



RAS

INVEST IN SERBIA  
**FOREST BASED  
INDUSTRIES**

Need a  
Competitive  
Advantage?

**THINK  
SERBIA!**

### **FAVORABLE GEOGRAPHIC LOCATION**

Serbia's position in the heart of South East Europe makes it an outstanding investment location. Businesses based in Serbia are able to provide services and transport goods to European and Middle East markets in projected and flexible time frames.

### **HIGHLY SKILLED SERBIA**

A highly-skilled workforce with the strong tradition of woodworking, furniture making and export.

### **THINK GLOBALLY, SOURCE LOCALLY**

2.2 million hectare of forests and woodland, FSC supply, pool of local manufacturer's particleboard, polyurethane and other materials.

### **SECTOR OVERVIEW**

3,734 companies; 52,041 workers; €1.2 bn worth export of Forest base industry.

### **SERBIAN DESIGN - EUROPEAN MARKET**

Companies with profound export experience and flexibility to satisfy furniture quality and time requirement as well as the product development of small quantities or the custom designed furniture.

### **ONE LOCATION 1.3 BN CONSUMERS**

Free and favorable trade agreements with most major economies. Free Access to a Market of more than 1.3 bn consumers – only country in the region with Free trade agreement with Russia.

### **FINANCIAL BENEFITS AND INCENTIVES**

Serbia's favorable corporate tax system makes investing highly attractive. In addition to one of the lowest corporate profit tax rates in Europa, investors benefit from various tax incentives which create excellent start up conditions.

## FAVORABLE GEOGRAPHIC LOCATION



Owing to its position on the geographic borderline between the East and West, Serbia is often referred to as a gateway to Europe.

Two important European corridors, VII – the River Danube and X – the international highway and railroad, intersect on the Serbian territory, providing excellent connections with Western Europe and the Middle East. Serbia is thus a perfect place for a company to locate its operations if it wants to closely and most efficiently serve its EU, SEE or Middle Eastern customers. Bordering the EU, Serbia still offers a possibility of enjoying all the benefits of working outside the EU while being able to provide services and transport of goods in projected and flexible time frames.

“ITS EXCELLENT STRATEGIC POSITION MADE SERBIA NO.1 INVESTMENT LOCATION WHERE WE PLACED OUR FIRST REGIONAL PRODUCTION CENTER.”

MR. ALEKSANDAR ANDERSEN PODRAVAC, DIRECTOR, HEALTHCARE EUROPE





# HIGHLY SKILLED SERBIA



**17**  
high schools  
specialized in wood processing



**4** faculties with programs connected to the  
furniture industry with **1,114** graduates per year



**52,041**  
employed in the forest based industry

## LABOR MARKET

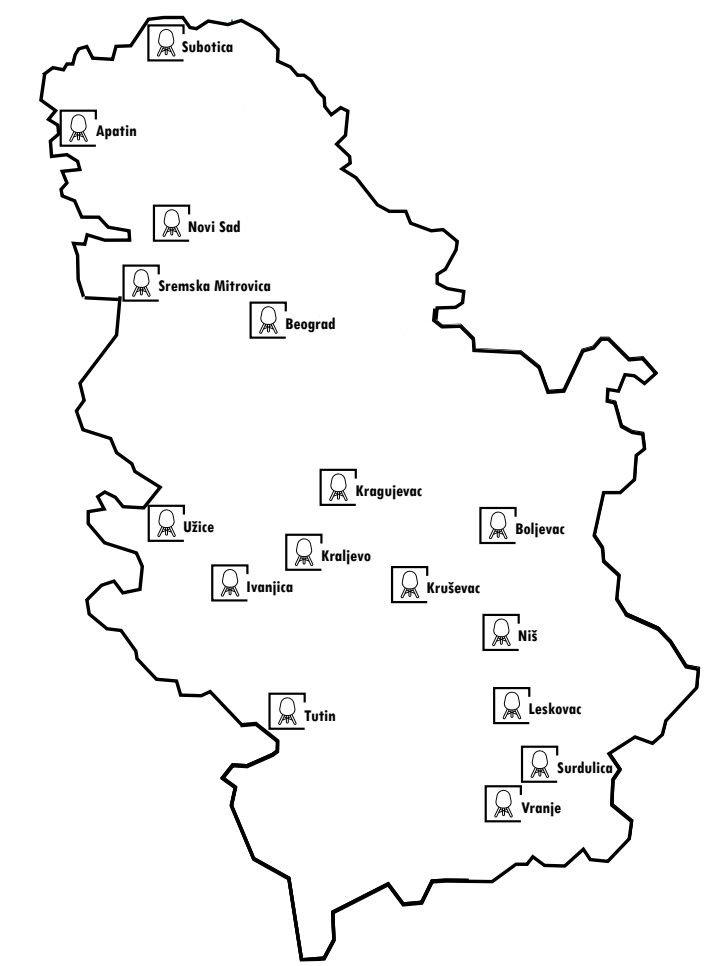
### SERBIA OFFERS BUSINESSES A DEEP POOL OF HIGH-SKILLED HOMEGROWN TALENT

Highly qualified staff in Serbia is widely available. The labor force in Serbia is well educated, innovative and equipped with strong management skills. Language proficiency of the Serbian workforce has been consistently confirmed by Serbia being among top 20 countries according to EF English Proficiency Index.

The number of engineers, machinists, managers, and other specialists is sufficient to meet the growing demand of international companies. Yearly, the labor supply increases by approximately 45,000 university and 2-year college graduates and 250,000 high school graduates.

High schools and faculties with programs that are concerning furniture industry are working with the industry to continuously tailor their programs to fit the market needs, developing future employees that are ready to contribute from day one. Due to high unemployment rates and traditional loyalty towards employers, attrition rate is very low.

## HIGH SCHOOL EDUCATION







UNIVERSITY OF BELGRADE  
FACULTY OF FORESTRY

# 100th Anniversary Congress 2020

## LABOR MARKET - FACULTY OF FORESTRY

The Faculty of Forestry of the University of Belgrade is the oldest and the highest scientific institution in the fields of forestry, wood processing, landscape architecture, horticulture and ecological engineering. Cooperation between the Faculty and the private sector has been changing according to market needs. Today, Faculty is actively contributing to the development of forest base industry in the whole region. In order to serve the market needs the Faculty has established a laboratory for furniture quality control and for wood surface management as well as Center for furniture design and planning.

The Faculty has been a full member of European Association of the Faculties of Forestry since 2009. This provides a solid basis for continues exchange of information and for initiation of joint projects. In addition, the Faculty has been recognized as one of the key institutions in Eastern Europe in implementing the United Nations Convention to Combat Desertification (UNCCD). Furthermore, the Faculty is actively supporting implementation of the objectives of the "Balkan Forests Forum" (program established in February 2015 in Sofia, Bulgaria), which opens up the possibility for taking part in EU and UN funded projects.



**THINK  
GLOBALLY,  
SOURCE  
LOCALLY**



By signing a yearly contract with Srbijašume and Vojvodinašume companies ensure the supply for next year.



Besides natural growth, Serbia pays great attention to reforestation.



State owned forest has been certified by FSC standard.

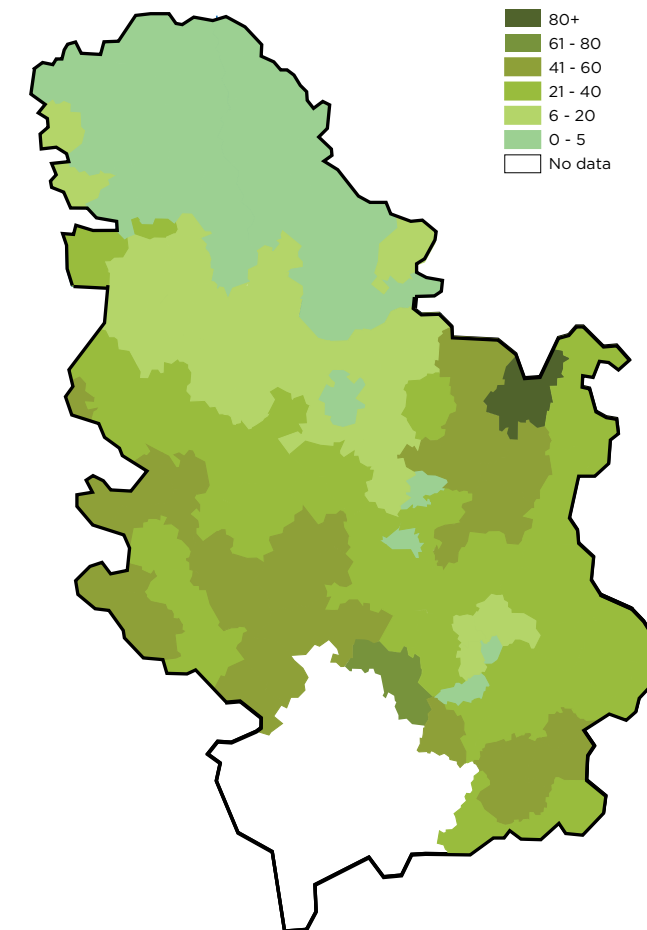
## THE FOUNDATION OF THE INDUSTRY LIES IN A GOOD RAW BASE

### WOOD SUPPLY

Serbia's logging is managed by public enterprise Srbijašume ([www.srbijasume.rs](http://www.srbijasume.rs)) and Vojvodinašume ([www.vojvodinasume.rs](http://www.vojvodinasume.rs)). These enterprises determine the quality of wood required from domestic sources and makes allocations to companies/individuals engaged in logging. Allocations are revised and adjusted depending of market requirements, availability and accessibility of timber. At the end of the each year, companies may conclude an annual contract with Srbijasume and Vojvodinasume to ensure the supply for coming year.

Serbia is among largest producer of sawn hardwood in the Balkans. Sawmills make up 49% of the total number of wood processing companies and at the same time, sawn wood accounts for 19,8% of exports in this sector.

% UNDER FORESTS



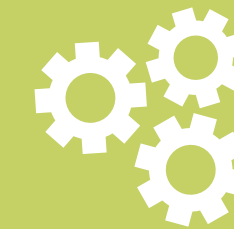
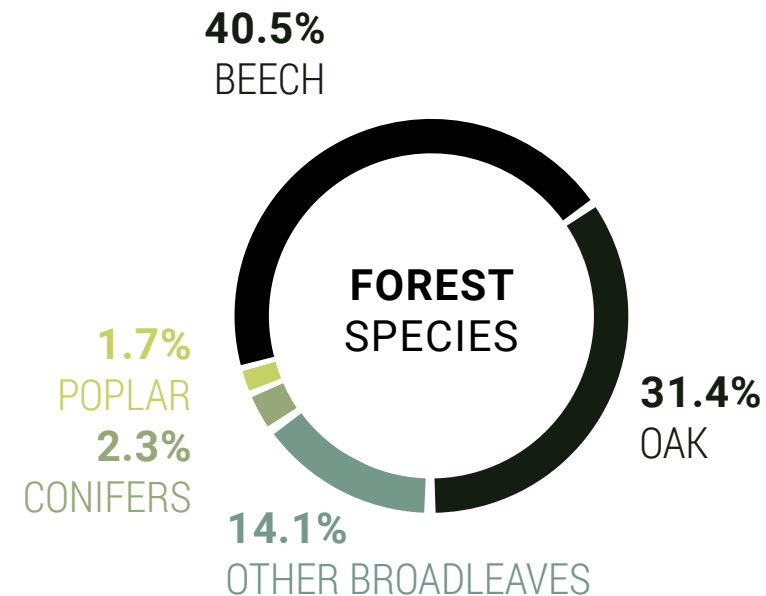
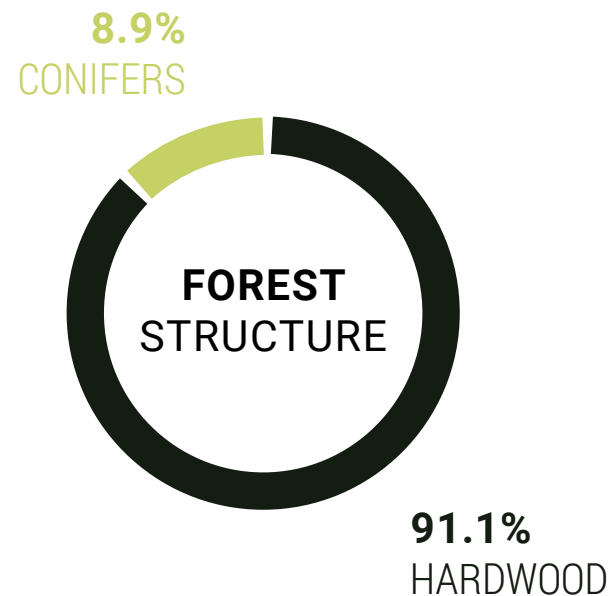


## THE FOUNDATION OF THE INDUSTRY LIES IN A GOOD RAW BASE

### TOTAL AREA OF FORESTS 2,252,400 ha

Out of the total area of 2,252,400 ha of forests in Serbia, 39.8% ha are state owned and 52.2% ha are privately held.

Conifers represent a relatively small share of the total amount supplied and cut while hardwood is the most available wood with annual supply of 2.7 million m<sup>3</sup>.



### ANUAL PRODUCTION

**3,268,857 m<sup>3</sup>**  
volume of timber felled from  
commercial purpose

**2,347,412 m<sup>3</sup>**  
produced in state owned forests

**921,445 m<sup>3</sup>**  
felled in privately owned forests

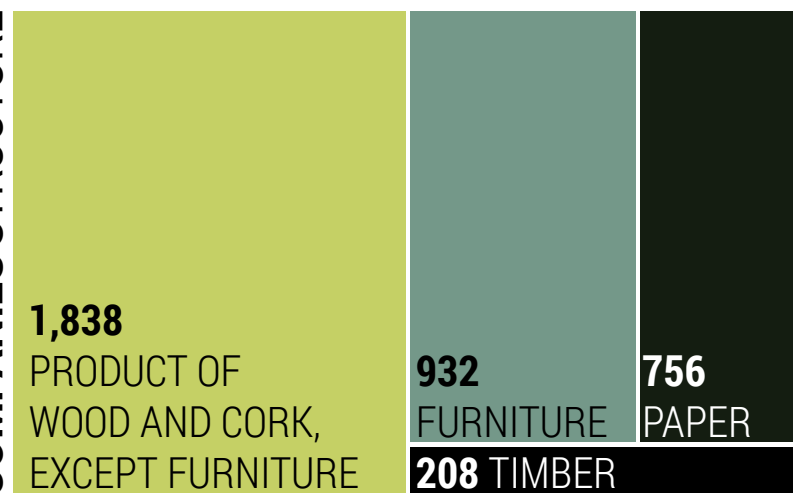
# SECTOR OVERVIEW

## INDUSTRY IN NUMBERS

Over the past decade, Serbian wood industry highlighted the most attractive sectors for foreign investors. French Tarkett, Italian Ditre and Gruppo Fantoni, Austrian Kronospan and many others have built their factories in Serbia in order to supply not only the local market, but also the EU and the ever growing Russian market.

The wood processing and furniture industry comprises 3,734 companies employing 52,041 workers. More than 90% of enterprises are privately owned and mainly are located in the central areas of Serbia. The majority of these companies deal in timber and wood products, while the rest are engaged in furniture production. The sector's share in Serbia's GDP is 1.4%, while the wood processing industry's contribution to total export amounts to 7,5%, with an ongoing positive growth trend over the last few years.

### COMPANIES STRUCTURE



**DITRE**  
**Italia**



**emmezeta**

**kronospan**

**fantoni**group



## INDUSTRY IN NUMBERS



### COMPANIES

**3,734**

More than 90% of enterprises are privately owned and mainly located in the central and southern areas of Serbia.



### EXPORTS

**€1.2 bn** Export of Forest base industry

**€522.4 mil** Furniture (2019)  
since 2018 furniture export has grew by 20%



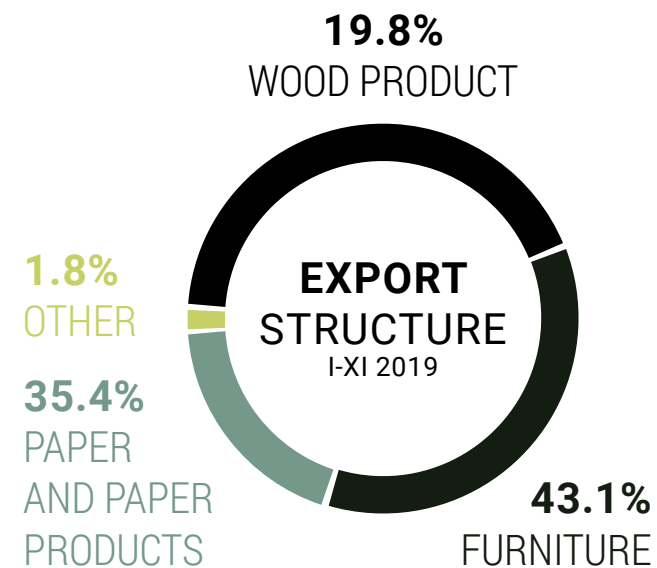
### EMPLOYEES

**52,041**

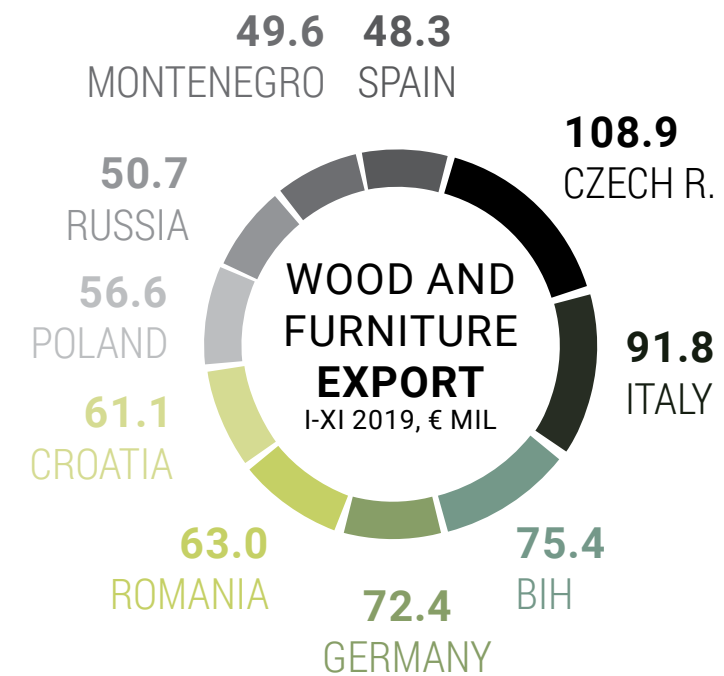
**23,765** in timber industry

**19,711** in furniture industry

**8,565** in paper industry



Source: Serbian Chamber of Commerce, PKS





# SERBIAN DESIGN EUROPEAN MARKET

## POOL OF SERBIAN SUPPLIERS

Serbia's furniture market is a demanding, versatile market which generates many possibilities for furniture producers. All categories of furniture and furnishings are produced in the country, such as household kitchens, office, shop fixtures, hotels, restaurants, nurseries, and schools. A number of Serbian companies also manufacture interior cabinetry and custom made furniture. Furniture is sold on the domestic market in retail chains: Jisk, Ikea, Emmezeta, local manufacturers such as Matis, Forma Ideale, Simpo, in addition to furniture production, have also developed their own furniture design and distribution.

Although most of the production is carried out by medium companies, micro and small enterprises have an important part in the furniture industry when it comes to the product development of small quantities or the custom designed furniture.

These family-owned companies have been successfully exporting products to the EU market for years and are often aligned with construction companies to provide furniture and furnishings for buildings throughout Serbia, Russia, Middle East and other markets.

Furniture is generally produced from particle board. Particle board is the wood product with the highest demand in Serbia. Although Austrian company Kronospan invested in Serbia the request for particle boards is still very high.

The demand for high-quality solid wood furniture is ever present locally, as well as on foreign markets. Only 30% of all furniture in Serbia is produced from solid wood and a great potential for investment lies in this relatively unexplored sector, particularly considering the segment's demand growth internationally. High quality raw materials and modern design, merged with low operational and labor costs as well as Serbia's strategic location close to the main EU and Russian markets, provide a solid base for investment in this sector.

**Catra** home  
fashion

**EXTRAFORM**

**entero**

**mobi**  
FURNITURE



**KOLAREVIĆ**



# Belgrade Furniture Fair 2019 Now



SAJAMNAMESTAJA.RS

Belgrade's annual International furniture fair is the largest and most important event in South Europe for more than 50 years. Every second week in November, Belgrade is the meeting point of furniture producers and suppliers from the region. At this event you can find suppliers of lumber and other primary materials, components and furniture of every style, material and price point.

Exhibitors are suppliers of lumber and other primary materials, components and furniture producers of every style, material and price point. With the intention of encouraging various business activities, the Belgrade furniture fair has established online platform for cooperation between furniture manufacturers and international buyers.

Since the establishment of this Fair, Serbia has grown into one of the premier investment locations in Central and Eastern Europe. As a result, the investment conference has been organized around the furniture fair to promote investment possibilities and business environment in the Forest Based Industry.



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MODERN FACTORY  
PRODUCTIONS





STRONG EMPHASIS  
ON TECHNOLOGY AND  
DESIGN OF SOLID WOOD





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FROM NATURE  
WITH LOVE





**MICROTRI** MICROTRI.RS

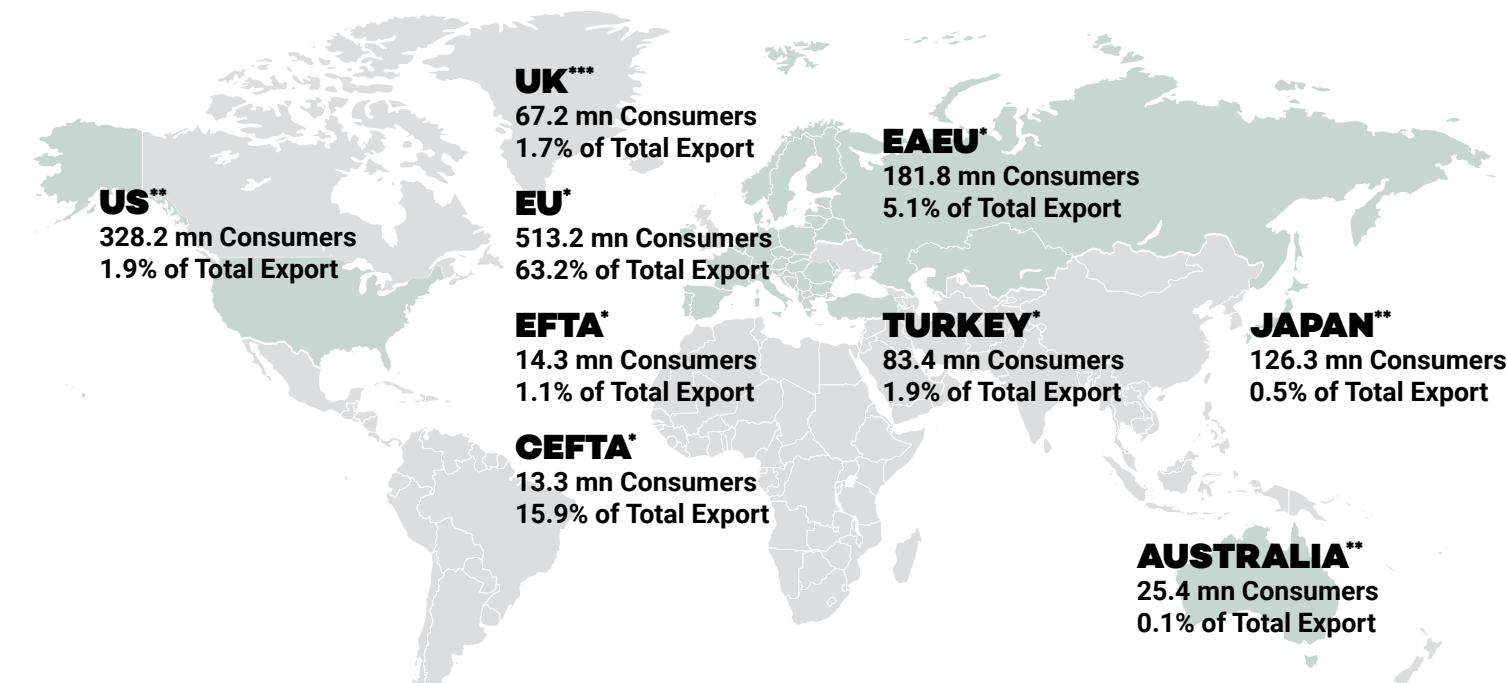
RELIABLE EXPORTER OF  
SOLID WOOD





**ONE  
LOCATION  
1.3 bn  
CONSUMERS**

## SERBIA MANUFACTURING HUB



\* FTA - Free Trade Agreements

\*\* GSP - Generalized System of Preferences

\*\*\* Partnership, Trade and Cooperation Agreement

Source: Statistical Office of the Republic of Serbia, 2020; World Bank

Serbia can serve as a manufacturing hub for duty-free exports to a market of more than 1.3 billion people that includes the European Union, USA, Turkey, South East Europe, the European Free Trade Agreement members, as well as Russian Federation and Eurasian Economic Union (EAEU) member states.

This customs-free regime covers most key industrial products, with only a few exceptions and annual quotas for a limited number of goods.

## FINANCIAL BENEFIT AND INCENTIVES

SERBIA HAS CONFIRMED ITS LEADING POSITION HOLDING 1<sup>ST</sup> PLACE AS THE TOP INVESTMENT DESTINATION COUNTRY IN THE WORLD, MEASURED BY THE ESTIMATED NUMBER OF JOBS RELATIVE TO THE SIZE OF THE POPULATION.

IBM GLOBAL LOCATION TRENDS 2020

### Cash Grants

To offset initial capital investments and ease the start-up of business endeavours, the Government of Serbia offers financial support for Greenfield and Brownfield projects in manufacturing, and the services sector which involve international trade. The level of investment incentives is based on investment location, number of workers and size of investment.

### Construction Land Transfer Subsidy

Government or the local municipality can sell construction land at a price which is lower than the market price in support of an investment project that is of national importance (if the land is owned by the government) or an investment projects that promotes local economic development (if the land is owned by the local municipality).

### Corporate Income Tax Relief

A 10-year Corporate Profit Tax Holiday is available for investors who hire more than 100 employees and invest more than 8.5 million euros (1 billion RSD). Tax holiday begins once the company starts making a profit.

### Double Taxation Avoidance

Republic of Serbia has 60 effective double taxation agreements in place that cover income, capital and property. In addition to having double taxation agreements in place with most European countries, Serbia has double taxation treaties in place with many countries in Asia and Africa.

## DEVELOPMENT AGENCY OF SERBIA - RAS

Development Agency of Serbia (RAS), as government organization, is dedicated to building a strong, sustainable and modern economy in the Republic of Serbia, by promoting investment potentials, as well as giving support to export and fostering the competitiveness of the market.

By giving wide range of services, such as diverse consultancies, benefits and incentives, support of SMEs projects, along with prioritizing investments in high technology and those which involve Research and Development processes, our idea is to create well-connected and sustainable system of great international and domestic companies established in Serbia, local suppliers which are able to become part of the worlds' suppliers chains and constantly growing export levels.



### ADVISORY SERVICE



### INVESTMENT LOCATIONS DATABASE



### SERBIAN SUPPLIERS DATABASE





RAS

Development Agency of Serbia

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