

# **Workshop on policy consequences of EFOS**

*20-21. June 2005, Budapest*

## **NATIONAL REPORT REPUBLIC OF SERBIA**

*Prepared by Aleksandar Radosavljevic*

### **INTRODUCTION**

During the last decade of previous century Serbia spent covered by international isolation. The beginning of transition process in all fields was in very difficult social and economic conditions.

Moving onto a path for achieving the strategic goals of full reintegration into the international community require from Serbia strong engage in the aim to develop country in generally.

Like other sectors forests as significant resource and forestry like branch have demand for further development. The a lack of declared forestry policy, outmoded legislative framework and forestry institutions that are not structured, organized or equipped to deal with the challenges of emerging forestry issues in the wake of the country's sustained efforts to achieve its major foreign policy goal of accession to the European Union was main characteristic of Serbian forestry.

The requested reforms have to be based on the clear aims, write planned and leaded. For that reason analyzing past and present situation in European forestry sector and projection of trends are useful tool for decision makers in Serbian forest policy.

### **EFSOS CONCLUSION AND POLICY RECOMMENDATION**

#### **Shifting balance in the wood production**

The present forest cover percentage of 27.4%, compared to distinct social needs for multifunctional forest outputs and the estimated optimal forest cover percentage of 41.4%, has been evaluated as insufficient and negative.

The present forest condition is also negative, which is characterized by the share of high forests and plantations 45.7%, coppice forests 45.5%, brush wood and scrub 8.3%, and forests for fodder 0.5%.

The average volume of standing trees is 107.0 m<sup>3</sup>/ha and average current volume increment is 2.6 m<sup>3</sup>/ha. This fact means that only about 50% of the site production potentials are used.

Serbia is traditionally an exporter of wood and wood products. However, in recent years there has also been a significant import of wood products. During the 1980s export and import volumes of the forest sector were almost at the same level. During the period 1991 – 1996 both export and import sharply declined because of UN sanctions and the trade ban on Serbia.

After the lifting of sanctions it was obviously difficult re-establishing the previous production intensity and producing export competitive products.

The export declined until 1999 reaching a level of approximately 100 millions \$US in 1999, and import amounted 178 millions \$US.

With the political changes in 2000 and intensifying of transition towards an open market economy, export from the forest sector is recovering very slowly. In the graph export, import and trade balance in million \$US is given.

The value of total wood export amounted to \$US 126 million, in 2000. At the same time, on the domestic market there was demand for good quality final products, which were imported to the amount of \$US 191 million. In 2001 both imports and exports were at higher levels than in 2000, but with a decreasing trade deficit. Export amounted in 2001 to nearly \$US 119 million and import to \$US 206 million. In 2002, the value of exported wood products was some \$US 137 million, and imports \$US 282 million.

Trade deficits in 2001 and 2002 amounted to \$US 87 millions and \$US 145 millions, respectively. In these two years the country had a trade deficit in both primary forestry and the forest industry. In the first eleven months of 2003, Serbia forestry industry exported 155 millions \$US, and imported 347 millions \$US, which gives a trade deficit in forestry sector of approximately 193 millions \$US. The structure of export of Serbian forestry industry is given in the following graph.

The try is that wood based products from Serbian forests have comparative advantage compared with Western European countries but the characteristic of forests previously showed and transition point that Republic of Serbia period not country from which can be expected significant changes in the wood production in the next 20 years.

### **Sustainable Development**

It is often emphasized that the main sectors of Serbian economy are, or should be, those which are exploiting the natural resources, such as agriculture, forestry or water supply. Actually, their real significance for the country development is not receiving as much emphasis as they deserve.

Among the mentioned economy fields, forestry has always played a significant role, ensuring the survival and satisfying the basic existential needs of the rural population, during the periods of crisis. Moreover, forestry is important for economic and social development. It provides a wide range of benefits, such as wood products and non-wood forest products. Those effects are visible and measurable, and consequently easy recognized and respected.

Also, they are other benefits, like environmental needs and biodiversity, which are provided from forestry, and which are not measurable in the short-term period, so their significance is not sufficiently emphasized. However, those immeasurable benefits of the forests are becoming more important over the time.

The value of those resources depends on the individuals or groups who evaluate their significance. It can be expected that the other group of benefits will become more significant during the next period, not only for the economic, but for the social development, also.

### **Economic Importance**

The direct contribution of forestry sector to employment is about 3.9 % of the total employment in the country, or 52 190, of which 43 932 are employed in the wood industry, and 8 258 are employed in forests.

The half of employees in wood industry is employed in the manufacture of wood and wood products, and approximately one fourth in both sawmills and wood boards and paper products production. As in Serbia are only two companies operating in the paper production, both in state ownership and both of very high capacity for the Serbian market, with over employment. Both factories will be privatized and it is to expect that the number of the workers will be reduced.

Considering the overall situation in forestry and wood industry, it can be expected that the number of employees in this sector will rather decrease than increase. Privatization itself will rationalize the number of workers, smaller plants will probably disappear from the market or play the role only in a very narrow local market, employing usually family members or a couple of workers.

### **Social Importance**

The first result of the census of 2002 shows that of the total population of 7.5 millions, some 44 % lives in rural areas, and the remaining part lives in urban areas.

For the rural population, especially poor, forests play a very important role. Most of rural households and in particular those in central Serbia, almost totally depend on forests for their fuel wood needs for heating and cooking.

It is estimated that more than 90 % of the amount of energy needed in those communities is met by fuel wood. Using other energy sources, electricity or gas is less favorable solution for rural population, because the prices of both energy sources are increasing in the last time and in comparison to prices of wood are relatively high.

This current energy consumption pattern in rural areas is in place long time and most likely will stay in future. In the rural areas wood is also used as a constructing wood for farmers own building.

### **Environmental importance**

Ecosystem in Serbia provides a various and valuable diversity of flora and fauna.

Considering this diversity, the number of plant species and the primary gene center, national and international significance of the Serbian forests are recognized.

Among the other efforts, environmental importance of the forests is supported by establishing of four national parks, and a number of other areas under different types of protection, altogether covering about 20 % of total forest area in the Republic.

## **POLICY SCENARIO**

Between tree possible policy scenarios we are thinking that **baseline scenario** fits best to the conditions in the Serbia in generally.

Even if we have on the mind that annual economic growth is on the level which is characteristic of integration scenario (more than 4%).

State of forests in Serbia is very stabile if we are looking in the parameters like as forest cover, wood volume and wood volume increment.

Historical trends in the supply and demand of forest products and services will continue unchanged into future.

## **STAKEHOLDERS AND EUROPEAN FOREST SECTOR OUTLOOK**

The potential users of information provided by *EFROS* should be all forest policy protagonists.

At this moment in Serbia, three basic groups of forest policy protagonists can be identified: Government, state organs responsible for forestry, forest owners and professional bodies and institutions. State organs that take part in the changing of forestry are the Directorate of Forests (in the framework of the Ministry for Agriculture Forestry and Water Management).

The greatest forest owners are the State and private owners, while other types of ownership are much less represented (church property, community, co-operative, etc.).

Professional bodies and institutions are numerous: Faculty of Forestry, Association of Engineers and Technicians of Forestry and Wood Processing of Serbia, the Chamber, several NGOs (particularly those dealing with environmental issues), small private enterprises and some social and interest organisations.

Like institution responsible for developing and implementing forest policy but also for following international forest policy Directorate of Forests prepared end attached information about European Forest Sector Outlook Study on official ministry web address: [www.minpolj.sr.gov.yu](http://www.minpolj.sr.gov.yu).

## **FOREST SECTOR POLICY IN THE FUTURE**

Further development of forestry sector in Serbia is strongly connected to document of National Forest Policy which is developed through project Institutional Development and Capacity Building for the National Forest Program of Serbia.

Also, new Law on Forestry is in preparation phase.

For now document National Forest Policy is in draft but very soon will be in procedure to be approved by Government.

According to the National Forest Policy Government, like one of the most important stakeholders, have following obligation:

The Government will promote and support the implementation of **sustainable management** of forest resources, which implies their rational use, growth, promotion and protection under the multiple benefit principle and maintenance of ecological balance.

The implementation of basic national policy decisions, in the conditions of unfavourable state of forest resources, demands the changed attitude of the State to this unique, specific and renewable part of nature. This includes, first of all, the definition **of the optimal forms of forest management** and the **specific measures of economic policy**.

The Government will ensure the **permanent financial mechanisms** to promote the state of forests and the development of the forestry sector, because the economic function of forests is very significant for the achievement of the final goals of forest policy.

The Government will support the development of the forestry sector by providing the **regulatory, institutional and economic frameworks** for the implementation of sustainable forest management, by decisions in favour of the rational use of wood and other products and services and thus reduce the pressures on forests.

The Government will **harmonise** the future legislative and institutional framework **with the European Union** in foreseeable time.

The Government will ensure the **active participation in international governmental and non-governmental organisations and programmes**, especially in the preparation and implementation of global and Pan-European resolutions.

Pursuant to the national policy and regulations, the Government will **support the different forms of forest ownership**, under **equal legal protection**.

The Government will provide the **organisation and professional strengthening of the institutions** for the implementation of the adopted forest policy and the **consistent application of regulations** in the field of forestry, as the basic instruments of forest policy.

To realise the goals of forest policy, the Government and the Ministry of Forestry will launch the activities on the formulation of **the National Forestry Programme**, as the strategic framework for the development of the forestry sector.

Within the overall legal system, the Government will, based on the general significance of forests for the well-being of the nation, the specificities of forest management and biological characteristics of resources, provide the **mechanisms for real valuation of forests and quality and the efficient sanctioning of the illegal actions** related to forests.

The Government will **promote communication, co-ordination and co-operation** with other forestry related sectors.

The National **Forestry Programme** will be developed through project *Forestry Sector Development*.

Main activities which will be implemented in period 2005-2007 are:

- Establishment of a Forest Forum as a platform for dialogue amongst stakeholders and representatives of the sectors interested in forest use and conservation.
- Design a strategy for decentralized participation in the forest policy implementation and debate.

- Establishment of a Technical Committee formed by representatives of key forestry stakeholders group, to draft a national forest action plan to guide the implementation of the national forest policy and legislation.
- Submission of the forestry action plan for public discussion.
- Finalizing the plan and submission to the Government for official approval.
- Maintain the mechanism for continuous debate and updating of the plan, as per needs.

### **COUNTRY PROFILE COMMENTS**

We have not comments on country profile for Serbia and Montenegro except that lack of information about sector from the past are evident.