sawmill's own needs, the export of logs and unprocessed wood is limited. There is a high demand for fir and spruce sawn timber in the surrounding countries due to the high quality of timber as it grows at high altitudes. In addition to the surrounding countries, there is a great demand from other countries, but there are no capacities that can cover all the requirements. All the above parameters have a positive impact on the forest products market.

4. Developments in forest products market sectors

4.1) Wood raw materials (e.g. roundwood, sawlogs, pulpwood, chips, residues and fuelwood)

The development plan for forestry in the coming period is:

- Revision of forestry strategies and implementation of realistic goals.
- Forestry reorganization planning.
- Abolition of the concession system and transition to a sustainable system of use.
- Recultivation of fired forests.
- Afforestation with indigenous species.

Development of existing wood processing clusters through subventions to improve. There are 6 clusters in Montenegro, the mostly they produce sawntimber and other semi-productions.

4.2) Wood energy, with a focus on government policies promoting wood energy.

The same answer as point 2.4

4.3) Certified forest product

It is planned to introduce FSC over the next two years for state forest.

4.4) Sawn softwood

The mostly Montenegro produce fir/spruce/ pine sawn timber. The previously completed tables show that the finalization of wood products is at a very low level due to the sudden collapse of state-owned companies during the transition period. In order to increase the degree of finalization of wood products, attempts are being made to create clusters among smaller producers because there are limiting factors of wood mass and financial resources.

4.5) Sawn hardwood (temperate and tropical)

The mostly Montenegro produce beech sawn timber (steamed, dried and so on). The quality of beech logs only satisfies sawmill needs. The other species of wood (oak, elm and so on), it has only a use value for heating or chopping production. The amount in the forests does not meet the needs for opening factories wood based panels.

4.6) Wood-based panels (particle board, fibreboard and MDF, OSB, plywood)

There is only one producer in Montenegro for plywood and factory use beech logs. A project for the production particle board, fibreboard and MDF was made, but it was concluded that it was not possible due to the lack of wood raw materials.

4.7) Pulp and paper

There are no factories for this type of production nor is there a plan for the future.

4.8) Value-added wood products

As I wrote in previous statements, attempts are being made to increase the value of wood products through clusters, which is the very goal of the cluster.

4.9) Housing and construction

There are factories for the production of wooden houses and annual production of 10 000m2. Also sawmills produce wood beam for construction.