Furniture Industry and Wood Processing

- Tradition and experience in wood processing as well as furniture production
- Growth in production of furniture in 2008 by 10.1%
- Growth of wooden products export in 2008 by 8.9% in the amount of 387 million USD
- Growth of wooden joinery and elements export by 18.0%, wooden packaging by 29.6% and furniture by 14.8%
- Serbia suffices in final products, while it records deficit in primary processing (intermediate products and raw materials)

Forests in Serbia

The total forested area in Serbia is 2,629,109 ha, of which 53% is public property while 47% belongs to private owners. Serbia is considered a moderately forested country, with forests making up 29.6% of the total territory while the average volume of forests is 161 m³/ha. Mostly, these are deciduous trees accounting for 90% of Serbian forest resources. Primarily, it is comprised of beech trees (40.5%), followed by oak (27.2). Major part of forests that are a public property is managed by a public enterprise “Srbijasume” while the public forests on the territory of Vojvodina are managed by a public enterprise “Vojvodinasume”.

Forests Certification

Establishment of a standard of sustainable forests economization is of a great significance not only for the public enterprises which manage forests but also for a number of companies that are a part of the production chain. FSC – CoC certification already applies on the total area that is managed by the public enterprise “Vojvodinasume” while in the area managed by the public enterprise “Srbijasume” seven forestry properties still have yet to acquire certification. The project of forests certification started in 2006 and since then the companies dealing with wood processing are slowly becoming FSC – CoC certified. This process is unavoidable and all the companies that are a part of the chain are going through it, as they will not be able to export to European countries without it.

Upholstered furniture production in Serbia

The beginning of growth of this industrial sub-sector is connected to the development of the banking sector since 2000, with consumer credits for citizens began to be issued. Consequently, there was an increase in the demand for furniture and this generated growth and development of new companies – upholstered furniture manufacturers. Of the producers that once dominated Serbian market, “Simpo” (www.simpo.co.rs) is the only one that still operates, remaining the biggest company in the Serbian furniture market. By the volume of production, as well as the market presence, companies such as “Dallas” from Tutin (www.dalas.rs), the second biggest producer of furniture in Serbia, have distinguished themselves. Moreover, there is “Lagado” (www.lagado.rs), recognized for its style and quality, followed by the “Eurosalon” factory (www.eurosalon-fabrika.com), “Extraform” from Senta (www.extraform.rs) and many others.

One of the specific features of the domestic market is that companies must, in their supply, have an abundance of models made of many different materials and in various colors. As such, manufacturing in Serbia, even in big companies, consists of a simple type of manufacture that does not allow serial production. The participation of foreign producers in the Serbian market is minimal, primarily due to huge competition between domestic companies and the lack of foreign outlet chains. Serbian companies and their products dominate the markets of the countries in the region, namely of the former Yugoslav republics: Macedonia, Bosnia and Herzegovina, Montenegro, Croatia as well as Albania on the other side.
Regarding the presence of our companies in Western European market, it is evident that they have little interest in it due to high competition. Today, only a few companies export to the markets of France, Italy, Germany and Switzerland, and it is assumed that the models are, in regard to design as well as materials and prices, adapted to targeted markets. One of the future aims is that a larger number of Serbian companies penetrate Western European market, since consumption at those markets is stable and there are many more financial means available.

Serbian companies lost the positions they used to hold in the former Soviet Union countries primarily due to economic problems that Serbian publicly owned companies faced at that time. Therefore, the return to those markets requires direct presence, efficient logistics and more aggressive marketing performance from the companies themselves, as well as at the state level.

Production of wood stock furniture in Serbia

One of the industrial sectors in Serbia that has a bright future is wood stock furniture with all of its comparative advantages. Raw materials are sourced domestically, the cost of labor is low while energy remains cheaper in comparison to the other European countries. As this product is aimed primarily for the European market, the position of Serbia itself enables fast delivery of smaller and larger quantities, which is also a great advantage, especially compared to potential competition from Asia.

Serbia has a long tradition in wood stock furniture production for export. Unfortunately, from the companies that once existed and were big producers of final wood stock products intended for export, only company “Tina” from Knjazevac survived with its recognizable program of production of beds for children, namely for the French market. Today, there are a small number of wood industry companies that opted for wood stock furniture. A significant number of companies are concentrated on the production of compound stock wood panels, which is a phase preceding furniture production. At this moment, it proves to be a wrong strategy because only final products with affordable prices succeed in finding their market in Western Europe and Serbian companies have all the predispositions to acquire it.

Today, almost all wood stock manufacturers have success in doing business because they are all focused on exporting markets of Germany, France, Belgium, Austria and Switzerland. The companies that can be singled out are GIR from Adran near Kraljevo (www.gir.rs), the company “Kolarevic” from Pojata near Krusevac (www.kolarevic.co.rs), “Product Pecenjevce” near Leskovac, “Trifunovic” from Pranjane near Cacak (www.trifunovic.co.yu), “Ginko” from Pozega (www.ginko.co.rs), and many others.

Manufacture of panel furniture

This aspect of production started to develop in the 90’s when a few companies began importing plywood panels and MDF. The same companies cut imported panels in a certain dimension as requested by clients which, in those times, were most often small workshops with a few employees.

Since 2000, drastic changes have been taking place due to a huge increase of demand in the domestic market. Those changes were the motive for serious investments in automated lines for panel furniture production. Accordingly, serious serial production aimed primarily at the domestic market and the markets of the surrounding countries has begun. Serbian companies that do not fall behind their European competitors are “Forma Ideale” (www.formaideale.co.yu), “Jela” (www.jela.rs), “Novart” (www.novart.rs), and other companies. Also, there are two panel factories in Serbia, one is in ownership of the biggest world company in the domain “Kronospan” and other is an investment of Italian company “Fantoni.”
**Interior furnishing**

Interior furnishing is one of the most complex segments of the industry and requires a wide range of experience and knowledge in different areas. It requires good organization in the production segment, since it is not serial production, as well as in the process of furnishing the interiors themselves, especially when working under pressure in order to accomplish everything in due time and to be ready for opening. Companies that deal with furnishing often have an engineering department as a part of their firms, which enables them to complete their product for an investor.

For several years, besides the Montenegro market, a number of companies are successfully conducting business in the Russian Federation. Generally, Serbian companies apply two approaches in doing business in foreign markets: direct contact with an investor or when Serbian companies assume a role of the subcontractor, while the contractor is another firm. In the past, as a part of Yugoslavia, Serbia has built an outstanding reputation in furnishing and it continues this tradition through companies such as “Enterijer Jankovic” ([www.enterijer-jankovic.co.rs](http://www.enterijer-jankovic.co.rs)), “Entero” ([www.entero.co.rs](http://www.entero.co.rs)), “Simpoline” ([www.simpoline.com](http://www.simpoline.com)), “GIR” ([www.gir.rs](http://www.gir.rs)) and others.